Opportunity Handbook

A Quick Guide to Economic Opportunity in Colorado

Bell Policy Center

THE BELL POLICY CENTER IS A COLORADO NONPROFIT RESEARCH AND ADVOCACY ORGANIZATION WORKING TO ENSURE CYCLES OF OPPORTUNITY FOR EVERY COLORADAN.

2017

GLOSSARY

You'll see references to data throughout the Opportunity Handbook. Below are definitions for some terms you'll see along with a chart showing federal poverty guidelines for recent years.

Working Family: A family where all family members ages 15 and older have a combined work effort of 39 or more weeks in the last 12 months, or all family members ages 15 and older 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.

Working Poor Family: A working family with an income below the threshold for poverty.

Low-Income Family: A family with an income below 200 percent or double the threshold for poverty as defined by the U.S. Census Bureau. Double the poverty threshold is used as a proxy for economic "self-sufficiency" or "family living standard," the income a family requires to address basic needs including housing, food, clothing, health care, transportation and child care.

ACKNOWLEDGEMENTS

The Bell Policy Center receives data and assistance as a member of the Working Poor Families Project. Launched in 2002 and currently supported by The Annie E. Casey, Joyce and W.K. Kellogg foundations, the Working Poor Families Project is a national initiative that works to improve the economic conditions for working families. The project partners with state nonprofit organizations and supports their policy efforts to better prepare America's working families for a more secure future.

Special thanks to Gary Horvath, head of Colorado-based Business and Economic Research, for sharing his research on Colorado's economy and projected job growth with us.

	2016	2015	2014	2013
One Person	$11,880	$11,770	$11,670	$11,490
Two People	$16,020	$15,930	$15,730	$15,510
Three People	$20,160	$20,090	$19,790	$19,530
Four People	$24,300	$24,250	$23,850	$23,550
Five People	$28,440	$28,410	$27,910	$27,570
Six People	$32,580	$32,570	$31,970	$31,590
Seven People	$36,730	$36,730	$36,030	$35,610
Eight People	$40,890	$40,890	$40,090	$39,630

Figure 1. Poverty Guidelines, 2013, 2015, 2015, 2016 published by Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services.

Bell Policy Center Opportunity Handbook

Seven Key Takeaways

Figure 2. Bell Policy Center Cycle of Opportunity.

1. Despite Colorado's vibrant economy, many people who most need help are struggling to afford critical needs from child care to health care, housing and higher education. Economic challenges are preventing people from joining the Cycle of Opportunity.

2. A vibrant, safe childhood stimulates the brain and creates a launching pad for a great life. Colorado needs to help all families access affordable, high-quality child care and preschool programs. For the 250,000 children under 6 who need preschool, only 106,000 slots exist. Costs have risen to between $11,000 and $14,000 per year. and are rising faster than median household income.

3. A great education can lift people out of poverty. As demand for high-tech workers increases, affordable options after high school have become more vital than ever. Colorado must commit to putting college and training opportunities in reach for every student. Higher education costs are rising faster than incomes and Colorado now ranks among the least affordable states for two- and four-year public institutions, according to the 2016 University of Pennsylvania College Affordability Diagnosis.

4. A job that pays well and provides benefits is the surest path to a secure, successful life. Since new businesses create most new jobs, Colorado leaders could do more to support people who want to start a business, especially lower-income Coloradans. Four of the five industry sectors projected to create the majority of Colorado jobs in 2017 pay average wages that are below or barely above $48,600, which is 200 percent of the federal poverty level for a family of four.

5. The key to saving for retirement is starting young. But 45 percent of Coloradans in their prime working years have no access to a retirement plan at work. While Americans overwhelmingly support the idea of saving for retirement, they boast alarmingly small nest eggs. The typical working-age household nationally has only $2,500 in retirement assets and households nearing retirement only have $14,500. Colorado should follow five other states and create the Colorado Secure Savings Plan, an easy, low-cost way to help young people build wealth.

> *Economic challenges are preventing people from joining the Cycle of Opportunity.*

6. Living in a safe, affordable home has a powerful impact on how well children do in school and how they fare later in life. Housing costs are increasing faster than median family incomes. Average apartment rental costs grew by 44.5 percent in Denver and by 50.9 percent in the rest of the state between 2008 and 2015. Over the same period median household income statewide grew by only 8.9 percent. Ultimately, lack of affordable housing will slow Colorado's job growth.

7. Colorado has made historic gains in providing health insurance to hundreds of thousands of new people through the Affordable Care Act. We covered an additional 407,338 Coloradans through Medicaid and in 2016, 104,160 people qualified for federal tax subsidies when they bought private health insurance through Colorado's exchange. Despite increased access to insurance, policymakers need to tackle the tough challenge of driving down costs, which are especially high in western Colorado and other rural areas. In 2015, health care costs represented 9.5 percent of Coloradans' median incomes, up from 6.2 percent in 2004.

Creating Opportunity

Opening Doors for Coloradans of All Ages

When we think of "opportunity," we conjure up the American Dream, success and security. In his recent book, ***Hillbilly Elegy***, J.D. Vance wrote that when people have the ability to make choices in their lives, they have access to economic opportunity. However you define it, we know that opportunity motivates people, unleashes their talents, sparks invention and feeds a dynamic economy.

The debate over economic opportunity — who has it, who has lost it, and how we promote it — is raging in America. With such an expansive term at the core of many conversations, we believe opportunity is more critical than ever and want to distill its essential components.

