**Employment in Colorado**

The State of Colorado has usually had a stellar track record regarding its labor market compared to other states and the national average. According to Dr. Bill Craighead from the University of Colorado Colorado Springs, Colorado’s unemployment rate [has been at or below](https://socodigest.com/2025/07/02/dr-bill-craighead-dissecting-colorados-employment-slowdown/) the national unemployment rate for 309 of the past 360 months. While employment in the United States grew by 22% over the past fifteen years, Colorado saw a 34% increase [over this same period](https://seidmaninstitute.com/job-growth/state/). Colorado has witnessed such incredible growth in tandem with a lower-than-average unemployment rate that it was often seen as an economic bulwark in the United States.

A graph of a graph showing the number of unemployment rate

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Things shifted after the COVID-19 pandemic: since Colorado’s unemployment rate fell to a low of 2.6% in August 2022, unemployment in the state grew at a quicker pace than the national average. In January 2024, Colorado’s unemployment rate eclipsed the national average for the first time since March 2012 (barring the pandemic) and has continued to outpace growth in the national unemployment rate. As of May 2025, Colorado’s unemployment rate sat at 4.8%, or 0.6 percentage points higher than the national average.

A graph of a graph showing the number of unemployment rate

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Granted, the difference between Colorado’s unemployment rate and the national average is less than a percentage point, but this point merits consideration given the state’s track record. Why has the state’s unemployment rate risen above the national average?

*Higher Labor Force Participation*

A graph with orange lines and black text

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The state’s labor force participation rate, defined as the percentage of the noninstitutionalized civilian population aged 16 years and older who are either working or actively looking for work, fell from a height of 73% in August 2006 before the Great Recession to a pre-pandemic low of 66.6% in late 2015. It then recovered to 68.8% in February 2020 before tumbling during the pandemic. As of May 2025, Colorado’s labor force participation rate sits at 67.7% and ranks 7th in the nation.

The national labor force participation rate, on the other hand, sat at 62.3% in May 2025. Over the past two decades, Colorado’s labor force participation rate exceeded that of the nations: proportionally, Colorado has more people who are either employed or looking for work than the national average.

Colorado’s high labor force participation rate may be explained by a variety of factors that induce civilians to participate in the labor force, including the [highest rates of educational attainment](https://cdhe.colorado.gov/news-article/colorado-leads-all-50-states-in-educational-attainment) in the nation, [migration inflows](https://gis.dola.colorado.gov/crosstabs/) from other states, and a [younger population](https://censusreporter.org/profiles/04000US08-colorado/). A greater proportion of residents in the labor market likely contributes towards the high unemployment rate, especially if there are large numbers of participants who cannot find employment or who have lost their job.

*Recent Meager Employment Growth*

A graph of a number of people with different colored lines

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From the turn of the millennium to 2010, Colorado experienced two sustained periods of loss in employment, although the most notable drop was during the Great Recession. The 2010’s, however, was a decade marked with consistent growth. From the start of the decade to the end, non-farm employment grew from 2.46 million in January 2010 to 3.04 million in December 2019 – a growth of 23.5%.

A graph of a graph of growth

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After a brief surge during the pandemic, employment growth became inconsistent following the end of the public health emergency: there were negative bouts in the summer of 2022; the latter half of 2023; August thru November in 2024; and February, March, and May of this year. This year’s federal layoffs partly explain recent declines, but there have also been sizable layoffs in the [state’s tech workforce](https://tsscolorado.com/fed-official-rising-tariffs-slowing-hiring-and-coming-price-hikes-could-impact-colorado-economy/). The Colorado Department of Labor and Employment also [reported](https://content.govdelivery.com/attachments/CODLE/2025/04/18/file_attachments/3234279/employment-situation-2025-03.pdf) notable job losses in education, health services, and leisure and hospitality industries. The state lost 1,500 total nonfarm jobs in [June alone](https://www.commonsenseinstituteus.org/colorado/research/jobs-and-our-economy/colorado-jobs-and-labor-force-update--june-2025-update?utm_source=chatgpt.com).

A graph of a graph of a number of people

AI-generated content may be incorrect.

Colorado’s high unemployment rate is the product of an already high labor force participation rate confronted with contemporary layoffs and losses in employment – a greater share of the population is seeking increasingly scarcer employment opportunities. Job losses and a burgeoning unemployment rate is not unique to Colorado, however. States with notable tech and professional service industries, like [California](https://www.sfchronicle.com/california/article/unemployment-highest-in-country-20775771.php?utm_source=chatgpt.com), are similarly facing layoffs and high unemployment.

According to the [Bureau of Labor Statistics](https://www.bls.gov/news.release/pdf/empsit.pdf), national nonfarm employment has been consistently growing month-to-month over the past two years. Economic uncertainty due to factors like tariffs and inflation, however, has [slowed national employment growth](https://www.reuters.com/business/us-economic-activity-up-outlook-pessimistic-fed-says-2025-07-16/?utm_source=chatgpt.com).

