



## ISSUE BRIEF

### **The state of low-income working families in Colorado improves slightly, but many working families still face enormous barriers to opportunity**

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#### Summary

This issue brief provides a one-year update for several of the indicators included in the Bell's April 2004 report, *Opportunity Lost: When Hard Work Isn't Enough for Colorado's Working Families*. Although Colorado's performance over the one-year period examined has remained relatively stable for most indicators, in several critical areas the state's ranking changed dramatically.

Colorado is already a state with a low share of working poor and low-income families. The new data shows the recent improvement in the state's economy put thousands of unemployed and under-employed Colorado workers back to work, and lifted thousands of minority working families and children out of poverty. That's the good news.

The bad news is that part of the state's employment boost came in the low-wage job sector, forcing more people to work part-time jobs, multiple jobs and odd jobs.

And the gap between income and the costs of housing and health insurance continues to widen. Colorado now ranks at the bottom of the country for the number of working poor and low-income families who must spend more than one-third of their income on housing costs. At the same time, the number of uninsured workers in Colorado grew by 28,000, putting more households at risk of financial catastrophe in the event of a serious illness or injury.

These are among the findings of the Bell Policy Center's analysis of newly released data from the U.S. Census Bureau on the characteristics and conditions of working families in Colorado who face significant difficulties in making ends meet. As a member of the multi-state Working Poor Families Project of the Annie E. Casey, Ford and Rockefeller foundations, the Bell has gained access to previously unavailable data on important indicators that assess the state's performance in assisting working families achieve self-sufficiency.

## **Opportunity Lost: Working Low-Income Families in Colorado**

In April 2004, the Bell Policy Center released *Opportunity Lost: When Hard Work Isn't Enough for Colorado's Working Families*, a report that provided a comprehensive picture of the working families in Colorado who can't make ends meet. Based on more than 200 indicators, including several tracked for the first time, the report described the characteristics of low-income working families and assessed state policies aimed at improving their conditions. (Hard copies are available by contacting the Bell Policy Center, or can be downloaded in electronic pdf format from the Bell's Web site at <http://www.thebell.org/pdf/OpLost.pdf>)

The 2004 report found that more than one in five working families in Colorado struggle to get by in jobs that don't offer enough pay and benefits to meet basic needs. It also showed that Colorado does not invest enough in programs to help working adults gain the necessary skills and education to escape poverty and contribute more to the state's economy. The publication also included a report card that ranked Colorado's performance in about two dozens areas that impact the working poor and low-income. (Working poor families earn wages up to the official federal poverty level; working low-income families earn wages up to twice the federal poverty level.)

### **A One-Year Update**

The Bell Policy Center has obtained and analyzed a set of new data on several of the indicators contained in the 2004 *Opportunity Lost* report. Drawing on the most recent data available from the U.S. Census Bureau's 2003 American Community Survey and the 2004 Current Population Survey, this new 50-state dataset provides a more detailed level of information, which allows a comparative view of Colorado's working low-income families.

Compared to other states, Colorado has fewer low-wage jobs and a smaller share of working families earning low incomes. But for the state's more than 130,000 working low-income families, Colorado is a very difficult place to live. These families face enormous housing costs, lack health insurance, often hold more than one job, work part time, and have low levels of education. Each of these factors indicates the struggles of the working poor, and the new data show these factors weighing on the working poor more heavily than in other states.

The Bell's analysis indicates that for most indicators, Colorado's performance has remained relatively stable during the one-year period. But in several critical areas, the state's ranking has changed dramatically. These indicators, with the one-year changes, are listed in the attached table.

It is important to note that indicators drawn from the American Community Survey reflect changes from 2002 to 2003, while indicators drawn from the Current Population Survey reflect changes from 2003 to 2004. And some indicators draw on a three-year period from 2002 through 2004. In the chart, the relevant current year for each indicator is listed, or the three-year period is noted.

## The Good News

- **As the economy has improved, fewer Colorado workers are unemployed or under-employed.**

Under-employed adults — those looking for work, working part-time when they would prefer full-time and including the unemployed — fell from 239,335 in the previous year to 220,006. Those gains lowered the state's under-employment rate by a full percentage point, from 10 to 9 percent.

Overall unemployment among adults 18-64 in Colorado fell from 136,121 to 122,209, bringing Colorado's unemployment rate down to 5 percent from the previous year's 5.7 percent.

- **Fewer families fall within the working low-income category, with thousands of minority families moving up the income ladder.**

The number of working poor families grew slightly, from 32,052 to 32,467. However, the number of working low-income families fell by 1,500, from 133,799 to 132,386. In both categories, the percentages of working poor and low-income families among Colorado's total population declined slightly.

Families with at least one minority parent marked more substantial gains. Minority working poor families fell by 6,000, from 21,895 to 15,185, and minority low-income families decreased by nearly 3,000, from 73,563 to 70,740.

- **Fewer children now live in working poor and low-income families.**

The numbers of children living in working poor families fell from 77,250 in the previous year to 69,479 in the current year. The current rate of 6.9 percent is lower than the national average of 9.7 percent.

Fewer children also live in working low-income families, with a current rate of 25.8 percent compared to the national average of 26.8 percent. Actual numbers of children in Colorado low-income families fell by about 20,000, from 281,686 to 261,597.

- **Fewer poor and low-income families include a parent who was a high school dropout.**

While more than half of Colorado's working poor families in the previous year included at least one parent who was a high school dropout, the percentage fell from 56 percent to 43 percent, and the actual numbers fell by 4,000, dropping from 18,168 families to 14,028.

Colorado marked 53,836 working low-income families with one dropout parent in the previous year, and a decline to 51,633 families in the current data year.