THE CYCLE OF OPPORTUNITY

The Bell Policy Center first unveiled its Cycle of Opportunity in 2002 to illustrate how we create and sustain opportunity. The Cycle highlights a series of nine pivotal gateways over the course of a lifetime. The gateways build upon one another. Thriving at one stage means it's all the more likely people will do well at the next and fully realize their economic, social and personal potential.

Most middle-class Americans can identify a key point at which they and their families entered the Cycle of Opportunity. Perhaps an ancestor homesteaded a farm. A veteran used the GI Bill to become the first in his or her family to go to college. A family member tapped some savings to start a new business, fair housing laws made it possible for a descendant of slaves to buy a home or a grandfather or grandmother immigrated to the United States.

Together, the public and private sectors are vital to supporting the Cycle of Opportunity and opening doors for more Coloradans.

As you will see in this reference guide, opportunity is becoming harder to attain for many Coloradans. Many who consider themselves to be middle class are increasingly concerned about their ability to remain so. That is why it is more important than ever that we create the conditions that will allow more families to join the middle class and bring increased security to those already there.

Our approach to helping individuals and families get ahead and stay ahead is straightforward and rests on several concepts:

- Make it possible for families to provide a sound and safe environment where their children can absorb the lessons and develop the skills they will need to succeed in school and life.
- Provide access to good jobs that pay a decent wage and include health, retirement and other benefits.
- Establish choices for post-secondary education and job training opions that are affordable and accessible, so that workers can prepare themselves for these good jobs.
- Ensure individuals and families have access to affordable health care and stable housing options so they can realize their full potential.
- Provide multiple entry points and second chances to join the Cycle of Opportunity so we don't shut out those who missed a step the first time.

While this handbook is not a comprehensive resource, it lays out some basic measures of where Coloradans stand in these critical areas. We describe recent actions aimed at improving these measures and what more could be done to achieve better outcomes.

As policymakers debate these issues, facts are essential. We hope this handbook helps anchor the conversation about economic opportunity in Colorado and gives problem solvers a common language to forge agreements on the path ahead.

Access to a Safe and Stimulating Early Childhood

Coloradans Need Greater Access to Preschool Programs and More Affordable Child Care

WHERE WE STAND

Quality child care is essential to brain development and success in the classroom. In addition, safe, stimulating and affordable care helps working families get ahead and stay ahead.

Access to affordable, high-quality child care is a critical need for many Colorado families. About six in ten Colorado families with children under age 6 need child care at some point during the day because all available parents work. That translated into about 250,000 children in 2015.[1]

Research consistently shows that high-quality child care and early education programs promote social and emotional development and academic achievement in children, which contributes to economic stability later in their lives. With peace of mind that children are in safe, stimulating settings, parents can work and improve their family's financial stability. With access to quality care, parents are better able to keep their jobs, miss fewer days at work, are more productive and have significantly higher rates of participation in job training and advanced education.[2]

Poverty poses a clear risk to the healthy development and academic achievement of children.

High costs and a lack of quality care hold back many working families. In 2013, Colorado licensed child care centers, in-home child care options and preschools only had enough room to serve about 106,000 children, less than half the number needing care at some point during the day.[3] In addition, the annual cost of care is quite high. In 2015, it totaled $14,950 for an infant and $11,089 for a 4-year old in a child care center.[4] The Colorado Children's Campaign reports that in 2014, Colorado was the fifth least affordable state for infant care and the seventh least affordable state for 4-year olds.[5]

The average cost of child care for infants has increased by 19 percent and for 4-year-olds by 9.7 percent between 2008 and 2015. At the same time, median household incomes have grown by only 8.9 percent. This is putting a squeeze on Colorado's working families with children.

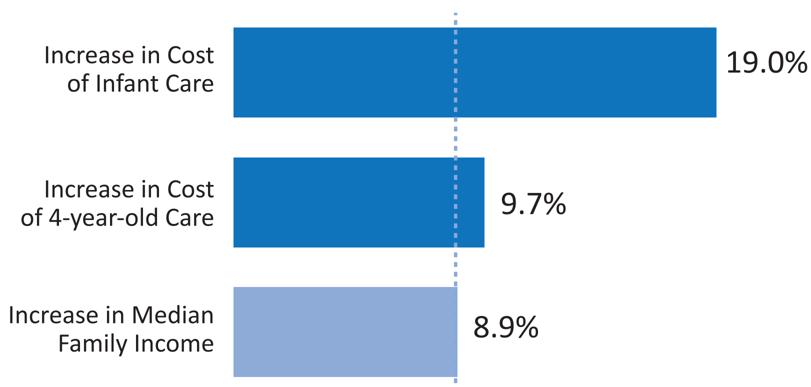

Figure 3. Percentage increase in the cost of center-based child care and median household income – 2008 – 2015.

The increasing cost of child care is an especially significant burden for working families. In 2013, almost one in eight Colorado children lived in working families whose incomes were below the Federal Poverty Level, and one in three lived in low-income working families.[6]

Poverty poses a clear risk to the healthy development and academic achievement of children. The Colorado Child Care Assistance Program (CCCAP) is designed to help families with low and moderate incomes pay for child care costs. Child care subsidies help make up the difference between the cost of child care and payments parents contribute based on their family's income. Parents who enroll their children in higher-quality child care programs receive a small discount on the costs. But CCCAP can help only a portion of eligible families.

