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The State of Working Colorado is a compendium of data intended to provide a more critical, in-depth perspective of how working families are faring in our state. Over the years since the Great Recession, Colorado has had one of the strongest performing economies in the country. Over the past few years, we have seen robust job growth, historically low unemployment rates, rising home values, and a consistent decrease in poverty rates. In 2018, Colorado had the sixteenth largest economy in the nation.

However, we now face a new, unprecedented global economic crisis amid the COVID-19 pandemic. At the time of this writing, we still do not know when this public health emergency will end and when our national and state economies will begin to recover in full. While our state’s economy has been growing since March, it is unclear how much additional growth is sustainable given tightening public health orders and business restrictions amidst this latest surge in COVID-19 cases and hospitalizations. It is likely that a full recovery will not begin until after widespread adoption of the vaccines. Gains in employment seen during the summer months of 2020 could be lost if the virus continues to spread uncontrolled throughout our state, prompting the need for new public health restrictions.

Except for the final chapter, the data presented in this report do not capture these recent developments. Instead, this report tells the story of how, despite our state’s strong economic performance over the past several years, a significant number of working families are struggling to make ends meet while the wealth generated in our economy has been increasingly redistributed to a small few at the top. In other words, our economy is not truly working for most Coloradans. And while inequities across race, class, gender, disability status, and geography existed before the COVID-19 crisis, this pandemic is amplifying these inequities, exposing how susceptible our economy is to shocks, and demonstrating that our social safety net leaves millions of people vulnerable on a daily basis—especially during a crisis. We now see how tying a person’s health insurance to their employer leaves millions without care when unemployment soars, and how universal paid sick leave is necessary to keep workers safe during a pandemic. Gaps in education and skills training are more apparent as we see that the portion of the workforce who can work from home and continue to receive a paycheck during this pandemic is disproportionately white, educated, and wealthy.

As our economy recovers, we have an opportunity to address these inequities and reshape our economy to work better for everyone, not just the wealthiest Coloradans.
While the state as a whole has recovered the total number of jobs lost during the Great Recession (plus a lot more), certain industries and counties within the state are still experiencing a net loss of jobs ten years after the start of the recession.

KEY TAKEAWAYS

Our analysis examines trends in the areas of employment, unemployment, wages, income, wealth, and poverty. Across these areas, the following key themes emerged:

• **State Gross Domestic Product:**
  Colorado’s GDP was estimated to be $371.7 billion in 2018. This was the 16th largest state economy in the country, representing roughly 1.8 percent of the nation’s economic output that year. Colorado’s economy has grown by an annual rate of 3.0 percent since the end of the Great Recession. This was the sixth fastest annual rate in the country over this period behind North Dakota (4.7 percent), Washington (3.6 percent), Texas (3.4 percent), California (3.3 percent), and Utah (3.1 percent). Economic growth in Colorado outpaced that of the United States between 2013 and 2018, with Colorado’s GDP growing at an annual rate of 3.8% compared to 2.4% for the nation over this period. The strength of Colorado’s economy has made it an attractive state for new residents and businesses alike. Although we tout Colorado’s impressive economic growth, this growth has largely benefited urban areas along the Front Range. Rural parts of the state have either seen sluggish growth since the Great Recession, or seen their economies decline. Indeed, even before this latest recession we’re currently experiencing, many parts of the state were likely seeing economic conditions that would qualify as “recessions” if counties’ economies were evaluated in a similar manner as our state and national economies.

• **Employment:** While the state as a whole has recovered the total number of jobs lost since the Great Recession (plus a lot more), certain industries and counties within the state still experienced a net loss of jobs eleven years after the start of the recession. Unfortunately, the sectors of our economy that employ the most Coloradans were also the ones that experienced the greatest amount of job losses during this current recession. Statistics from past recessions show that even after the economy starts recovering, there are varying amounts of lag before other indicators begin to recover. This is the case among headline indicators, such as employment and the unemployment rate as well as more nuanced indicators, such as alternative measures of labor underutilization. These provide us with some ideas about what to expect from the current economic recession our state and country are facing as we look towards recovery in the coming years.

• **Wages:** Wage growth for most Coloradans was meager over the past two decades. At the same time that wages for most were stagnating, the top ten percent of earners saw their wages increase, leading to an increasing gap between the top and bottom 10 percent of workers in the state. Increasing wage inequality makes it increasingly difficult for those in the bottom 90 percent to make ends meet and keep up with rising cost of necessary goods and services, such as food, housing, and health care. With the dramatic loss of jobs experienced in March and April of this year,
an even greater number of Coloradans are relying on even less income to get by.

- **Income & Wealth:** In 2018, the median household income in Colorado was $71,953, a 2 percent increase from 2017. However, data from the past several decades indicates that what we traditionally think of as the middle class has been shrinking, and, similar to wages, a disproportionate amount of the state’s income is being captured by top earners. There was also significant income inequality both across and within Colorado’s 64 counties, with Pitkin and San Miguel counties ranking among the top 10 counties in the U.S. with the greatest income inequality. While white, non-Hispanic/Latinx households had a higher median household income than the overall state median, Black, Latinx, and American Indian/Alaska Native households earned over 20 percent less than the statewide median. There were also stark disparities in net worth, household debts, and homeownership rates, all of which contribute to a growing racial wealth gap in our state.

- **Poverty:** Although the number of Coloradans experiencing poverty decreased by 4.8 percent from 2017 to 2018, one third of Colorado counties saw increases in their poverty rates. There were also significant disparities across race/ethnicity, gender, and disability status in 2018. While white Coloradans experienced poverty at a lower rate than the overall state rate of 9.6 percent in 2018, people of color experienced poverty at much higher rates. That year, Black Coloradans and American Indians/Alaska Natives experienced poverty at twice the rate of the overall population at 18 and 18.7 percent, respectively. The poverty rate among households with at least one person with a disability was 15.6 percent, also higher than the statewide rate.

**CROSS-CUTTING THEMES**

While each topic listed in the previous section has its own unique takeaways, the data also suggest that there are a number of cross-cutting themes that were evident across two or more focus area. These themes are important, as they demonstrate the larger structural barriers that Colorado’s workforce faced in 2018. While many of these themes speak to the state of Colorado’s economy prior to the current economic crisis brought on by the COVID-19 pandemic, they illustrate why we should not settle for a return to “normal”. The recovery from this recession represents an opportunity for Coloradans to re-imagine what “normal” means for our state, and strive to create an economy that generates just, fair, and equitable outcomes for all Coloradans regardless of their age, ability, race/ethnicity, gender, educational attainment, or any other characteristic.

**Equity**

As an organization committed to advancing legal, legislative, and policy solutions that address systemic inequities in the fight against poverty, our analysis sheds light on disparities that exist among Coloradans across a range of categories including racial/ethnic groups, gender, educational attainment, and geographic location. Disparities between groups existed across almost all of the indicators examined in

Although the number of Coloradans experiencing poverty decreased by 4.8 percent from 2017 to 2018, one third of Colorado counties saw increases in their poverty rates.
this report in one form or another. Oftentimes there was not a good explanation as to why these disparities existed save for the existence of systems which favored, and continue to favor, certain groups over others. Particular attention is given to the issue of racial equity, recognizing how histories of oppression and ongoing discrimination in the labor market, educational institutions, the housing market, and the criminal justice system maintain and exacerbate racial disparities in poverty, income, and wealth. A recent report by Prosperity Now ranked Colorado 12th in the nation for overall prosperity of its residents, but 37th in racial disparities. This demonstrates that there is much more work to do in creating an economy that works for all Coloradans and rectifying a system that unjustly leaves some Coloradans behind.

**Inequality**

The inequities described above are exacerbated by inequalities that exist throughout our economy between those at the top and those at the bottom. Increasing inequality transcends racial, gender, and other demographic lines. For instance, in 2015, the top 1 percent took home 17.2 percent of all of the income earned by Colorado households that year, a much larger share than in the 1980s and 1990s. Between 1973 and 2007, the top 1 percent of Coloradans captured 50 percent of the wage growth that occurred over that period. While most visible when it comes to the distribution of wages and income in our state, the effects of increasing inequality are also visible in other areas, such as housing and health care. The growing gap between Coloradans at the top and those at the bottom of the income spectrum is particularly concerning given an increasing number of Colorado families do not earn enough income to meet their basic needs. In 2000, 20.5 percent of working families in the state were below the Self-Sufficiency Standard, a measure of a family’s need based on a range of major household budget items, the family’s size and location in the state. By 2018, the share of families living below the Self-Sufficiency Standard had increased to 27.4 percent or 430,150 families.

**Systems Thinking**

The inability to make ends meet is often assumed to be an individual failing. But in reality, economic insecurity is a structural issue, both in terms of the causes of poverty and inequality and the barriers to equal opportunity and upward mobility. Decades of wage stagnation, skyrocketing costs of living, increased costs of education, among many other factors, have made it increasingly hard to get ahead. Rather than addressing these forces, state policies such as a regressive income tax code, limited funding for adult education, and meager social safety net exacerbate the challenges working Coloradans face. At the county or municipal level, cutbacks in vital services such as public transportation can inhibit people’s ability to consistently and reliably get to work, access healthcare, or buy food. Recognizing that the causes of poverty and increasing inequality are based on a combination of many policy choices and not some intrinsic failing of individuals can help us to identify areas where we can strengthen our economy and benefit workers through crafting more effective policy solutions that advance systemic changes.

**A NOTE ON GEOGRAPHY**

In order to make sub-state trends and patterns more evident in the indicators presented in this report, Colorado’s counties are divided up in two key ways: (1) by urban and rural regions; and (2) by state Workforce Development Regions and Sub-Regions. The definitions for urban and rural in this report are identical to those
used for metropolitan and non-metropolitan areas by the U.S. Office of Management and Budget (OMB):

- **Urban Counties/Metropolitan Areas:**
  Central counties with one or more urbanized areas, an area with 50,000 or more people including a core area with a population density of 1,000 persons per square mile. Outlying counties are included if 25 percent of workers living in that county commute to the central counties, or if 25 percent of the employment in the county consists of workers commuting out from central counties.

- **Rural Counties/Non-metropolitan Areas:** All remaining counties.

While this definition includes some counties that some may not think of as “urban”, such as Park County, this is a standardized definition that is used across multiple government datasets.

The regions selected for this report were based on the State Workforce Development Regions and Sub-Regions. Some modifications were made. For example, most counties within the Denver metropolitan area are separate workforce regions (except for Broomfield County which is in the Rural region). These were combined to acknowledge the similar economic and labor dynamics at play in these counties (Broomfield was added to this region as well). The Rural Region, which includes most of the non-metropolitan counties in the
state, was broken up into the sub-regions used by the Colorado Rural Workforce Consortium. In all, there are thirteen regions, defined as follows:

- **Eastern (3):** Cheyenne, Elbert, Kit Carson, Lincoln, Logan, Morgan, Phillips, Sedgwick, Washington and Yuma counties
- **Mesa (6):** Mesa County
- **Metro Denver (5):** Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Gilpin, and Jefferson counties
- **North Front Range (2):** Larimer and Weld counties
- **Northwest (1):** Grand, Jackson, Moffat, Rio Blanco, and Routt counties
- **Pikes Peak (9):** El Paso and Teller counties
- **Pueblo (10):** Pueblo County
- **Rural Resort (4):** Eagle, Garfield, Lake, Pitkin, and Summit
- **South-Central (12):** Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache counties
- **Southeast (13):** Baca, Bent, Crowley, Huerfano, Kiowa, Las Animas, Otero, and Prowers counties
- **Southwest (11):** Archuleta, Dolores, La Plata, Montezuma, and San Juan counties
- **Upper Arkansas (8):** Chaffee, Custer, Fremont, and Park counties
- **Western (7):** Delta, Gunnison, Hinsdale, Montrose, Ouray, and San Miguel counties

**Figure 2: State of Working Colorado Regions**

Colorado, 2018
Gross domestic product (GDP) is one of the most common measures of the size and strength of an economy. It is calculated by taking the sum of consumption (or private expenditures made by individuals and businesses that year), investments, government spending, and the difference between exports and imports. While not as widely discussed, the federal government tracks the gross domestic product of states and counties. The Bureau of Economic Analysis (BEA) measures state GDP (also referred to as gross state product or GSP) in a different manner than national GDP. The components that go into measurements of state and county GDP include the sum of labor income, business taxes, and capital income in a state or county during a given year. State- and county-level GDP reported by the BEA are given in two forms: current dollars and real dollars. Current dollar amounts are based on the value of a dollar in the year GDP was measured. Real dollar amounts adjust the value of a dollar to account for inflation, allowing comparisons across years that are not influenced by changes in the prices of goods and services. Currently, real dollar GDP amounts estimated by the BEA are given in 2012 chain weighted dollars meaning they are adjusted to reflect the value of a dollar in 2012.

While GDP is an important measure of economic strength, it generally does not tell the full story of an economy. For instance, GDP does not indicate how the benefits of economic growth are distributed amongst Coloradans across income levels. It likewise does not provide us an indication of quality of life or well-being of workers in the economy. It is important that a state’s or country’s economy allows workers to obtain a high level of health, happiness, and material comfort, as well as to be able to live fulfilling and productive lives, regardless of GDP. However, because it is ubiquitous as an overall indicator of economic strength, we begin our analysis of the state of working Colorado by looking at GDP and how it has changed across the state over the past two decades.

**Colorado Had One of the Fastest Growing Economies in the Country**

Colorado’s GDP was estimated to be $371.7 billion in 2018. This was the 16th largest state economy in the country, representing roughly 1.8 percent of the nation’s economic output that year. Minnesota ($368.9 billion), Indiana ($366.8 billion), and Tennessee ($364.1 billion), accounted for similar shares of the national economy in 2018. Between 2018 and 2017, Colorado’s economy grew at the 10th fastest rate in the country, in real terms, growing by 3.5 percent per year. Since the end of the Great Recession (i.e., 2009), Colorado’s economy grew by an annual rate of 3.0 percent. This was the sixth fastest annual rate in the country over this period behind North Dakota (4.7 percent), Washington (3.6 percent),
Texas (3.4 percent), California (3.3 percent), and Utah (3.1 percent). Economic growth in Colorado outpaced that of the United States since 2013, with Colorado’s GDP growing at an annual rate of 3.8% compared to 2.4% for the nation. The strength of Colorado’s economy made it an attractive state for new residents and businesses alike.

**Real Estate Was the Largest Sector of Our Economy**

The real estate and rental and leasing sector made up the largest portion of Colorado’s economy in 2018 as measured by economic output. In total, this sector accounted for 14.8 percent of Colorado’s overall GDP that year. In fact, this sector was the largest in the state’s economy for over two decades, accounting for a similar share of Colorado’s GDP in 1997 (14.7 percent). Since the end of the Great Recession to 2018, this sector grew at a real annual rate of 3.6 percent, outperforming the growth seen in our state’s economy as a whole. However, this was not the fastest growing sector over this period. The arts, entertainment, and recreation sector grew at the fastest annual rate, increasing by 7.0 percent annually, accounting for inflation. All sectors of Colorado’s economy experienced growth following the Great Recession, save for the agriculture, forestry, fishing, and hunting sector. This sector shrank by an annual rate of 0.6 percent over this period. As we will see in the following chapter, the size and growth of a sector as measured by GDP does not necessarily mean that it employs the greatest number of workers nor does it mean that the sector has seen an equivalent rate of employment growth.

**Figure 3: GDP Growth from Previous Year**

United States and Colorado, 2013 - 2018

While GDP is an important measure of economic strength, it generally does not tell the full story of an economy. For instance, GDP does not indicate how the benefits of economic growth are distributed amongst Coloradans.

Source: U.S. Bureau of Economic Analysis
**DIVIDING UP OUR ECONOMY**

Modern economies are complex and diverse so it is useful to have a standardized system for classifying businesses and jobs into economic sectors and industries. Currently, the United States uses the North American Industry Classification System (or NAICS) to organize economic activity in our country. According to NAICS, the economy is based on 20 sectors, which in turn can be divided into even more detailed sub-sectors, industry groups, and industries. Each is given a unique number that fits within the larger hierarchy. For example, the information sector (NAICS 51) can be divided into a publishing industries sub-sector (511), a newspaper, periodical, book, and directory publishers industry group (5111), an other publishers industry (51119), and finally, a greeting card publishers national industry (511191). The structure and categories used by NAICS are reviewed every 5 years and updated if needed to reflect changes in our country’s economy. While NAICS is used to classify both businesses and jobs, it is important to note that jobs can also be classified into occupations using the Standard Occupational Classification System. Unlike industries, occupations refer to the type of work a person does within that industry. For example, a janitor (SOC 37-2011) could work in a manufacturing plant (NAICS 31-33) or in a hospital (NAICS 62).

**County GDP Growth Was Uneven**

Economic growth since the Great Recession, while impressive at a statewide level, did not benefitted all Coloradans equally. Indeed, a number of counties in the state, particularly rural counties, had not seen their GDP recover from the losses experienced during and following the Great Recession as of 2018. At least nine counties in the state saw their GDP decline during the previous two years from 2018 while 18 counties saw their GDP decline between 2017 and 2018. Recessions

**Figure 4: GDP by Economic Sector**

Colorado, 2018 (in current dollars)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2018 GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate &amp; Leasing</td>
<td>$55,191.8</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$35,591.3</td>
</tr>
<tr>
<td>Health Care &amp; Social Assistance</td>
<td>$24,434.4</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>$20,499.1</td>
</tr>
<tr>
<td>Information</td>
<td>$20,176.4</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>$19,124.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$25,750.7</td>
</tr>
<tr>
<td>Construction</td>
<td>$21,196.9</td>
</tr>
<tr>
<td>Mining &amp; Oil and Gas Extraction</td>
<td>$14,232.2</td>
</tr>
<tr>
<td>Other Services</td>
<td>$8,379.1</td>
</tr>
<tr>
<td>Management of Companies &amp; Entities, including Agriculture</td>
<td>$7,918.8</td>
</tr>
<tr>
<td>Educational Services</td>
<td>$6,253.7</td>
</tr>
<tr>
<td>Utility Services</td>
<td>$5,237.8</td>
</tr>
<tr>
<td>Government</td>
<td>$44,220.2</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Economic Analysis
are generally defined as two consecutive quarters of GDP decline. While quarterly county-level GDP data is not available from the BEA, it is possible that these counties might have experienced recessions in 2018, despite Colorado’s strong statewide economy. On the other hand, one-third of Colorado’s counties saw faster rates of economic growth than the state as a whole. Washington County and Jackson County had the fastest rates of growth in the state between 2017 and 2018 at 20.8 percent and 20.2 percent, respectively. Many of the fastest growing county economies were not located along the Front Range, despite these counties making up the majority of Colorado’s economic output.