The Bell's analysis views the lack of a high school diploma as a major barrier to increased earnings and career advancement potential. Thus, we have assumed that working families with a high school dropout parent have less opportunity for upward mobility than those with a diploma.

## The Bad News

- **More families are burdened with the high cost of housing.**

As the cost of housing continues to rise, working families are spending more of their income for housing. These statistics rank Colorado as the worst state in the nation for the mismatch between income and housing costs, and Bell Policy Center gives Colorado an “F” score for this indicator.

Almost all working poor families — 93 percent — spent more than one-third of their income on housing, up from 82 percent in the previous year. The actual numbers grew from 25,032 in the previous year to 29,535 in the current year.

More low-income families also spent more than one-third of their income on housing, rising from 81,937 in the previous year to 92,351 in the current year. In Colorado, 71 percent of low-income families face escalating costs for housing, compared to the national average of 53 percent.
- **Thousands more families do not have health insurance coverage.**

Of all Colorado workers ages 18-64, nearly 19 percent do not have health insurance, up from nearly 18 percent the year before. In actual numbers, an estimated 28,000 more Colorado workers, regardless of income, have no insurance, a total of 458,498 compared to 430,596 the previous year. These figures are troubling, but closely mirror the national average.

Half of Colorado’s working poor families do not have health insurance, and the number climbed from 12,060 in the previous year to 14,810 in the current year.

Among working low-income families, 40 percent do not have health insurance. Actual numbers rose from 42,919 in the previous year to 51,064 in the current year.
- **Part of Colorado’s economic recovery has come in the low-wage job sector. New data shows more low-paying jobs, and more workers employed in low-wage, part-time or multiple jobs or self-employed.**

Colorado marked a gain of 32,000 jobs in occupations that pay wages below the poverty level, from 258,510 jobs in the previous year to 290,750 jobs.

The new data show 36,000 more Colorado adults working in low-wage jobs, a rise from 354,552 in the previous year to 390,983.

The data also show a rise in the number of workers, without specifying income level, holding more than one job, an increase from 143,057 to 156,055.

And new data shows that 48,738 workers in Colorado hold contingent jobs. That includes people working for temp agencies or leasing companies, working on-call or as day laborers, or working as independent contractors or consultants, who are all seeking a different working arrangement.
- **More low-income families have at least one self-employed parent.**

Among all working families in Colorado, 78,733 have at least one parent who is self-employed, an overall rate of 13 percent. The new data show an increase of 10,000 families in this category from the previous year, up from 68,522.

More than half of that gain came among low-income families. Their numbers rose by nearly 6,000, from 12,376 in the previous year to 18,112 in the current year.

Self-employed parents in working poor families increased by about 700, from 4,100 to 4,793.

The Bell's analysis considers self-employment as a negative factor among the working poor and low-income, in contrast to being an indicator of prosperity among middle and upper income families. Self-employed low-income workers often lack health insurance, unemployment insurance and worker's compensation, so they have no safety net in the event of illness or injury.

- **Colorado is consistently lower than the national average for workers receiving a employer-provided pension.**

Among all Colorado workers 18 and older, 59 percent do not have a pension from their employer. The change in percentage and real numbers from 2001-03 to 2002-04 was slight, but Colorado continues to rank in the bottom 15 states for employers providing pension plans to workers.

## **New Data on Immigrant Families**

- **Nearly one-third of working low-income families and one-quarter of working poor families have at least one parent who is an immigrant to the U.S.**

Our previous report did not include indicators reporting on immigrant status of working poor and low-income families. The new data offers a first-time look at this population.

The data shows 25 percent of Colorado working poor families have at least one immigrant parent. This is lower than the national average of 31 percent.

The new data shows 32 percent of working low-income families with at least one immigrant parent. That is a higher rate than the national average of 29 percent.

## **About the data used in this report**

The American Community Survey (ACS), published each year by the U.S. Census Bureau, provides a detailed socioeconomic and demographic profile of the U.S. population. Since 2000, the ACS looks at a sample of 700,000 households across the country. The Bell's update report uses the Census 2003 ACS, the latest available.

The Census Bureau also conducts the Current Population Survey (CPS), on behalf of the U.S. Department of Labor's Bureau of Labor Statistics. The Bell's update report uses three components of the CPS:

- The CPS Basic Monthly Survey asks questions of more than 60,000 households about employment status.
- The Annual Demographic Survey, conducted every March, goes into some detail regarding income and work experience.
- The Contingent Work Supplement, conducted every other year, asks questions regarding the temporary or permanent nature of employment.

To the extent possible, The Bell's update report uses 2004 CPS data. For some measures, achieving statistical significance requires using a three-year average (2002-2004).

## **Working Poor Families Project**

For the past two years, the Bell Policy Center has been a part of the Working Poor Families Project, a national initiative created in 2001 to assess state efforts to assist the working poor. The project was started by the Annie E. Casey Foundation and is now supported also by the Ford Foundation and the Rockefeller Foundation. The project was developed and is managed on behalf of the funding foundations by the Maryland-based consulting firm of Brandon Roberts + Associates.

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The Working Poor Families Project is focused on indicators developed to assess whether state policies and programs help working poor families achieve economic self-sufficiency. These indicators include characteristics of working poor families, state policies and practices concerning education and training, employment opportunities, economic development, and conditions of employment and support.

In 2002, this assessment framework was used for the first time in five states — Arkansas, Florida, Michigan, Texas and Wisconsin. In 2003, the Bell Policy Center received a grant to apply this framework to Colorado, along with organizations in Kentucky, Illinois, Maryland and Massachusetts. California, Maine, New York, Ohio and Washington became part of the project in 2004, and Connecticut, Iowa, New Mexico and North Carolina joined the project in 2005.