As children age, they move from child care settings into preschool and kindergarten. The Colorado Preschool Program (CPP) is an excellent program that helps children from low- to moderate-income families who face challenges that pose a risk to their future educational achievement. Unfortunately, CPP is capped at 28,360 slots. As with care for younger children, the needs for affordable, high-quality preschool spots far exceed available spaces. In the 2015-16 school year, analysts at the Colorado Department of Education calculated that CPP served about 65 percent of eligible 4-year olds, leaving over 8,300 4-year olds with no pre-school option available to them through CPP or Head Start. [7]

WHAT WE'RE DOING

- Colorado has recognized the clear connection between investing in quality child care and positive outcomes.
- Lawmakers revised the Income Tax Credit for Child Care Expenses (HB14-1072) in 2014 to help more low-to moderate-income families afford child care.
- Numerous changes were made to improve CCCAP in 2014 (HB14-1317), including setting a statewide minimum eligibility limit of about $33,000 for a family of three, making attendance in job training programs or post-secondary education eligible activities for families to receive CCCAP, reducing the parent co-payment for families living below the poverty line and providing incentives for families to earn more without losing all their child care.
- Financial incentives were provided to counties to design local Cliff Effect Pilot Programs (SB14-003) to help families from losing all the help they get in paying for child care costs under CCCAP if their earnings increase. The pilot projects are designed to encourage low-income families to accept raises, promotions and more hours at work by reducing their child care benefits in proportion to their increased income.
- The General Assembly expanded access to full-day kindergarten and preschool in 2013 (SB13-260) by authorizing 8,200 new slots for at-risk children to enroll in either preschool or full-day kindergarten, depending on how school districts decide to prioritize their slots.

As with care for younger children, the needs for affordable, high-quality preschool spots far exceed available spaces.

WHAT WE COULD BE DOING

- Increase the number of children who can participate in the Colorado Preschool Program and boost access to the Colorado Child Care Assistance Program.
- Apply more two-generation approaches to education, which emphasize the importance of educating both parents and children in a family simultaneously. Research shows these are the most effective ways of increasing educational attainment.
- Support the Colorado Center on Law and Policy's efforts to extend child care tax credit for families earning less than $25,000 per year (HB17-1002).

Access to Post-Secondary Education and Job Training as an Adult

Most Colorado Jobs Will Require Postsecondary Education, But It's Becoming Unaffordable for Many Families

WHERE WE STAND

Jobs that pay middle-class wages often require some level of education beyond high school. Coloradans without a high school diploma or its equivalent often find it hard just to find a job and end up working for low wages. In 2014:

- 36 percent of Colorado working families living in poverty had a least one parent without a high school diploma or equivalent, and 53 percent had parents without any postsecondary education.
- 30 percent of low-income working families in Colorado had a least one parent without a high school diploma or equivalent, and 45 percent had parents without any postsecondary education.[8]

As our economy evolves, education will become more important than ever. Key industries such as advanced manufacturing, construction and information technology will need more workers with higher level skills, and by 2020, 74 percent of all jobs in Colorado will require some level of postsecondary education. That's the third highest percentage in the U.S.[9] Currently, employers in these industries are having a hard time finding workers with the skills they need, which is constraining our state's economic growth.[10]

All Coloradans — both children and adults — need a solid academic foundation to succeed in post-secondary education. Strengthening Colorado's K-12 education system is vital. Many also need help understanding and selecting among the various choices available to them for earning a valuable certificate or degree that offers a high return on investment.

By 2020, 74 percent of all jobs in Colorado will require some level of postsecondary education.

Paying for postsecondary education is a challenge for many students and families. Even students who attend Colorado's public colleges and universities face increased costs that are rising faster than family incomes. While the costs that Colorado students and families pay to attend state colleges and universities have increased by 102 percent between 2000-01 and 2014-15, average household incomes rose by 0.31 percent over the same period, when adjusted for inflation.

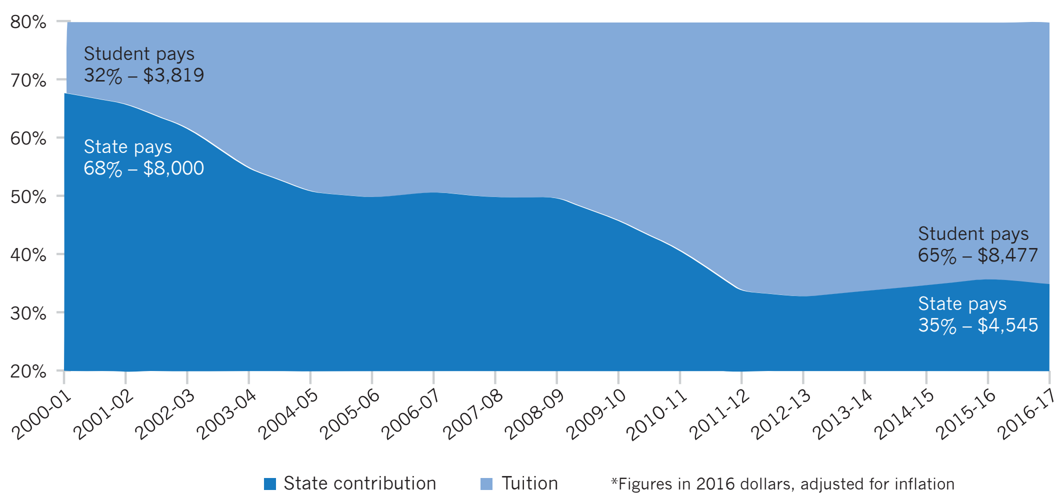

Figure 4. Resident tuition vs. state contribution for in-state students at Colorado public higher education institutions 2000-01 to 2016-17

Many financial obstacles prevent Coloradans from earning post-secondary degrees:

