



## Colorado's Economic Recovery Can Reach More Coloradans by Protecting the EITC, CTC and Medicaid Expansions

The economic recovery in Colorado has been lackluster for many Coloradans, who have seen slight increases in their median household income but not enough to put them back to where they were before the Great Recession, according to data released this week by the U.S. Census Bureau. The newest Census data also shows that while there was a lower percentage of Colorado families living in poverty in 2014 than there were in 2013, we are merely back to 2007 levels of poverty.

- **Too many hard-working Coloradans are still living in poverty and earning less than they did before the Recession.** While the number of Coloradans living in poverty has gone down since 2013, median household income is still lower and poverty rates are the same as they were in 2007.
- **Colorado's Medicaid expansion has led to significantly lower rates of uninsured.**
- **Families and children in Colorado continue to struggle to keep their heads above water.** Single, female headed families and households with younger children are more likely to live in poverty when compared to the other types of households, even when they work full time.
- **Black and Latino households are disproportionately more likely to live in poverty.** Communities of color still struggle with poverty at much greater levels than Whites in Colorado. African-American communities are not benefiting from the recovery with lower median-income today than before the recession and unchanged rates of poverty.
- **New measures of poverty show that policies like the earned income tax credit and child tax credit reduce poverty and hardship in Colorado.**

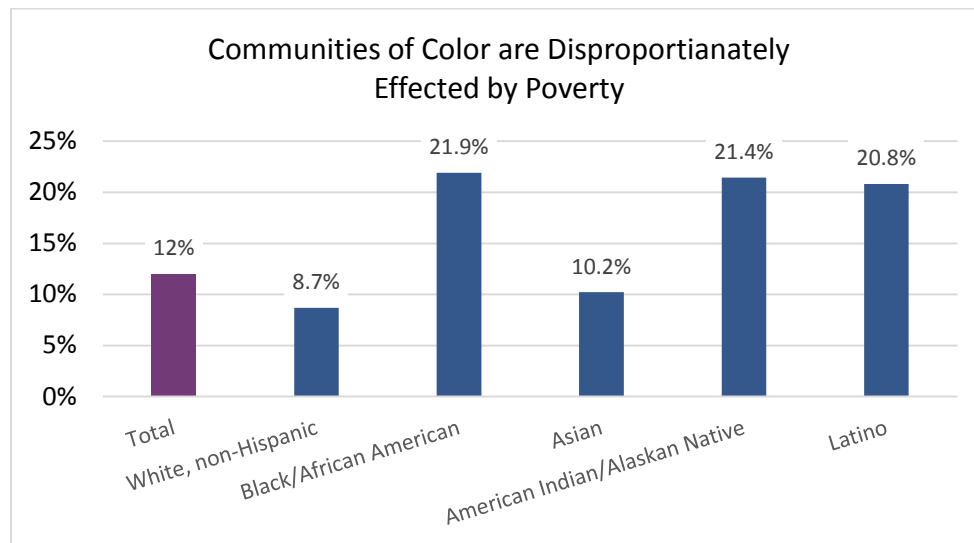
### Poverty and Median Household Income in Colorado

Colorado's poverty rates have continued to improve, but still have only managed to reach pre-recession levels. In 2014, 12 percent of Coloradans lived in poverty compared to 13 percent in 2013. These levels of poverty are exactly at the 2007 pre-recession levels, yet families headed by single mothers and communities of color still had much higher poverty rates.

Median household income increased from over the year, from \$59,774 in 2013 to \$61,303 in 2014, but fell short of surpassing pre-recession levels. Colorado's real median household income was \$63,036 in 2007.