**Inside Look into Metropolitan Areas**

*Unemployment*

The Great Recession affected urban areas differently. Although Pueblo historically had an unemployment rate higher than all other urban areas, it more-or-less coalesced to similar heights with Colorado Springs, Denver, and Greeley following the end of the 2000’s – or during the start of the Great Recession. Boulder and Fort Collins, on the other hand, did not face such a drastic hike in the unemployment rate (for reference, Boulder and Fort Collins peak unemployment rate during the Great Recession was 7.5% and 7.3%, respectively, compared to Colorado Springs’ 9.1%, Denver’s 8.7%, Greeley’s 9.9%, and Pueblo’s 9.7%). This can perhaps be attributed due to Boulder and Fort Collins’ [high rates](https://hdpulse.nimhd.nih.gov/data-portal/social/table?age=081&age_options=age25_1&demo=00006&demo_options=education_3&race=00&race_options=race_7&sex=0&sex_options=sexboth_1&socialtopic=020&socialtopic_options=social_6&statefips=08&statefips_options=area_states) of educational attainment (likely due to the prominence of state flagship public universities in CU Boulder and CSU Fort Collins), and both regions hosting prominent government, public sector, and education jobs.

A graph of unemployment rates

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Colorado’s urban regions did not reach their pre-recession levels until after almost half a decade. Pueblo’s unemployment rate continued to hover above the remainder of the state’s urban regions following the Great Recession except, notably, Grand Junction. However, the western urban region eventually saw its unemployment rate fall below Pueblo’s. Besides Pueblo and Grand Junction, Colorado Springs had the third highest unemployment rate of the state’s seven urban regions.

A graph of unemployment rates

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All regions suffered an unprecedented hike in their unemployment rates as the COVID-19 pandemic shut down sectors of the economy. No region was as hard hit as Pueblo, which suffered another exorbitant bounce in late 2020 relative to other regions. Although all regions later recovered to their pre-pandemic levels, Pueblo maintained its large unemployment gap relative to the rest of the state’s urban regions.

A graph of a number of people in different colors

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Since mid-2022, there has been an upward trend in the unemployment rate across the state evident within urban regions. Every urban region’s unemployment rate (except Pueblo’s) grew uniform to one another. As of May 2025, only Greeley and Pueblo’s unemployment rates were higher than the state’s average of 4.8%, suggesting that unemployment is more predominant in Pueblo, Greeley, and in rural parts of the state.

A screenshot of a phone

AI-generated content may be incorrect.

*Job Growth*

A graph of different colored bars

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Since May 2015, the Colorado Springs region saw the highest employment growth across all urban areas in the state of Colorado, growing by a whopping 24.4%. In comparison, the largest population center in the state – the Denver-Aurora-Centennial region – saw a 16.9% growth during this same period, while the second highest growing region (Greeley) saw a growth of 18.9%.

The Colorado Springs region was renowned for its incredible growth in employment over the past ten years, largely due to its strong labor force and the dominance of the tech, defense, and government sectors. The region was even touted as the fifth best performing city in terms of employment in the nation by the [Milken Institute](https://gazette.com/business/colorado-springs-jumps-to-no-5-ranking-in-national-report-that-measures-economic-vitality/article_ddc05b70-d1e1-11ef-8da8-43bb60aa4efc.html#:~:text=Among%20findings%20that%20helped%20drive,report's%20ranking%20of%20Colorado%20Springs.) in 2025. In this same study, Fort Collins was ranked 21st, the Denver area 24th, Boulder 41st, and Greeley came in at the 48th spot. Contemporary employment losses may threaten the economic viability of Colorado’s urban regions, however.

**An Uncertain Outlook**

Uncertainty is how economists would best describe the labor market so far this year, and that description – and perhaps a growing sense of pessimism – continues to fare true for the latter half of 2025. The Trump administration’s pursuit of tariffs to protect American industry may actually [raise](https://www.sciencedirect.com/science/article/abs/pii/S0304393224000692) unemployment and incomes. Their on-again, off-again, implementation perpetuates discomfort, which partly explains why [consumers](https://www.reuters.com/world/us/us-job-openings-rebound-april-layoffs-pick-up-2025-06-03/), in general, have become less confident about the jobs market. Federal layoffs have continued, including in prominent wings of the bureaucracy such as the Office of Personnel and Management and the Department of States, which creates an uneasiness as to who may next be told to pack their belongings. Federal budget cuts threaten job security across all levels of government.

Anecdotally, recent graduates have struggled with securing employment – statistically, recent graduates long-term unemployment rate has hit its highest level [since over a decade](https://www.newyorkfed.org/research/college-labor-market#--:explore:unemployment). Long-term unemployment makes up [close to a quarter](https://www.bls.gov/charts/employment-situation/unemployed-27-weeks-or-longer-as-a-percent-of-total-unemployed.htm) of all unemployed workers – a two-year high. Unemployment claims [surged](https://www.msn.com/en-us/money/markets/fewer-u-s-jobless-claims-were-filed-last-week/ar-AA1Jdp0r?ocid=finance-verthp-feeds) this past May (although they have since slightly declined), and hiring optimism has [declined](https://finance.yahoo.com/news/hiring-confidence-wavers-us-employers-124500962.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAHYjN_9nLp5iWesBtwTTTyCCY9qXZuU0bmls874AMN1-Hfl_LHlxlUK1clK0plU_uriMq5cAqzUbY6vg3Wd6ABZ4DJxs8TwcWV3oG4_4-s9S0LDPJ7blST04aUp1cQuZv_KVNIF10SxkqES_pPTun9AtVFn0aKhIxsha8hkEsstr).

What does this mean for Colorado? The state’s economy [has been sputtering](https://www.cpr.org/2025/07/18/colorado-unemployment-rate-slight-drop/) since last year, population is slowing from the heights of the 2010’s, and hiring – like across the nation – has slowed, especially in the technology sector. As the state confronts this economic uncertainty over the remainder of this year (and perhaps beyond), residents of the state may have to accept the new reality: an underperforming Coloradan labor market.