Opportunity Lost

When Hard Work Isn't Enough for Colorado's Families

The Bell Policy Center

The Bell Policy Center A nonprofit public policy organization committed to making Colorado a state of opportunity for all, regardless of race or economic background. The Bell seeks to reinvigorate the debate on issues affecting the well-being of families and working adults.

Special thanks to the Chambers Family Fund, the Gay and Lesbian Fund for Colorado, and the Rose Community Foundation for their generous support of the production and printing of this report.

Preface

This report is based on the Bell Policy Center's analysis of a new database of over 230 specific indicators, compiled and analyzed by the Bell with the generous support and assistance of the Annie E. Casey Foundation and the Ford Foundation. Some of these indicators have been available previously, while others are new. What makes this project unique is that it puts all this information in one place for the first time, allowing a more comprehensive understanding of the interaction among the many and complex forces at work in the lives of Colorado's working families.

We hope others will find this database helpful in their own research and have made it available on our web site (www.thebell.org). For a hard copy, contact us at 303-297-0456 (Denver area), 1-866-283-8051 (toll-free statewide), or at info@thebell.org.

Acknowledgements

This report, *Opportunity Lost: When Hard Work Isn't Enough for Colorado's Families*, is part of the Bell Policy Center's involvement in the Working Poor Families Project supported by the Annie E. Casey Foundation and the Ford Foundation. The Chambers Family Fund, the Gay and Lesbian Fund for Colorado, and the Rose Community Foundation each provided generous support for the production and dissemination of this report.

Brandon Roberts, Andrew Reamer, and Sara Rab of Brandon Roberts + Associates provided the indicators framework, a portion of the data, and technical assistance along the way. Kerri Rivers of the Population Reference Bureau provided the analysis of U.S. Census data used here.

Spiros Protopsaltis was the lead researcher and co-authored the report with Andy Hartman. Carrie Harmon and Carol Hedges provided feedback and editing that improved the document a great deal.

We especially want to thank the Colorado Fiscal Policy Institute for its generous help on this project. Maureen Farrell, Suzette Tucker-Welch, and Kathy White each provided assistance in understanding and presenting several issues in this report. Suzette Tucker-Welch wrote the section describing the Self-Sufficiency Standard.

Several other knowledgeable people helped us understand the important programs and services addressed in this report and provided valuable feedback on earlier drafts. They include: Ledy Garcia-Eckstein, Mayor's Office of Workforce Development (City and County of Denver); John Dill; Linda Meric, Colorado Chapter of 9 to 5; Chris Nevitt, Front Range Economic Strategy Center; Beth Roalstad, Project Wise; and Julie Strawn, Center for Law and Social Policy.

It would not have been possible to collect and verify much of this data without the assistance of several Colorado agencies that administer the programs covered in this document. Special thanks to:

- Will Doyle, Senior Policy Analyst, National Center for Public Policy and Higher Education
- Doug Glynn, Adult Education and Family Literacy, Colorado Department of Education
- Marykay Cook, Colorado Department of Human Services
- Anne Keire, CCCAP Program Specialist, Colorado Department of Human Services
- James Jacobs, Director of Policy and Research, Colorado Commission on Higher Education
- Eric Kurtz, Staff Analyst, Colorado General Assembly Joint Budget Committee
- Alex Schatz, Labor Staff Analyst, Colorado General Assembly Joint Budget Committee
- Karl Spiecker, Corrections Staff Analyst, Colorado General Assembly Joint Budget Committee
- John Palan, Correctional Education Programs, Colorado Department of Corrections
- Samantha O'Neill, Colorado Community College System
- Lorrie Toni, Vocational Education Administration, Colorado Community College System
- Frank Waterous, Institutional Research, Colorado Community College System
- Nina Holland, Colorado Department of Labor and Employment
- Marie Valenzuela, Employment and Training, Colorado Department of Labor and Employment
- Sue Piatt, Colorado Office of Economic Development and International Trade

We appreciate the time they took to understand our requests, research our questions, and provide us with the data.

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Introduction

April 2004

This report is about Coloradans who work hard, families who struggle, and a state that could benefit economically if it did more to help.

It is about those in our communities who, despite working hard (sometimes at multiple jobs), do not earn enough to get by without cutting corners or accepting public support or private charity. It is about working families who often do not have enough each month to cover food, rent, utilities, health insurance or other necessities. And it is about a state that is not taking full advantage of the talent and energies of all its people.

This shouldn't happen in Colorado. Most of us agree that if a family works hard and plays by the rules, it shouldn't have to ask for help to afford the essentials.

And yet, today in Colorado:

- Over 32,000 working families live below the federal poverty line ($14,824 for a family of three in 2003); and

- Over 121,000 working families earn less than 200% of poverty ($29,648 for a family of three in 2003), which is the minimum required to be self-sufficient in Colorado's least expensive counties.

Who are these families? Why are they not able to make work pay? And is there more we can do together in Colorado to help them help themselves?

These are the questions we seek to answer, utilizing a new comprehensive database of over 230 specific indicators developed with the support of the Annie E. Casey Foundation and the Ford Foundation.

Attaining self-sufficiency requires a mix of personal responsibility, private sector partnership, and targeted government action. Individuals must put in the effort to get jobs and keep working—and to improve their own skills. Employers must invest in their workers by paying fair wages, providing benefits, and offering training when they can.

And state and local governments have an essential role in removing barriers and opening gateways to opportunity. Most Americans agree that, while there should be no guarantee of equal results, **there should be a level playing field.** Effective government action at all levels is critical to turning this belief into reality.

So what does this report find?

- That there are too many hard-working adults in Colorado who don't earn enough to meet their families' basic needs.

- That the Federal Poverty Level is inadequate—perhaps even irrelevant—as a measure of economic well-being for these families. Self-sufficiency—*the ability of a family to meet its* *own basic needs without relying on public or private assistance*—is a far more relevant measure.

- That nearly **half** of all low-income working families in Colorado have at least one parent who did not finish high school, while those with greater educational attainment are better able to support their families and contribute more to the state's economy.

- That Colorado does not invest enough in those services that help working adults gain the necessary skills and education to escape poverty and contribute more to the state's economy, including adult basic education and English proficiency programs. More significant, over the past decade Colorado has drastically reduced its commitment to the state's universities, community colleges and junior colleges, driving the higher education system into financial crisis.

- That the state does not adequately invest in services that have been proven to ease the financial burden on working families, such as child care, housing, and health care assistance. In some cases, we forgo federal assistance that other states receive because we are unwilling or unable to provide state matching funds.

- That the services the state does provide often discourage self-sufficiency, such as inflexible work requirements in Colorado's welfare reform program that leave participants little time and inadequate support to improve their skills.

- That Colorado does not collect or report information that would allow us to better understand the nature of the problems that working families face and more accurately assess the effectiveness of the services state and local governments provide. In many cases, the state does not track key information about successes and failures at the local level.

- And that, in many of these areas, the state's hands are tied by constitutional provisions —especially by the Taxpayer's Bill of Rights (TABOR)—that severely and artificially restrict its ability to support even the most basic services.

It does not have to be this way in Colorado. It comes down to priorities. Given the economic prosperity of the state, our historically low tax burden, the relatively small number of poor and low-income working families living here, and abundant research and experience about what works, Colorado could and should be a national leader in helping every working family achieve self-sufficiency. To do so would strengthen the economy and quality-of-life for all.

We hope this report stimulates debate about how to make work pay for all Coloradans.

Sincerely,

Wade Buchanan President	Andy Hartman, Ph.D. Director, Policy and Research	Spiros Protopsaltis Policy and Research Associate

In addition to providing housing assistance, the Colorado Coalition for the Homeless helps families with employment, education and child care to move them toward self-sufficiency.

Photo courtesy Rich Miller / Colorado Coalition for the Homeless

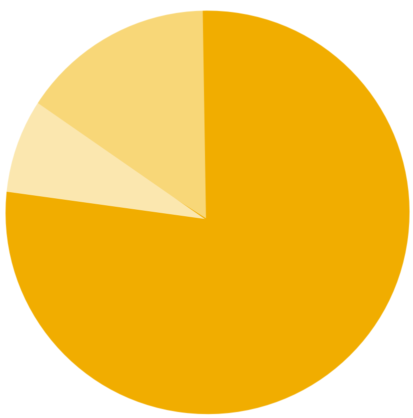
Executive Summary

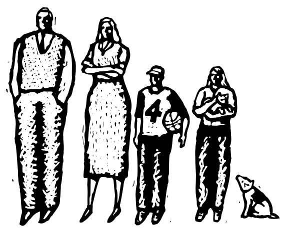
COLORADANS WORK HARD

Colorado is a hard-working state. Most Coloradans who can work already are in the labor force. Our labor force participation rate—about 72% in 2001—was the 10th highest in the country.[1] Largely due to the strong economic growth and prosperity of the 1990s, we also enjoyed a relatively low unemployment rate. For example, in 2001, Colorado's average unemployment rate was 3.7%, well below the national average of 4.8%.[2]

BUT MANY WORKING FAMILIES STILL STRUGGLE TO GET BY

In 2001, in the midst of a strong economy, 32,124 hard-working families in Colorado were living below the federal poverty line ($14,824 for a family of three) and 121,319 families—more than one in five—earned less than 200% of poverty ($29,648 for a family of three).[3]





Working families over 200% of poverty (78.2%)

Working families between poverty and 200% of poverty (16%)

Working families below poverty (5.8%)

These families are burdened by the increasingly high cost-of-living in the state, especially the fast-growing costs of housing, health care and child care. Over 80% of poor working families in Colorado spend more than one-third of their income on housing alone,[4] while 60% include at least one parent who lacks health insurance.[5]

In many parts of the state, child care costs for a family with young children can run over $1,000 per month.[6] And the outlook for these families has grown worse since this information was collected. Colorado's unemployment rate—6% in 2003—has more than doubled since 2000,[7] and personal income growth has slowed considerably.[8]

IN COLORADO, LOW SKILLS = LOW WAGES

Educational attainment is the most significant predictor of a family's income, and parents with low levels of education have a hard time supporting a family. Nearly half of all low-income working families in Colorado have at least one parent who lacks a high school degree.[9] In 2001, the median income in Colorado for adults between the ages of 18 and 64 without high school diplomas was $15,000, while the median income for adults with high school diplomas was $21,000. The median income for those who had completed college was $35,000.[10]

Colorado's reputation as one of the most highly educated states in the nation masks the reality that we do a poor job of educating and training many of our own young people and adults. This paradox is the result of many well-educated people moving to the state.