**Rural Economic Growth Stalled Following the Great Recession**

While individual counties vary, overall GDP growth stalled in rural counties following the Great Recession. This is striking, especially considering rural counties as a whole saw faster rates of growth in the years leading up to the Great Recession. Between 2002 and 2008, rural counties collectively experienced average annual growth rates of 2.7 percent, compared to 1.9 percent for urban counties and 2.1 percent for the state as a whole. During the recession, economic contraction was not as severe for rural counties as it was for urban counties. However, while urban counties quickly recovered from the effects of the recession, GDP growth did not return to rural Colorado until 2013, resulting in an
annual rate of GDP growth of just 0.1 percent between 2009 and 2018, compared to 3.3 percent for urban counties.

Grouping Colorado’s counties into regions reveals a similar trend. Regions along the Front Range accounted for approximately 87 percent of the state’s GDP in 2018 and experienced the fastest rates of growth following the Great Recession. The North Front Range region experienced the fastest growth, seeing its economy grow at an annual rate of 5.7 percent, accounting for inflation, followed by the Metro Denver region (3.3 percent). Rates of growth were much lower in other regions and four regions actually saw their economies shrink between 2009 and 2018. The Southeast region saw its economy shrink by an annual rate of 1.5 percent during this period, the most of any region in the state. The Northwest region, Southwest region, and Western region also saw their economies decline, shrinking at a rate of 1.3 percent, 0.5 percent, and 0.1 percent, respectively, accounting for inflation.

**GDP per Capita in Colorado Varied Substantially**

Because the size of a state’s or county’s GDP is influenced by its population (larger populations tend to lead to higher GDP), it can be informative...
to divide GDP by the number of people living in a state or county. This normalized measure is called GDP per capita. While GDP per capita is often used to measure the standard of living, this statistic should be interpreted with some caution. Economic inequality and the uneven distribution of wealth and resources among a state’s or county’s population are not taken into account in the basic arithmetic used to calculate GDP per capita. Thought of another way, GDP per capita represents the income each person in the state or a county would receive if all of the economic output were to be distributed equally across the population. In reality, this is not the case.

Overall, the state’s GDP per capita was approximately $67,210 in 2018. This placed Colorado above the national GDP per capita ($63,735) and fourteenth in the nation (ahead of Minnesota and behind Wyoming). Colorado’s per capita GDP grew, accounting for inflation, by an annual rate of 0.7 percent since 2002. Much of this growth occurred during our recovery following the Great Recession. Between 2009 and 2018, GDP per capita grew at an annual rate of 1.4 percent, faster than the 0.8 percent annual rate of growth between 2002 and 2008.

In 2018, Broomfield County had the highest GDP per capita, at $132,708 per person. By comparison, Crowley County had the lowest GDP per capita at $22,031, a difference of over $110,000.

Figure 7: Annual Rates of GDP Growth
Colorado, 2002-18 (adjusted for inflation)

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Urban Counties</th>
<th>Rural Counties</th>
<th>Colorado</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-08</td>
<td>2.7%</td>
<td>1.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>2008-09</td>
<td>-2.1%</td>
<td>-1.3%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>2009-18</td>
<td>3.3%</td>
<td>0.1%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Economic Analysis

KEY TAKEAWAYS

- **Colorado’s Economy is Service-Oriented**
  Many of the largest sectors of our economy are service-providing sectors. Together, these sectors accounted for 83 percent of Colorado’s economic output in 2018.

- **Economic Growth Has Been Driven by Service Industries**
  The top five fastest growing sectors, in terms of economic output, since the Great Recession in Colorado have been service-producing sectors.

- **Economic Recovery from the Great Recession Has Been Uneven**
  The economic growth apparent in statewide statistics since the Great Recession was largely enjoyed by urban areas along the Front Range. Rural parts of the state have either seen sluggish growth since the Great Recession, or seen their economies decline.
At the state level, employment and unemployment are two of the most-cited indicators of the strength of an economy. This is for good reason. Jobs are the primary way in which Coloradans earn income to support themselves and their families. However, as with GDP, it is important to understand what these indicators mean and how they are measured. The federal government uses a number of surveys to collect and disseminate data related to jobs and employment. These surveys, while reported as monthly statistics, only reflect economic conditions during what is called the “reference week” or the week including the 12th day of that month. As such, economic changes that occurred following the 12th of the month would not be captured in that month’s survey.

The first thing to keep in mind when interpreting the results from these surveys is that employment and unemployment statistics only include workers who the government classifies as being in the civilian labor force—that is, people 16 years and older who are not in the armed forces or in an institution (such as a mental health facility, senior care facility, or a correctional facility). In Colorado, the civilian labor force accounted for approximately 55 percent of the total population in 2018, or 69 percent of the civilian non-institutional population 16 years and older. 30 percent of Coloradans who were 16 years and older but not in the civilian labor force were so for a variety of reasons. Many were retired, going to school, or taking care of children or older relatives. However, a small portion of those not in the labor force, 1.2 percent in Colorado in 2018, were unemployed but are not included in the headline unemployment numbers. This group is known as the marginally attached workforce and is not considered unemployed due only to the fact that they do not meet the definition of unemployed used in government employment surveys. They otherwise would be willing to work if they were offered a job.

In most government surveys, unemployment (or an unemployed person) is defined as: a person who was not employed during the survey reference week, but was available for work, except for temporary illness, and had made specific efforts to find employment some time during the 4 week-period ending with the reference week. This seems a straightforward definition at first, but some issues arise when we think about this more. For example, if a person is unemployed but has given up looking for employment due to a lack of available opportunities they would not be considered unemployed in government statistics (they are out of the labor force). This would also be the case for a person who is unable to look for work due to a government order, like the stay at home order in effect in Colorado for most of April 2020. As noted above, these Coloradans
Figure 8: Labor Force Composition
Colorado, 2018

Source: Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau; St. Louis Federal Reserve Bank
Population of Colorado in 2018: 5.7 million

- Employed: 80.1%
- Employed Full-Time: 78.5%
- Employed Part-Time: 21.5%
- Marginally Attached Workforce: 3.3%
- Long-term Unemployed: 18.6%
- All Other Unemployed: 81.4%
- Part-Time for Economic Reasons: 12.0%
- Part-Time for Non-Economic Reasons: 88.0%
- All Others Not in Labor Force: 98.8%
- Unemployed: 19.9%
are considered to be not in the labor force.

On the other hand, employment (or an employed person) is defined as: a person who, during the survey reference week: (a) did any work as a paid employee, worked in their own business or profession or on their own farm, or worked 15 hours or more as an unpaid worker in an enterprise operated by a member of their family; or (b) was not working but who had a job from which they were temporarily absent because of vacation, illness, bad weather, childcare problems, maternity or paternity leave, labor-management dispute, job training, or other family or personal reasons, whether or not they were paid for the time off or were seeking other jobs. Each employed person is counted only once, even if they held more than one job. Again, there are some discrepancies between what we intuitively think of as employment and how employment is technically defined. For example, workers in the gig economy are not actually employees, nor are they likely to be self-employed (i.e., working for their own business). This measure of employment does not differentiate between workers who are working full-time or part-time, workers who are underemployed, or workers who are working more than one job. These more specific breakdowns of employment numbers can tell us a lot more about the health of Colorado’s economy and job market than the overall employment number does.

There are additional ways to classify and categorize the labor force that can provide a more complete picture of how the economy is performing for working Coloradans. As with the statistics on gross domestic product detailed in the previous chapter, a more in depth look at these statistics reveals a different picture than the headline figures for the state suggest. While Colorado had one of the lowest unemployment rates in the country in 2018, this was not the case everywhere in the state nor for everyone in the state.

![Figure 9: Annual Growth Rates of the Population and Labor Force Colorado, 2000-18](source: U.S. Bureau of Labor Statistics)
THE LABOR FORCE

Colorado’s Labor Force Grew
Colorado’s labor force grew at an annual rate of 1.5 percent between 2000 and 2018. While population growth (from both natural increase and in-migration) was a large driver of labor force growth over the past 18 years, this was not always the case. Economic downturns played a major role in labor force growth. During and after the 2001 recession and the Great Recession, Colorado’s labor force grew at a much lower rate than that for the civilian non-institutional population. Such periods typically coincide with a decline in the labor force participation rate (LFPR), as discouraged, unemployed workers stop looking for work, drop out of the labor force, retire, or seek schooling or job training opportunities.

Despite the overall decline in the LFPR seen for Colorado as a whole, the share of women participating in the labor force has increased over the past four decades.

Colorado’s Labor Force is Getting Older
Although the majority of Colorado’s labor force in 2018 was between the ages of 25 and 54 years old, the share of Coloradans 55 years old and older nearly doubled from 10.2 percent of the labor force in 1990 to 22.2 percent of the labor force in 2018. It seems likely this trend will continue. The Colorado State Demographer’s Office (SDO) estimates that Coloradans 55 years old and older will account for 39.1 percent of our population by 2050.

Colorado’s Labor Force is Becoming More Racially/Ethnically Diverse
Colorado’s labor force is becoming more diverse. In 1990, white, non-Hispanic/Latinx Coloradans represented 83.1 percent of the labor force compared to 70.8 percent in
2018. An increasing share of the labor force identifies as being Hispanic/Latinx. This group represented 19.5 percent of the labor force in 2018, up from 10.6 percent in 1990. Again, this trend seems likely to continue. The SDO estimates that white, non-Hispanic/Latinx Coloradans will be 52.1 percent of our overall population by 2040.

**An Increasing Share of Colorado’s Labor Force Had a Bachelor’s Degree or Higher**

Between 1990 and 2018, the share of Colorado’s labor force with a bachelor’s degree or higher increased from 28.9 percent to 45.3 percent, almost half of the labor force. In contrast, the share of Coloradans in the labor force with only a high school degree (or equivalent) decreased from 30.9 percent to 19.9 percent over this same period.

**Almost all of Colorado’s Labor Force Was Found in Urban Counties**

In 2018, 88.2 percent of Colorado’s labor force lived in an urban county. More than half (58.7 percent) of the state’s workforce lived in the Metro Denver region alone, followed by the Pikes Peak region (12.5 percent) and the North Front Range region (11.3 percent). The share of the state’s labor force living in an urban county increased from 86.7 percent in 2010, while the share living in rural areas decreased from 13.3 percent in 2010 to 11.8 percent in 2018.

**Many Counties Saw Their Labor Force Shrink**

While the state’s labor force grew over the past 8 years, this was not the case in all of Colorado’s counties. 28 counties saw their labor force shrink between 2010 and 2018. A shrinking labor force indicates there are fewer workers or potential workers (if unemployed) to fill available jobs and generate growth in local economies. A county’s labor force can decline for a number of reasons including workers retiring, quitting their jobs to care full-time for children or sick family members, moving, or going to school. Colorado’s labor
The labor force grew at an annual rate of 1.5 percent between 2010 and 2018. Eleven counties in the state saw their labor force grow by more than this amount. The labor force in Hinsdale County grew by the fastest rate in the state, increasing by an annual rate of 6.5 percent. On the other hand, the labor force of San Juan County grew by the fastest rate in the state, increasing by an annual rate of 6.5 percent.
COUNTY decreased by an annual rate of 7.3 percent between 2010 and 2018.

**Front Range Regions Saw High Rates of Labor Force Growth**

The North Front Range and Metro Denver regions saw their labor force grow by the fastest rate between 2010 and 2018. During this period, the labor force of the North Front Range region increased at an annual rate of 2.0 percent, while Metro Denver saw its labor force increase at an annual rate of 1.9 percent. However, the growth of Metro Denver’s labor force accounted for 72.6 percent of Colorado’s overall labor force growth between 2010 and 2018.

**Colorado’s Labor Force Participation Rate Has Been Declining**

In Colorado, the labor force participation rate (LFPR) has historically been higher than that of the United States, although with more variation year to year. For most of the 1980s and 1990s, Colorado’s LFPR was above 70 percent, peaking at 74.5 percent in 1998. The LFPR dropped from this level in the early 2000s, but remained fairly stable around 72 percent. It dropped continuously throughout the late 2000s and mid-2010s, during and after the Great Recession, reaching its lowest point in over four decades in 2015 at 66.5 percent. This suggests that Colorado’s unemployment rate fell after the end of the recession in part because of workers dropping out of the labor force. Since then, the LFPR has increased, but is still far lower than it had been throughout the 1990s and 2000s.

**Labor Force Participation Rate for Women Increased**

Despite the overall decline in the LFPR seen for Colorado as a whole, the share of women participating in the labor force increased over the past four decades. However, much of these gains occurred during the 1980s and 1990s, as the LFPR for women has dropped since its peak in 1997. The gap between the LFPR for men and women in Colorado declined from 25.9 percentage points in 1979 to 12.1 percentage points in 1997. Since then, the gap between men’s and women’s participation in the labor force has remained fairly steady, with some increases seen during the years leading up to and following the Great Recession. In 2018, this gap was around 13.0 percentage points. At the same time the LFPR for women increased, the rate for men has decreased since 1979.
While Coloradans age 55 and over have the lowest LFPR of all age cohorts, their participation in the labor force has increased over recent decades.
Younger Coloradans Are Entering the Labor Force Later

Looking at the LFPR by age cohorts may help to explain why Colorado’s overall LFPR has declined in recent decades. Prior to the 2000s, Coloradans between the ages of 16 and 24 years participated in the labor force at generally the same rate as workers as a whole—however, this changed during the 2000s when the LFPR among this age group began a steady decline. This drop in participation leveled out in the years following the Great Recession, before increasing over the past few years. However, the LFPR for this age group is still much lower than it was in the 1990s. For instance, the LFPR for 16 to 24 year-olds was 76.6 percent in 1998, compared to 61.6 percent in 2018. This decline is not necessarily a bad thing, particularly if Coloradans in this age group are students who are delaying entering the labor force while attending secondary and higher educational institutions full-time. Higher educational attainment is linked to higher wages and longer labor force participation over a lifetime, creating long-term benefits for the economy as a whole.

More Older Coloradans Were in the Labor Force

While Coloradans age 55 and over had the lowest LFPR of all age cohorts, their participation in the labor force increased over recent decades. While the participation rate of this age group remained below 40 percent for much of the period before 2000, the early 2000s saw a sharp rise in the share of Coloradans age 55 and over who participated in the labor force. In 2018, just under half of Coloradans in this age group were either employed or looking for work, rather than retired. This could be the result of the growth of this group in Colorado as the population ages, and/or a result of other economic factors that require older workers to put off retirement for longer.

Figure 16: Labor Force Participation Rate by Race/Ethnicity
Colorado, 2000-2018

Source: Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau
Labor Force Participation Varied Little Across Race/Ethnicity

The LFPR for different racial/ethnic groups in Colorado was very similar, with no large disparities between white, Black, and Hispanic/Latinx Coloradans. This has remained true since 2000. In 2018, Hispanic/Latinx Coloradans had a LFPR of 69.9 percent, compared to 69.2 percent for Coloradans as a whole. White Coloradans had a lower LFPR in 2018 than the state as a whole. Given the LFPRs for these three races/ethnicities were roughly the same, the decline in these rates seen among white, Black, and Hispanic/Latinx Coloradans between 2000 and 2018 likely reflects the overall decline experienced in the statewide rate. This same trend held true when comparing the LFPR of males and females across racial and ethnic groups. Women of all races/ethnicities had lower rates of labor force participation in 2018 than did men.

Gender and Educational Attainment Influenced Labor Force Participation

Racial/ethnic and gender differences become more pronounced when examined through the dual lenses of gender and educational attainment. Except among those with less than a high school education, white males and females in Colorado had lower rates of labor force participation than did their non-white counterparts in 2018. It also appears as if the educational attainment of male workers in the state did not play as large a role in increasing labor force participation as it did for women; the difference between the LFPR for men of each group was not as great between high school and a bachelor’s degree or more as it is among women. This was particularly true for Hispanic/Latinx males. We can also see the tremendous impact educational attainment had on women’s participation in the labor force. Among all races and ethnicities, women’s LFPR was close to that for their male counterparts.
when they attained a bachelor’s degree or more.

**County Labor Force Participation Rates Varied Substantially**

Labor force participation varied tremendously by county in Colorado. In 2018, just 30.2 percent of the civilian population over 16 in Bent County participated in the labor force, the lowest rate in the state. On the other hand, Pitkin County had a LFPR of 78.3% that same year, a difference of approximately 48 percentage points. Furthermore, 46 out of the state’s 64 counties had LFPRs lower than the statewide rate in 2018. Only eight counties saw their LFPR increase between 2010 and 2018. The LFPR for Crowley County increased by 12.8 percentage points, the largest increase in the state over this period. 48 counties saw their LFPRs decrease by more than the 1.5 percentage point drop for the state as a whole. Lincoln County experienced the largest decline in its LFPR, dropping from 53.7 percent in 2010 to 34.4 percent in 2018.

**Labor Force Participation was Highest in Urban Counties**

Colorado’s urban counties had a LFPR of 69.2 percent in 2018 compared to 62.1 percent in rural counties. In most states, rural areas tend to have lower LFPRs than urban areas. Age is a big factor in explaining this trend. In other

**Figure 18: County Labor Force Participation Rate**

Colorado, 2018

<table>
<thead>
<tr>
<th>Number</th>
<th>County</th>
<th>LFPR Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Northwest (69.4%)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>North Front Range (67.6%)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Eastern (63.3%)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Rural Resort (76.4%)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Metro Denver (71.0%)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Mesa (62.6%)</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Western (58.4%)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Upper Arkansas (46.6%)</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Pikes Peak (67.5%)</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Pueblo (56.6%)</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Southwest (63.0%)</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>South-Central (54.7%)</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Southeast (52.0%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: 5-Year American Community Survey, U.S. Census Bureau
words, more of the population over the age of 16 is likely to be retired in rural areas than in urban areas which results in a lower labor force participation rate. However, this does not fully explain the disparity between urban and rural counties. When only prime-age adults (or adults between the ages of 25 and 54) are considered, the LFPR in urban counties was 85.1 percent in 2018 compared to 80.0 percent in rural counties. Although the gap is smaller, there was still a gap in participation rates.