- In 2000, state funds supported 68 percent of college costs for in-state students. Since then, the state's share of funding has plunged and the share Colorado families pay in tuition has more than doubled. [11]
- Even after all grants and aid is factored in, the net cost of attendance at Colorado public Institutions is hard for families to afford. The 2016 University of Pennsylvania College Affordability Diagnosis finds that It takes 19 percent of middle-income families' annual incomes to attend public two-year schools full-time and 24 percent to attend public four-year schools full-time.[12]
- The same University of Pennsylvania study ranks Colorado's two- and four-year public institutions as among the nation's least affordable compared to other states, placing us 44th and 33rd respectively.[13]

WHAT WE'RE DOING

- Colorado's increased appropriations for higher education and need-based financial aid in recent years are offsetting some of the costs to families. For example, over 3,600 more students received need-based financial aid in 2016 than in 2014.
- The Concurrent Enrollment Act has helped to reduce the costs of post-secondary education by allowing high schoolers to enroll in college-level classes at no cost to them or their families. Gaining college-level credit early puts them on a solid path toward a certificate or degree.
- The state has started to fund adult education and literacy and authorized multiple tests for high school equivalency to ensure that more adults earn a high school diploma or equivalent and are better prepared to enter postsecondary education.
- Several packages of bills have been passed in recent years to strengthen Colorado's workforce development initiatives, including apprenticeships, access to job training, and career pathways.[14]
- Colorado created CareerWise, an innovative, cross-sector partnership developing a statewide youth apprenticeship program.

WHAT WE COULD BE DOING

- Continue to increase funding for higher education so that more low and middle-income residents can afford to get the education and training they need to get good paying jobs and contribute to their communities.
- Make sure the higher education system serves adults more effectively.
- Expand access to adult education and literacy training so that more Coloradans have the skills they need to get good jobs, and employers have access to the skilled workers they need.
- Promote transparency in data about all post-secondary options — including for-profit institutions — so students can make wise educational choices, avoid unnecessary debt, complete their programs and earn degrees that will help them get high-paying jobs.

Students who attend Colorado's public colleges and universities face increased costs that are rising faster than family incomes.

Earning a Decent Living and Building Wealth

Colorado is Projected to Add Jobs in 2017 But Many Pay Low Wages

WHERE WE STAND

A job with benefits that pays at least enough to support a family and build assets is the surest path into the Cycle of Opportunity. Colorado added about 50,000 jobs in 2016[15] and is projected to add another 60,000 in 2017[16]. Much of this growth will occur along the Front Range and is driven by new business start-ups.[17]

Historically, Colorado has had a smaller share of our workers in low-wage jobs than other states. Even so, as Figure 5 shows:

- Nearly one in four Colorado workers worked in occupations with median wages in 2013 that were not enough to keep a family of four out of poverty, $23,500.
- At the same time, three of every five workers worked in occupations with median wages less than 200 percent of the federal poverty level for a family of four, $47,100. Economists use this income level as a rough rule of thumb to determine how much families need to be self-sufficient. [18]

Six out of ten jobs created in 2017 are projected to occur in the five industry sectors listed in Figure 6 on the following page. However, four of the five sectors — accounting for 55 percent of the projected new jobs — barely pay family-supporting wages.

Average wages are below the poverty level for a family of four for those who work in the Accommodations and Food Services sector. They are either below or just above 200 percent of poverty in three others.[19] While job creation is critical, Colorado needs jobs that pay well.

In addition, those working in low-wage jobs often do not have health insurance or retirement plans.

In many Colorado families, all parents must work to make ends meet. This is part of what is driving the high demand for child care cited earlier in the report.

Coloradans also need to earn enough so they can put aside funds to cover emergencies, like unexpected car repairs, health needs and job losses. Many live on the edge, and about one in four Coloradans do not have enough saved to live for three months at the poverty level if they lose their income.[20] Many turn to high-interest loans that can trap them in debt.

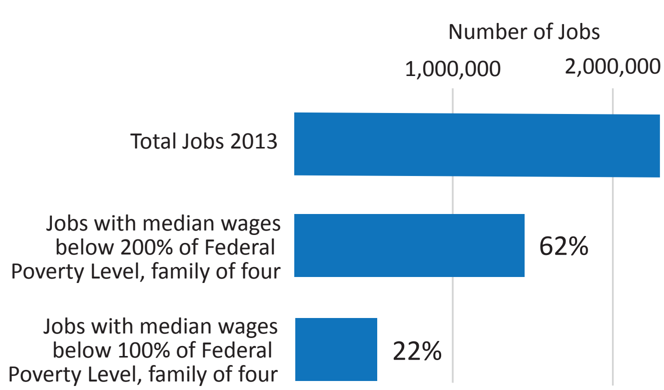

Figure 5. Colorado jobs with median wages below 100% and 200% of the Federal Poverty Level for a family of four, 2013.

WHAT WE'RE DOING

- Colorado voters approved Amendment 70 in November to raise the minimum wage to $12 an hour by

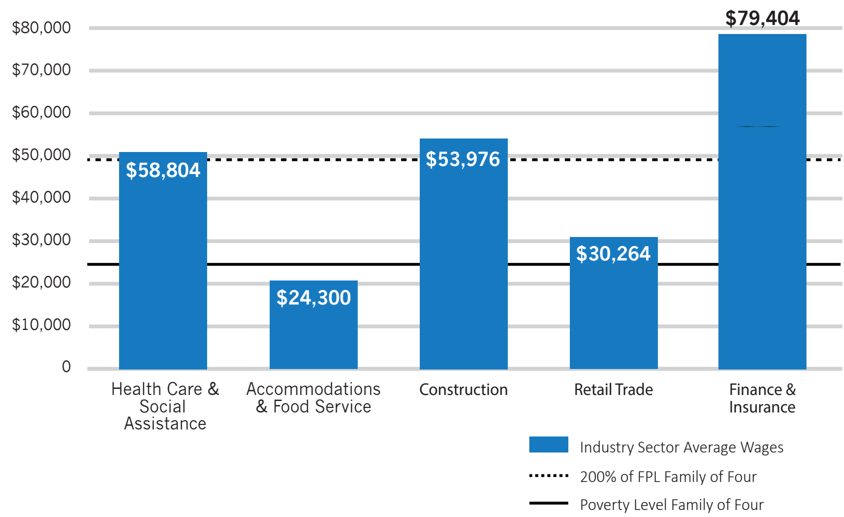

Figure 6. Average annual wages paid in the five industry sectors with the largest projected job growth in 2017 compared to the 2016 Federal Poverty Level for a family of four.