The state has a poor track record of high school achievement and completion (we rank 35th in the nation on high school graduation rates[11]) and in providing education and training opportunities beyond high school, especially for low-income and minority students (we ranked 45th in 2001 for providing low-income students a chance to attend college by age 24[12]). In Colorado, a Hispanic or Native American student is more likely to drop out than to complete high school, let alone go on to college.[13]

COLORADO DOES NOT DO ENOUGH TO HELP WORKING ADULTS IMPROVE THEIR SKILLS

Colorado is a prosperous state, yet one that commits little or no public funding for adult basic education, English language instruction, workplace literacy, and workforce development programs—those services that help low-income students, workers and families gain the knowledge and skills required for today's better-paying jobs.

And, because of the state's budget difficulties, we are disinvesting in our public system of higher education. Funding for higher education has dropped from over 20% of the state budget in 1990 to just over 10% today.[14] Last year, General Fund appropriations for higher education declined by 13.7% (the second largest reduction of all 50 states), and we cut funding for financial aid by 16.3%.[15] Over the past two years, higher education funding has dropped by 25%. A recent study by the University of Colorado found that, if the state stays on its current budgetary course, there will be virtually no public funding for higher education by 2010[16]—a development that would have a devastating impact on low- and middle-income students and on the economy of the state.

THE STATE ALSO DOES LITTLE TO HELP LOW-INCOME FAMILIES AFFORD THE ESSENTIALS OF LIFE

To be self-sufficient, a family needs to be able to afford the basics such as housing, food, utilities, health care, child care, and transportation. Colorado does little to ease the burden of these costs on its low-income families.

In 2003, the Legislature eliminated all state funding for affordable housing. Colorado's earned income tax credit and child care/child tax credits, which provide working families valuable support, are available only in years when there are surplus revenues under Colorado's Taxpayer's Bill of Rights (TABOR). There has been no such surplus since 2001, meaning these credits were not available to working families during the recent economic downturn when they were most needed.

Colorado relies heavily—and in some cases exclusively—on federally-funded programs to help its own people. And even then, we often do the minimum. We have one of the leanest Medicaid programs in the country—in most cases providing the lowest level of services allowed—even though every state dollar is matched by a federal dollar. In the case of child care, we don't appropriate enough state dollars to draw down our federal funds, while waiting lists keep growing.

WHEN WORKING FAMILIES GET GOOD JOBS, ALL COLORADANS BENEFIT

The Bell Policy Center believes—and we think most Coloradans agree—that if a family works hard and plays by the rules, it should be able to afford the essentials. Families should also have access to affordable, high-quality education and training that leads to better jobs.

The state can and should play an important role in making this belief a reality—if for no other reason than self-interest. Helping families stay employed and move up the job ladder improves the economy and expands the tax base while reducing government expenditures. This makes the state a more desirable place to live and location for business development.

With a little help, working families can make a much greater contribution to the state's economy. And whether a family has access to critical supports and services should not be a function of where in Colorado it lives. Utilizing its broad tax base, the state can help provide a consistent level of services to all our people, regardless of a local government's ability to raise adequate funds.

COLORADO HAS THE MEANS TO OPEN DOORS TO OPPORTUNITY

Colorado has the means to help its families get on the Cycle of Opportunity. We have one of the highest per capita personal incomes (9th highest in 2002, which equaled 108% of the national average)[17] and the 8th lowest tax burden in the nation.[18] We clearly have the capacity to invest more in helping all working families earn an income that supports self-sufficiency. Yet we ask too little of ourselves when it comes to making public resources available for this task.

And because we have a relatively small number of working families in poverty (about 6% of all working families in Colorado are poor, the 13th lowest percentage in the nation[19]), we could make dramatic progress. With a carefully targeted set of investments, Colorado could become a national leader in helping all working families achieve self-sufficiency.

The Cycle of Opportunity

Colorado ought to be a state of opportunity—a place where all people can build better lives for themselves and their families. Opportunity motivates effort. It unleashes the talents of individuals, feeds a dynamic economy, and stimulates creativity and invention.

Opportunity is not generated by a single action, and success is not achieved in a single step. For most Americans, success requires a series of opportunities that build on one another and accumulate over the course of a lifetime of effort. Each is like an individual step on a long staircase—missing one doesn't mean you cannot succeed, but it does make the next step much steeper. Miss too many steps and the climb may become impossible.

This group of "gateways" constitutes what we call the Cycle of Opportunity—a series of experiences and events that make it possible to realize one's economic, social and personal potential. Whatever the entry point, the Cycle of Opportunity is self-sustaining—once a family is in, it is likely to stay there from generation to generation.

Issue	Colorado's Numbers and Percentage[i]	Colorado's National Rank	Grade[ii]
Working Families			
In Poverty	32,124 (5.8%)	13th Best	B
With Income Less Than 200% of Poverty	121,319 (21.8%)	11th Best	B
Poor Working Families			
With a Parent Without HS Degree or GED	14,948 (46.5%)	9th Worst	F
With At Least One Parent Without Health Insurance	12,271 (59.7%)	Because of small sample size, no state ranking available	—
Spend Over One-Third of Their Income on Housing	25,695 (81.4%)	8th Worst	F
With Self-Employed Parent[20]	4,583 (14.3%)	Because of small sample size, no state ranking available	—
Educational Attainment			
Adults 18-64 Without HS Degree/GED	372,568 (13.5%)	24th Worst	C
Adults 25-54 With Only HS Degree/GED	425,124 (21%)	2nd Best	A
Adults 18-24 Enrolled in Postsecondary Institutions	119,847 (31%)	25th Best	C
Minority Adults 18-24 Enrolled in Postsecondary Institutions	30,023 (23.4%)	19th Worst	D
Adults 25-54 Enrolled in Postsecondary Institutions	135,841 (6.7%)	13th Best	B
Percent of Family Income Needed to Pay for Community College for Poorest Families	42%	14th Best	B

Issue	Colorado's Numbers and Percentage	Colorado's National Rank	Grade
Percent of Family Income Needed to Pay for Public Four-Year College for Poorest Families	44%	13th Best	B
Percent of Family Income Needed to Pay for Private Four-Year College for Poorest Families	144%	15th Worst	D
Percent of TANF participants Enrolled in Education/Training	9.4%	State ranking not available	—
Percent of Eligible WIA Participants Receiving Training Services[21]	44.8%	20th Worst	D
Job Opportunities			
Adults Who Hold Part-Time Jobs for Economic Reasons	65,499 (2.9%)	21st Worst	C
Unemployment Rate	6%	18th Worst	D
Adults Who Hold Contingent Jobs	48,738 (1.6%)	8th Worst	F
Workers in Low-Wage Jobs	358,726 (19.7%)	9th Best	A
Workers Who Hold More Than One Job[22]	125,075 (5.8%)	23rd Best	C
Workers 18-64 Without Health Insurance	424,114 (17.6%)	17th Worst	D
Workers Without Employer Provided Pensions	1,377,653 (57.9%)	13th Worst	D

[i] Numbers and percentages may not be comparable because they are derived from different survey instruments.
[ii] Grading system is based on Colorado's rank relative to other states. A ranking in the top ten states=A, next ten states=B, and so on.

The Women's Bean Project offers women on-the-job training and then helps them find permanent positions in local businesses.

Photo courtesy The Women's Bean Project

MANY WORKING FAMILIES STRUGGLE TO GET BY

Colorado is a relatively prosperous state. Our median household income —$49,617[1]—is the 11th highest in the nation, and we have a poverty rate among working families of 5.8%—the 13th lowest rate in the nation.[2]

Nevertheless, a significant number of families are in or near poverty:

- 6 out of 100—32,124—working families[iii] are poor[iv] (earning less than $14,824 for a family of three); and
- 1 out of 5—121,319—working families earn less than 200% of poverty (earning $29,648 for a family of three).[3]

	CO #	CO %	CO Rank	US %	High State	Low State
Working Families in Poverty	32,124	5.8%	13th Best	7.5%	12.7%	2.5%
Working Families With Income Less Than 200% of Poverty	121,319	21.8%	11th Best	27.6%	42.5%	14.1%

Who are these families? They include those who clean our hotel rooms, serve us at fast-food restaurants, take care of our lawns and gardens, pick our crops, and care for our children. They are the parents of children who sometimes are left home alone because of the cost of child care, go to hospital emergency rooms instead of getting regular medical care, don't go to school functions because of work and transportation problems, and sometimes have their belongings dumped at the curb when they fall behind on their rent.

> **The point is, simply put, that when we talk about assisting the "working poor," we should not think in terms of charity or handouts. Ensuring that our low-income working citizens have the resources and skills to succeed is critical to maintaining a strong economy... and to ensuring that our existing businesses and businesses that we want to recruit to our city have a qualified work force for the full range of jobs they need to fill.**
>
> —"Low-income workers need help, too," by Shepard Nevel, The Rocky Mountain News, Jan. 26, 2004

[iii]A family in this analysis is a primary married couple or single parent family with at least one child under age 18 present in the household. A family is defined as working if all family members age 15 and over either have a combined work effort of 39 weeks or more in the prior 12 months OR all family members age 15 and over have a combined work effort of 26 to 39 weeks in the prior twelve months and one currently unemployed parent looked for work in the prior 4 weeks.
[iv]For the purposes of this paper, we define "poor" as being below 100% of the federal poverty threshold, which is updated annually by the U.S. Census Bureau.