**Labor Force Participation Rate Declined More in Rural Counties**

While the labor force participation rate fell in both urban and rural counties between 2010 and 2018, the magnitude of this change was greatest in rural counties. The larger decline in the labor force participation rate seen in rural counties over this period, combined with a shrinking labor force, was likely a factor in why rural counties saw close to no growth in GDP (i.e., output of goods and services) over this same period. In other words, there were fewer workers available to produce goods and services in these counties.

**Rural Resort Region Had Highest Labor Force Participation**

At 76.4 percent, the Rural Resort region of Colorado had the highest labor force participation rate in the state, followed by Metro Denver (71.0 percent) and Northwest (69.4 percent). However, all regions in the state saw their LFPRs decline between 2010 and 2018. The greatest decline occurred in the Western region, which saw its LFPR drop by 6.8 percentage points. This region was followed by the Northwest and Southwest regions, which saw their LFPR drop by 5.5 percentage points and 4.6 percentage points, respectively. Metro Denver saw the smallest decline in LFPR, dropping from 71.7 percent to 71.0 percent between 2010 and 2018.

**EMPLOYMENT**

**Employment has Recovered from the Great Recession**

During the 2000s, annual average employment in Colorado peaked in 2008 at 2,585,243 jobs before the economy lost an annual average of 98,839 jobs during the Great Recession. Unlike GDP, Colorado experienced two consecutive years of job losses as a result of the economic downturn and job growth did not return to the state until 2011. Since then, the economy added just under 500,000 jobs, well above the amount lost during the recession. The economy recovered to pre-recession levels by 2014 and supported an annual average of 2,994,752 jobs in 2018, a record high. Including jobs lost during the recession, the health care and social assistance sector has seen the strongest...
recovery, adding a net of 78,696 jobs since 2008. However, not all sectors of the economy have recovered to their pre-recession levels. Gains in employment between 2010 and 2018 in the mining, quarrying, and oil and gas extraction, utilities, and information sectors were smaller than the losses experienced during Great Recession (2008-2010), resulting in a net loss of jobs in these sectors since 2008.

**Colorado Had One of the Fastest Rates of Job Growth in the Country**

Between 2010 and 2018, Colorado experienced the fifth highest rate of private sector job growth in the country. During this period, employment in the private sector grew by an annual average rate of 2.8 percent. Only Utah, Nevada, Idaho, and Florida experienced faster rates of growth. Despite this strong growth, Colorado’s economy accounted for 1.8 percent of all private sector jobs in the United States, the 21st largest.

**Job Growth Was Driven by Service-Producing Industries**

82.2 percent of the nearly 500,000 jobs created in Colorado between 2010 and 2018 was in a service-producing industry. This was equivalent to over four service-producing jobs for every job created in a goods-producing industry. Job growth in goods-producing industries was driven by the construction sector, which accounted for 65.7 percent of the over 88,000 jobs created during this period. While the growth of service-producing industries reflects larger, long-term structural changes in the United States economy away from manufacturing and other goods-producing industries, it is not necessarily a positive trend for Colorado’s workers. The average weekly wage for goods-producing jobs in Colorado
was $1,243.28 in 2018 compared to $926.82 for private-sector, service-providing jobs.

**Construction Sector Experienced the Fastest Rate of Growth**

The construction sector saw the fastest rate of job growth of any sector in Colorado between 2010 and 2018. Following the Great Recession, employment in this sector increased at an annual rate of 5.2 percent during this period. This strong growth was in contrast to the losses experienced by this sector during the Great Recession, where employment in construction shrunk by an annual rate of 15.7 percent. Nearly one in three jobs lost during the recession was in the construction sector. Despite Colorado’s strong job market, not all sectors added jobs since 2010. Jobs in the utility sector declined by an annual rate of 0.4 percent during this period. Among service-producing industries, jobs in the management of companies and enterprises grew at the fastest rate between 2010 and 2018, increasing by an average of 4.4 percent each year.

**Government Sector Employed the Largest Number of Coloradans**

In 2018, 15.7 percent of Coloradans were employed in the government sector, the largest number of workers of any sector in the state. It was followed by the health care and social assistance, accommodation and food services, and retail trade sectors at 11.2 percent, 10.6 percent, and 10.2 percent respectively.

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*Source: Quarterly Census of Employment and Wages (QCEW), U.S. Bureau of Labor Statistics*
of all employment in 2018, respectively. Government has consistently been the largest sector for employment in the state over the past two decades and includes local, state, and federal government employees. While their exact ranking changes year to year, retail trade, accommodation and food services, and health care and social assistance have all been the top four sectors for employment during this same period. These four sectors combined accounted for just under half (47.6 percent) of all employment in the state. At the other end of the spectrum, jobs in the utilities sector made up 0.3 percent of all jobs in the state, the smallest of any sector.

**Government Employment Made Up by Educators and Local Government Employees**

Government includes workers employed by the federal, state, and local governments in Colorado. Just under half of all government employees are in positions that provide Coloradans with educational services. This includes teachers, professors, and administrative and support staff of public educational institutions (including colleges and universities). One in six government employee was employed by a local government, including those employed at educational institutions. Federal government employment accounted for the smallest share of government employees at 11.9 percent in 2018.

**Coloradans Employment Varied by Race/Ethnicity and Gender**

Although all jobs in Colorado are open to all genders, races, and ethnicities, there were distinct differences in the sectors in which Coloradans of different identities were employed in 2018. For example, women of every race/ethnicity were more likely to be employed in the health care and social assistance sector than men. White, non Hispanic/Latinx and Hispanic/Latinx men were more likely to work in the manufacturing sector than Black/African American men and women as a whole. Black/African American men were more likely to work

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**Figure 22: Employment by Sector**

Colorado, 2018

Figure 23: Sector Employment by Race and Gender
Colorado, 2018

White, Non-Hispanic/Latinx: Male

White, Non-Hispanic/Latinx: Female

Black/African American, Non-Hispanic/Latinx: Male

Black/African American, Non-Hispanic/Latinx: Female

Hispanic/Latinx: Male

Hispanic/Latinx: Female

Source: Colorado Center on Law and Policy analysis of 1-year American Community Survey microdata from the U.S. Census Bureau
in the transportation and warehousing sector than other groups in the state. Concentrations of certain groups in low-wage sectors (such as health care) helped to perpetuate inequality by race, ethnicity, and/or gender in the state. While all Coloradans should be able to decide in which industry they will work, it is important to ensure that opportunities exist to all so that workers of certain backgrounds are not forced into certain roles by social and cultural norms or systemic racism and sexism.

**County Employment Growth Was Uneven**

Despite the state’s overall strong employment growth following the Great Recession, not all of Colorado’s counties had recovered the number of jobs lost by 2018. Nearly a decade after the recession, 23 of Colorado’s 64 counties still had fewer jobs than they did in 2008. 39 counties saw slower rates of job growth than did the state as a whole during the recovery that began in 2010. Even more striking, not all counties experienced job growth since 2010. Moffat, Rio Blanco, Hinsdale, and Las Animas counties had fewer jobs in 2018 than they did in 2010.

**Most Jobs Were Located in Urban Counties**

87.8 percent of Colorado’s jobs were found in urban counties in 2018. This is up from before the Great Recession (2008), when 85.8...
percent of jobs were in urban counties. Unlike the past decade, the ten years prior to 2008 saw an increase in the share of jobs located in rural counties.

**Urban Counties Saw Greatest Rate of Job Growth**

Colorado’s urban counties added jobs at an annual average rate of 2.3 percent between 2010 and 2018. In contrast, rural counties saw employment increase at an annual rate of 1.6 percent. This same general trend was true before the Great Recession. Between 2002 and 2008, Colorado’s rural counties saw the same annual rate of growth as between 2010 and 2018, 1.6 percent. Again, urban counties experienced faster annual rates of growth, at 1.9 percent. The consistently faster rates of growth found in urban counties helps explain the shifting distribution of jobs in the state from rural to urban counties.

**Great Recession Hit Employment in Rural Counties Hardest**

Another factor that led to the relative shift in jobs from rural to urban counties was the impact...
the Great Recession had on employment in different parts of the state. Between 2008 and 2010, urban counties lost jobs at an annual rate of 1.4 percent, compared to 5.5 percent in rural areas. While this translated to more overall jobs lost in urban counties (59,500 jobs compared to 39,330 jobs in rural counties), job losses were greater as a share of employment prior to the Great Recession. The jobs lost in urban counties were equivalent to 2.7 percent of total employment in those counties in 2008 while the jobs lost in rural counties were equivalent to 10.7 percent of the jobs available in rural counties that same year.

**Metro Denver Had the Highest Share of Jobs in the State**

The jobs found in the Metro Denver region in 2018 accounted for 58.7 percent of all jobs in the state, the highest of any region in Colorado. Together with the North Front Range and Pikes Peak regions, these Front Range regions were home to over 8 in 10 jobs in Colorado (81.9 percent). As with urban counties as a whole, these urban regions saw their share of the state’s employment grow over the previous decade from 79.2 percent of all jobs in the state in 2008.

**Front Range Regions Experienced Fastest Rate of Employment Growth**

The North Front Range and Metro Denver regions experienced the fastest annual rates of job growth between 2010 and 2018. At 3.2 percent and 2.5 percent, respectively, these two regions experienced faster rates of annual job growth than did the state as a whole (2.3 percent). Alternatively, the Southeast region and Mesa region experienced the slowest rates of job growth at 0.4 percent and 0.9 percent, respectively. Both of these regions, in addition to the Northwest and Upper Arkansas regions, had yet to recover from the job losses they experienced during the Great Recession as of 2018.

**UNEMPLOYMENT**

**Colorado’s Unemployment Was Rate Lower than National Rate**

Since 1990, Colorado’s unemployment rate was lower than the national unemployment rate,
except for during 2003 and 2004 when they were equal. Even during the Great Recession, Colorado’s unemployment rate remained below the national one. Unemployment trends in Colorado mirrored those of the nation as a whole, with the unemployment rate in the state changing with the national rate and vice-versa. Reflecting Colorado’s strong labor market, the unemployment rate in the state has been over a percentage point lower than the national rate since 2014, except for during 2018.

**Unemployment Rate Increase Persisted Following End of Great Recession**

Although the Great Recession officially ended in 2009, its effect on the state’s and nation’s labor markets persisted for a number of years. The unemployment rate in Colorado didn’t peak until 2010 and did not return its pre-recession low until 2016. This same trend occurred following the short recession that took place in 2001. As shown in national data on unemployment, this was not a trend unique to Colorado.

**Women’s Unemployment Rate Has Been Lower Than Men’s Over the Past Decade**

Women in Colorado have tended to have a lower unemployment rate than men over the past decade, however the gap between men’s and women’s unemployment rates are related to underlying economic conditions. The unemployment rate for men tends to increase more than women’s during recessions and other economic downturns. There are a number of factors that may explain this trend. First, men tend to hold jobs in sectors that have been more vulnerable to economic cycles in the past, such as manufacturing and construction. Other male-dominated sectors, such as agriculture and mining, have seen small or negative net growth in employment in Colorado since the Great Recession. Second, labor economists have observed a phenomenon known as the “added worker effect” in which married women who are out of the labor force may find jobs
if their husbands become unemployed during an economic downturn to make up for the lost family income. Another factor is the relationship between unemployment and educational attainment. Unemployment rates tend to be lower for workers with higher educational attainment, and women in the labor force tend to have higher educational attainment than men.

Non-White Coloradans Were More Likely to be Unemployed

While small-sample sizes make it difficult to directly compare annual unemployment rates by race and ethnicity in Colorado, looking at the three-year moving average of unemployment rates since 2000 reveals some consistent trends. Although unemployment for all races and ethnicities trend in similar directions, the average unemployment rate among Black/African American and Hispanic/Latinx Coloradans has been consistently higher than the rate for white Coloradans and the state as a whole. When we talk about Colorado having a record low unemployment rate, this is not necessarily the case for every Coloradan. Our state's unemployment rate largely reflects white employment dynamics given the large share of the workforce that is white. That said, the unemployment rate for all races and ethnicities in the state has been decreasing since reaching a peak in the early 2010s. In addition, the gap between racial and ethnic groups has been shrinking.

Workers of Color Experienced the Great Recession Differently from White Workers

In Colorado, workers of color had much higher rates of unemployment than white workers during the Great Recession. For example, the three-year moving average unemployment rate for white workers during and following the recession peaked at 7.2 percent in 2012 compared to 13.9 percent for Black workers in 2011 (a difference of 6.7 percentage points). This unemployment rate for Black workers is higher than the overall state unemployment
rate has been for at least the past 40 years. This was also true for Hispanic/Latinx workers, who saw a 12.4 percent unemployment rate in 2012. Part of this difference was due to the different sectors in which Black and Hispanic/Latinx workers were concentrated, with most working in sectors that saw more job losses (such as construction for Hispanic/Latinx workers).

**Characteristics of Black and Hispanic/Latinx Workers Did Not Fully Explain Disparities in Unemployment Rates**

According to a 2017 national study by the Federal Reserve, observable characteristics (such as age, educational attainment, marital status) explained very little of the difference in unemployment rates between whites and Blacks. While much of the difference between unemployment rates among white and Hispanic/Latinx workers is attributed to lower educational attainment among Hispanic/Latinx workers (particularly among foreign born workers), this was not the case for Black workers. The report speculates that these differences, even among Hispanic/Latinx workers, may be the result of institutional and personal racism and higher rates of incarceration, particularly for Black men. Indeed, the gap between white and Black unemployment rates tended to decrease in tight labor markets, like Colorado’s during the past several years, suggesting that employers who might otherwise have been unwilling to hire Black workers (due to racism or a history of involvement in the criminal justice system), do so rather than keep a needed position vacant.

**Coloradans with Less Than High School Education Were Most Likely to be Unemployed**

Like race/ethnicity, Coloradans educational attainment influenced their likelihood of being unemployed. While unemployment trends for workers with different educational attainment followed each other, unemployment rates were highest among Coloradans without a high school diploma. On the other hand, unemployment

![Figure 30: Unemployment Rate by Educational Attainment](image)
rates were lowest among Coloradans with bachelor’s degrees or higher. The rate for those with a high school diploma or some college were fairly similar, and closely followed the overall unemployment rate for Colorado. While levels of unemployment dropped to below 5 percent for Coloradans with a high school diploma or more, the rates for those without a high school diploma have remained high, and have been rising since 2015.

Changes in Unemployment Rate During the Great Recession Were Greatest for Those with Less Than a High School Diploma

Looking at unemployment rates for Coloradans with different levels of educational attainment reveal that not all Coloradans experienced the Great Recession in the same way. While each group saw differences in the year in which they reached their pre-recession lows and post-recession highs, the magnitude of change was greatest for those without a high school diploma. In 2007, the unemployment rate among Coloradans with this level of educational attainment dropped to 8.9 percent.
before reaching 20.8 percent in 2011, a change of 11.9 percentage points. Changes in unemployment were smallest for those with a bachelor’s degree or greater. Again, in 2007 the unemployment rate for this group was 2.1 percent before climbing to just 4.7 percent in 2010, a change of 2.6 percentage points.

**Unemployment Rates Varied Among Colorado’s Counties**

In 2018, 26 of Colorado’s 64 counties experienced unemployment rates higher than that for the state as a whole. They included a mix of urban and rural counties. Huerfano County had the highest rate, at 6.4 percent. On the other hand, 38 counties had unemployment rates equal to or below the statewide rate. Cheyenne County experienced the lowest unemployment rate at 1.8 percent, 4.6 percentage points lower than Huerfano County.
Urban and Rural Unemployment Was Roughly Equal

Although the unemployment rate among rural counties was lower than the rate among urban counties between 2001 and 2010, unemployment rates among both types of counties have been roughly equal since. Urban counties had an unemployment rate that was less than one percentage point lower than rural counties between 2010 and 2016. During 2017 and 2018, the unemployment rates were equal for both types of counties. So, despite seeing lower rates of labor force participation, it appears that people looking for work in rural counties were able to find it at the same rates as Coloradans living in urban counties.

The Eastern Colorado Region Saw the Lowest Rate of Unemployment

The Eastern Region had the lowest rates of unemployment in 2018, at 2.5 percent. This region also saw its unemployment rate increase the least during the Great Recession, peaking at 6.6 percent in 2010. The Rural Resort, North Front Range, Northwest, and Metro Denver regions all had unemployment rates below the statewide rate in 2018. On the other hand, the Pueblo region experienced the highest rate of unemployment in the state, reaching 4.7 percent that same year.

ALTERNATIVE MEASURES OF LABOR UNDERUTILIZATION

Other Measures of Labor Underutilization Tell a Different Story About Colorado’s Economy

The unemployment rate reported by the federal government is just one measure that we can use to measure the underutilization of workers in Colorado, including those in and out of the labor force. In total, there are six ways the government measures labor underutilization. U-1 only includes workers who have been unemployed for 15 weeks or longer. On the other hand U-6 includes unemployed workers
plus people who are not in the labor force, but want and are available for work and have
looked for a job sometime in the prior 12 months (also known as marginally attached
workers), plus people who are employed part-time involuntarily and would take a full-time
job if offered (also known as part-time workers for economic reasons). In 2018, the U-6 rate
was 6.3 percent compared to 1.1 percent for the U-1 rate and 3.3 percent for the U-3
rate, the rate that is reported as the official unemployment rate for the state. In other
words, the rate of Colorado workers who were out of work, discouraged from looking for work,

**OTHER MEASURES OF LABOR UNDERUTILIZATION**
The U.S. Bureau of Labor Statistics, in addition to unemployment, uses five other measures of labor
underutilization. These include:

- **U-1**: Persons who are unemployed 15 weeks or longer, as a percentage of the civilian labor force
- **U-2**: Job losers and persons who completed temporary jobs, as a percentage of the civilian labor force
- **U-3**: Total unemployed as a percentage of the civilian labor force (this is the official measure used for
  the unemployment rate)
- **U-4**: Total unemployed (U-3) plus discouraged workers, as a percentage of the civilian labor force and
discouraged workers (who are not counted as part of the labor force)
- **U-5**: Total unemployed (U-3) plus discouraged workers and all other marginally attached workers, as a
  percentage of the civilian labor force and marginally attached workers
- **U-6**: Total unemployed (U-3) plus all marginally attached workers, total employed part-time for
  economic reasons, as a percentage of the civilian labor force and all marginally attached workers
Marginally Attached Workers Were a Small Share of Those Not in the Labor Force

In 2018, marginally attached workers made up approximately 1.2 percent of all Coloradans 16 years and older who were not in the labor force. While not included in official unemployment statistics, this group is important to consider when evaluating the strength of our state’s economy. A large share of marginally attached workers may indicate that workers who were looking for work in the past year have not been looking recently. While some workers stopped looking for work for reasons such as illness, transportation issues, or family responsibilities, others stopped looking for work because they do not believe work is available, they could not find work if they were looking, they believe they lack the necessary schooling or training, they think employers find them too young or too old, or they have faced other forms of discrimination. At 1.2 percent, Colorado’s share of marginally attached workers in 2018 was lower than that seen in the nation as a whole (1.6 percent), a positive sign that Coloradans looking for work were able to find it quickly. Even when combined with unemployment, the share of Coloradans who were unemployed or marginally attached was 3.8 percent, 0.5 percentage points higher than the unemployment rate in 2018.

