

2026-9-19

New report shows unemployment in Colorado hit 4% in August after more than a year below the benchmark.

Gen RE

The Denver Gazette · 19 Sep 2026 · C1 · BY BERNADETTE BERDYCHOWSKI

Unemployment in Colorado hit 4% in August after more than a year below the benchmark, a new report shows.



The Colorado Department of Labor and Employment reported the state has 128,000 unemployed residents, up by 3,200 from July, according to its monthly report released Friday. Meanwhile, the nation's unemployment rate stayed flat at 4.1%. The U.S. unemployment rate has been higher than the state's for more than a year, though Colorado is inching closer.

Colorado also saw 1,400 job losses from July to August, marking the third month of fewer positions this year, the report said. Also, early estimates for the month of July's job growth were revised down from 5,800 jobs added to only 3,800.

The last time Colorado had a 4% unemployment rate was in June 2025.

The state's economy had a huge spike in unemployment when the pandemic first hit, reaching nearly 12%. As the economy recovered, Colorado's rate quickly rebounded and dropped as low as 2.4% in the summer of 2022.

But as inflation soared, unemployment climbed again to a high of 4.3% that was sustained throughout late 2024 and early 2025. The labor market slowly improved but was relatively flat throughout 2026 with Colorado's employment rate hovering between 3.8% and 3.9% as the nation's unemployment rate climbed to 4.5%.

The labor market and inflation are growing concerns for the economy.

The Federal Reserve unanimously hiked the interest rate for the first time in three years due to stubborn inflation, despite President Donald Trump's efforts to get central bank officials to cut rates. Chair Kevin Warsh, who was nominated by Trump, emphasized after the announcement that the economy has shown signs of gathering speed since the central bank decided to keep rates unchanged in late July. Inflation has also remained stubbornly above the Fed's 2% target, and he noted there is little sign it is cooling.

"The plain fact is that inflation is too high and has been for too long," Warsh said. "We must be confident that underlying inflation is moving to our objective clearly and at sufficient speed."

The Denver metropolitan area saw inflation climb by 3.9% in July, according to federal data. The national average was 3.4%, above the Fed's 2% target rate.

Gov. Jared Polis' budgeting office also released a separate report Friday detailing how Colorado is facing "steady and decelerating economic growth."

Polis claimed Coloradans are dealing with higher costs of goods because of Trump's trade policies and the war with Iran.

"With gas and grocery prices still climbing, Coloradans are having to choose between filling the tank and filling the fridge," Polis said in a press release. "Despite this, Colorado's economy is stable. We will keep fighting to lower costs for Colorado families."

The report showed Colorado's economy should grow at 2.1%, the same level as 2025. The state's budgeting office cites consumer spending and business are still strong enough to "cushion" the impacts of geopolitical issues such as trade and military wars. Meanwhile, the state's revenue is projected to be down by nearly \$176 million from the TABOR cap for the 2025-2026 fiscal year, citing federal tax policy changes have cut into Colorado's revenues.

It will be the first time the state will not distribute refunds since 2019-2020.

The state forecasts refunds to rebound in 2026-2027, totaling \$244.4 million because of economic growth, consumer spending and corporate profits, the report said.