There should be no such families in Colorado. Most of us agree that if a family works hard and plays by the rules, it shouldn't have to ask for help to afford the essentials.

THOSE WITH THE LEAST EDUCATION STRUGGLE THE MOST

- Nearly 5 out of every 10 working poor families have a parent without a High School diploma or a GED.[4]
- Minority working families are much more likely to be poor than non-minority working families.[5]

	CO #	CO %	CO Rank	US %	High State	Low State
Working Families in Poverty With a Parent Without HS Degree or GED	14,948	46.5%	9th Worst	43.7%	64.1%	13.1%

WHAT ARE THE COSTS OF BEING POOR IN COLORADO?

If you are a low-income working family in Colorado, you are much less likely to have health insurance than similar families in other states. Even a simple illness or visit to the doctor can pose a financial challenge, while a serious illness can lead to financial ruin. 60% of working poor families in Colorado have at least one parent without health insurance (the national average is 48.1%[6]). Over 9% of our low-income children below the age of 19 lack health insurance, which ranks us 46th in the nation.[7] In 2002, over 16% of the entire state population was uninsured.[8]

	CO #	CO %	CO Rank	US %	High State	Low State
Working Families in Poverty With at Least One Parent Without Health Insurance	12,271	59.7%	N/A	48.1%	67.7%	18.7%

Sonya Hayes works full time supporting her 6-year-old son and her mother on $18,000 a year.

A few months ago, the family moved out of a shelter and into an apartment subsidized by a charitable organization, but rent still takes half of her net income.

She leaves her apartment for work at 6:30 a.m. and doesn't return until after 6 p.m. five days a week. Her mother takes care of her son before and after school. Still, Hayes and her small family live on a razor's edge.

"I had to take a few days off because I was sick," Hayes said. "I had to go to the landlord and ask for help because just those days meant that I didn't have enough for rent."

Hayes said she hopes to stay where she is for a while because she has little hope of being able to afford an unsubsidized apartment."

—"Boom in Boulder a bust for poor," by Marcos Morcine-McQueen, The Denver Post, Jan. 25, 2004

Housing costs also overburden many low-income working families. In 2001, more than 4 out of every 5 working poor families in Colorado spent over one-third of their income on housing—a warning sign that housing costs are eating up too much of a family's budget.[9] Only seven other states have a higher percentage of families paying this much for housing.[v]

Our state policies should not only be about maintaining a safety net for those people stuck at the bottom of our economic system—those at or near poverty. They should also be about opening gateways to opportunity so that all families can work their way toward self-sufficiency.

	CO #	CO %	CO Rank	US %	High State	Low State
Working Families in Poverty Spending Over One-Third of Their Income on Housing	25,695	81.4%	8th Worst	75.3%	84.1%	55%

[v] Arkansas, Hawaii, Missouri, New Jersey, New York, Oregon and Connecticut. No data available for Alaska.

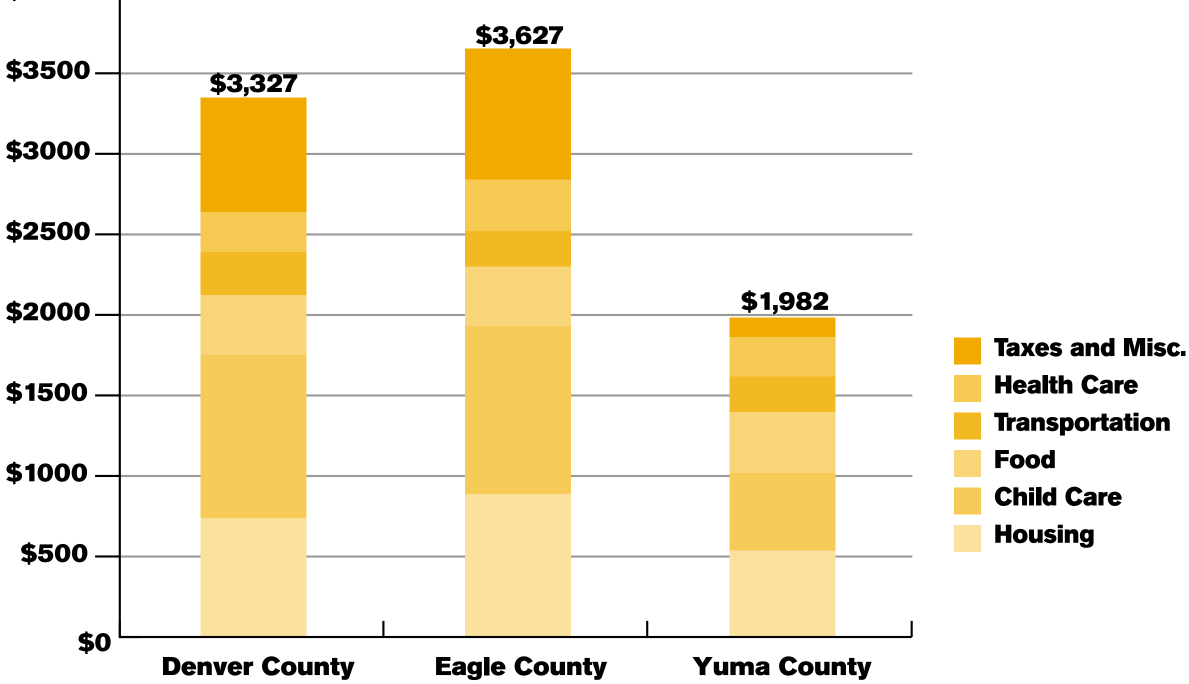
What Does It Take To Be Self-Sufficient in Colorado?

The Federal Poverty Level (FPL)[vi] is the most widely used measure of economic distress; we use it to analyze the data in this report. But research and experience clearly show it is no longer an adequate measure of what a working person or family needs to earn to be self-sufficient, i.e., to meet their basic needs without any public or private assistance.

The Self-Sufficiency Standard[vii] is a more realistic measure of a family's economic well-being. While the FPL is based on the cost of food alone, the Self-Sufficiency Standard takes into account a much broader set of basic necessities (e.g., housing, child care and transportation). It also considers whether there are one or two parents in the family as well as the ages and number of children, while the FPL only considers the total number of family members, regardless of age. This is an important distinction since the types and costs of basic necessities vary widely depending upon the age of a family's children.

Finally, the Self-Sufficiency Standard is geographically specific. That is, it is computed based on the actual costs of goods and services in a specific county and state, while the FPL is based on a national average. As the following chart shows, costs vary considerably depending on the family's location within a state.

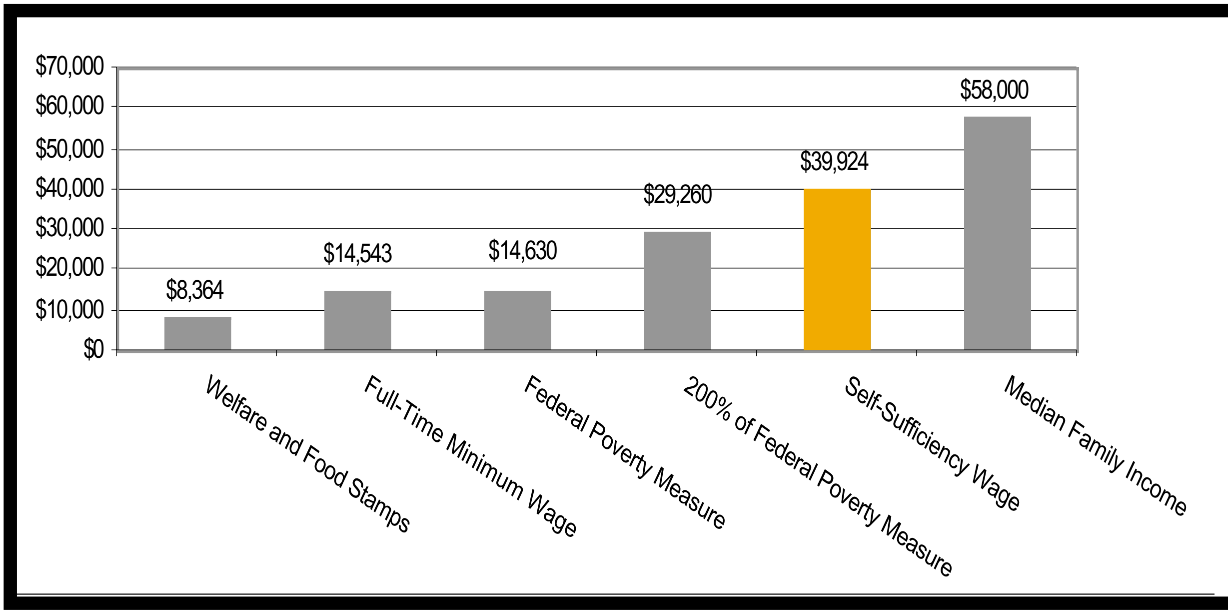
The Self-Sufficiency Standard for One Adult, One Preschooler, and One School Age Child (Monthly Expenses in 2001)



[vi] U.S. Department of Health and Human Services, http://aspe.os.dhhs.gov/poverty.
[vii] The Self-Sufficiency Standard was developed by Wider Opportunities for Women. The Colorado Fiscal Policy Institute applied the standard to Colorado. For further information on the Self-Sufficiency Standard, see www.sixstrategies.org. For information on the Self-Sufficiency Standard for Colorado, see www.cclponline.org.

The budgets used to compute the Self-Sufficiency Standard are "bare bones" and do not include any expenditures for food purchased at restaurants, savings of any kind, credit card payments, or emergency funds.

Comparing the Self-Sufficiency Standard for City and County of Denver[viii] to Other Income Benchmarks[ix], 2001



Comparing the Self-Sufficiency Standard to other common income benchmarks, the amount of income needed to meet the basic needs for a family of three in Denver is almost $10,000 more than 200% of the FPL. A full-time minimum wage earner who receives the federal Earned Income Tax Credit and pays taxes makes slightly <u>less</u> than the FPL for a family of three. Clearly, the FPL is not an accurate measure of how much income is necessary to achieve self-sufficiency in Colorado.