The Share of Marginally Attached Workers Declined Since the Great Recession

As might be expected, the share of marginally attached workers increases following economic downturns, when there are fewer jobs than available workers. Following the Great Recession, marginally attached workers made up 3.0 percent of Coloradans not in the labor force. The rate of marginally attached workers tended to peak after the unemployment rate, suggesting that the unemployment rate initially
declines following a recession in part due to unemployed workers who stop looking for work and leave the labor force in addition to those who find new jobs as the economy begins to grow again. While the share of marginally attached workers dropped to a decades-long low in 2015 (at 0.9 percent), it increased in recent years.

**Share of Marginally Attached are Highest Among Men, Young Coloradans, and Hispanic/Latinx Coloradans**

Although the share of marginally attached workers in Colorado was 1.2 percent in 2018, the rate was not the same for all groups in the state. Coloradans between 16 and 24, Hispanic/Latinx Coloradans, and male Coloradans had the highest rate of marginally attached workers among a range of demographic groups in the state. On the other hand, women, older Coloradans and Coloradans with a bachelor’s degree or more had the lowest rate of marginally attached workers. The differences in the rates of marginal attachment to the labor force make sense for some groups: for social/cultural reasons women are more likely to be out of the labor force due to care giving responsibilities (either for children or elderly parents/relatives) and thus are less likely to say they are available to start work; younger workers are less likely to have the skills and experience needed to fill many available jobs and so are likely to be out of work for longer; the same is true for those with lower educational attainment—there are fewer jobs available to those without a high school diploma or even with only a high school diploma. Higher rates of marginal attachment to the labor force among workers of color, similar to unemployment, may be partially explained by educational attainment. However, structural racism was likely an additional force that explained the disparity between white workers and workers of color. For example, employers are generally less likely to hire people with a history of involvement in the criminal justice system, so workers with such histories are more likely to be out of work for longer.

**Who Was the Marginally Attached Workforce?**

Groups who had higher rates of marginally attached workers were also over represented among the number of Coloradans who made up marginally attached workers. For example, men accounted for 49.6 percent of the civilian population age 16 and over but 64.3 percent of marginally attached workers in 2018. The same is true for Coloradans with bachelor’s degree or higher. While they made up 40.8 percent of the labor force, they account for just 19.9 percent of marginally attached workers. The same factors that influence greater or lesser rates of marginal attachment to the labor force likely influence whether a particular group is over or under represented among the marginally attached workforce.

**Not All Employment is Full-Time**

Not all workers in Colorado were employed full-time. Those who work less than 35 hours per week are considered to be part-time workers in government statistics. In 2018, these workers made up approximately 21.5 percent of employed Coloradans, the lowest share between 2000 and 2018. As with the marginally attached workforce, the share of workers employed part-time is important to consider as we evaluate the state of work in Colorado. While some workers chose to work part-time voluntarily, others were involuntarily employed as part-time employees. These workers are referred to as part-time for economic reasons, as they would rather be employed full-time but are unable to find a full-time position. It is typical to see a larger share of part-time workers employed part-time involuntarily during economic downturns,
While some workers chose to work part-time voluntarily, others are involuntarily employed as part-time employees.
as full-time jobs are more scarce. Some work is better than no work, and workers typically earn more working part-time than they would through unemployment benefits (if they qualify).

**The Majority of Part-Time Workers Were Voluntarily Part-Time Employed**

Most part-time workers in Colorado were part-time voluntarily. In 2018, just 12.0 percent of part-time workers were part-time for economic reasons, down from 24.3 percent in 2011. This equates to 2.6 percent of all employed Coloradans that year (down from 6.2 percent of all employed Coloradans in 2011). The share of part-time employed Coloradans who were involuntarily part-time was lower than the national rate in 2018. Nationally, 14.0 percent of Americans employed part-time were part-time for economic reasons. Although these workers made up a small share of employed Coloradans, it does indicate that not everyone in the state was able to find the type of employment they want and/or needed, even during periods of strong economic growth.

**Rates of Part-Time Employed Workers Varied by Demographic Groups**

Not all workers were employed part-time at the same rate in 2018. By gender, men were less likely to be employed part-time than women. Coloradans between 16 and 24 years were more likely to be employed part-time than other age groups. White Coloradans were more likely to be employed part-time than other race/ethnic groups. Workers with less than a high school diploma or some college were also more likely to be employed part-time than those with high school diplomas or a bachelor’s degree or higher. These trends are likely explained by a combination of factors, and are not necessarily indicative of a problem in Colorado’s job market—so long as those employed part-time were so by choice.
Not All Demographic Groups Were Equally Likely to be Part-Time Voluntarily

When we factor in who was employed part-time for economic reasons, we begin to see a different picture of the job market in Colorado in 2018. For example, although men were less likely to be employed part-time than women, they were more likely to be part-time involuntarily. This suggests that the men in Colorado who were employed part-time, were so because they were unable to find full-time employment rather than because they wanted to be working part-time. On the other hand, Coloradans between the ages of 16 and 24 who were employed part-time were less likely than part-time workers as a whole to be employed part-time for economic reasons. This makes sense, given workers in this age group may have been working part-time voluntarily while attending school.
KEY TAKEAWAYS

• **The Labor Market is Far More Complex Than Headline Statistics Suggest**
  While the public and policy makers are primarily concerned with jobs and unemployment statistics, these alone do not tell the full story of the state of working Colorado. Important trends and issues within the labor market are not apparent when we only focus on these headline statistics. Sometimes, changes in statistics, such as the unemployment rate, can happen for reasons that are not particularly good for the state’s economy, such as workers leaving the labor force. This is also the case when we only look at statistics for the state as a whole. These tend to more accurately reflect economic conditions along the Front Range. Rural Colorado has its own set of economic and labor dynamics that are distinct from the Front Range yet are no less deserving of attention from policy makers.

• **Some Economic Sectors and Parts of the State Have Yet to Recover from the Great Recession**
  While the state as a whole has recovered the total number of jobs lost since the Great Recession (plus a lot more), certain industries and counties within the state were still experiencing a net loss of jobs ten years after the start of the recession. In addition, statistics show that even after a recession ends, there are varying amounts of lag before other labor market indicators begin to recover. This has been the case among headline indicators, such as employment and the unemployment rate as well as more nuanced indicators, such as alternative measures of labor underutilization. These provide us with some ideas about what to expect from the current economic recession our state and country are facing. First, the effects of the recession will likely be felt by workers long after economic growth returns. Second, different parts of our state and different populations will experience these effects differently. Third, there will be some industries that do not recover as our state’s economy undergoes structural changes—some jobs in the accommodation and food services industry, for example, may never come back. In response, we must ensure that there is support for unemployed and displaced workers that extends well after the recession ends and that this support is targeted to workers in industries that have not recovered from the losses they experienced.

• **Educational Attainment is a Huge Indicator of Success in the Labor Market**
  Among almost all of the indicators analyzed in this section, one trend was consistent—Coloradans with higher educational attainment fared best while those with lower levels of educational attainment were worse off. This is true when we look at labor force participation, unemployment, and various measures of underemployment. In other words, a college degree appears to be an essential part of being successfully employed in our state’s economy. Those that have a high school diploma or less likely face challenges in finding full-time employment that others with higher levels of educational attainment do not. This is not to say that other factors do not play a significant role in labor market success. For instance, there are gaps among earnings for workers of different racial/ethnic backgrounds even with the same educational attainment.

• **Racial and Ethnic Disparities in the Labor Market Cannot be Fully Explained by Visible Characteristics**
  As with educational attainment, there were disparities across race and ethnicity among almost all of the indicators examined. Unlike educational attainment, however, a worker’s race or ethnicity should not determine their likelihood to be gainfully employed. While lower rates of educational attainment among workers of color has been shown to influence employment outcomes (particularly among Hispanic/Latinx workers), these differences do not fully explain these disparities. While difficult to quantify, the
influence of systemic racism and historic and ongoing oppression of non-white groups in the state cannot be ignored, particularly when no other visible characteristic fully explains the disparities that exist between white Coloradans and Coloradans of color. Involvement in the criminal justice system is another possible factor in explaining these disparities, however, this too is closely intertwined with systemic racism which results in higher rates of incarceration and over-policing of communities of color.

• Not all Coloradans were Able to Find Jobs or the Type of Jobs They Wanted
Despite our strong economy, there was still a sizable number of Coloradans who were unable to find a job or the type of job they desired or needed in 2018. While this has improved since the peak of the Great Recession, it indicates that there is still room for improving how the economy works for Coloradans. Since work is the primary way in which Coloradans earn income to support themselves and their families, it is essential that we consider ways in which we can help any who desire a job or a full-time job to find an employment situation that works best for them. This is especially important to remember as we recover from this recession. There may be many workers in the state who are still struggling to find employment long after the recession ends, even if they are not captured in the official unemployment rate.
Why do we work? In a modern capitalist society, work is the primary way those of us who don’t own capital earn money to support ourselves. Workers provide labor to employers in return for compensation in the form of wages. Wages are different than income, which can include money earned through means other than work, such as dividends earned from stocks and bonds or rental income earned from owning real estate. While it depends on the data source, wages often include additional forms of compensation, such as tips, bonuses, stock options, and employer contributions to employee retirement savings accounts.

In 2018, employee compensation represented 57 percent of personal income earned in the United States (before accounting for income paid as taxes). Government transfer payments (through programs like Social Security or unemployment insurance) were the next largest source of income that year, accounting for 15.5 percent of American’s personal income. As the dominant way Coloradans earn income, analyzing wages is another important step in understanding how well the economy is working. Even if Coloradans can find jobs, there is a problem if those jobs do not pay enough to allow workers to support themselves and their families. There are many factors that influence a person’s wage, including where they live, the industry they work in, their occupation, their experience and education level, and their seniority. Other factors, such as a worker’s gender, race, and ethnicity also influence their wage, perpetuating gender and racial inequality.

In addition to these individual characteristics, it is thought that a number of economic factors influence workers’ wages, particularly how they change (or at least should change) over time. One such factor is productivity. The idea behind this theory is that as workers becomes more productive, creating more goods and services, workers will benefit through higher wages. In other words, workers should receive more in compensation for producing more. This relationship between wages and productivity held true throughout the 1940s, 1950s, 1960s, and most of the 1970s. However, starting in 1979 economist have observed that although productivity continued to rise, wages remained flat. This relationship was true not only of the American economy as a whole, but also for Colorado. Between 1979 and 2016, hourly productivity in Colorado increased by 68.2 percent compared to workers median hourly compensation which increased by just 12.6 percent over this same period.

If workers were not the beneficiaries of their extra productivity, who was? National analyses of the relationship between wages and productivity suggest that corporations and owners of capital and businesses reaped a significant portion of the benefits provided by this increase in productivity.
10 percent of wage earners also benefited tremendously and saw their wages grow by a much larger amount than other wage earners. For example, between 1979 and 2018 the top 10 percent of wage earners in Colorado saw their wages increase by 44.0 percent, accounting for inflation, compared to 15.9 percent for median wage earners and 13.9 percent for the bottom 10 percent of earners.

Given the importance of wages, both the federal and state government set a minimum wage that can be paid to workers per hour of work. In Colorado, there are notable exceptions for certain occupations, such as restaurant workers and farm workers. The state’s minimum wage was set at $10.20 per hour in 2018, higher than the federal minimum wage of $7.25 per hour. However, this has not always been the case. When the state’s minimum wage was below the federal one, the federal minimum wage prevailed (states cannot set their minimum
Colorado’s Median Wage Stagnated
Between 2000 and 2018, Colorado’s median hourly wage grew at an annual average rate of just 0.1 percent or $0.29. Over this period, the median wage peaked in $20.59 per hour in 2009. The state’s median wage dropped below $20.00 per hour between 2011 and 2016, before rising to $20.41 per hour and $20.37 per hour in 2017 and 2018, respectively. This stagnation of the median wage is despite Colorado experiencing one of the fastest rates of economic growth in the country.

Because changes in the state and federal minimum wage have not kept pace with inflation, the minimum wage in Colorado was effectively lower than it was in 1979 until 2017.

Wages for Workers at the Top and Bottom Saw Their Wages Grow Faster than the Median
Although the median wage in Colorado increased only slightly between 2000 and 2018, the annual rate of growth for wage earners in other percentiles grew at a faster rate. The fastest rate of growth was seen among earners in the 80th and 90th percentile (or the top 20 percent and 10 percent of earners in the state). Rates of growth were not consistent throughout the period. Prior to the Great Recession (2002 to 2008), the median wage did not grow at all, while workers in lower wage percentiles (10th, 20th, and 30th) saw their wages decrease. Workers in higher percentiles saw their wages increase, but not at as fast a rate as during the Great Recession (2008 to 2010). During this period, the median wage increased at an annual rate of 0.9 percent,

WHAT IS INFLATION?
One concept that is worth reviewing when discussing wages (particularly the minimum wage) is inflation. In economics, inflation is the change in the cost of goods and services. Except for in certain points in our history, inflation has caused the costs of goods and services to rise over time. As inflation occurs, the relative purchasing power of the dollar decreases meaning the value of a dollar today is less than it was 30 years ago. This is important to remember when thinking about wages. If wages are changing faster than the rate of inflation it means that workers’ purchasing power is increasing. On the other hand, if the rate of inflation is faster than the rate of wage growth, workers’ wages will buy them less goods and services than they did before. To account for the changing purchasing power of the dollar, wages are often expressed in terms of the value of a dollar during a certain year (in our case 2018). This provides a more accurate picture of how wages have changed over time. For example, the prevailing minimum wage in Colorado in 1981 was $3.35 per hour. This would have had the same purchasing power as a wage of approximately $8.91 per hour in 2018. Because the minimum wage did not increase until 1990, its purchasing power decreased over time. In 1989 the $3.35 minimum wage in Colorado would have been equivalent to $6.57 in 2018 dollars, a loss in purchasing power of approximately $2.34. Because changes in the state and federal minimum wage have not kept pace with inflation, the minimum wage in Colorado was effectively lower than it was in 1979 until 2017.

Wage rates lower than that set by the federal government).

The remainder of this section focuses on changes in wages since 2000. Unless otherwise specified, wages are expressed in 2018 dollars.
Figure 43: Median Hourly Wage
Colorado, 2000-2018


Source: Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau

Figure 44: Annual Rate of Wage Growth
Colorado, 2000-2018 (by percentiles)

90th Percentile  1.1%
80th Percentile  0.8%
70th Percentile  0.4%
60th Percentile  0.3%
Median  0.1%
40th Percentile  0.2%
30th Percentile  0.3%
20th Percentile  0.4%
10th Percentile  0.4%

Source: Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau

Figure 45: Annual Rate of Wage Growth by Period
Colorado, 2000-2018 (by percentiles)

2002-08  2008-10  2010-18

90th Percentile  2.0%  1.1%  0.3%
80th Percentile  1.8%  0.6%  0.3%
70th Percentile  1.1%  0.6%  0.1%
60th Percentile  1.4%  0.1%  0.0%
Median  0.9%  0.0%  0.6%
40th Percentile  0.6%  0.4%  0.0%
30th Percentile  0.9%  0.1%  0.1%
20th Percentile  1.6%  1.1%  0.3%
10th Percentile  1.4%  0.6%  0.3%

Source: Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau
slower than the wage for workers in higher percentiles that experienced growth. However, workers in percentiles lower than the median saw their wages decline or grow at a very slow rate (0.1 percent for wage earners in the 10th percentile). However, wage growth was strongest for low-wage earners following the Great Recession (2010 to 2018). During this period, workers in the 20th percentile of earners saw their wage grow at nearly 2.0 percent each year, the highest of any percentile in the state. This coincides with a period of increases in the state’s minimum wage. Without the increases passed by the voters of the state, wages might not have increased for low-wage Coloradans at all. National studies of wage increases show that states who increased their minimum wages saw nearly double the rates of growth among the bottom 10 percent of earners than those that did not between 2013 and 2019.3

The Wage Gap Between Earners in the Top and Bottom Percentiles has Grown

Despite seeing increases in wages at the bottom of the wage spectrum, the gap between the

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**WHAT ARE PERCENTILES?**

Percentiles are statistical tools used to break up large groups of observations (such as workers in Colorado) into smaller, equal groups. Each grouping represents the value below which a given percentage of observations in a group of observations falls. For example, the 20th percentile for wages represents the wage which 20 percent of workers in the state earned less than while 80 percent earned more than. The 50th percentile is also known as the median, and is the point at which exactly half of the observations fall above and half below. This is different from the average wage, which can be influenced by outliers at the top and bottom of the wage spectrum making it seem like the wage earned by most workers (or the “average” worker) is higher or lower than it actually is.
wages earned by workers in the top 10 percent of earners and bottom 10 percent of earners grew since 2000. In 2000, wages earned by the bottom 10 percent was approximately $31.84 per hour less than that of the top ten percent. However, by 2018, this gap had grown to $40.19 per hour. Had this gap remained the same in 2018 as it was in 2000, the wage for earners in the bottom 10 percent would have been $19.34 per hour rather than $10.99 per hour. For a full-time worker, this would be the equivalent of receiving a raise of $17,555 in 2018.

