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Revisions show Colorado economy actually lost jobs last year

The number of people active in the labor force also shrank more than expected



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Colorado's economy, which has been middling at best this decade in terms of job creation, took a darker turn in 2025.

The state lost 11,700 non-farm jobs last year, its worst showing since 2020 when the pandemic disrupted the economy in an unprecedented way, according to revisions published by the Colorado Department of Labor and Employment last week.

The 12-month change through January was a loss of 11,000 jobs, with the private sector losing 7,000 jobs and the public sector losing 4,000.

The state's labor force decreased by 5,200 people over the past year through January to 3,248,000, and the share of residents age 16 or older participating in the labor force decreased to 66.8%, the lowest rate since September 2020.

The state's unemployment rate rose from a revised rate of 3.8% in December to 3.9% in January, which remains below the U.S. rate of 4.3%.

The initial estimates put job gains in the state at 23,000. And the 2026 Colorado Business Economic Outlook, which seemed like it was taking a more conservative approach, estimated the gains would be closer to 11,500.

Both were way off. Only two sectors managed to add jobs, with educational and health services adding a net 14,200 positions, while other services grew by 1,900.

Sectors with losses ranging from 4,500 to 4,000 included trade, transportation, and utilities; leisure and hospitality; manufacturing and financial activities. Information lost 2,800 jobs; professional and business services lost 2,300 and mining lost 1,600.

Colorado's rate of job growth over the past year is -0.4%, below the U.S. rate of 0.2%.

Annual job losses aren't unprecedented, but they are rare and almost always occur during a recession or a period of economic disruption, like the pandemic.

Nearly half the time since 1961, Colorado has ranked in the top 10 states for job growth, according to an analysis from Ryan Gedney, a former senior labor economist with the state.

Nearly 14% of the time, it has ranked in the bottom 10, and last year was one of those times.

Also on the negative side of the ledger was the change in Colorado's labor force last year. It shrank by 6,500 last year, which works out to a decline of 0.2%, which was the second largest decline in recent history after the pandemic disruption of 2020.

Colorado ranked 41st slowest for the growth of its labor force, which includes both the employed and the unemployed actively looking for work, according to Gedney. That marks the ninth time in the past 49 years that the state hasn't ranked in the top 25 states on that measure, and only the fourth time labor force growth has been negative.

If there is an upside to weak labor force gains, it is that it limits increases in the unemployment rate. The annual unemployment rate for 2025 was initially estimated at 4.5%, but it was revised down to 4% because the state's labor force was shrinking faster than what surveys had captured.

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