[viii] These figures are based on the Self-Sufficiency Standard for a family with one parent, one preschooler, and one school-age child in Denver County, CO. See *The Self-Sufficiency Standard for Colorado* report, prepared by the Colorado Fiscal Policy Institute, for a complete explanation of each benchmark calculation (www.cclponline.org).
[ix] Full-time minimum wage is $5.15 per hour and takes into account the receipt of the Earned Income Tax Credit and the subtraction of taxes.

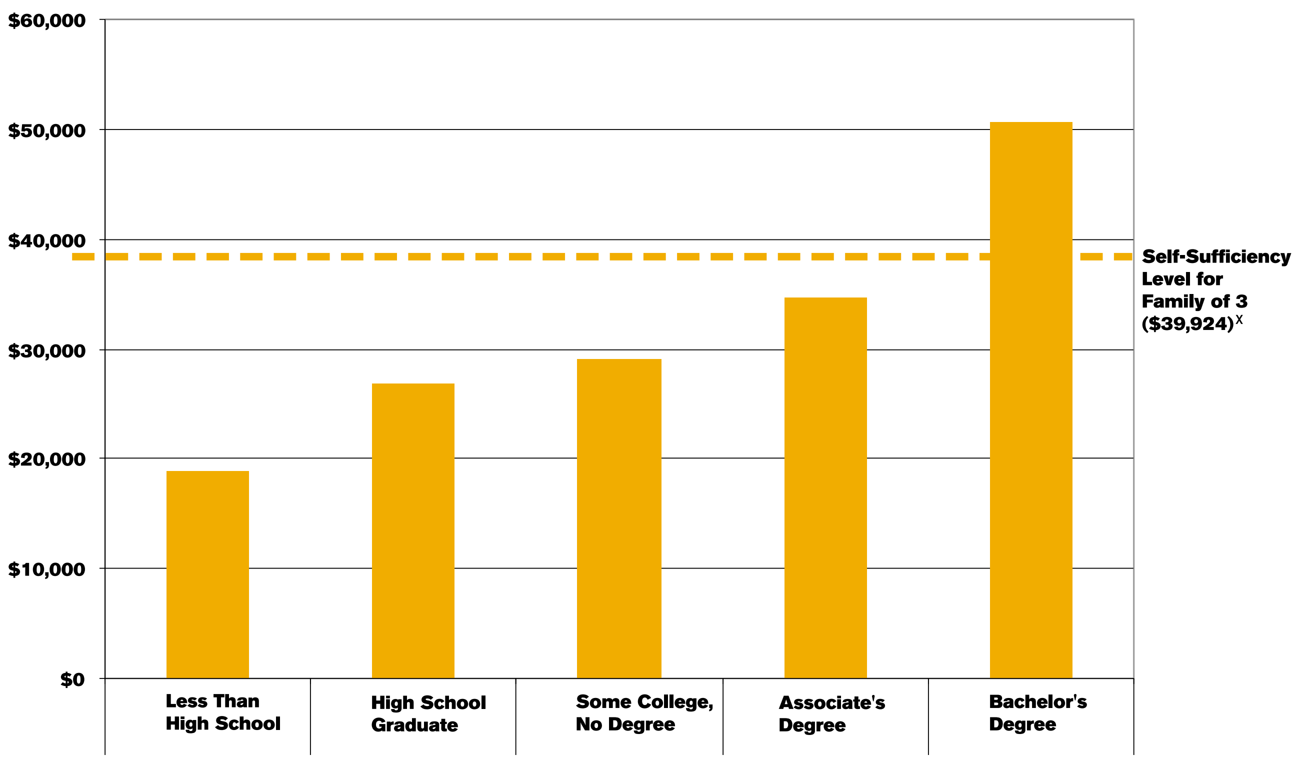
Job training is critical to helping individuals and families find and keep jobs that pay a self-sufficiency wage. Here, students train in a community college auto tech lab.

Photo courtesy Arapahoe Community College

Giving People the Skills to Succeed:
Education and Workforce Training

There is a growing divide between those Colorado families who are self-sufficient and those who are not, and which side of the divide you are on depends increasingly on your level of skills and knowledge. As a result, any strategy to help families move from dependency to self-sufficiency and opportunity must have an effective education and training component.

Average Annual Earnings of Adult Workers by Educational Attainment[1]



When it comes to education and training, Colorado is truly a "tale of two states."

On the one hand, Colorado has the third highest rate in the nation of adults aged 25-54 with associate's degrees or higher,[2] mostly due to the in-migration of well-educated people and a relatively high rate of adults in this age group enrolling in postsecondary education.

On the other hand, Colorado does a relatively poor job ensuring its own kids—especially its low-income and minority kids—graduate from high school and go on to college. Our high school graduation rate is 68%, which ranks us 35th in the nation.[3] About 14% of the adult population—more than 370,000 people—lack high school diplomas or GEDs.[4]

[x] Self-Sufficiency Standard for a family with one parent, one preschooler, and one school-age child in Denver County.

...Colorado sends only 26,000—39 percent—of its 66,000 high school freshmen to college within four years. The reasons are as varied as the 40,000 Colorado ninth-graders annually who will never make it to college. Twenty to 30 percent will drop out of high school. Another 5 percent will join the military. Many of the rest are victims of financial and cultural barriers.

—"Colo. fumbles on higher ed," by Dave Curtin, The Denver Post, Sept. 4, 2003

	CO #	CO %	CO Rank	US %	High State	Low State
Adults 18-64 Without HS Degree/GED	372,568	13.5%	24th Worst	16.1%	22.8%	8.5%

	CO #	CO %	CO Rank	US %	High State	Low State
Adults 25-54 With Only HS Degree/GED	425,124	21%	2nd Best	28.1%	43.1%	19.2%

Colorado is right at the national average in providing young people, ages 18-24, access to postsecondary education (25th rank).[5] However, minority young adults are enrolling at a much lower rate. For example, the college attendance rate for Hispanic young adults is 20.9% (the rate for their white peers is 34.8%.)[6] In another measure of higher education access, only 17.2% of low-income youth in Colorado go on to college by the time they are 21, a rate that places us 45th in the nation.[7]

	CO #	CO %	CO Rank	US %	High State	Low State
Adults 18-24 Enrolled in Postsecondary Institutions	119,847	31%	25th Best	31.7%	38.8%	22.2%

HOW WELL IS COLORADO DOING AT PROVIDING EDUCATION AND TRAINING OPPORTUNITIES TO LOW-INCOME, WORKING ADULTS?

There are four main systems or programs in Colorado that have as part of their mission the improvement of skills and knowledge for low-income adults:

1. the higher education system,

2. the adult basic education system,

3. the workforce development system, and

4. the welfare-to-work (or "Colorado Works") program.

These are the major tools the state has to help families move toward self-sufficiency. How well are they working, and what policy changes might make them more effective?

HIGHER EDUCATION

Colorado's system of public higher education has the potential to dramatically increase economic opportunity for low-income adults by helping improve their skills and knowledge. A credential from one of the state's colleges or universities—whether a six-month occupational certificate, two-year associate's degree, or bachelor's degree—has a significant, positive impact on earnings. This makes access to higher education extremely important for low-income families. And, in contrast to the other programs discussed in this chapter (adult basic education, workforce development and Temporary Aid to Needy Families), the state provides a significant, if diminishing, amount of money to operate the higher education system—effectively subsidizing the cost for resident students.

When it comes to expanding access to higher education, cost counts. Tuition and fees at Colorado's public institutions have been relatively low. However, for our lowest income families, the cost of attending public two- and four-year institutions of higher education still represents more than 40% of their annual family incomes.[8] Money is an even bigger barrier when it comes to attending a private institution in the state—costing far more than the entire incomes of families in the lowest 20% of the income distribution.[9]

> If no changes are made to the vise-like grip the Taxpayer's Bill of Rights and Amendment 23 have on the budget, higher education's share of the pie will shrink to $83 million by 2009. That's about half of what CU alone received this year. The state is now spending $686 million on higher ed.
>
> —"Can state colleges survive?," editorial, The Denver Post, Dec. 21, 2003

	CO %	CO Rank	US %	High State	Low State
Percent of Family Income Needed to Pay for Community College for Poorest Families	42%	14th Best	48%	76%	36%
Percent of Family Income Needed to Pay for Public Four-Year College for Poorest Families	44%	13th Best	57%	93%	35%
Percent of Family Income Needed to Pay for Private Four-Year College for Poorest Families	144%	15th Worst	156%	230%	46%

An important way the state helps low-income families afford higher education—whether public or private—is through need-based financial aid. There are a variety of ways to evaluate the adequacy of Colorado's effort in this area.

- In 2001, only about 36% of the students with demonstrated financial need received financial assistance from the state.[10] In a presentation to the state Legislature in January 2004, the Director of the Colorado Commission on Higher Education (CCHE) said that the state covered less than 8% of the estimated $590 million in student financial need.

- Another way of looking at the adequacy of financial aid in terms of increasing access is to compare how much the state spends on aid in relation to total tuition collected by public institutions of higher education. In other words, if you want to keep higher education affordable for low-income individuals, then the amount of financial aid made available to students has to keep pace with increases in enrollment and tuition—the factors that drive total tuition collected. In 2001-02, need-based financial aid equaled about 15% of total resident tuition received by all of our public institutions of higher education—the highest it had ever been.[11] By 2003-04, it had fallen to 11.4% of total resident tuition received.[12]

Even if a low-income student can find a way to afford college, academic support is often needed to help her or him succeed in the higher education environment. Remedial education programs at the postsecondary level are an important component of this support.

- Current state policy requires community colleges to provide all remedial education. Colorado supports this by allowing community colleges to receive financial reimbursement from the state for these services.