2020. The first increase from $8.31 to $9.30 took effect on January 1, giving a raise to 215,000 hardworking Coloradans. Most are 20 or older. Just over half work full-time, while 27 percent are parents and 56 percent are women.

- Colorado's Earned Income Tax Credit, set at 10 percent of the federal credit, was made permanent in 2015 and helps more than 350,000 working Coloradans each year retain more of their earned income, boosting their take home pay and lifting many out of poverty.
- Colorado has also made strides in recent years to protect consumers from predatory lending practices. In 2010, Colorado replaced two-week payday loans with 6-month installment loans and cut costs by two-thirds. Since our 2010 reforms, Colorado has some of the lowest payday loan costs in the nation, saving Coloradans $40 million a year.[21]
- Policymakers wisely rejected two proposals that would have increased the interest rates charged on installment loans that many workers with poor credit use.
- Colorado offers tax credits, grants and loans designed to help encourage new business start-ups. In addition, non-profits including the Rocky Mountain MicroFinance Institute and Accion Colorado provide help to community entrepreneurs so they can start and build a business to advance economically.

Average wages are below the poverty level for a family of four for those who work in the Accommodations and Food Services sector.

WHAT WE COULD BE DOING

- Recognize and provide incentives to employers that pay family-supporting wages, offer health and retirement benefits and ensure equal pay for equal work.
- Require employers to provide paid leave so workers can take care of their families.
- Adopt best practices and audits to ensure that all employees receive equal pay for equal work.
- Increase access to post-secondary education and job training so more Coloradans can qualify for better paying jobs.
- Since new businesses create most new jobs, Colorado leaders could do more to support people who want to start a business, especially lower-income Coloradans.

A Financially Secure Retirement

Too Few Coloradans Are Saving for Retirement

WHERE WE STAND

A financially secure retirement is a just reward for a lifetime of hard work. Seniors with adequate savings are more likely to remain self-sufficient and healthy longer and, ultimately, pass assets on to help future generations get started.

But about half to two-thirds of working families nationally are at risk of running out of money in retirement.[22] The average family with working-age adults has only $2,500 in retirement accounts.[23] It's no wonder that not having enough money for retirement is Americans' top financial concern.[24]

The number of Coloradans ages 65 and older — the traditional age when workers retire — is projected to grow by 68 percent by 2030. We face a crisis if a large share of them end up without adequate savings.[25]

The best way to save for retirement is to participate in a workplace savings plan and save a little from each pay check. But 45 percent of Colorado private sector workers in their prime working years (ages 25 to 64) do not have access to a retirement savings plan at work.[26]

As a result, Coloradans depend on Social Security for most of their retirement income. Social Security makes up:

- 81 percent of low-income retirees' income
- 57 percent of middle-income retirees' income[27]

Five states — California, Connecticut, Illinois, Maryland and Oregon — are establishing automatic IRA workplace plans for private sector workers who don't have access to retirement plans at work. Two states — New Jersey and Washington — are creating "marketplaces" where small businesses can more easily buy retirement plans for their employees.[28]

WHAT WE'RE DOING

- In 2015, Colorado created the bipartisan Strategic Action Planning Group on Aging and directed it to study how our state's aging population will affect long-term public policies and develop a strategic plan to deal with it. The planning group released its initial report in November 2016, which called for creating a public-private partnership to design and offer a workplace retirement saving plan for private sector employees who do not have access to one.
- Bills were considered in the 2014 (HB14-1377) and 2015 (HB15-1235) legislative sessions to establish a bipartisan task force to study the challenges Coloradans face in saving for retirement and recommend ways to promote greater retirement security for all Coloradans.
- Legislation was considered in the 2016 legislative session (HB16-1403) that would have created a public-private partnership to establish a Secure Savings Plan for private sector workers who do not have access to a retirement savings plan at work.

WHAT WE COULD BE DOING

- Support a Colorado Secure Savings plan to give every worker a chance to save for retirement. A public-private partnership would develop and implement the plan that would include automatic enrollment with the option for employees to drop out.
- Encourage Colorado employers that currently offer 401(k) plans to automatically enroll employees and automatically increase the amount employees contribute each year with the options to drop out or contribute a different amount. Research shows this would result in more workers participating in 401(k) plans at work.
- Develop and distribute comprehensive financial literacy materials and training classes relevant to all Coloradans.

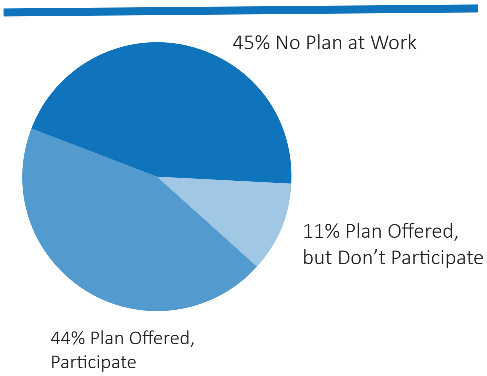

Figure 7. Forty-five percent of Coloradans in their prime working years do not have access to a retirement savings plan at their workplace.