## Poverty and Median Household Income by Race

Poverty has remained disproportionately high in communities of color in Colorado. Black/African American communities in the state experienced the highest rate of poverty in 2014 at 21.9 percent, which was down from 24 percent in 2013. Asian communities in Colorado experienced the lowest level of poverty in 2013 at 10.2 percent



Black/African-American households have lost ground in their median household income since 2007, going from \$47,573 to \$41,763 in 2014. Conversely, Latino households saw their median household incomes rise from \$42,305 in 2007 to \$44,174 in 2014. These divergent trends indicate that while the overall increase in median household income from 2013 to 2014 is good news, the benefits of have not been felt across all races equally.

Median Household Income by Race/Ethnicity		
	2013*	2014
White, non-Hispanic	\$65,140	\$67,360**
Black/African American	\$43,843	\$41,763
Asian	\$73,484	\$60,000**
Native Hawaiian/Pacific Islander	\$66,660	\$51,564
American Indian/Alaskan Native	\$36,438	\$47,892**
Latino	\$41,263	\$44,174**
*in 2014 dollars **statistically significant change from 2013 to 2014		

The data show an uneven economic recovery by race, with no trends applying universally across all races and ethnicities. White, Latino and Native American households experienced an increase in median household income from 2013 to 2014, while other ethnicities lost ground. White and Asian households have not reached the pre-recession median income, while Native Hawaiian/Pacific Islanders, Native American and Latino households have seen small gains to median household income over the recovery. Income disparities persist with White and Asian households continuing to earn far more than Black, Latino, Native Hawaiian/Pacific Islander and American Indian/Alaskan native households.

White Coloradans experienced the lowest levels of unemployment in 2014 at 4.8 percent. Some communities of color experienced more than double the rate of unemployment. Latinos experienced an unemployment rate of 7.1 percent, African Americans saw an unemployment rate of 8.5 percent and Native Americans saw an unemployment rate of 11.3 percent. Asian communities experienced an unemployment rate slightly lower than that of white, non-Hispanic communities of 4.3 percent but the difference is not statistically significant.

### Family Poverty

Families in Colorado have experienced a significant drop in poverty from 8.7 percent in 2013 to 8.0 percent in 2014. The 2014 family poverty rate has actually dipped below the 2007 pre-recessionary level of 8.4 percent, but these gains do not affect all types of families equally.

The poverty rates of families headed by married couples stayed fairly constant throughout the recession. Most recently the poverty rate of married families dropped to 4.3 percent in 2014, slightly below 2007's rate of 4.5 percent. Families headed by single males were currently at a 11.5 percent poverty rate in 2014, an improvement from 2013 but still slightly above the 11.1 percent 2007 rate. The poverty rate of families headed by single females has actually dipped since the recession to 24.4 percent in 2014. However, the poverty rates of single female families remain well above married and single male families.

Female Headed Households Much More Likely to be in Poverty			
	2007	2013	2014
<b>Married</b>	4.5%	4.7%	4.3%
<b>Single Male</b>	11.1%	13.1%	11.5%
<b>Single Female</b>	27.0%	25.8%	24.4%

### Deep Poverty

In 2014, those living in deep poverty lived below half the poverty threshold. For example, a family of four that earned an annual income of \$12,000 would be living in deep poverty, as their annual household income would be less than 50 percent of the federal poverty line of \$24,250 for that family size. Overall, 5.5 percent of all Coloradans—or 45.6 percent of those living in poverty—lived in deep poverty in 2014. The share of Coloradans living in deep poverty in 2007 was 5.5 percent.

Much of the deep poverty rates remained steady across gender and ethnicity, but female headed households and African-American households had changes that are more significant. More female-

headed households fell into deep poverty in 2014, with the rate rising from 13 percent in 2013 to 13.8 percent in 2014, but still was well below the 15.6 percent rate of 2007. In contrast, the deep poverty rate of African-Americans households went down to 10.4 percent in 2014 from 12.1 percent in 2013, slightly below the 2007 rate of 11.4 percent.