WAGES BY GENDER

Wages for Women Were Lower than Men at Every Percentile

In 2018, women were paid less than men at every percentile. However, the gap between men and women was not the same. The wage gap was lowest at lower percentiles, and generally increased as wages increased. For example, the gap between male and female
workers in the bottom 10 percent was $1.40 per hour compared to a gap of $16.41 per hour for workers in the top 10 percent. Still, even for female workers in the bottom 10 percent, a gap of $1.40 per hour can be sizable over the course of a year. Assuming a female worker in this percentile was employed 40 hours per week and works 52 weeks per year, she would have been paid $2,912 more if she was paid the same wage as her male counterpart.

**Wages Among Women Were Less Unequal than Men, but Inequality Increased Since 2000**

The gap between the top and bottom 10 percent of workers by wages earned was smallest among female workers. In 2018, this gap was $32.61 per hour compared to $47.62 per hour among men. This suggests that there is less wage inequality among female workers in Colorado than among male workers. However, the gap between the top and bottom 10 percent of earners increased since 2000 for both groups, although at a slower rate among women than among men.

**The Gap Between Male and Female Earners Has Been Shrinking**

Between 2000 and 2018, the wage gap between male and female workers fell among all percentiles except those in the top 10 percent. This percentile saw the gap between men and women workers grow by an annual rate of 1.2 percent, increasing from $13.31 per hour in 2000 to $16.41 per hour in 2018. The wage gap decreased by the greatest amount among male and female workers in the lower 40 percent of wage earners. This again, could be due to rises in the minimum wage seen over the course of this period that raised wages equally for both male and female workers.

**Figure 49: Gap Between Wages of Top and Bottom 10% by Gender**

Colorado, 2000-2018

Source: Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau
White Coloradans Earned More Than Other Groups at Every Percentile in 2018

Across select racial and ethnic groups, white workers in Colorado were paid the highest wages at every percentile in 2018. These wages were also above the statewide wages earned by all workers that year. This was true even at the highest percentiles—white workers in the 90th percentile were paid $57.90 per hour compared to $33.82 per hour for Black workers and $30.04 per hour for Hispanic/Latinx workers. While factors like overall lower rates of educational attainment among Black and Hispanic/Latinx workers may influence the disparities at lower percentiles, it seems unlikely that this would influence the disparity between white workers and workers of color in the 90th percentile. Instead, this disparity is likely due to the fact that fewer people of color are represented in senior management positions at companies. A 2019 study by the Center for Talent Innovation found that in the United States, black workers accounted for only 3.2 percent of senior leadership roles at large companies, despite accounting for nearly 12 percent of the country’s population. The study noted that 58 percent of black professional reported experiencing racial prejudice at work compared to 15 percent of white professionals, suggesting that this is a result of systemic racism and biases in the workplace rather than a lack of experience, ambition, or other personal characteristic.

Racial Wage Gaps Were Most Extreme for Earners in the Top Ten Percent

Black and Hispanic workers in each percentile were paid less than the wages paid to workers in Colorado as a whole in those same percentiles in 2018. On the other hand, white workers were paid more than the wages paid to all workers in the state at each percentile. The gaps between each group and workers as a whole were greatest at higher percentiles,
particularly for the top 10 percent of earners. The gap between the wages paid to white workers and the wages paid to all workers in the state was bigger in 2018 than it was in 2000 for all percentiles.

**Wage Growth for Workers of Color was Strongest Among the Bottom 50 Percent**

Between 2000 and 2018, wage growth was strongest for workers of color among the bottom 50 percent of earners. In many cases, the rate of wage growth was faster for Black and Hispanic/Latinx workers than it was for white workers and workers as a whole in the bottom 5 percentiles (including the median). This likely reflects the lower wages paid to Black and Hispanic/Latinx workers of the same percentiles as whites and the relatively greater impact raising the state’s minimum wage over this period had on these lower-wage groups. However, Black workers in the upper four percentiles actually saw their wages decrease between 2000 and 2018. Hispanic/Latinx workers in these percentiles did see their wages
The fastest rates of wage growth were seen among white workers in the top 10 percent. These workers saw their wages increase at an annual rate of 1.4 percent.

Wage Inequality Was Greatest Among White Workers, but has Increased Among All Workers Since 2000

The gap between the hourly wages of workers in the top and bottom 10 percent was greatest among white workers in Colorado between 2000 and 2018. Over this period, the gap between white workers at the top and bottom grew at a faster rate than for Black workers and Hispanic/Latinx workers and workers in the state as a whole. On average, the gap grew by $0.50 per year for white workers, compared to $0.36 per year for all workers. Despite seeing smaller wage gaps between the top and bottom 10 percent of workers, the gap for Black and Hispanic/Latinx workers also grew over this period. However, the rate of growth in wage inequality was less among these groups: increasing by $0.14 per year for Hispanic/Latinx workers and by approximately $0.04 per year for Black workers.

WAGES BY EDUCATIONAL ATTAINMENT

Coloradans with a Bachelor’s Degree or Higher Were Paid More Than Other Workers at Each Percentile

Across all percentiles, workers in Colorado with a bachelor’s degree or higher were paid more than Coloradans with lower educational attainment in 2018. The median wage paid to workers with a bachelor’s degree or higher was $28.64 per hour that year, compared to $14.88 per hour paid to those with less than a high school diploma (or equivalent). Indeed, even at the 90th percentile, a worker with less than a high school diploma ($22.76 per hour) was paid only slightly more than a worker with a bachelor’s degree or higher in the 30th percentile ($20.96 per hour), underscoring
the importance of educational attainment in determining the earnings potential of a worker in our economy.

The Earnings Gap Between Workers of Differing Educational Attainment was Greatest at the Top

The gap between wages for workers of different educational attainments was greatest among those in the 90th percentile. The top 10 percent of workers with less than a high school education earned approximately $28.42 less than what all workers in the state in this percentile earned in 2018. The opposite was true for workers with a bachelor’s degree, who earned $18.84 per hour more than all workers in the state in the 90th percentile. The gap in earnings between workers of different educational attainments and all workers in the state increased as one moves up the wage spectrum.
Figure 56: Annual Rate of Change in Wages by Educational Attainment and Percentile
Colorado, 2000-2018

Figure 57: Percentile Wages by Union Membership
Colorado, 2018

Overall, it appears that the gap between the top and bottom 10 percent of union workers is less than non-union workers and that unions are able to secure higher wages for workers at the bottom end of the wage spectrum.
Wage Growth Was Fastest for Those with Bachelor’s Degree or More in Top 10 Percent

Between 2000 and 2018 the fastest rate of wage growth by educational attainment and percentile was found among workers with a bachelor’s degree or more in the 90th percentile. These workers saw their wages grow by 1.2 percent per year during this period. Notably, the rate of wage growth for those with less than a high school education was actually quite strong since 2000. Workers in every percentile saw their wages increase, with strongest rates of growth seen among the lower percentiles.

Wage Inequality Was Greatest Among Workers with a Bachelor’s Degree or Higher

Despite enjoying higher wages than workers with lower educational attainments, workers with bachelor’s degrees or higher saw the greatest gap in wages between workers in the top and bottom 10 percent. This was consistent throughout the period between 2000 and 2018. During this period, the gap between wages paid to the top and bottom 10 percent grew. While wage gaps existed among other workers with lower educational attainment, these workers all saw the gap between the top ten percent and bottom ten percent decline. However, it seems the reduction in wage inequality was a result of decreasing wages among the top 10 percent rather than increasing wages for all workers, not just those at the bottom. Among workers with a high school diploma or some college, the rate of wage growth was negative among most percentiles between 2000 and 2018.

WAGES BY UNION MEMBERSHIP

Wages for Union Workers Higher than Non-Union Workers in the Bottom 6 Percentiles

In 2018, the median wage paid to union workers was higher than non-union workers by around $2.74 per hour. This was also the case for workers earning less than the median wage, as well as those in the 60th percentile. However, the ability of unions to influence higher wages for members appears to be far less effective at higher percentiles. Overall, it appears that the gap between the top and bottom 10 percent of union workers is less than non-union workers and that unions are able to secure higher wages for workers at the bottom end of the wage spectrum. Wages in 2018 were more equal among union workers than they were for non-union workers.

WAGES BY ECONOMIC SECTOR

Average Wages Varied Tremendously by Sector in Colorado

In 2018, the average weekly wage paid to Colorado workers varied tremendously by economic sector. Workers in the management of companies and enterprises sector had the highest average weekly wage, at $2,616 per week (or $65.00 per hour if working a 40 hour week). On the other hand, workers in the accommodation and food services sector had the lowest average weekly wage, at $451 per week (or $11.26 per hour). Statewide, the average worker earned $1,133 per week (or $28.33 per hour).

Employment was Greatest in Low Wage/High Growth Sectors

Looking beyond specific sectors of the economy, it is helpful to understand if Coloradans are employed in fast-growing, high-paying sectors or sectors that are growing slowly and paying
Figure 58: Employment Growth by Sector and Wage
Colorado, 2010-2018 (size of circles corresponds to a sector’s share of employment)

Source: Colorado Center on Law and Policy analysis of QCEW data from the U.S. Bureau of Labor Statistics
Agriculture, Forestry, Fishing and Hunting
Mining, quarrying, and oil and gas extraction
Utilities
Construction
Wholesale trade
Information
Finance and insurance
Professional and technical services
Management of companies and enterprises
Health care and social assistance
Real estate and rental and leasing
Transportation and warehousing
Accommodation and food services
Other services, except public administration
Government
Arts, entertainment, and recreation
Educational Services
Manufacturing
Retail trade
Administrative and waste services

Statewide Percent Change: 22.8%

High Wage/High Growth

High Wage/Low Growth

Low Wage/Low Growth

Low Wage/High Growth

Statewide Average Wage: $1,133

Weekly Wage (2018)
Low wages. For this analysis, sectors that grew by more than the 22.8 percent statewide rate of job growth between 2010 and 2018 were considered to be high growth, while sectors that paid an average weekly wage above the $1,133 statewide average were considered to be high wage. Sectors that grew slower than the statewide rate or that paid below the statewide average weekly wage were considered to be low growth and low wage, respectively. In all, a slight majority of Coloradans (31.9 percent) were employed in low wage/high growth sectors. As evidenced by the size of the circles in the chart on the previous page, many workers worked in low wage sectors in Colorado.

Rates of Wage Growth Varied by Sector

Between 2001 and 2018, the average weekly wage for workers in Colorado grew at an annual rate of 0.6 percent. Among different sectors, this rate varied considerably. For example, the average worker in the management of companies and enterprises sector saw their wages grow by 2.0 percent over this period. On the other hand, both the arts, entertainment, and recreation and retail trade sectors saw wages decline at an annual rate of 0.1 percent and 0.3 percent, respectively, over this period. Together, these two sectors accounted for 12.3 percent of all employees in the state in 2018. Workers in the accommodation and food services sector, the lowest paid workers on
average in the state in 2018, saw their wages increase by an annual rate of 1.2 percent, faster than the rate of wage growth seen for the average workers in the state as a whole.

**Lower-Wage Jobs Made Up Bulk of Net-Job Gains Immediately Following the Great Recession**

For this analysis, based on a methodology developed by the National Employment Law Project (NELP), 80 industries in Colorado were classified into lower-, mid-, and higher-wage jobs. The cutoffs for each of these classifications were determined based on wage and employment levels in 2003 that allowed for all of Colorado’s workforce in these 80 industries to be divided into three groups with roughly equal numbers of employees. Lower-wage jobs included industries with wages in 2003 (in 2003 dollars) between $388 per week to $702 per week, mid-wage jobs included industries with wages between $703 per week and $1,236 per week, and higher-wage jobs included industries with wages between $1,237 per week and $2,566 per week. Changes in employment for these jobs was tracked throughout the first two decades of the 21st century.

Between 2003 and the start of the Great Recession in 2008, Colorado saw the most growth among lower-wage jobs. Although all categories of jobs saw losses during the Great Recession, lower-wage jobs saw the fewest.
### Figure 61: Change in Employment by Wage-Level
Colorado, 2003-2014

- **Change 03-08**
  - Higher-wage Jobs: -48,965
  - Mid-wage Jobs: -63,604
  - Lower-wage Jobs: -27,157

- **Change 08-10**
  - Higher-wage Jobs: -35,683
  - Mid-wage Jobs: 55,688
  - Lower-wage Jobs: 68,281

- **Change 10-14**
  - Higher-wage Jobs: 54,000
  - Mid-wage Jobs: 64,556
  - Lower-wage Jobs: 64,556

### Figure 62: Net Jobs Gained by Wage-Level
Colorado, 2008-2018

- **Lower-wage Jobs ($338/week to $702/week in 2003)**
  - Jobs Gained 2008-2014: 37,399
  - Jobs Gained 2014-2018: 4,677

- **Mid-wage Jobs ($703/week to $1,236/week in 2003)**
  - Jobs Gained 2008-2014: 85,643

- **Higher-wage Jobs ($1,237/week to $2,566/week in 2003)**
  - Jobs Gained 2008-2014: 123,042
  - Jobs Gained 2014-2018: 80,514

**Source:** Quarterly Census of Employment and Wages (QCEW), U.S. Bureau of Labor Statistics

### Figure 63: Share of Jobs by Wage Level
Colorado, 2003-2018

- **2003**
  - Higher-wage Jobs: 30.9%
  - Mid-wage Jobs: 34.1%
  - Lower-wage Jobs: 35.0%

- **2014**
  - Higher-wage Jobs: 30.5%
  - Mid-wage Jobs: 32.6%
  - Lower-wage Jobs: 35.9%

- **2018**
  - Higher-wage Jobs: 30.3%
  - Mid-wage Jobs: 33.4%
  - Lower-wage Jobs: 36.4%

**Source:** Quarterly Census of Employment and Wages (QCEW), U.S. Bureau of Labor Statistics
The sector to add the most jobs since the start of the Great Recession was the accommodation and food services sector, which also happens to be the sector with the lowest paid workers, on average.

Mid-wage jobs actually saw the greatest losses during this period, followed by higher-wage jobs. During the first four years of economic recovery (2010 to 2014), Colorado saw the greatest growth among mid-wage jobs, followed closely by lower-wage jobs.

However, factoring in job losses experienced during the recession, lower-wage jobs saw the largest net-gain in employment during the years immediately after the recession. While more mid-wage jobs were added between 2014 and 2018, these gains were not enough to make up for the net growth in lower-wage jobs experienced in the period following the recession.

As a result, the distribution of lower-, mid- and higher-wage jobs shifted in Colorado since 2003. While lower-wage jobs had increased from 35.0 percent of all jobs in the state to 36.9 percent of all jobs in the state shortly following the Great Recession, their share of all jobs decreased slightly by 2018 to 36.4 percent thanks to strong growth among mid-wage jobs in the four years prior to 2018. However, the Great Recession led to a shift in the availability of mid-wage and, in particularly, higher-wage jobs in the state. If we look back to the previous section of this chapter, the reason why becomes a little clearer. The sector to see the greatest net increase in jobs since the start of the Great Recession was the accommodation and food services sector. Over 50 percent of the net jobs gained in Colorado between 2008 and 2018 were in the food services and drinking places industry (lower wage), professional and technical services industry (higher-wage), the ambulatory health care services industry (mid-wage), and the social assistance industry (lower-wage). Although there were some higher- and mid-wage industries, the majority of the these jobs were in industries classified as lower-wage.

WAGES BY REGION

Highest Wages Were Paid to Workers in Metro Denver Counties

Wages in Colorado varied substantially by county. Coloradans working in Broomfield County (but who may or may not be living outside of Broomfield County) earned the highest average wage in 2018 at $1,614 per week. After Broomfield County, the counties with the next 4 highest average weekly wages were Denver, Boulder, Arapahoe, and Douglas counties. On the other hand, workers working in San Juan County earned the lowest average weekly wage, at $512 per week. Average weekly wages by county ranged by approximately $1,100 in 2018. Such a range of average wages across the state likely reflects differences in the cost of living.

Wage Growth was Uneven Across the State

Between 2002 and 2018, Colorado’s counties saw various rates of wage growth. Washington County saw its average weekly wage grow at the fastest rate over this period, increasing at an annual rate of 1.9 percent. This was faster
Figure 64: County Average Weekly Wages
Colorado, 2018

Figure 65: Average Wage by County Type
Colorado, 2002-2018

than the 0.6 percent rate of increase seen for the average weekly wage statewide. In all, 33 counties experienced rates of growth above the statewide rate. However, not all counties saw their wages increase over this period. In three counties, San Juan, Conejos, and Prowers, the average weekly wage decreased at an annual rate of 0.4 percent, 0.1 percent, and 0.1 percent, respectively.

**Average Weekly Wage was Higher in Urban Counties**

The average weekly wage paid to Coloradans working in urban counties was higher than in rural counties throughout the period of 2002 to 2018. In 2018, the average weekly wage in urban counties was $1,190 compared to $817 in rural counties, a difference of $374 per week. This gap was the highest seen between the average rural and urban weekly wage over this period.

**Wage Growth was Strongest in Rural Counties Prior to the Great Recession**

Looking at rates of wage growth across different periods within this larger period reveals that wage growth was fastest in rural counties prior to the Great Recession. However, during the recession, rural counties saw their average weekly wage drop by an annual rate of 1.1 percent between 2008 and 2010. Urban
counties on the other hand saw wages continue to grow during this period, and saw the annual rate of growth for the average weekly wage increase at a slightly faster rate in the period between 2010 and 2018.

**Wages were Highest Along the Front Range in 2018**

The highest wages in Colorado were found in regions along the Front Range in 2018. The Metro Denver, North Front Range, and Pikes Peak regions had the highest average weekly wages, at $1,290 per week, $997 per week, and $965 per week, respectively. On the other hand, the South-Central region had the lowest average weekly wage in the state at $698 per week. Although wages increased across all regions of the state since 2002, the Metro Denver, North Front Range, and Pikes Peak regions also had the highest wages that year. The Metro Denver region was the only region in the state to have an average weekly wage above the statewide average.
Rates of Wage Growth were Fastest in Rural Regions

Despite having lower average weekly wages than the regions along the Front Range, two rural regions experienced faster rates of wage growth between 2002 and 2018. Both the Eastern and Southwest regions saw their average weekly wages increase by an annual rate of 1.0 percent over this period. The Pikes Peak region saw the slowest rate of growth at an annual rate of 0.3 percent. All regions in the state saw workers’ wages grow between 2002 and 2018.

