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State's unemployment rate below U.S. rate in August

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Colorado's unemployment rate has dropped below the national average for the first time since November 2023, according to a monthly update from the Colorado Department of Labor and Unemployment.

A pickup in hiring, combined with more people leaving the workforce, helped lower the state's unemployment rate from 4.5% in July to 4.2% in August. The U.S. unemployment rate rose from 4.2% to 4.3% over that same period, marking the first time the state has had a lower unemployment rate than the U.S. in 20 months, according to the U.S. Bureau of Labor Statistics.

Colorado historically has a lower unemployment rate than the U.S. because of a more robust job market and its ability to attract employers. But that track record has proven less sustainable since the pandemic.

The number of unemployed individuals in the state fell by 9,000 from July, bringing the total in August to 139,100, according to a survey of households. The size of the state's labor force, a count of those working or actively looking for work, decreased by 4,700 to 3,275,600.

The share of Coloradans participating in the labor force was 67.4% in August, marking the lowest participation rate since December 2020, according to the CDLE.

Colorado employers added a net 3,000 nonfarm jobs in August, a strong showing in what was otherwise a weak month for hiring nationally, according to a survey of establishments. Employers nationally added only 22,000 jobs, with Colorado representing nearly 14% of the nonfarm jobs gained in the country last month, despite having only 1.9% of the U.S. workforce.

Colorado's private sector gained 3,300 jobs between July and August, while the public sector shed a net 300 jobs. July's increase, initially estimated at 3,700 jobs, was revised to 5,100 jobs. Over the past 12 months, the state has added 18,300 jobs, with the private sector accounting for 8,800 of those and the public sector accounting for 9,500. That translates into a 0.6% annual growth rate of payrollment employment in Colorado, which remains below the 0.9% rate nationally.

The biggest monthly gains in August in the state came in educational and health services, up 3,000 and in professional and business services, up 1,700. The biggest loss came in financial activities, down by 2,100 jobs.

Colorado's outperformance may be short-lived. Economists working for the state predict Colorado could enter a recession within the next year and that the state will face ongoing budget shortfalls and service cuts due to reduced federal support.