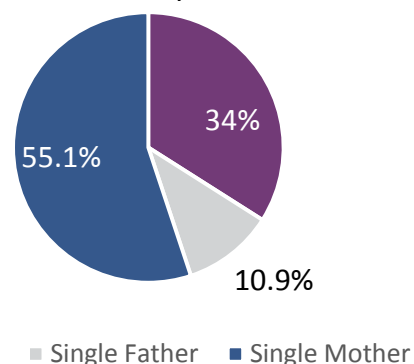
## Children

Childhood poverty was on a decline in Colorado and the percentage of children in poverty was once again back to pre-recession levels. Of the approximately 1.2 million children in Colorado, 15.1 percent lived in poverty in 2014. This is significantly lower than the 16.5 percent of children living in poverty in 2013 and Colorado has continued to improve in comparison to other states. Colorado's children are living in poverty at a lower rate in 2014 than the pre-recession 2007 rate of 15.9 percent.

Colorado's Childhood Poverty Ranking Improves	
Year	Ranking
2007	23rd
2013	15th
2014	11th

However, families with children were more likely to live in poverty. The presence of related children living in a household results in greater financial costs and entails difficult tradeoffs between work and childcare. Over three quarters of families who lived in poverty in 2014 had children. Single mothers headed 55 percent of these family households. About 32 percent of all single mother households lived in poverty in 2014. Younger children increased the likelihood of living in poverty, as 36.4 percent of single mother households with children under five lived in poverty in 2014.

Colorado Single Mothers More than Half of Families with Children in Poverty



## Health Insurance

The expansion of Colorado's Medicaid system in 2014 led to an increase in the percentage of Coloradans who had health insurance. In 2014, 10.3 percent of Coloradans did not have coverage, way down from 14.1 percent in 2013. In addition, more children got medical coverage as well, with 5.6 percent of children uninsured in 2014 compared to 8.2 percent in 2013.

Colorado's percentage of uninsured is indicative of a larger national trend. States that expanded Medicaid to adults up to 138 percent of the poverty line have significantly lower rates of uninsured, while other states that did expand their Medicaid programs have not kept up.

### Supplemental Poverty Measure

The Supplemental Poverty Measure (SPM) is an extension of the official poverty measure that takes account

of governmental programs designed to assist low-income families and individuals. It also accounts for tax payments and expenses associated with work. The SPM uses Consumer Expenditure Survey expenditure data to calculate basic necessities (food, shelter, clothing and utilities) and is adjusted for geographic differences in the cost of housing. Unlike the official poverty thresholds, the SPM is not used to assess eligibility for government programs. Instead, the SPM provides an additional indicator of family economic well-being and a better understanding of the effects various policies have on the economic lives of all Americans. The SPM provides a better measure of what it takes to make ends meet in the United States today.

Using the SPM for the Western Region (of which Colorado is a part), we see that more families in Colorado fall below the threshold. The supplemental poverty measure indicates a poverty rate of 18.4 percent, significantly higher than the official regional poverty percentage of 15.3 percent.

However, the SPM shows the true significance of refundable taxes credits on struggling families nationwide. Without refundable tax credits like EITC and CTC, the national poverty level would be at 18.4 percent, rather than the current national SPM percentage of 15.3 percent. Should the EITC and CTC expansions expire in 2017, millions of Americans, and hundreds of thousands of Coloradans, would fall into or deeper into poverty.

### Conclusion

While there are some positive signs that Colorado poverty rates have returned to pre-recession levels, we still have a lot of ground to make up. On the one hand, the state's median household income is still below pre-recession levels and the substantial racial and gender gaps in poverty and median household income persist. On the other hand, the significant drop in the number of uninsured in the state, due to a prudent expansion of the state's Medicaid, is a sign that Colorado can still improve upon these entrenched racial and gender disparities with common sense policy making. Governmental assistance programs like the EITC, CTC and Medicaid have helped prevent more Colorado families from slipping into poverty. Without these vital policies, the economic improvements of the last year could very well have been non-existent.