KEY TAKEAWAYS

• Increases in the Minimum Wage Appear to Have Resulted in Wage Growth for Least Paid Coloradans
  While the median wage paid to Colorado’s workers stagnated over the past two decades, the bottom 20 percent of wage earners in the state saw their wages grow between 2000 and 2018. Almost all of this growth occurred in the period following the Great Recession and coincided with voters’ approval of increases in Colorado’s minimum wage. Indeed, wages for the bottom 20 percent were either stagnant or declining between 2000 and 2010. If this growth was a result of minimum wage increases, it would appear that beneficiaries of such increases are not just those earning the minimum wage, but also workers earning wages near the minimum. Workers in both the 20th and 30th percentiles saw increases in wages between 2010 and 2018 despite earning wages above the minimum wage. These gains were not seen for earners in other percentiles near the median.

• Wage Inequality is Pervasive and Increasing
  Wages in Colorado not only differed between different demographic groups; there were tremendous differences in wages within different groups. On top of this, the differences in wages both within and between groups grew. While these trends were stronger among certain groups than others, it appears that income from wages has increasingly concentrated amongst a small group of Coloradans, most likely wealthy white males with a bachelor’s degree or more. Since the end of the Great Recession, fewer and fewer Coloradans are feeling the benefits of our state’s strong and booming economy.

• Low-Wage Jobs Proliferated Following the Great Recession
  The job losses of the Great Recession were felt most strongly in industries with average weekly wages above $702. During the initial years of recovery following the end of the recession, growth returned quickest to industries with lower wages. By 2014, Colorado had gained a net of 37,399 lower wage jobs compared to 4,677 mid-wage jobs and 6,723 higher-wage jobs. We know that two of Colorado’s fastest growing sectors following the recession were retail trade and accommodation and food services; the
two lowest paying sectors, on average, in 2018.

- **The Average Wage in All Counties is Below Self-Sufficiency Standard**

  It is difficult to evaluate whether the existing average weekly wage in a county or region is “good” without taking into account the cost of living in different parts of the state. For instance, wages may be lower in rural areas due to the lower cost of housing, transportation, health care, child care, food, and other essential goods and services Coloradans need to pay for with their wages. The Colorado Center on Law and Policy, in partnership with the University of Washington, regularly publishes a Self-Sufficiency Standard, an accounting of the wages different types of families in different parts of the state must earn to cover these essential costs.

  Comparing the Self-Sufficiency Standard for a single-adult household to the average weekly wage paid in each county reveals that no county’s wage is enough to cover the cost of living in that county. This is a somewhat simplistic comparison, as workers may work in one county but live in another, not to mention that the “average” is not representative of every worker in the state. However, it does suggest that wages for many Coloradans are not sufficient to cover their cost of living without supplementing with other sources of income (including government transfer payments). The average weekly wage in each county covered an average of 42.8 percent of the self-sufficiency wage needed to support a single-adult family in 2018. Even if we expand this hypothetical family to include two average-wage earners and a school-age child, the family’s combined wage would only cover an average 40.8 percent of the costs needed to support that family. In 2016 it was estimated that 27.4 percent of working-age households in the state were below the self-sufficiency standard for their family type and county.
Wages or salaries are only one means through which Coloradans earn money to support themselves and their families. In addition to wages or salary, the U.S. Census Bureau includes money earned from the following sources in its income statistics: interest, dividends or rentals; retirement (including pensions, retirement accounts, survivor, or disability income); Social Security; self-employment; Supplemental Security Income (SSI); public assistance (not including non-cash benefits like SNAP); and all other sources (includes unemployment insurance, alimony, child support, Veterans Affairs payments, and military family allotments). Data on the sources of households or individuals income is entirely self-reported by respondents of Census Bureau surveys. This is important to note, since many respondents answer by memory and tend to under report income, particularly from non-employment-related sources. For this reason it is not uncommon to see also see income statistics that draw from tax filing data. In addition, income figures reported by the Census Bureau do not take into account taxes, tax credits (such as the EITC), or non-cash public benefits such as those provided through SNAP or the Housing Choice Voucher program.

Income statistics from the U.S. Census Bureau can be reported in a variety of ways. Personal or individual income represents the income earned by a person 15 years old and over from all eight of the sources above. Individuals can also be grouped into households or families. Household income represents the sum of all income earned by individuals 15 years old and older living together, regardless of whether or not the individuals are related. Family income, on the other hand, only includes income from individuals living in a household who are related by blood or marriage to the main respondent of the survey (also called the householder in Census Bureau lingo). Because households may include just one person (if the householder is living alone), family income statistics tend to be larger than those for households. Finally, the Census Bureau summarizes both household and family income using means and medians. The mean household or family income is calculated by taking aggregate income (all income earned by all households or families) and divides by the number of households or families in the sample population. As is true with averages generally, this statistic can be skewed by extreme values and make it appear as though the “typical” household is earning more income than it really does. Median income tends to be more representative of the typical household or family, as it is the value at which half of households or families earned more and half earned less. In general, both the mean and median incomes for families are larger than for households, as over one-quarter of households in Colorado in 2018 were made up of adults living alone. Table 1 illustrates these
differences for family and household income in 2018.

Income is an important metric to look at when assessing the state of working Colorado because it provides a general sense of a household’s economic security. It is more expansive than wages since it includes more sources, as well as multiple earners that may live in the same household or family. The source and distribution of income across households and individuals in the state is also telling of how the economy is working for different groups in Colorado.

As a person or household accumulates income from wages and other sources that exceeds their expenditures (i.e., savings), they begin to build their own safety net that can be used in case of emergencies or used to buy other assets of value, such as a car or a home. This accumulation of assets is known as wealth. A person’s or household’s wealth is the sum of their assets (savings accounts, vehicles, homes, stocks and bonds, retirement accounts, etc.) and debts or liabilities (credit card debt, student loans, medical debts, etc.). Given the formula to determine a household’s net worth is arithmetic, it is possible for a household to have negative wealth if their debts exceed their assets. While measures of wealth vary depending on the survey one looks at, the 2018 Survey of Income and Program Participation (SIPP) from the U.S. Census Bureau shows that over 10 percent of households in the United States had a negative net worth in 2017.

As one would imagine, there is a tremendous variation in the wealth of households in the United States and in Colorado based on age, race/ethnicity, educational attainment, and income levels. Wealth is also passed down through families from older generations to younger ones meaning that not all individuals or households start in the same place when it comes to accumulating wealth.

Unfortunately, there is not much data available on the wealth of Colorado households—government statistics on wealth are primarily available at the national-level only and small sample sizes make it difficult to reliably estimate more detailed disaggregation of data on wealth at the state level. As such, the majority of the data on wealth presented in this section will be for the nation as a whole; however, Colorado statistics are included where available. There is no reason to suspect that the trends seen in national data are not also at play in Colorado.

Whereas wealth is a measure of an individual’s or household’s material possessions, poverty is a measure of the opposite—the number or share of households that do not have enough income or other material possessions to meet their basic needs. There is no one way to measure poverty, however the most common metric in the United States is Official Poverty Measure (OPM).

The OPM defines the poverty limit as the income needed to cover three-times the costs of a minimum food diet in 1963, adjusted for inflation and family size. This methodology, developed by the federal government, has not fundamentally changed in over 50 years other than to account for changes in the cost of living (inflation). This approach to measuring poverty assumes that three times the cost of a minimum

### Table 1: Comparison of Incomes

<table>
<thead>
<tr>
<th></th>
<th>Average Income</th>
<th>Median Income</th>
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<tbody>
<tr>
<td>All Household</td>
<td>$96,218</td>
<td>$71,953</td>
</tr>
<tr>
<td>Family Households</td>
<td>$114,334</td>
<td>$88,955</td>
</tr>
</tbody>
</table>

Source: 1-Year American Community Survey, U.S. Census Bureau
food diet in 1963 is still enough income for a family or household to be economically secure and self-sufficient in 2018. Furthermore, the poverty level set by the federal government is the same across all 48 states in the contiguous United States and does not adjust to reflect variations in the cost of living across the country, let alone within a state. However, this weakness can also be a strength. Because we have consistently measured poverty the same way since the 1960s, we can consistently compare poverty rates across a period of many years, something that is not always possible with statistics whose methodologies change or are updated over time.

Other measures that account for a more realistic cost of living for families have been developed and published by a number of researchers. The Colorado Center on Law and Policy works with the University of Washington to regularly publish a Self-Sufficiency Standard. The standard takes into account costs associated with housing, food, health care, transportation, child care and other expenses and adjusts for county and household composition. With these differences from the OPM, the Self-Sufficiency Standard shows a very different picture of poverty in Colorado. For instance, 8.4 percent of working-age families in Colorado (households with at least one member between the ages of 18 and 64 with no work-limiting disability) were below the poverty level in 2016, compared to 27.4 percent who were below the Self-Sufficiency Standard (2016 incomes were inflated to 2018 dollars in order to compare them to the Self-Sufficiency Standard).

Taken together, income, wealth, and poverty provide us with evidence for how the state’s economy is working for Coloradans, and how it might be failing certain groups or geographic regions of the state.

**INCOME**

**Aggregate Income Earned by Households Grew Since 2010**

Together, Colorado’s households earned a total of $209.4 billion in 2018. This is an increase from 2010 when households earned $142.0 billion, adjusted for inflation. Although some of this growth was due to the overall increase in households living in the state (2.0 million in 2010 compared to 2.2 million in 2018), controlling for the number of households reveals that incomes per household also increased over this period. In 2018, the aggregate household income divided between all households in Colorado (i.e., the average household income) was $96,218 compared to $83,589 in 2010. However, while the average household saw their income increase by $12,629 between...
2010 and 2018, the majority of households in the state likely saw their incomes increase by less than this amount.

**Wages were the Largest Source of Household Income**

Income from wages or salaries earned by households accounted for over three-quarters of the $209.4 billion earned by Colorado households in 2018. However, households in the state also earned an additional $50.1 billion from other sources that year. The next largest sources of income for households in 2018 were interest, dividends, and net rental income ($13.1 billion); retirement income ($11.1 billion); and Social Security income ($11.1 billion). Income from cash-based public assistance programs accounted for just 0.1% ($111 million) of all income earned by households in 2018.

**Average Income from Interest, Dividends, Rental Income Increased the Most Since 2010**

Between 2010 and 2018, interest, dividends, and rental income was the fastest growing source of income for Colorado households. In aggregate, income earned from this source increased at an annual rate of 5.7 percent over this period. In comparison, aggregate income from all sources increased by 3.1 percent. However, as before, part of this increase is due to the fact that more households received income from this source in 2018 than in 2010. Controlling for household growth, the average income from interest, dividends, or rental income earned by a household with income from this source increased from $17,625 in 2010 to $24,997 in 2018, an annual rate of growth of 4.5 percent. Again, the growth in the average amount of income earned by households from this source also grew at the fastest annual rate of any source. Overall, Colorado households saw their average income increase by 1.8 percent per year. On the other hand, the

![Figure 70: Change in Average Household Income by Source](source: 1-Year American Community Survey [ACS], U.S. Census Bureau)
average income from public assistance earned by households with this income decreased at an annual rate of 5.7 percent, from an average of $4,708 in 2010 to $2,541 in 2018.

Majority of Households Received Income from Wages or Salaries
Perhaps not surprisingly given its significant share of aggregate income, approximately 79.1 percent of households in Colorado earned wage or salary income in 2018. The next most common source of income was from Social Security, from which 26.1 percent of households earned income in 2018. Just 2.0 percent of Colorado households earned income from public assistance. The fastest growing source of income for households, income from interest, dividends, and rentals, was earned by less than a quarter of households. Given that wealthy households are most likely to own assets that generate this type of income (such as stocks, bonds, or real estate), this likely contributed to the growing income inequality in the state.

Median Household Earns More than in Neighboring States
In 2018, the median household income, from all sources, in Colorado was $71,953, a 1.6 percent increase from 2017. This was the highest median income of all states in the Mountain region (including Montana, Idaho, Wyoming, New Mexico, Arizona, Utah, and Nevada), and the 12th highest median income of all 50 states and the District of Columbia. Colorado’s median household income has been above the median for the country as a whole since at least 2000.

Income Growth for Median Households Stagnated Over Much of the Past Two Decades
Colorado’s median household income remained below its previous 2003 peak of $69,167 until 2018. In other words, the median household in Colorado earned less money than they did in 2003 throughout much of the past twenty years. Since 2000, the median household income in Colorado increased at an annual rate
Figure 72: Median Household Income
Colorado and United States, 2000-2018

Figure 73: Average Household Income by Quintile
Colorado, 2010-2018

Figure 74: Gap Between Top and Bottom 20%
Colorado, 2010-2018

Source: 1-Year American Community Survey (ACS), U.S. Census Bureau
of 0.3 percent, 0.2 percentage points faster than the annual rate of growth seen for the hourly wage over that same period. Adjusting for inflation, the median income increased by $4,118 over the entire period, an annual increase of $228.80. However, much of this growth in the median income was experienced since the end of the Great Recession. Between 2000 and 2008, the median household income declined at an annual rate of -0.2 percent and dropped 3.2% each year during the Great Recession (2008-2010).

**Gap Between Top and Bottom Quintiles Grew**

Since the end of the Great Recession, households in Colorado saw their incomes diverge. While the average income for all quintiles and the top 5 percent of households increased between 2010 and 2018, the top quintiles saw their average incomes increase the most. Between 2018

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**WHAT IS “MEDIAN” HOUSEHOLD INCOME?**

Median household income is the midpoint at which 50 percent of households make more than that amount, and 50 percent of households make less. Because of income inequality and the concentration of wealth at the top, the median is a better central measure of household income than the average because the wealthiest individuals’ income skews the average to be much higher than what a typical household in Colorado earns. However, solely relying on this measure has its own limitations. For example, the median income of a household does not tell you how many wage earners are contributing to the total income, or how many jobs householders have to work to attain that level of income. For example, low-wage earners may have to work 2 jobs and more than 40 hours to have the same income as a salaried employee working 40 hours per week. The median also does not tell us how incomes are distributed above and below the median.
and 2010, the average household in the upper quintile (or top 20 percent of households) saw their income increase from $205,478 in 2010 to $237,273 in 2018, an increase of $31,795. In contrast, the average household in the bottom quintile saw their income grow by just $2,707, from $14,277 to $16,984. As a result, the gap between the average household in the bottom quintile and the average household in the top quintile grew from $205,478 in 2010 to $220,289 in 2018. This same trend holds true when we look at changes in the average household income of the lowest quintile with the average household income of the top 5 percent. Over the same period, the average income of a household in the top 5% grew by $63,479 and the gap between the average income of a household in the bottom quintile and the top 5 percent grew from $337,401 to $398,173.

Households in the Top Quintile Captured Nearly Half of Aggregate Income

Just under half of the state’s income went to the wealthiest 20 percent of households, with 21.6 percent of all income going to the top 5 percent of households in 2018. By contrast, just 12.7 percent of the state’s aggregate income went to households in the bottom 40 percent of households by income. The share of income going to each quintile has remained roughly the same since 2010. These statistics make it clear that the growth in aggregate income in Colorado is not being distributed equitably across socioeconomic classes.

Income Going to Top 1 Percent Was at Record Levels

Income inequality in Colorado was even more apparent when we look at the share of income earned by the top 1 percent of households in the state. Researchers at the Economic Policy Institute analyzed tax return data going back to 1917 and found that the share of income earned by the top 1 percent of households has remained roughly the same since 2010. These statistics make it clear that the growth in aggregate income in Colorado is not being distributed equitably across socioeconomic classes.

Figure 76: Share of Household Income Going to the Top 1%
Colorado, 1917-2015 (with 10-year moving average)

Source: Estelle Sommeiller and Mark Price, The New Gilded Age: Income Inequality in the U.S. by State, Metropolitan Area, and County, an Economic Policy Institute report published in July 2018; data from state-level data from the Internal Revenue Service SOI Tax Stats (various years) and Piketty and Saez 2016
going to the top 1 percent is at levels that we have not seen since the 1920s and 1930s. In 2015 (the latest year for which data from this study is available) the top 1 percent of households in Colorado earned 17.2 percent of the total income earned in the state, much higher than the low of 7.6 percent seen during 1976. During the 1980s and 1990s, the top 1 percent saw their share of income earned increase dramatically. While the share of income captured by the top 1 percent appears to be leveling-out in recent years, the level of income inequality in our state was greater during 2010 than we’ve seen in Colorado over the past 100 years.

There Were Stark Racial Disparities in Income

As with wages, Colorado households’ incomes varied tremendously depending on the race or ethnicity of the householder. While the median income for white, non-Hispanic/Latinx households and Asian households were both higher than the state median in 2018, the median incomes for multiracial, Latinx, Black/African American, and American Indian/Alaska Native households were significantly less than the state median. Median income was as high as $79,399 for Asian households, and as low as $48,427 for American Indian/Alaska Native households.

Median Household Incomes Declined for Some Racial Groups

Between 2000 and 2018, the median household income for most, but not all, racial/ethnic groups increased. Multiracial households saw the largest increase over this period, with median income growing by $12,008. On the other hand, American Indians/Alaska Natives saw their median household income drop by $4,775 over this same period. Black/African American households also saw their median incomes decrease over the past two decades.

Uneven Class Composition

Racial disparities in income are also apparent in analyzing class composition. The Pew
While Asians had the highest median household income of any group in 2018, it is important to note that the Census Bureau’s racial and ethnic categories include individuals from many different countries and ancestries, which can obscure inequities within groups. Nationally, income inequality is especially pronounced among Asian Americans and is rising rapidly. In 2015, the median household income of Asian Americans living in Colorado ranged from $100,494 (Taiwanese) to $21,250 (Burmese). Asian Americans in Colorado came from 16 different countries that year, representing all ends of the large and diverse Asian continent.