- Unfortunately, the state does not report on the progress and completion rate of students in remedial education. Nor does it report on the success of these students as they progress through their college careers (e.g., retention and degree completion). This information should be reported on a regular basis to assess the impact of these services on increasing access, to reward successful programs, and to improve those services and programs that are low-performing.

Community Colleges in Colorado are coming under fire as the state continues to struggle with its budget, and "some unpopular decisions" may have to be made, state Sen. Dave Owen says.

Lawmakers' suggestions range from consolidating metro Denver's five community colleges to shuttering the central office and dismantling the state board that guides the system of 13 colleges.

"In this budget environment, we have to look at either consolidating or privatizing," said Owen, vice chairman of the legislature's powerful Joint Budget Committee.

—"Ax hangs over 2-year colleges," by Dave Curtin, The Denver Post, Nov. 24, 2003

The track record of students staying in school, getting credentials, and finding jobs is mixed.

- Compared to other states, older Coloradans—ages 25-54—are more likely to be enrolled in college.[13]

	CO #	CO %	CO Rank	US %	High State	Low State
Adults 25-54 Enrolled In Postsecondary Institutions	135,841	6.7%	13th Best	6.1%	8.9%	3.2%

- The freshmen persistence rate[14] at public two-year colleges is 61.6% overall and 56.6% for minority students. The rate is 82% overall and 76% for minority students at public four-year colleges.[15]

- About 22% of all students and 18% of minority students who enroll in a Colorado community college graduate with a certificate or associate's degree within three years.[16] 55% percent of all students and 35% of minority students who enroll in four-year institutions graduate within six years[17] (spans of three and six years represent 150% of the regular time it takes to complete a degree at two- and four-year institutions).[18]

- Unfortunately, Colorado does not provide information about the economic payoffs (e.g., employment or earnings) of those who receive a certificate or degree from each of our higher education institutions.

Recommendations:

- **The state should expand its support for need-based financial aid so that it meets in full the demonstrated needs of all students whose family incomes are below 200% of the Federal Poverty Level (FPL).**

- **Colorado should continue to fund remedial education services on the same basis as we fund credit-bearing courses. Colorado also should report on program outcomes, especially for low-income and minority students.**

- **Funding decisions made by the state Legislature and CCHE should reflect the additional costs associated with colleges (especially community colleges) providing vocational training—particularly to low-income individuals. To be successful, these programs often entail job counseling, on-the-job experience, and assistance with transportation and child care.**

- **CCHE collects a large amount of information about the state's public higher education system. Unfortunately, some of this information is not easily accessible to the public. CCHE should create a database containing all the information it collects in a form that allows for meaningful public scrutiny while protecting the privacy of individual students.**

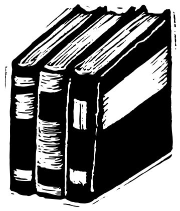
TABOR: No Friend of Low-Income, Working Families

Colorado faces a significant hurdle on the road to opening more paths to opportunity for low-income individuals and families. The Taxpayer's Bill of Rights (TABOR), passed by voters in 1992, is the most restrictive tax and spending limit in the nation. Although Colorado voters strongly support its two main ideas—limiting government growth and requiring voter approval of all tax increases—the devil is in the details. In truth, TABOR has created a stranglehold on government services—from public health to education to transportation—and will make it much more difficult to recover from the current economic downturn.

One of the most onerous provisions of TABOR is that it creates a "ratcheting effect," which means that every time services are cut, that level becomes the base from which all future increases are calculated. In other words, once services are cut—say, in response to a downturn in the economy—they can never recover, even when the economy bounces back.

For example, TABOR has had a devastating impact on Colorado's public system of higher education. Funding for higher education in Colorado had declined from 20% of the state budget in 1992 to barely 10% today, even while enrollment and demands on the system have increased. A recent study by the University of Colorado shows that, if current funding trends under TABOR continue, state financial support for higher education will virtually disappear by the end of this decade.[19]

It would be difficult to overstate the catastrophic effect of such a retreat from public support, especially on low-income families seeking the skills and training to get ahead. **So our number one recommendation for protecting and enhancing access to higher education for low-income Coloradans—and for many of the other services and programs treated in this report—is to reform TABOR.** Until this happens, working families in the state will continue to struggle. For more about TABOR, visit the Bell's web site at www.thebell.org.



ADULT BASIC EDUCATION

Colorado's system of Adult Basic Education (ABE) is the starting point for many low-income families trying to get ahead. In 2000, there were more than 370,000 adults—13.5% of the state's population—out of school and without a high school diploma[20], and about 7% of the state's population could not speak English very well.[21] These are the most economically vulnerable individuals and families in the state.

ABE services provide adults—primarily young adults—with opportunities to improve their academic skills, get their GEDs, or acquire English language skills. These credentials can open gateways to better job opportunities and further education and training at the postsecondary level.

The federal government, through the Adult Education and Family Literacy Act (AEFLA), provides every state with funding for these kinds of services. Colorado receives about $4 million annually from AEFLA. Every state is required to provide a 25% match for these funds.

- Colorado is the only state that does not provide any of its own state appropriations to fund these services. The required state match comes from private and public funds raised at the local level, and these funds provide a relatively low level of support.

- Only a very small portion—about 4%—of Coloradans in need of adult literacy and basic skills education are receiving it.[22] Families in some rural parts of the state have no access to ABE services.

- For those who do gain access to adult education programs, the results are generally positive. While many students leave the program after a short period of time, about 40% of beginning-level students[23] and 20% of students overall make significant improvements in their literacy and other academic skills.[24]

Recommendations:

- **Colorado's state Legislature should appropriate at least $1 million to match the state's federal grant and expand and improve adult basic education services. While this investment would not begin to meet the need for these services, it would allow the state to serve a larger number of people and expand the geographic reach of the programs.**

- **Research has shown that the best way to organize ABE services so they have an economic pay-off is to integrate adult education, job-training, and employment services for low-income adults. While there are examples of such integration in Colorado, it is not happening on a wide scale. The governor and the state Legislature should direct the relevant agencies—including Education, Labor and Employment, Higher Education and Human Services—to develop and implement a joint plan to make Colorado a leader in this kind of integration.**

COLORADO'S WORKFORCE DEVELOPMENT SYSTEM

Some low-income workers have adequate literacy and academic skills but need to enhance their occupational skills to qualify for jobs that support self-sufficiency. Colorado's workforce development system provides an option for these people.

In 2002, Colorado received about $20.5 million from the federal Workforce Investment Act (WIA) to help low-income youth and adults improve their job-related skills and find employment. These services are offered through "one-stop centers" and administered by the counties (or regions when several counties are combined). The concept is to allow clients to go to one location and access all the available services that can help them get new or better jobs—hopefully ones that pay self-sufficiency wages.

- Again, Colorado does not provide any of its own money to supplement federal WIA funds.

- WIA requires certain federal and state programs to be integrated into the one-stop centers. Some states have required additional programs to be a part of these co-located services (e.g., food stamps). Colorado has not required that any additional programs or services be one-stop partners, though some counties and regions have integrated additional services on their own.

- Currently, there is no requirement in WIA that any of the workforce development funds actually go to improving the occupational skills of clients (as opposed to the administration and operation of the one-stop centers). Based on concerns about the lack of these critical services, some states have required that a minimum percentage of WIA funds—for example, 50%—be used for skills training. Colorado has no such minimum standard and does not report the percentage of funds spent on training, so there is no way to know if this is an issue that requires attention.

- Colorado's workforce development system is decentralized, with most of the decisions left to the counties and very little direction or coordination from the state. While this is consistent with the state's tradition of local control and may lead to creative solutions to local problems in some cases, it also means that some of the hardest problems may not be addressed and statewide coordination may be unattainable.

- Some states require that all clients without high school diplomas or GEDs be given a literacy skills assessment and, based on the results, offered instruction as part of their preparation for work. This makes sense given the poor job and income prospects of those with low levels of literacy. Offering integrated occupational and adult basic education services to those without high school diplomas or GEDs should be standard practice in Colorado as well.

Not only do local providers have a great deal of discretion in setting up and running their programs, but the state collects little information about what programmatic choices they make. For example, we don't know whether or how local WIA service providers address the needs of adults with low levels of literacy or limited English proficiency. Without a comprehensive and integrated information system, there is no guarantee that counties can learn from one another's successes and failures.

The federal government does require the state to report certain basic information across all local programs. From these reporting requirements, what do we know about the impact of this program on participants' ability to get and keep decent paying jobs?

- We know that of those WIA participants in Colorado who received training services (less than half of all participants), slightly less than 60% were employed soon after they left the program.[25] Of those people, about 80% were still working six months later.[26]

- While the state does track the wages of WIA participants who have entered the workforce, we do not have sufficient information about family size and structure to relate this information to the FPL or the Self-Sufficiency Standard.

Recommendations:

- **The state should require that all local WIA providers report on what services they supply to which clients and how much money they spend on each type of activity (e.g., administration, counseling, training and education). This information should be made readily available to the public.**

- **The state Legislature should set a minimum funding level for direct training services (such as 50%) to ensure that there is a balance between administrative and training costs.**

- **The state should appropriate some of its own funds to foster and reward innovation and effective programs within the WIA system. This could include improving ties between workforce development providers and employers, implementing programs that have empirical data supporting their effectiveness, and developing affordable short-term programs that provide participants the skills necessary to obtain jobs in high-demand areas facing critical labor shortages (e.g., health care and computer services).**

WELFARE-TO-WORK / COLORADO WORKS

Since 1935, Colorado and the nation have provided assistance to very low-income families (which are typically headed by single mothers with young children). For most of that time, the Aid to Families with Dependent Children program (AFDC or "welfare") primarily provided cash assistance to these families so they could meet some of their basic needs.