Stable, Affordable and Quality Housing

Colorado Needs a Greater Supply of Affordable Housing or We Risk Future Job Growth

WHERE WE STAND

Called the "The first rung on the ladder to Economic Opportunity," housing is one of the main pillars that supports efforts to help people get ahead.[29] A safe, healthy home provides a bedrock for success and where you live strongly affects the opportunities available to you.[30]

Families forced to spend a large percentage of their income on housing find it hard to afford food, health care, transportation, education, and savings — key investments needed to expand opportunity. Children whose families are not grappling with unaffordable homes have better math and reading scores, are healthier and experience positive emotional development.[31]

Affordable rents make it more likely that families can save for a down payment and accumulate the assets needed to buy their own homes. Housing remains a path to building wealth and Americans aged 55 to 64 have over half of their assets in their homes. Parents can tap home equity loans to help pay for college with less debt and seniors can use it to boost retirement savings.[32]

Economists consider housing affordable if renters or homeowners are spending about 30 percent of their income or less on housing.

Economists consider housing affordable if renters or homeowners are spending about 30 percent of their income or less on housing. In Colorado, nearly half of renters are considered to be "cost-burdened" because they are paying more than 30 percent on housing. Another 24 percent are severely cost-burdened, meaning they're spending over half their income on rent.[33]

In 2014, six in ten low-income working families and over eight in ten working families living in poverty in Colorado were cost burdened.[34]

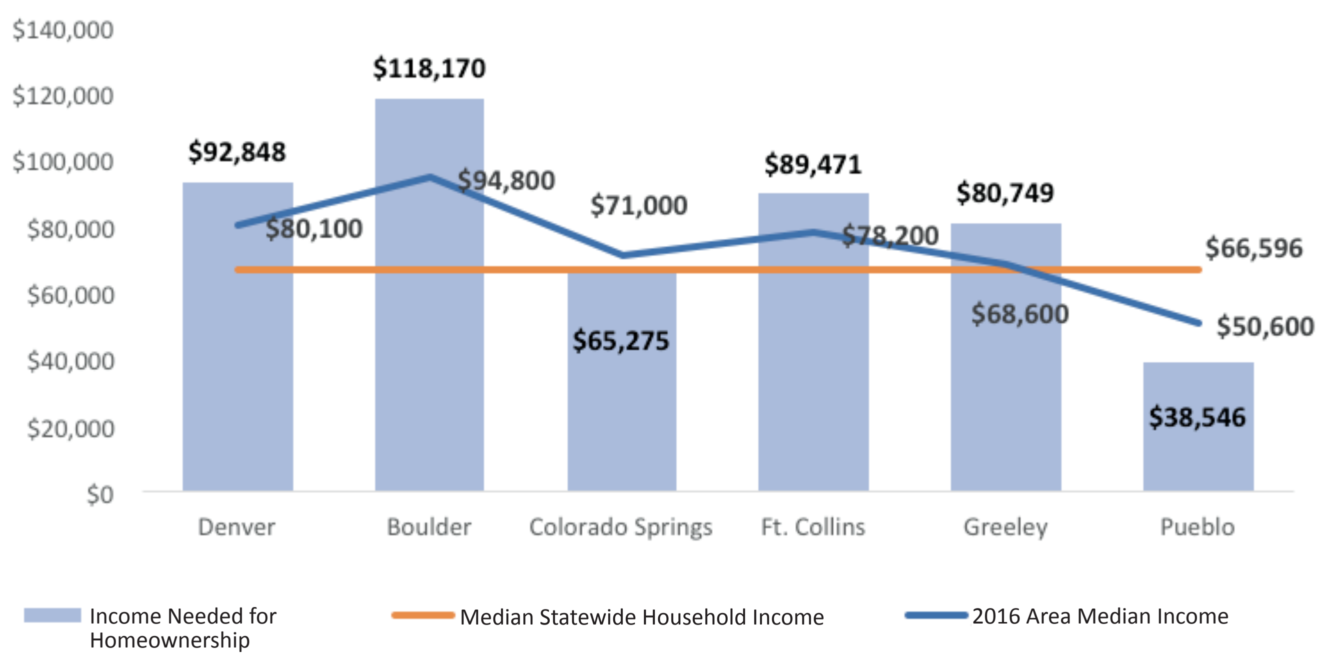

Figure 8. Income needed for homeownership in Colorado metropolitan areas compared to statewide median household income and area median incomes.

Colorado's housing challenges continue to worsen because housing costs are increasing faster than median household incomes. For example, average apartment rental costs grew by 44.5 percent in Denver and by 50.9 percent in the rest of the state between 2008 and 2015. Over the same period, average household income statewide grew by only 8.9 percent.[35]

Many of those renting want to become homeowners, but struggle to save enough for a down payment or qualify for a mortgage. As Figure 8 shows, the average income needed to buy a median-priced home is higher in four of six metropolitan areas in Colorado than the statewide median household Income, making it difficult for many renters to become homeowners. While area median incomes are higher than the statewide median income in every area except Pueblo, they still fall below the income needed to buy a median priced house in four of the six metro areas listed. [36]

It is no wonder that only about one-third of low-income working families and less than one-quarter of working families living in poverty, could affort to own their homes in 2014.[37]

The low level of housing supply coupled with strong demand is pushing up the cost of homes for sale, making it difficult to find affordable housing, which is likely to continue throughout 2017. Rental rates are also expected to increase but at a slower rate than in recent years.[38] The high cost of housing is limiting stronger job growth.[39]

Colorado's housing challenges continue to worsen because housing costs are increasing faster than median household incomes.