Overall, Asian Americans’ median income has consistently tracked that of white households for several years. However, Asian Americans have also seen the greatest percent increase in the number of people experiencing poverty of any group since 2010. Therefore, simply using median household income as an indicator of prosperity masks disparities in the economic security among Asian Americans in our state. It can also reinforce stereotypes about Asian Americans. One such stereotype, the myth of the model minority, is particularly harmful. This myth states that all Asian Americans are law-abiding, have high levels of educational attainment, and have obtained success in America without assistance from any social assistance programs, among other misguided assumptions. It has led some to hold up Asian Americans as a model of how other minority groups should behave, masking the struggles and histories of oppression faced by Asian immigrants in the United States while also explaining the disparities between whites and people of color on personal behavior, ignoring the major role systemic racism plays in these disparities.
Research Center defines “middle class” as households whose annual income is between two-thirds to double the median income. Since this definition of the middle class is relative to the median income, changes in the median income, or a lack thereof, means that being in the middle class in 2018 did not necessarily mean that a household could afford what we might consider to be a middle class lifestyle (e.g., owning a home, paying for children to go to college, etc.). However, it is a helpful metric for examining income inequality across races/ethnicities.

In Colorado, middle income households earned between $46,720 and $140,160 in 2018; about 49 percent of households. 32.5 percent of households were lower income by this definition and 18.7 percent were upper income. While the share of the middle income Coloradans tends to hold constant across racial and ethnic groups, the percentage of people who fell into the upper and lower income categories is very different depending on race/ethnicity. For example, while over 20 percent of Asian and White households fell into the upper income category, less than 10 percent of Black/African American and American Indian/Alaska Native households were upper income. Nearly half of black households were considered lower income, compared to just one third of Colorado households overall. These disparities demonstrate that Black/African American, Hispanic/Latinx, and American Indian/Alaska Natives face significant barriers to upward income mobility.

**Income and Inequality Varies Significantly Across Counties**

While counties in the urban Front Range tended to have higher median household incomes in 2018, Colorado’s rural counties, especially in the eastern and southern parts of the state, have lower median incomes. Median household income in 2018 ranged from a high of $115,314 in Douglas County to $30,593 in Costilla County. Only 11 of the 64 counties have median household incomes that were above the state median.
Income Inequality Varied Within Counties

Income inequality also varied within Colorado’s counties. Analysis by the Economic Policy Institute compared the average income for the top 1 percent of households in 2015 to the average income of the bottom 99 percent of households that same year for most counties in the United States. Looking only at Colorado, Pitkin County was the most unequal county in the state, with a top-to-bottom ratio of 72.2 (meaning the average income of the top 1 percent in Pitkin County was 72.2 times the average income for the bottom 99 percent). On the other hand, the average income of the top 1 percent in Rio Blanco county was 7.9 times the average income of everyone else. Eleven counties had top-to-bottom ratios higher than the statewide ratio of 20.6. Nationally, Pitkin County and San Miguel County both ranked in the top ten most unequal counties, at seventh place and eighth place, respectively.

WEALTH

Assets of American Households Were Distributed Unequally by Wealth

Similar to income, the distribution of the value of assets owned by American households was extremely unequal. In 2018, the value of assets owned by the bottom 50% of households by net worth represented just 5.6 percent of the value of all assets owned by American households that year. On the other hand, the
top 1 percent of households by wealth owned 27.3 percent of assets that year. This is a more unequal distribution of assets than in 2000. In all, the assets owned by the top 10 percent of households represented more than 60 percent of the value of all assets owned by households in the United States.

**Real Estate Was the Most Valuable Asset Owned by American Households**

In 2018, real estate accounted for $28.3 trillion of the $114.6 trillion of assets owned by American households that year. It was followed closely by pension entitlements ($25.7 trillion) and corporate equities ($22.6 trillion). Consumer durables (such as cars) made up the smallest share of Americans’ assets in 2018, accounting for just 4.8% of the total.

**Composition of Households’ Assets Varied by Net Worth**

The types and value of assets owned by American households varied by that household’s net worth. For instance, real estate assets accounted for over half (51.5%) of the value of assets owned by the bottom 50 percent of households in 2018. This was a larger share than for all households (24.8 percent). This suggests that real estate was one of the most valuable assets owned by a majority of households in the United States.
In 2018, real estate accounted for approximately $28.3 trillion of the $114.6 trillion of assets owned by American households that year. It was followed closely by pension entitlements ($25.7 trillion) and corporate equities ($22.6 trillion).

**Figure 82: Share of Household Assets Owned by Percentile**
United States, 2000 - 2018 (by total value of assets)

Source: Survey of Consumer Finances and Financial Accounts of the United States, U.S. Federal Reserve

**Figure 83: Composition of Household Assets by Type**
United States, 2018

Source: Survey of Consumer Finances and Financial Accounts of the United States, U.S. Federal Reserve
Debts Were More Equally Distributed than Assets

Unlike assets, the distribution of debts (or liabilities) across household wealth percentiles were much more equal. For instance, the bottom 50 percent of households by wealth owned 32.2 percent of the total $14.9 trillion of debt owned by all households in America. On the other hand, the top 1 percent of households owned just 4.9 percent of debts. In addition, the distribution of debt among households by wealth remained largely the same in 2018 as it was in 2000.

Home Mortgages Were the Largest Source of Debt Among American Households

In 2018, the largest source of debt for most American households was from home mortgages. In total the value of this type of debt accounted for 68.1 of all debt held by households that year. Among the bottom 50 percent of households, consumer credit was also a major source of debt. In 2018, this source accounted for 46.4 percent of debt held by these households, compared to 9.2 percent of debt held by households in the top 1 percent.

The Top 10% of Households Were the Only Ones to See an Increase in Net Worth from Pre-Recession Levels

All wealth groups saw their net worth decline following the Great Recession. However, only the median net worth for households in the top ten percent had recovered to pre-recession levels (2007) by 2019. As of 2019, the median net worth of the bottom 25 percent of households was 80.8 percent lower than in 2007, the greatest loss among all groups. Indeed, in 2010 and 2013 households in this group had a median net worth of $0. In contrast, the net worth of households in the top 10 percent was 11 percent higher in 2019 than in 2007.
All wealth groups saw their net worth decline following the Great Recession. However, only the median net worth for households in the top ten percent had recovered to pre-recession levels (2007) by 2019.

Figure 86: Median Household Net Worth
Gap Between Median Wealth of Top 10% and Bottom 25% Has Grown

The gap between the median net worth of the wealthiest 10 percent of American households and the bottom 25 percent of households has grown over the past 20 years. In 1989, this gap was approximately $1.4 million (in 2019 dollars). Despite shrinking in the years following the Great Recession, this gap grew to $2.6 million in 2019.

Distribution of Assets by Race Was Unequal but Becoming More Equal

As with household wealth, the total value of all assets owned by households varied by race/ethnic origins, with white, non-Hispanic/Latinx households owning a disproportionate share of assets relative to their overall share of the population. In 2018, despite accounting for approximately 60.2 percent of American households, white, non-Hispanic/Latinx households owned 82.8 percent of assets by value in the United States. On the other hand, Hispanic/Latinx households owned 3.1 percent...
of assets by value despite accounting for 18.3 percent of Americans in 2018. However, the racial disparity in asset ownership has become less unequal since 2000. That year, white, non-Hispanic/Latinx households owned 90.3% of the all assets by value, 7.4 percentage points more than in 2018.

Non-White Household’s Share of Debts Has Increased

Between 2000 and 2018 the share of debt, by value, held by white households in the United States declined from 83.8 percent in 2000 to 71.4 percent. On the other hand, the share of debt held by non-white households increased from 16.2 percent to 28.6 percent over the same period. For reference, non-white Americans accounted for 39.8 percent of the population in 2018, meaning that households of color hold less debt than we would expect if debt was distributed equally across racial/ethnic groups. The median debt held white households was $79,000 in 2019 compared to $40,000 for Hispanic/Latinx households or $27,500 for Black/African American households.

**White Households Had the Largest Median Net Worth**

The median net worth of white households in the United States was greater than the median net worth of other racial/ethnic groups for the past two decades and has increased the most over this period. In 2019, white households in America had a net worth of $189,100, $45,540 more than the median net worth of white households in 1989 (adjusted for inflation). On the other hand, the median net worth of households of color was over $150,000 below that for white households. Black/African American households had a median net worth of $24,100 in 2019, while Hispanic/Latinx households had a slightly larger median net worth of $36,050. The median net worth for all racial/ethnic groups except for Hispanic/Latinx households was still below their median net worth prior to the Great Recession.
Racial Wealth Gaps Were Persistent and Growing

The gaps between the median net worth of households of different racial/ethnic backgrounds and the median net worth of all households in the United States grew since 1989. The gaps for households of color grew throughout the 1990s and early 2000s, but decreased following the Great Recession. Although 2010 saw the smallest gap in median net worth for household of color over this period, the gaps began to increase again throughout the 2010s, particularly for Black and Hispanic/Latinx households.

Wealth of Coloradans is Hard to Analyze

Given that almost all statistics on wealth or net worth are not available on a state-level, it is hard to understand how the wealth of Coloradans has changed over time. This is particularly true for different groups of Coloradans (such as racial/ethnic groups or wealth percentiles). However, it is possible to estimate how wealth has changed for different groups in the state.
by looking at changes in components of wealth, such as homeownership or debt.

**Coloradans Net Worth is One of Highest in the Country**

In 2016, the median net worth of Colorado households was $170,865. While this was lower than the previous year, it marks an increase from 2013. During this time, the median net worth for Coloradans exceeded that for households in the United States by $78,755 in 2016. In fact, the median net worth for Coloradans was the fourth highest in the country. Only New Jersey, Maryland, and Minnesota had more wealth (New Jersey households had the highest median net worth, at $229,200).

**Racial Wealth Gap Present in Colorado**

The racial wealth gap observed in national data on net worth also appeared to be present among Colorado households. While there is a lack of reliable data on the wealth of households of color in Colorado, we know that the median

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**Figure 92: Median Household Net Worth**

**Colorado and United States, 2013 - 2016**

<table>
<thead>
<tr>
<th>Year</th>
<th>Colorado</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$156,569</td>
<td>$79,029</td>
</tr>
<tr>
<td>2014</td>
<td>$181,816</td>
<td>$90,606</td>
</tr>
<tr>
<td>2015</td>
<td>$194,179</td>
<td>$86,660</td>
</tr>
<tr>
<td>2016</td>
<td>$170,865</td>
<td>$92,110</td>
</tr>
</tbody>
</table>

Source: Prosperity Now Scorecard analysis of data from the Survey of Income and Program Participation (SIPP), U.S. Census Bureau

**Figure 93: Median Household Wealth by Race**

**Colorado, 2016**

<table>
<thead>
<tr>
<th>Race</th>
<th>Median Household Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>White Coloradans</td>
<td>$282,564</td>
</tr>
<tr>
<td>All Coloradans</td>
<td>$170,865</td>
</tr>
</tbody>
</table>

Source: Prosperity Now Scorecard analysis of data from the Survey of Income and Program Participation (SIPP), U.S. Census Bureau
net worth of a white household was $282,564 in 2016, larger than the median net worth for all Colorado households. We can assume that the net worth of households of color was lower than that for white households, which is why the median net worth for all Coloradans was also lower. However, we cannot say for certain how large the racial wealth gap was in Colorado.

**Share of Households with Zero Net Worth Has Declined**

The share of Colorado households with a net worth of zero decreased from 15.8 percent of households in 2013 to 12.5 percent in 2016. The share of households with no net worth in Colorado was smaller than the share of American households with no net worth over this period. However, even at this rate more than one in ten households in Colorado had no net worth, meaning they lacked any sort of personal safety net to fall back on in times of need.
Larger Share of Households of Color Had Zero Net Worth Compared to White Households

Another way to understand the racial wealth gap in Colorado is to look at the share of households by race/ethnicity with zero net worth. Doing so reveals that the share of households with zero net worth was larger for households of color than for white households. In 2016, 9.7 percent of white households had zero net, compared to 21.9 percent of households of color. The share of households with no net worth was largest among Asian households, followed by Hispanic/Latinx households (32.6 percent and 24.2 percent, respectively). While this does not tell us the size of the racial wealth gap in Colorado, it is another piece of evidence that suggests there is a racial wealth gap in the state.

White Households Experienced Highest Homeownership Rates in Colorado

Given homes are the largest asset held by American households, homeownership rates by race and ethnicity can give us a sense of how equitably this valuable asset was distributed among Colorado households. In 2018, 65.1 percent of households in Colorado owned a home, a slight decrease from 65.9 percent in 2010. White, non-Hispanic/Latinx households had the highest homeownership rate in the state, with 70.2 percent of such households owning a home in 2018. On the other hand, homeownership rates were lowest for Black/African American households. Slightly more than one in three households owned their home in 2018. Other households of color also had lower homeownership rates than statewide rate.

Housing Values Have Increased Since 2010

Underscoring the important role homeownership plays in wealth accumulation, housing values in Colorado have increased, adjusting for inflation, since 2010. The median value of a home in Colorado was $373,300 in 2018, over $100,000 more than in 2010. While
Figure 97: County Median Home Values
Colorado, 2018

Figure 98: Change in Home Values by Percentile
Colorado, 2010-2018
this suggests that households who own their home are likely to be wealthier in 2018 than in 2010 thanks to increasing home values, the increase in value was not uniform across the board. For instance, the value of homes in the lowest quartile (25th percentile) increased by $67,777 between 2010 and 2018 compared to $115,141 for homes in the upper quartile (75th percentile). In addition, the median value of a home for a white household in the United States was $230,000 in 2019 (in 2019 dollars) compared to $200,000 for homes owned by Hispanic/Latinx households and $150,000 for homes owned by Black/African American households. This suggests that even if a household of color is able to purchase their own home, that home is likely worth less, and thus contributes less to wealth accumulation than a home purchased by a white household.

**Figure 99: Share of Coloradans with Debt in Collections**

Colorado, 2018

![Bar chart showing the share of Coloradans with debt in collections by type of debt and color group.]

Source: Urban Institute analysis of data from an anonymous credit reporting agency and the U.S. Census Bureau
Home Values Also Varied Geographically

The value of a home in Colorado was not the same across the state. In 2018, the median value of a home varied from $71,700 in Crowley County to $623,400 in Pitkin County. Again, given the importance of real estate to households’ net worth, this distribution suggests that households in counties with lower median housing values were likely to have less net worth than households in counties with higher median housing values, particularly for households in the bottom 50 percent.

Larger Share of Households of Color Had Debt in Collections

Another way to examine the racial wealth gap in our state is to look at the second part of the net worth calculation: liabilities. According to analysis by the Urban Institute, 26 percent of all Coloradans had some debt in collections in 2018. The median amount of debt in collections that year was $1,736. While 22 percent of Coloradans living in predominantly white zip codes (60 percent white or more) had any debts in collection, 44 percent of Coloradans living in predominantly non-white zip codes (60 percent non-white or more) were facing debt collections for some part of their debt. While the median debt in collections was higher for white zip codes ($1,768) than zip codes of color ($1,469), the median amount of debt in collections in communities of color was 2.1 percent of the median household income for Coloradans of color, compared to 1.7 percent for white households. In other words, on top of already being more likely to have fewer assets (by value), Coloradans of color are also more likely to have higher debt burdens than white households. It should also be noted that debt held by individuals or households that is not in collections is not included in this analysis.

Figure 100: Federal Poverty Thresholds
United States, 2018

Poverty Thresholds and Guidelines

The official poverty measure (OPM) has been in use since the 1960s and is calculated by multiplying the cost of a low-budget food diet by three to account for additional costs a family might face to make ends meet. However, many experts agree that the OPM is outdated and severely underestimates the income needed to make ends meet, namely because it does not account for differences in costs of living across the 48 contiguous states or the rising costs of other necessities including health care, housing, transportation, and child care.

This report focuses on poverty statistics using the federal poverty thresholds (OPM) determined by the U.S. Census Bureau. Despite
its limitations, this metric is still used to define the federal poverty guidelines (or simplified versions of the thresholds) that determine eligibility for nearly all public assistance programs such as the Supplemental Nutrition Assistance Program (SNAP) and Medicaid. Knowing the percentage of individuals who live below 200 percent of the federal poverty guidelines, also known as near poverty, is useful for understanding how many Coloradans could slide into poverty in the face of economic insecurity.

The State’s Poverty Rate Has Declined

Colorado’s overall and child poverty rates declined over the past several years since the Great Recession. In 2018, the overall poverty rate was 9.6 percent and the childhood poverty rate 11.9 percent. These rates remained below the national rate of 13.1 percent and 18 percent, respectively. From 2017-2018 alone, the number of Coloradans experiencing poverty decreased by 4.8 percent. While these trends are encouraging and should be celebrated, the

Figure 101: Poverty Rate for All Coloradans and Children
Colorado, 2000-2018

Source: 1-Year American Community Survey (ACS), U.S. Census Bureau

Figure 102: Poverty Rates by Gender
Colorado, 2018

Source: 1-Year American Community Survey (ACS), U.S. Census Bureau
The measure used to determine the poverty rate is imperfect and gives an inaccurate picture of how many working families were struggling to make ends meet. In addition, the poverty rate for all Coloradans and for children remained higher in 2018 than it was in 2000.

**People of Color Were Most Likely to Experience Poverty**

Despite declining poverty rates for the population as a whole, disparities across race and ethnicity were significant and have been persistent in Colorado for decades. While white Coloradans experienced poverty at a lower rate than the overall statewide rate of 9.6 percent in 2018, people of color experience poverty at much higher rates. In fact, nearly half of American Indian/Alaska Native, Black/African Americans, and Hispanic/Latinx Coloradans live in or near poverty compared to 20 percent of white Coloradans. Despite their low rate of poverty, white Coloradans represented 52.6 percent of all Coloradans who are experiencing poverty.

**Women Experienced Greater Rate of Poverty**

Both nationwide and in Colorado, women were more likely to experience poverty than men. In 2018, the poverty rate for women in Colorado was 10.6 percent compared to 8.7 percent for men. This was 1.0 percentage points higher than the statewide poverty rate of 9.6 percent.