In 1996, President Bill Clinton signed welfare reform legislation, the Temporary Assistance to Needy Families (TANF), which dramatically changed the AFDC program. This new law redirected the emphasis of welfare services from providing cash assistance to moving people off of welfare and into jobs. It set time limits on how long a family could receive cash payments under the program, and it provided states with funding and significant flexibility to prepare these families for work (e.g., child care, job search, counseling, education and training).

The Colorado Works program was created to implement TANF. More than 15,000 Colorado families currently receive this cash assistance.[27] As in many other areas of social policy, Colorado provides a great deal of authority and discretion to local programs—administered by the counties—and did not establish statewide policies beyond the minimum requirements set in the federal law. As a result, where a family lives in Colorado can have a major impact on its access to benefits and services. For example, counties set their own eligibility levels for child care assistance and make their own decisions on which TANF clients receive what employment-related services (e.g., vocational education and job search).

Colorado Works is trying to help low-income parents—mostly women—get off welfare and into the workforce. This is not an easy task because many recipients have low levels of education and limited work experience, and many face other barriers to work (e.g., domestic violence, mental health problems, substance abuse, lack of transportation, and lack of access to affordable child care).

> Fewer single mothers were living in poverty in recent years than a decade ago, which is a good sign, but we're not convinced that welfare reform deserves all the credit. Part of our concern is that children, as a whole, are not living better.
>
> In fact, only one out of every five eligible children is receiving public assistance.
>
> In Colorado, our $92.5 million in day-care subsidies is not enough to meet the growing need.
>
> Last year, the need for assistance increased by 1 percent over the previous year. Officials point to a lack of state and federal funds, a lack of quality day-care facilities and providers, and yes, an increase in former welfare recipients leaving the rolls and entering the workforce.
>
> So before we celebrate the results of welfare reform, we must realize that advances don't always mean children are living better.
>
> —"Mixed news for single parents," editorial, The Denver Post, Dec. 8, 2003

Those states that have been most effective at moving people permanently off of welfare and into good jobs have provided a comprehensive set of services, with a balance of job training and work opportunities. This year, Colorado joined 19 other states—including its neighbors Arizona, Nebraska, New Mexico, Utah, and Wyoming—in allowing some welfare recipients to participate in longer-term (more than the usual 12 month limit) job training.[28]

There are other policies some states have adopted to offer more welfare recipients a balanced set of services. For example, three states—Illinois, Maine and North Carolina—do not count the time individuals spend successfully engaged in job training and other education activities against their lifetime cap for cash assistance. Four states—West Virginia, New Mexico, Vermont and Maine—use state TANF funds to provide financial aid so low-income parents can improve their work skills through postsecondary education. Other states, such as California, use TANF funds to spark innovation, increase access, and provide support services to welfare recipients at community colleges.

Despite these success stories in other states, the emphasis in Colorado has too often been on moving people into jobs quickly, rather than taking the time to provide the skills training and other services required to get and keep jobs that pay self-sufficiency wages.

- Only 9.4% of those on welfare are enrolled in education or training,[29] even though we know that at any given time between 30% and 40% of the adults on welfare do not have a high school diploma or GED. Colorado Works clearly must provide more opportunities for skill development. **For example, less than one-half of 1% of Colorado's TANF expenditures were devoted to education and training.**[30]

- In an independent evaluation of Colorado Works, only one of the services—job training—significantly increased parents' earnings, which led the authors of the report to recommend that counties provide more job training services to adults moving from welfare to work.[31]

- In fiscal year 2002, of those recipients who left Colorado Works, only 42.9% were employed during the fourth quarter (9-12 months) after exiting the program, and less than one-third were employed in all four quarters of the year after exiting.[32]

- Only about 31% of those who left Colorado Works during the third quarter of 2002 and were employed reported earnings above the poverty level. The other 69% of families earned less than the FPL, while 42% of those who left Colorado Works earned less than 50% of the FPL.[33]

Recommendations:

- **Promote the new option given to counties by the enactment of The Colorado Works Participation in Vocational Education law, which allows extended vocational education training (beyond the usual 12 month limit) in order to meet critical skill shortages (e.g., nursing and information technology support).**

- **Expand the state's capacity to provide adult basic education and English as a Second Language (ESL) instruction that is integrated with job training for welfare recipients and low-income working families with low levels of basic skills.**

- **Provide counties with additional funds so they can better meet the needs of employers with shortages of skilled workers while helping TANF recipients find better paying jobs.**

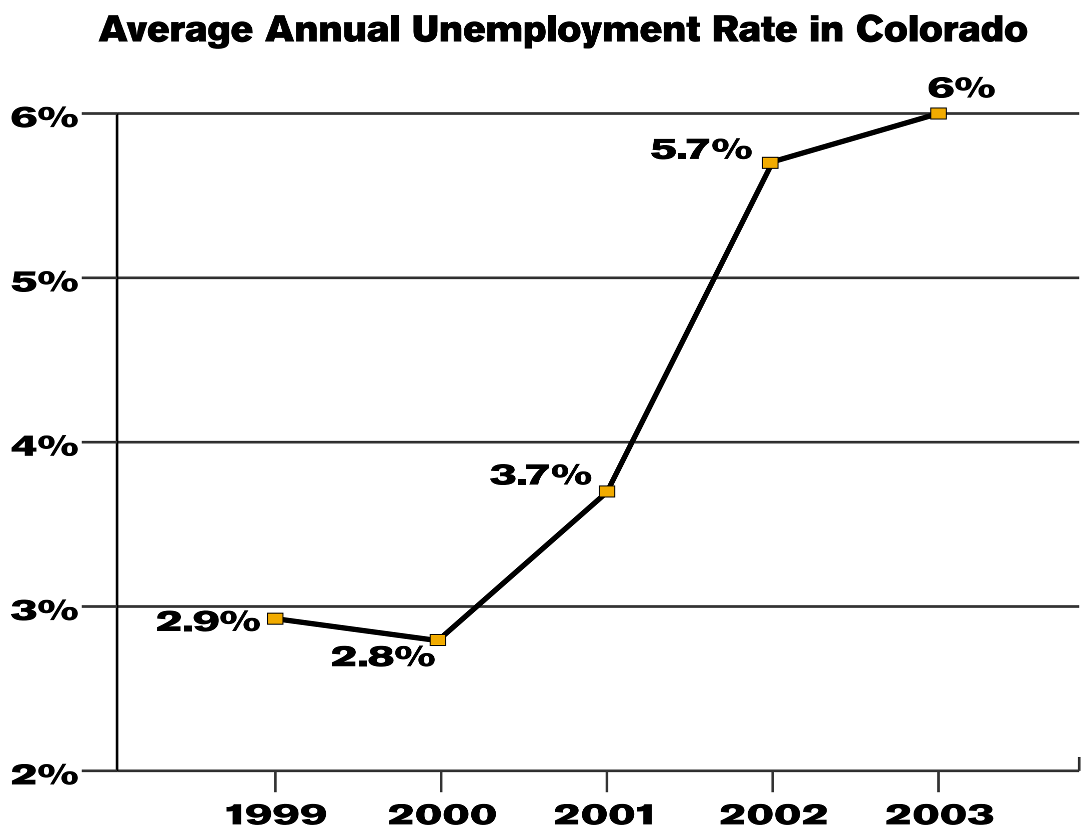
- **When the Colorado Works program was enacted, legislators created a tax credit to encourage employers to hire and train individuals making the transition from welfare to work. Unfortunately, these credits have not been widely used. The Legislature should revisit the structure of this tax credit in consultation with private employers to make them a more effective part of the welfare-to-work effort.**

A student strengthens her computer skills with assistance from an instructor at a local junior college.

Photo courtesy of Otero Junior College

Colorado is a hard-working state. When the economy supports it, we have high rates of labor force participation across the board—men, women, and minorities—and relatively few low-paying jobs.

But sometimes being willing to work is not enough. There have to be jobs available that pay self-sufficiency wages, provide training, and offer workers career advancement opportunities. Due to the recent economic recession and the current slow recovery, Colorado's unemployment rate has more than doubled since 2000.[1]



In addition, more people who can find jobs are self-employed, working part-time, hold more than one job, or are marginally attached to the labor force. Colorado has the 21st highest rate of adult workers who have part-time jobs due to economic reasons[2] and the 7th highest rate of adult workers who hold contingent jobs[3] (see glossary for definition).

	CO #	CO %	CO Rank	US %	High State	Low State
Adults Who Hold Part-Time Jobs for Economic Reasons	65,499	2.9%	21st Worst	2.9%	4.7%	1.8%

	CO #	CO %	CO Rank	US %	High State	Low State
Adults Who Hold Contingent Jobs	48,738	1.6%	8th Worst	1.2%	1.9%	0.4%

Colorado has a set of economic development programs that use public funds to attract new businesses and jobs to the state and retain and expand existing ones. Not only do these programs target the creation and retention of jobs, but their funds can be used to offset the costs associated with educating, training and upgrading the skills of new or existing workers.

These programs have not traditionally been considered part of the state's efforts to help families advance in the labor market and move toward self-sufficiency. Instead, they focus on maintaining and creating higher-paying jobs and "primary" jobs—meaning jobs that export products out of state and therefore import money into Colorado. These are important programs, especially given the limited funding they currently receive, but they should be expanded to serve more entry-level, low-income workers.

Jobs that provide education and training so workers can move up the income ladder are a necessity in the 21st century economy, and the state's economic development programs should play a more focused role in creating these kinds of opportunities. Colorado should, with increased funding, build on the existing programs to create a more holistic system that supports employees at all points along the economic continuum.

- Currently, our state-funded job creation and retention programs (Colorado First and Existing Industries) are severely under funded and do not explicitly target entry-level and low-income workers for their education and training services.

- The state's business assistance program focused on economically distressed areas, Enterprise Zones (EZ), does not have job creation targets specifically for low-income workers.

- Only the federally-funded Community Development Block Grant program (CDBG) requires that a specific percentage of newly created jobs be for low- and moderate-income individuals.

- When the state uses its own money on public works projects, there are no requirements for contractors to provide training or employment to low-income or entry-level individuals.