WHAT WE'RE DOING

- In 2001, Colorado created the Low Income Housing Tax Credit (LIHTC) and extended it in 2014 and 2016. The Colorado Housing and Finance Authority is authorized to issue $5 million in state LIHTC in 2017, 2018 and 2019.
- Colorado considered legislation in 2015 to put $25 million per year for five years into a rental-housing fund to be created in the Colorado Housing and Finance Authority.
- Colorado promoted affordable housing construction in 2010 (HB10-1017) by allowing voluntary agreements between property owners and counties or municipalities to limit the rents charged for properties or units.

WHAT WE COULD BE DOING

- Create a permanent and dedicated trust fund to support the development of affordable housing. Levying a small documentary fee (SB17-085), as suggested by Housing Colorado, is an effective way to fund this idea.
- Give tenants more notice when landlords want to increase rent or terminate a "month-to-month" tenancy from the current 7 days to 28 days as suggested by the Colorado Center on Law and Policy. This will give renters more time to find new accommodations and move out.
- Increase funding for Colorado's LIHTC, which have been proven to be highly effective in creating additional affordable housing units.

A Healthy Life

Dramatic Increases in Insurance Coverage Usher in Opportunities, But Leaders Wrestle with Health Costs

WHERE WE STAND

Great health is vital so people can achieve their fullest potential and live satisfying and productive lives. Access to high quality physical and behavioral health care is another of the pillars supporting economic opportunity.

In the U.S., access to quality health care declines dramatically if people don't have health insurance. One of the goals of the federal Affordable Care Act was to increase the number of people who had health insurance. Without insurance, people often skip necessary care. For those with chronic conditions like diabetes, failing to stay healthy can lead to much more serious health problems. Early diagnosis is also key for serious illnesses like cancer. Lack of access to medical care can worsen outcomes for patients, increase costly visits to hospitals and cost us all more in the long run. Even for those who have health insurance, increasing costs can undermine economic opportunity. High premiums and out-of-pocket health costs can lead to debt and make it harder for people to further their education, buy homes and save for retirement.

The portion of Colorado's adults that lacked health insurance totaled 9.7 percent in 2015 – an historic low – and down from 18.1 percent in 2009.[40] When you include those Coloradans who are under age 19 and over age 65, the uninsured rate is 6.7 percent, also an all-time low.[41]

The number of Coloradans without insurance varies across the state, with those living on the Western Slope more likely to be uninsured than those living on the Front Range.

Incomes are strongly correlated with health insurance. People who earn more are much more likely to have health insurance. That's because people in higher-paying jobs typically get health insurance through their employers, while many low-wage workers are not offered health care at work.

Overall, one in ten Coloradans living in poverty were uninsured in 2015, down from 22 percent in 2013.[42] For Colorado working families, in 2014, about one-third of those living in poverty had at least one parent without health insurance, as did a little over a quarter of low-income Colorado working families.[43]

Nearly one in four Coloradans are covered by Medicaid or the Children's Basic Health Plan (CHP+), programs designed to help low-income families. Medicaid insures over 40 percent of the people living

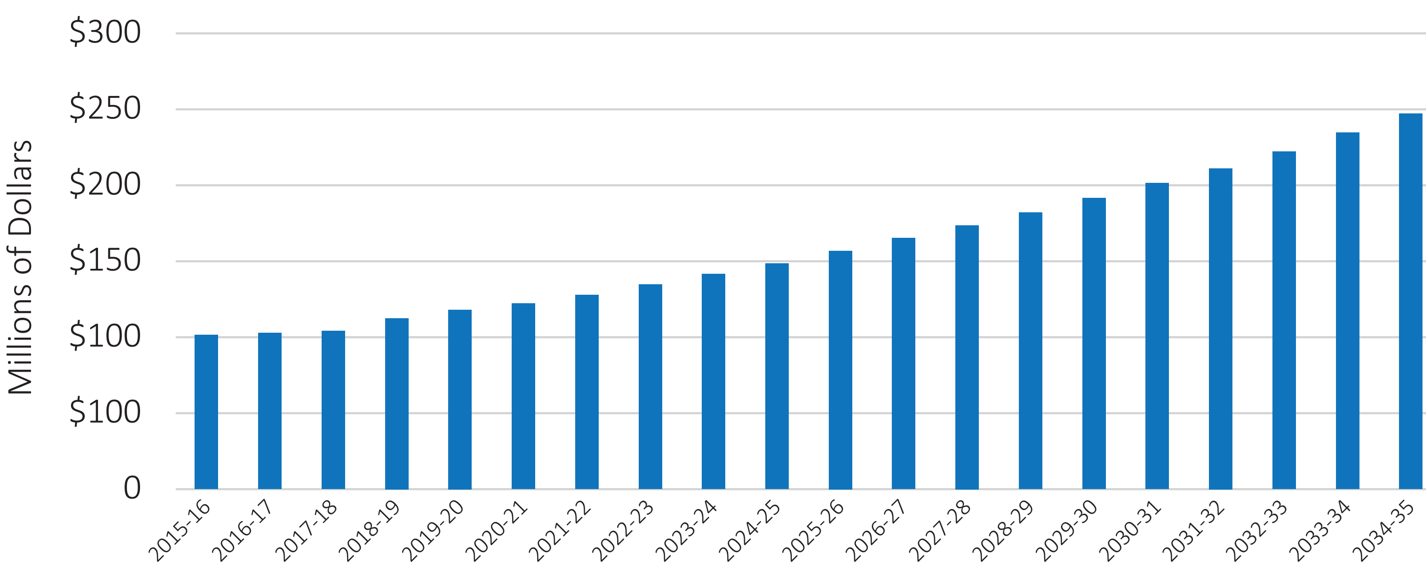

Figure 9. Additional General Fund revenue (Income, Sales and Use Taxes) as a result of Medicaid expansion[46]

in nine Southern Colorado Counties.[44] Three out of four Coloradans who receive Medicaid work.[45]

The Affordable Care Act provided financial incentives to expand coverage under Medicaid and raised awareness among families that were eligible but not enrolled. Those covered strictly by the Medicaid expansion impose no costs on the General Fund. However, it will cost an estimated $46 million in Fiscal Year 2016-17 to cover those that were eligible for Medicaid pre-expansion and are newly enrolled. Overall Medicaid expansion has pumped $3.8 billion into the state's economy. As a result, increases in sales and income taxes have helped bolster the General Fund and balance the state's budget.

Coloradans' costs for health insurance are growing faster than their wages. Federal tax subsidies under the Affordable Care Act played a key role in holding down the costs for those who buy their insurance on the health exchange. While the total premiums increased from about $5,000 in 2014 to about $7,000 in 2017, the amount paid by individuals, after counting the federal tax subsidies, grew from about $1,500 in 2014 to $2,000 in 2017.[47]

About two-thirds of middle class Coloradans get their health insurance through workplace plans and they have seen their premiums increase by about 2.4 percent per year over the last five years.

In addition to premium increases, out-of-pocket expenses have more than doubled over the past ten years. The Commonwealth Fund determined that health insurance costs rose faster than median family incomes. In 2015, health care costs represented 9.5 percent of Coloradans' median incomes, up from 6.2 percent in 2004.[48] The Centers for Medicare and Medicaid Services project that over the next decade health care costs nationally will grow by 5.8 percent per year, which is faster than the projected growth in wages and salaries over the same period.[49] Health care costs in Colorado are expected to grow by 7 percent per year through 2020.[50]

High health care costs can have a serious and long-term effect on health and economic security. In 2015, 15 percent of Coloradans reported they had problems paying for or were unable to pay their medical bills. This is an improvement over 2011 when 21 percent reported they had a problem. For those who are having a problem with medical bills:

- Nearly 37 percent were unable to pay for food, heat or rent
- 44 percent took on credit card debt
- Almost 6 percent filed for bankruptcy[51]

WHAT WE'RE DOING

- In 2011, Colorado created Connect for Health Colorado, a state-based health insurance exchange under the Affordable Care Act. Passed with bipartisan support, it helped 177,000 Coloradans get health insurance coverage in 2016. About 104,160 of those who bought insurance through the exchange qualified for subsidies, saving them an average of around $300 per month.[52,53]

- In 2011, Colorado also expanded Medicaid, now called Health First Colorado, providing health insurance to an additional 407,338 adults. Expanding Medicaid, at no cost to the General Fund, has resulted in 32,000 jobs and pumped $3.8 billion into our economy as of Spring 2016.[54]

- Initiatives such as the Accountable Care Collaborative, Hospital Provider Fee and State Innovation Model provide opportunities for us to reform how we coordinate care for patients, pay for care and better integrate physical and behavioral health services.

WHAT WE COULD BE DOING

- Support and improve Connect for Health Colorado and continue to create Colorado-specific solutions to meet our unique health care needs.

- Protect gains made through Colorado's Medicaid expansion and oppose efforts to undermine and underfund Medicaid through block grants or per capita financing schemes.

- Support the work of the Colorado Commission on Affordable Health Care, which is crafting recommendations to control health care costs. The Commission is also analyzing ways to address housing, employment and social services that affect people's health.

Most middle-class Americans can identify a key point at which they and their families entered the Cycle of Opportunity. Perhaps an ancestor homesteaded a farm. A veteran used the GI Bill to become the first in his or her family to go to college. A family member tapped some savings to start a new business, fair housing laws made it possible for a descendant of slaves to buy a home or a grandfather or grandmother immigrated to the United States.

Colorado leaders must work to create key opportunities for future generations.

Future Opportunities

As you can see from this snapshot, the costs of achieving economic security are outpacing the incomes of Coloradans who are working to join the Cycle of Opportunity.

In a report such as this, where we want to provide easily-accessible information to policymakers, we end up seeing each category in isolation. Moving forward, it's critical to understand how key gateways to join the Cycle of Opportunity are always at interplay with one another. What are the compounded consequences of rising child care costs and a limited housing supply? How is saving for retirement a practical consideration for a family that must also assume some level of debt when pursuing education after high school?

While we highlight significant challenges in each category, we also underscore viable solutions. Communities are already implementing some of them, while others are under consideration for expansion. Many of these solutions require greater investment in public services. Despite being one of the wealthier states in the nation, Colorado invests comparatively little in our systems to promote economic opportunity. In 2015, Colorado ranked 44th in the nation for state revenue as a percentage of personal income. This fact would be immaterial if the demonstrated need discussed in this report and its nexus to the public sector were not so great.

In the coming year, the Bell Policy Center will be closely studying the combined impact of anemic public investment, slow wage growth, and rising costs on low-to-moderate income Coloradans. We will continue to look at the needs of those at or below the poverty line, but we will also more closely examine the forces impacting Colorado's middle class. We want to be sure, too, that those who have achieved economic security can stay in the middle class and not slip back.

Colorado thrives when every Coloradan can embrace opportunities. Let's help them do that.

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