- While the businesses that participate in these programs may ultimately assist low-wage and entry-level workers—especially in rural parts of the state where wages are relatively low—we have no way of knowing because the state does not collect and report such information.

Recommendations:

- **The Colorado First and Existing Industries programs initiate effective public/private partnerships that should be broadened to serve a wider spectrum of citizens. Specifically, the state should amend these programs to create financial incentives for businesses that provide higher-wage jobs to low-income workers and job-related training opportunities to these employees.**

- **The state should consolidate its economic development efforts under a single program, with resulting streamlining and centralized management, and make job creation and training for low-income and entry-level workers a program goal. It also should significantly expand funding for these programs to ensure they have the resources to meet both their existing and new missions.**

- **The state should modify its Enterprise Zone program to encourage and reward participating businesses that give priority in hiring to low-income workers who live in the zone.**

- **While the state Office of Economic Development and the Colorado Community College System do an effective job administering the Colorado First and Existing Enterprises programs, both can and should do a better job of reporting program results. For example, they should report on the income of people both before and after they are hired by participating businesses and on the demographic characteristics of workers who receive training underwritten by the state's economic development programs.**

- **The state should institute tax credits for companies that provide job training for their low-wage employees.**

> A lot of the working poor seek help from food banks because their paychecks go for housing, transportation and utilities.
>
> Denver's Metro Care-Ring operates a food bank as part of its outreach to the area's poor.
>
> "We have people who have patched together two, three part-time jobs," said Metro Care-Ring director John Holmer. "They're finding that those third and second jobs are drying up. We're finding that people who worked in computer jobs are now working as waitresses. And those jobs are hard to come by."
>
> —"Food Banks fear bare cupboards," by Gary Massaro, The Rocky Mountain News, Aug. 5, 2003

Colorado generally lacks the wage and income policies that could support low-income families in their effort to earn a self-sufficient wage.

Photo courtesy of Chris Takagi

Making Work Pay for Families

While it is important for every Coloradan who wants to work to have a job, it is just as important that "work pays." Those who are working to support families must earn enough to be self-sufficient and receive benefits that allow their families to have access to affordable, quality housing, health care, child care and other necessities.

- In 2002, about 1 out of every 5 workers in Colorado—358,726—held low-wage jobs[1] (see glossary for definition).

	CO #	CO %	CO Rank	US %	High State	Low State
Workers in Low-Wage Jobs	358,726	19.7%	9th Best	23.8%	36.7%	14.6%

- In 2002, Colorado was above the national average and ranked 17th among all states in the percentage of workers who lacked health insurance (424,114, or 17.6%, of all workers).[2]

	CO #	CO %	CO Rank	US %	High State	Low State
Workers 18-64 Without Health Insurance	424,114	17.6%	17th Worst	17%	27.3%	9.2%

- Between 2000 and 2002, almost 6 out of every 10 workers did not have access to employer-provided pension plans—the 13th highest rate in the country.[3]

- While the state's unemployment insurance (UI) policies are relatively supportive of higher income workers (for example, they protect temporary workers and victims of domestic violence and offer above-poverty benefits), there are policy barriers that too often keep low-income workers from receiving benefits. During the third quarter of 2003, less than 3 out of 10 unemployed workers received UI benefits (28%), which ranked Colorado 47th in the nation.[4]

It is becoming increasingly clear that in order to afford health insurance and health care—especially for low-income families—either an employer or the public sector (or both) must provide assistance.

- Colorado has one of the leanest Medicaid programs in the country. We set our eligibility levels very low—currently at an earned income of less than half of the FPL.[5] Many poor, working families are excluded from this source of coverage.

- In 2003, in response to the state's budget crisis, the state Legislature cut off enrollment of low-income pregnant women in the Children's Basic Health Plan and placed a cap on the number of eligible children that could be served.

- Low-wage and small business employees are much less likely than other workers to receive employer-provided health benefits. And, even when employers offer such a benefit, low-wage employees often cannot afford it because the increased cost of health insurance is being shifted to them in the form of premium increases, co-payments, and deductibles. Colorado provides almost no assistance to help small businesses offer health coverage to their employees.

...Kaitlyn is caught in a kind of medical-coverage limbo if she gets sick. Her family is too poor for private health insurance and too wealthy for Medicaid. And a state program that provides insurance for children who fall into this gap is turning people away to balance the state budget.

Kaitlyn was dropped from Medicaid because the family had two cars, which exceeded the assets value Medicaid allows... She's beginning to believe that the harder she tries to improve her family's financial situation, the harder her life becomes.

—"Colorado budget woes put families in medical catch-22," by Jennifer Kostka, The Durango Herald, Feb. 3, 2002

Affordable, quality child care is a critical part of helping low-income parents get jobs and keep working. It is also a significant part of the self-sufficiency equation for families with young children. Without any assistance, child care costs can be too high for low-income working families. If they don't have relatives who can help out, these parents face an impossible choice. They either place the child in substandard (and possibly unsafe) care, or they don't work.

The federal and state governments each provide funding for child care assistance to families moving from welfare to work and those trying to stay off welfare. However, because Colorado administers these programs at the local level, some parts of the state have very low income eligibility levels that exclude a significant number of families below self-sufficiency.

- Counties have set their eligibility cut-offs for child care assistance between 36% and 52% of the state's median income of $58,000 ($20,880 and $30,160), a relatively low range compared to other states.[6] In addition, because of a rising welfare caseload and fewer available funds, some counties have lowered their eligibility rates and eliminated assistance for low-income families that are trying to keep working and avoid receiving welfare.

- All families that receive public child care assistance, even those earning less than 50% of the FPL, must co-pay a percentage of their income.[7]

- There are federal funds available right now for Colorado to use in providing child care assistance to more families. However, in order to access these funds, the state must appropriate more of its own resources on a dollar-for-dollar match basis. The federal funds are not being drawn down by the state because we are not putting up enough of our own money to meet this match.

- The state's Child Care/Child Tax Credit is available only when there are excess TABOR revenues during good economic times, meaning this important benefit is not available when Colorado families need it the most.

In April, the county decided to stiffen eligibility rules for the (Colorado Child Care Assistance) program because of a drop in federal money. Families whose incomes exceed 140 percent of the federal poverty level were removed from the program. For a parent with one child, that translates into earnings that top $1,414 a month.

(Brandi) Longmire used to pay $150 a month for her daughter's care at Round the Clock Child Care & Learning Center. The rest of the bill was picked up by the child-care program.

For the 24-year-old single mom, who works full time as an assistant manager at a burger restaurant, the subsidy helped make ends meet.

"I live paycheck to paycheck, and I don't have any extra money," Longmire said. "I was panicked not knowing how I was going to be able to work—if I was going to have to quit my job or work nights and find another person to keep her."

—"Needy parents lose child-care subsidy: At least 750 county children cut from program," by Cary Leider Vogrin, Colorado Springs Gazette, July 2, 2003

With Colorado's unemployment rate above the national average and a great deal of turnover and dislocation as some businesses close and others are created, Unemployment Insurance (UI) is a critically important tool in keeping families from falling out of the Cycle of Opportunity and into poverty.

- While Colorado has supportive UI policies in some regards, they should be strengthened to provide better financial protection for low-income workers and their families. This means greater flexibility in looking at the work and earnings records of those applying for UI (i.e., creating an "alternative base period") and revising administrative procedures that limit access to otherwise progressive policies.

- For unemployed workers who qualify, Colorado's UI benefits are relatively generous. The maximum weekly benefit in Colorado is about $390, which is enough to keep a family of three from falling into poverty. Many other states' level of support is below the poverty level. However, some states have also acknowledged the fact that it costs more to support dependents and added a supplemental UI payment to the base amount to assist workers caring for dependents in their home. Colorado has not adopted this policy.

Colorado generally lacks the wage and income policies that would support low-income, working families in their effort to earn a self-sufficient wage.

- Nine states have established their own, enhanced minimum wages. Colorado has not set its own minimum wage above the federal minimum wage level.

If the parents of two young children both work full time at the federal minimum wage, receive the Earned Income Tax Credit, and pay their taxes, they will earn a combined $29,000. This is still $10,000 less than the amount needed to be self-sufficient in the Denver area.

- Like the Child Care/Child Tax Credit, the state's Earned Income Tax Credit (EITC)—the one income support policy we do have—is available only when the state has excess TABOR revenues during good economic times. For example, Colorado's unemployment rate is currently up and income growth down, yet during this time when families really need it, the EITC is not available.

- In 2002, the state tax burden (combined state and local taxes) on those with incomes in the bottom 20% of all families[xi] was 9.9%, the 15th lowest tax burden in the nation.[8]

	CO #	CO %	CO Rank	US %	High State	Low State
Workers Without Employer Provided Pensions	1,377,653	57.9%	13th Worst	55%	63.4%	48.7%

Looking across these "conditions of employment" indicators, Colorado clearly lacks the kind of uniform and reliable information that would: (1) allow us to assess the effectiveness of many of the programs that already exist, or (2) illuminate the need for policies and services where they don't exist. This hampers the development of effective policies to support working families.

[xi] Family Income Range less than $15,000 in 2002.

Recommendations:

- **It will be very difficult to increase health insurance coverage for low-income families until the state's fiscal problems are solved. But there are steps we can take in the meantime to get the most out of our limited investments:**

    1. Create a public-private task force to develop a major overhaul of Colorado's Medicaid program. The first step is to look at what medical services are being purchased and who is receiving them. Next, the state should craft a Medicaid reform proposal that covers the maximum number of low-income families with a basic benefit package that has been demonstrated to promote and maintain health.

    2. If the Medicaid reform proposal leads to cost-saving efficiencies, the state should use a portion of the saved funds to provide subsidies to the employees of small businesses so they can purchase employer-sponsored health insurance. The Colorado Department of Health Care Policy and Financing should carry this out through a request for a federal waiver.

- **Colorado does not have an "alternative base period," which means that three to six months of a worker's most recent earnings are not counted when eligibility for UI benefits is computed. Not having an alternative base period policy blocks some low-income workers from eligibility, even though they have a long work history and adequate earnings to qualify. Seventeen states have enacted this reform. Colorado should adopt it as well.**

- **While Colorado does have a progressive policy that recognizes domestic violence as a possible "good cause" for leaving a job and becoming eligible for UI, there are administrative requirements that limit its use. For example, not only must recipients provide corroborative evidence of abuse, but they must also prove they are receiving counseling. This can be a financial and practical barrier to many low-income women. The state should eliminate these requirements so they do not act as deterrents to deserving individuals.**

- **Some states provide UI supplemental payments to workers who have dependent family members. This makes sense given what we know from the work on self-sufficiency and the costs associated with dependent family members. Colorado should adopt this policy, especially for low- and middle-income families.**

- **The General Assembly should make the state's Earned Income Tax Credit (EITC) permanent (that is, available every year) and increase its value to 20% of the federal EITC.**

- **Similarly, the state Legislature should make the Child Care Tax Credit permanent and refundable, and allow families that have not applied for the federal child care credit to be eligible for the state credit.**

- **There is federal money appropriated and available right now to help Colorado's low-income families afford child care, but these funds can only be drawn down with a dollar-for-dollar state match. With waiting lists growing and counties raising income eligibility levels for child care assistance, the General Assembly should appropriate enough funds to bring this money into the state.**

- **The state Legislature should set 50% of the state median income as the absolute floor on local eligibility levels for child care support.**

Glossary

Family: Primary married couple or single parent family with at least one child under age 18.

Working Family: A family where all members age 15 and over have a combined work effort of 39 or more weeks in the last 12 months or all members age 15 and over have a combined work effort of 26 or more weeks in the last 12 months and one currently unemployed parent looked for work in the previous four weeks. The federal government defines family income as based on all family members age 15 and over.

Family in Poverty: A family with an income below the threshold for poverty as defined by the U.S. Census Bureau.

Minority: A person who does not classify himself or herself as white, non-Hispanic.

Labor Force: Persons with a job or without a job and actively seeking one.

Marginally Attached to the Labor Force: Persons who are not in the labor force, have looked for work in the past 12 months, want a job, and are available for work.

Employed Part-Time for Economic Reasons:: Persons currently working a part-time job and who would prefer, but cannot find, a full-time job.

Income: Money income only; non-cash benefits not included.

Low-Wage:: A wage below the full-time, full-year wage required to keep a family of four out of poverty. In 2001, a family of four required $18,104 to stay out of poverty (at least $8.70/hr. on a full-time, full-year basis); in 2002, $18,390 was required (at least $8.84/hr.). For the “Percent of Workers in Low Wage Jobs” measure, the national low wage figure is adjusted by the state's cost of living index, as published in *Annual Federal Budget and the States* by the Taubman Center for State and Local Government, Kennedy School of Government, Harvard University.

Workers in Contingent Jobs: Workers with jobs of limited duration or otherwise not considered to be permanent. Such jobs include temporary work provided by the employer or arranged through a temporary staffing agency; independent contracting; a job with an employee leasing firm; on-call work; and day labor.

Endnotes

Executive Summary and Colorado at a Glance: A Report Card on Low-Wage, Working Families

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4 U.S. Census Bureau. American Community Survey, Census 2001 Supplementary Survey microdata. This analysis includes both owners and renters.

5 Data are a three-year average. Analysis of March 2000-2002 Current Population Survey (CPS) Supplement by the Population Reference Bureau.

6 The Self- Sufficiency Standard was developed by Wider Opportunities for Women. The Colorado Fiscal Policy Institute applied the standard to Colorado. For further information on the Self-Sufficiency Standard, see www.sixstrategies.org F; for information on the Self-Sufficiency Standard for Colorado, see www.cclponline.org .

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16 University of Colorado. *Surviving Financial Challenges in Colorado Public Higher Education.* December 2003. http://www.cu.edu/challenges.pdf

17 U.S. Bureau of Economic Analysis. State Personal Income, Annual Estimates, http://www.bea.doc.gov/bea/regional/spi/

18 Tom Dunn. Colorado Legislative Council Staff Issue Brief Number 03-15: *How Colorado Compares in State and Local Taxes.* November 21, 2003. http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2003/research/IssueBrief03-15.pdf. Colorado's combined state and local tax burden per $1,000 in FY 1999-2000 was $102.94, 8.2% below the national average tax burden.

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Chapter 1: Working Hard and Falling Behind

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[3] U.S. Census Bureau. American Community Survey, Census 2001 Supplementary Survey microdata.

[4] U.S. Census Bureau. American Community Survey, Census 2001 Supplementary Survey microdata. For a married couple family, at least one parent does or does not have a high school diploma or equivalent. For a single parent family, the parent present in the household does or does not have a high school diploma or equivalent.

[5] U.S. Census Bureau. American Community Survey, Census 2001 Supplementary Survey microdata. At least one parent was not identified as White and non-Hispanic.

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Chapter 2: Giving People the Skills to Succeed: Education and Workforce Training

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10 Colorado Commission on Higher Education. October 2002. *Colorado: Gaining Ground in Access*. Pagep. 7. http://www.state.co.us/cche/agenda/agenda02/oct02/oct02via-att.pdf

11 Eric Kurtz, Colorado General Assembly Joint Budget Committee (JBC) Staff Analyst for Higher Education. *FY 2004-05 JBC Briefing: Department of Higher Education.* November 13, 2003. http://www.state.co.us/gov_dir/leg_dir/jbc/hedbrf.pdf

12 Ibid.

13 U.S. Census Bureau. American Community Survey, Population Reference Bureau analysis of Census 2001 Supplementary Survey PUMS.

14 Persistence rates "measure the percentage of first-time, full-time, certificate or degree-seeking freshmen entering in the summer or fall [of the previous year], were enrolled in the fall term [of the following year] at the same institution, or transferred to another Colorado state-supported institution of higher education and enrolled at that institution in the fall term [of the following year]." The Quality Indicator System (QIS) retention and persistence rates are based on tracked student cohorts that exclude new students, such as those who might have been enrolled part-time their first term, all non-degree students, and all transfer students. Those institutions that have a large percent of non-degree, part-time, or transfer students within their entering freshman class, have smaller cohorts for QIS purposes. (Colorado Commission on Higher Education. December 2002. *Quality Indicator System Report*. Page 4. http://www.state.co.us/cche/qi/rept2003.pdf)

15 Colorado Commission on Higher Education. *Quality Indicator System Report.* December 2003. http://www.state.co.us/cche/qi/rept2003.pdf

16 The three-year graduation rate of public two-year institutions "measures the three-year graduation rate for first-time, full-time, certificate or associate-degree seeking freshmen who entered a two-year institution in the summer or fall [three years earlier] and either graduated from the original institution or another two-year institution in Colorado's state-supported system of higher education within three years after entry." Students transferring to private institutions in Colorado or institutions outside the state are not counted, but in-state transfers among public two-year institutions are included. (Colorado Commission on Higher Education. December 2002. *Quality Indicator System Report*. Page 4. http://www.state.co.us/cche/qi/rept2003.pdf)

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23 This measure reports on the demonstrated improvement in literacy skills in reading, writing, numeracy, problem solving and speaking the English language. All states are required to report on this measure to the U.S. Department of Education in an Adult Education Annual Statistical Report. Data presented is for FY 2002. Percentages calculated based on: number completed ABE beginning literacy level/total number enrolled in ABE beginning literacy.

[24] This measure reveals the extent to which participants in adult education successfully move forward to obtain additional education and training that may be necessary to succeed in the labor market. It also provides insight into the extent to which state adult education programs are focused on the objective of preparing participants to succeed in the labor market. Data from Annual Report to the U.S. Department of Education, FY 2002. All states are required to report the number of students entering other academic or vocational programs to the U.S. Department of Education. This measure is computed by dividing the number of all enrolled students by the number of students entering other academic or vocation programs (Numerator= Number who Completed a Level and Advanced One or More Levels/Total Enrolled for All Levels of Adult Education).

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[27] Berkeley Policy Associates. *Evaluation of the Colorado Works Program: Fifth Annual Report.* November 2003. http://www.state.co.us/gov_dir/audit_dir/2004/2004perf/1263%201570%20CO%20Works.pdf

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Chapter 3: Creating Job Opportunities Through Private - Public Partnerships

[1] Colorado Department of Labor and Employment, Labor Market Information, Monthly Labor Force Data (Unemployment Data). http://www.coworkforce.com/LMI/ali/lfpage.asp.

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[3] U.S. Census Bureau. Current Population Survey (CPS). Population Reference Bureau analysis of 2001 February Contingent Workers and Alternate Employment Supplement to CPS. Workers with jobs of limited duration or otherwise not considered to be permanent. Such jobs include temporary work provided by the employer or arranged through a temporary staffing agency; independent contracting; a job with an employee leasing firm; on-call work; and day labor. A worker 18 or older was defined as a contingent worker if s/he satisfied two requirements: (1) Worker was either (a) paid by a temporary agency; (b) working on-call or as a day laborer; (c) working for an employee leasing company; or (d) working as an independent contractor, independent consultant, or was self-employed. (2) The worker indicated they would like a different type of arrangement.

Chapter 4: Making Work Pay for Families

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2 Ibid.

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8 The Institute on Taxation and Economic Policy. *Who Pays: A Distributional Analysis of the Tax Systems in All 50 States, 2nd Edition.* January 2003. http://www.itepnet.org/whopays.htm. The Average State & Local Tax Burden on Families in the Lowest Income Quintile (Income Range Less Than $15,000, Average Income $9,300) was 11.4% in 2002. This means that 11.4% of family income for non-elderly taxpayers was devoted to state and local taxes. Colorado's tax burden for this income group was 9.9%, or 1.5% below the average for all states. This ranks Colorado as the 36th highest or 15th lowest in the nation.

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