**Even Coloradans Employed Full Time Experienced Poverty**

While the rate of poverty experienced by those employed full time and year-round was much smaller than the population as a whole, there was a number of working Coloradans experiencing poverty in 2018. Sometimes referred to as the working poor, these Coloradans did not earn enough to meet their basic needs despite working full time. In 2018, about 1.7 percent of full-time workers experienced poverty in Colorado, lower than the nationwide rate of 2.5 percent. The poverty rate for full time workers had been declining in Colorado since reaching 2.8 percent in 2012.
Figure 104: Poverty Rate for Full Time Workers
Colorado and United States, 2010-2018

Source: 1-Year American Community Survey (ACS), U.S. Census Bureau

Figure 105: Liquid Asset Poverty Rates
Colorado, 2016

Source: Prosperity Now Scorecard analysis of data from the Survey of Income and Program Participation (SIPP), U.S. Census Bureau

Figure 106: Poverty Rates by Disability Status
Colorado, 2018

Source: 1-Year American Community Survey (ACS), U.S. Census Bureau
Forty Percent of People of Color Were Liquid-Asset Poor

Another indicator of economic insecurity is the liquid-asset poverty rate. Households that are liquid-asset poor lack adequate savings to cover expenses for three months at the federal poverty level should they lose employment or face another interruption in their source(s) of income. In Colorado, 23.5 percent of households were liquid-asset poor in 2016. However white, non-Latinx households had a lower rate of liquid-asset poverty (18.4 percent) compared to the overall population, while the rate for people of color was much higher (40.6 percent). These figures are cause for concern, as families who lack the ability to save money for financial emergencies are more likely to be pushed into poverty.

Inequities Across Disability Status

In 2018, 600,664 people in Colorado, or 10.7 percent of the population, was living with a disability. The poverty rate for Coloradans with a disability was 17.2 compared to 7.9 percent for people with no disability. Families who have one or more members with a disability may face economic hardship due to limited ability or inability to work, care taking responsibilities, and increased medical costs. In Colorado, households with at least one member with a disability experienced poverty at nearly twice the rate of households without a disabled family member. Moreover, individuals and families can lose federal benefits such as Social Security Income (SSI) if their assets exceed certain limits, making it difficult or impossible for families who have a member with a disability to save for financial emergencies, make steps toward greater self-sufficiency, and/or build wealth while participating in public assistance programs. Nationally, workers with a disability across nearly all occupations are less likely to work full-time and year round, resulting in an overall earnings gap of 66 cents earned for every dollar that a worker without a disability earns. Although the Americans with Disabilities Act (ADA) prohibits discrimination in education and employment, the gaps in employment, earnings, and poverty rates have remained persistent over the 30 years since its passage.
Poverty Rates Varied by County

Rates of poverty also varied geographically across Colorado. In 2018, Douglas County experienced the lowest poverty rate in the state at 3.5 percent. On the other hand, 30.1 percent of Coloradans living in Costilla County experienced poverty that same year. Poverty rates were highest in rural parts of the state, particularly in southeastern Colorado. In 2018, 13.1 percent of rural Coloradans experienced poverty compared to 10.6 percent of urban Coloradans.

Some Counties Saw Poverty Rates Increase While Others’ Decreased

Not all of Colorado’s counties saw their poverty rates decline. Between 2015 and 2018, 29 of Colorado’s 64 counties experienced increases in their poverty rates. Hinsdale County experienced the largest increase, seeing its poverty rates grow from 5.1 percent to 13.0 percent over this period. 30 counties saw an increase in the number of people experiencing poverty despite an overall decrease in the number of people experiencing poverty in Colorado as a whole.
Figure 108: Change in County Poverty Rates
Colorado, 2015-2018 (in percentage points)

1. Northwest (2.1%); 2. North Front Range (-2.6%); 3. Eastern (-1.8%); 4. Rural Resort (-2.6%); 5. Metro Denver (-2.5%); 6. Mesa (2.3%); 7. Western (1.9%); 8. Upper Arkansas (-0.4%); 9. Pikes Peak (-1.5%); 10. Pueblo (0.9%); 11. Southwest (-2.3%); 12. South-Central (1.0%); 13. Southeast (-0.4%)

Source: 5-Year American Community Survey (ACS), U.S. Census Bureau

Figure 109: Poverty Rates by County Type
Colorado, 2015-2018

Source: 5-Year American Community Survey (ACS), U.S. Census Bureau
8.4 percent of households in Colorado were below the poverty threshold compared to 27.4 percent below the Self-Sufficiency Standard, a difference of nearly 300,000 households. This also marks an increase from 2000, when 20 percent of households in Colorado were below the Standard. The share of households below self-sufficiency also varied by race/ethnicity. Close to half of all Hispanic/Latinx and Black/African American households did not receive enough income to cover their essential expenses, more than the statewide share. On the other hand, 21.5 percent of white households were below the Standard.

The gap between the share of households below self-sufficiency and below the OPM threshold was greatest for Hispanic/Latinx households, at 32.7 percentage points, compared to 19 percentage points for all households. A similar gap existed for Black/African American households. This suggests that the OPM is more likely to underestimate the income inadequacy of households of color than white households.

**Figure 110: Share of Households Below Poverty Threshold and Self-Sufficiency Standard**

Colorado, 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Below OPM Threshold</th>
<th>Below Self-Sufficiency Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Households</td>
<td>8.4%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Hispanic/Latinx</td>
<td>13.9%</td>
<td>46.6%</td>
</tr>
<tr>
<td>Black/African American</td>
<td>16.8%</td>
<td>45.6%</td>
</tr>
<tr>
<td>White, non-Hispanic/Latinx</td>
<td>6.2%</td>
<td>21.5%</td>
</tr>
</tbody>
</table>

Source: Pearce, Diana M. "Overlooked & Undercounted 2018: Struggling to Make Ends Meet in Colorado." University of Washington, 2018
KEY TAKEAWAYS

• **Aggregate Income was Enough to Provide Each Household with Over $90,000 in Income**
  If the $209.4 billion in aggregate household income earned in Colorado in 2018 was distributed equally, each household would have earned $96,218. In effect, we had enough resources in our state to eliminate poverty while providing over half of households in our state with a raise. While this may not be realistic, it does suggest that even a slightly more equitable distribution of income in across households would benefit many in our state. Ending poverty is not a question of having enough resources—we have enough resources to allow every household in Colorado to meet their basic needs—it’s a question of how we distribute our resources.

• **Income Inequality Increased**
  Income inequality increased in Colorado, just as it did throughout the United States. The top 1 percent of households captured record shares of income, while middle- and lower-income households split an increasingly smaller slice of income. Two of Colorado’s counties ranked in the top ten counties in the country with the highest levels of income inequality. At the same time, the income gap between white households and households of color continued to grow. Increasing income inequality has a number of important consequences for the economic security of Colorado households. Without adequate income, Coloradans must spend most if not all of their income on the goods and services they need to get by and are left with little to nothing to put towards savings—savings they could use not only in emergencies, but also to purchase assets that help them to build wealth, such as a home. We can see this reflected in the widening wealth gap between the top and bottom, as well as between different racial and ethnic groups. Left unchanged, our economy will continue to redistribute income upwards from our poorest households to our wealthiest.

• **National Data on Wealth Suggests Wealth Inequality is Also Rising**
  Unfortunately, there is a lack of data on wealth at the state-level which makes it difficult to track how wealth was distributed among Colorado’s households. In America, wealth has become increasingly unequally distributed across both race and class. Those at the top have seen their net worth increase while those at the bottom have seen modest growth, if any. In fact, only the wealthiest ten percent of households in the United States have seen their wealth recover from the losses experienced during the Great Recession. As with income, there is also a growing gap between the wealth of white households and households of color. From what we know about the wealth of Colorado’s households, there is no indication that trends seen nationally were not also at play here in our state. For instance, white households in Colorado were much wealthier than households as a whole, and white households were more likely to own homes, one of the most valuable assets owned by households. Looking at changes in the value of this asset in particular, we can see that the value of already valuable homes increased more than the value of less valuable homes. This suggests that wealthier households saw the share of wealth coming from homeownership increase by more than less wealthy households who owned their own homes.

• **The Statewide Poverty Rate Masked Experiences of Coloradans of Color and Rural Coloradans**
  Although Colorado’s poverty rate has declined in recent decades, certain groups and geographic locations in Colorado experienced poverty rates that were much higher than the 9.6 percent statewide rate would suggest. Households of color were far more likely to experience poverty than white
households, and in some regions of our state, more than one in five households experienced poverty. While the causes of these varied poverty rates are many, it reminds us that not all Coloradans experienced the same level of economic security.

- **Poverty Rate Does Not Accurately Reflect the Income Needs of Coloradans**
  The federal government uses a methodology for measuring poverty that hasn’t changed since the 1960s. It assumes that households need three times the cost of their food budget to get by. However, food actually accounted for an average of 17.3 percent of the total monthly costs faced by families in 2018, not 33 percent as assumed in the official poverty measure. This means that the official poverty measure underestimated the share of households that did not have the income they required to meet their basic needs. A more comprehensive methodology for measuring a household’s income needs revealed that 27.4 percent of Colorado households in 2016 did not have enough income to meet their essential needs. This was more than three times the number of households who were experiencing poverty that year. This disparity was even greater for households of color. Although these households face economic insecurity, many were likely not eligible for many public benefit or social safety net programs, such as Medicaid or SNAP, despite the fact that such programs would have help the over 300,000 households who were above the poverty line but below the Self-Sufficiency Standard in 2016.
After one of the longest periods of economic growth in its history, our state entered into a recession in 2020 as a result of the COVID-19 pandemic. While the United States reported its first case of this novel coronavirus in January 15th, Colorado did not see its first known case until March 5th. By the end of the month, Governor Polis issued a month-long stay-at-home order, effectively shutting down our state’s economy except for a number of essential businesses, such as grocery stores. Shortly thereafter, the U.S. Congress passed the CARES Act to provide support for workers and businesses who were impacted by the economic effects of public health orders issued across the country.

Thanks to a number of economic stimulus programs, such as the expanded weekly unemployment benefits, stimulus checks, and the Paycheck Protection Program (PPP), the overall economic effects of the public health restrictions put in place on the economy were less than initial estimates feared. Once the stay-at-home order was lifted at the end of April, our state’s economy quickly began adding back the jobs we had lost. However, the pace of this recovery has slowed in recent months and as of the writing of this report, it appears as though we may be moving backwards.

Ultimately, it seems as though our state’s economy will not fully recover until the spread of COVID-19 is effectively managed through the deployment of a vaccine. Luckily, a number of vaccines for the virus have been approved by the U.S. Food and Drug Administration (FDA) and are currently being distributed throughout the country. However, production of the vaccines is still limited and it will be a number of months, if not more, before it is widely available to all Coloradans.

While the majority of this report examined economic trends and conditions that are no longer present in our state, this economic recession has amplified many of the inequities that were identified. For example, the strong growth of low-wage jobs, particularly in the accommodation and food services sector, following the Great Recession made Colorado’s workers vulnerable to the job losses that resulted from the pandemic. Unlike in previous recessions, this recession disproportionately affected low-wage workers. Workers who, in general, are already vulnerable because they do not have the savings to fall back on for support if they become unemployed. In addition, sectors that were hardest hit by jobs losses are also ones that disproportionately employed women and people of color.

As we begin our economic recovery from this recession, we should be cautious of calls for simply a return to “normal”. As we detail throughout this report, “normal” did not provide economic security to hundreds of thousands of Coloradans and their families. Moving forward, we must strive to create an economy that distributes income and wealth more equitably,
that does not leave Coloradans in poverty despite working a full time, year-round job, and that does not pay men more than women. Our post-COVID-19 economy should ensure that workers are compensated fairly for their work, but also at a wage with which they can support themselves and their families; that Coloradans have equitable opportunities to build wealth; that everyone pays their fair share in taxes; and that workers can support themselves and their families when they lose their jobs. We must also ensure that shifts in the world of work, such as the proliferation of remote working, does not leave Colorado workers behind. For instance, the pandemic has highlighted the importance of not only having access to a computer and fast, reliable internet, but also of having the digital literacy skills needed to work effectively in an online setting.

This final chapter of the report examines how various labor market statistics changed over the course of 2020 in order to help us understand how Coloradans were affected by the COVID-19 pandemic. While there is still much we don’t know since more detailed statistics, such as those referenced in other chapters, are not available yet. However, what data we do have does allow us to see which groups of workers were most affected, as well as how different parts of the state experienced the economic effects of the recession.

**EMPLOYMENT**

**Unlike Past Recession, This Recession Saw a Sharp, Steep Loss in Jobs**

Looking back to the past two recession Colorado experienced (the Great Recession and the 2001 recession) we see that the rate of job loss was slow and steady over a number of months. However, this recession saw something completely different. All of the job losses occurred over a period of two months due to the sudden imposition of the statewide stay-at-home order and business closures. On the other hand, our recovery following past recessions has been slow and over a long period
of time. This recession saw a large number of jobs recovered quickly following the lifting of most business restrictions in May.

**Job Recovery Appears to be Losing Steam**

Over 300,000 jobs were lost in Colorado during March and April, with the majority of job losses occurring as a result of the state stay-at-home order in April. May and June also saw record-setting levels of job growth, as businesses began reopening. Troublingly, job growth has been tapering off since May, with fewer jobs added during June, and even fewer in July. While we saw stronger job growth in August, about half as many jobs were added in September and slightly more were added in October. However, preliminary estimates for November show that Colorado lost nearly 7,000 jobs. While this is troubling, one month does not make a trend. Either way some economists fear that the country has hit its limit in terms of the job growth possible given the current state of public health restrictions.
on the economy. Indeed, the jobs lost in November could be a result of more stringent public health restrictions put into place by Governor Polis that month to combat a surge in COVID-19 cases in the state.

**Colorado has Recovered More than Half of Jobs Lost Since February**

Between April and November, Colorado recovered 209,600 jobs after losing 342,300 jobs between February and April. This means that Colorado has gained back over half of the jobs that were lost in March and April. However, our state still needs to gain 132,700 jobs to return to February 2020-levels of employment. For reference, Colorado lost 144,200 jobs during the Great Recession.

**Rate of Job Loss and Recovery Was Unlike Past Recessions**

Comparing changes in employment during the COVID-19 Recession to past recessions, we can see that the magnitude of job losses experienced over the past months was far greater than the losses seen during the last two recessions. Again, the rate of job loss seen during previous recessions was much lower than the current one. Jobs declined and recovered to pre-recession levels slowly over a period of years, not months. Previous recessions took 50 to 60 months to fully recover lost jobs. This suggests that even when we are able to lift all the COVID-19-related public health restrictions, it will still take a number of months, if not years, to fully recover the job that were lost.

**Accommodation and Food Services Sector Saw the Greatest Losses in Employment**

The accommodation and food services sector experienced the greatest losses in employment during 2020. In November 2020, the sector had 40,700 fewer jobs than it did in February. Employment in the government sector was also significantly lower in November than in February, having lost 33,900 jobs. Despite losing less jobs than these sectors, the arts,
entertainment, and recreation sectors saw the largest decline in employment as a share of February 2020 employment. Between February and November, this sector saw a 24.3 percent decline.

Some Sectors Have Gained Employment
Compared to employment in February, some sectors had more jobs in November. Finance and insurance and manufacturing both added 2,600 jobs between February and November.

Employment Losses in Government Were Driven by State and Local Governments
Between February and November 2020, the government sector in Colorado lost 33,900 employees. Between the federal, state, and local governments, state government saw

Figure 117: Employment Trends by Sector
Colorado, February 2020-November 2020 (100 = February 2020 employment)

employment decrease by 18,300 or 13.6 percent from February 2020. Over this same period, local government lost 17,000 or 6.2 percent of jobs that existed in February. On the other hand, federal government employment actually increased by 1,400 jobs between February and November, offsetting some of the jobs lost in state and local governments.

**Low-Wage Jobs Were Hit Hardest by Losses**

While high-wage jobs have almost fully recovered to their January 2020 levels, employment in low-wage jobs was 17.6% lower as of October 15 than they were on January 20. This is not surprising given the majority of job losses seen in Colorado were in the accommodation and food services sector. Workers in this sector, on average, have the lowest wages in the state. This data suggests that those feeling the brunt of the job losses over this year are our most vulnerable workers.

**Initial Impacts of COVID-19 on Counties’ Employment Varied Across the State**

While every county in the state experienced losses in employment over the past year, the magnitude of these losses varied. In general, rural counties with winter tourism-based economies were hardest hit, due to early closures of our state’s ski resorts. San Miguel County saw the largest percent decrease in employment between February 2020 and April 2020, losing 29.2 percent of jobs in the county. On the other hand, rural counties in the eastern part of the state tended to see the smallest declines in employment. Over this same period, Yuma County saw a 8.0 percent decrease in employment.

**Rural Counties Experienced Greatest Percent Drop in Employment**

During the initial period of job losses, Colorado’s rural counties experienced the largest decline in jobs. Between February and April, these counties saw their combined employment decrease by 20.0 percent compared to 12.9...
percent in Colorado’s urban counties. However, the pandemic’s effect on employment differed across rural Colorado. For example, the Rural Resort region experienced a 23.7 percent decline in employment, as did other regions in the western part of the state (the Northwest and Western regions also experienced more than a 20 percent decline in employment). Regions in the eastern part of the state (Eastern, Southeast, and South-Central) experienced much less severe rates of jobs loss. The Pueblo Region saw the slowest rate of employment loss over this period, losing 11.7 percent of the jobs present in February by April.

Many Counties have Recovered or are Close to Recovering Lost Jobs

By November 2020, many of Colorado’s counties had recovered or were close to recovering the jobs lost since February. Eleven counties, mostly in the eastern part of the state had fully recovered the jobs they lost, and actually had more jobs than in February. Employment in Huerfano County increased 7.0 percent from February, the highest rate of any county in the state. While many of Colorado’s other counties made progress in recovering the jobs they lost in 2020, some counties did not. Mineral County, San Miguel County, San Juan County, Sedgwick County, Eagle County,
and Summit County all had fewer jobs in November than they did in April. Some of these job losses, particularly in the mountain resort counties could be due to seasonal fluctuations in employment. Employment in these counties may increase as ski resorts open in the winter.

## UNEMPLOYMENT

### Colorado Saw an Historic Increase in the Unemployment Rate

Colorado’s unemployment rate jumped dramatically between February and April. Looking back 20 years, this was the sharpest increase in the unemployment rate our state has experienced. In February, the unemployment rate was at an historic low of 2.5 percent, before increasing to an historic high of 12.2 percent in April. While this was the highest unemployment rate our state has experienced in at least 20 years, it was still below the national unemployment rate of 14.7 percent.

### Colorado’s Unemployment Rate Remained Unchanged in Recent Months

Throughout the summer, Colorado saw consistent declines in its unemployment rate. By July, the unemployment rate had dropped below 10 percent. It reach 6.4 percent in September, and remained unchanged in October and November. This is another sign...
that our economic recovery is stalling. On a positive note, the unemployment rate in November remained the same as in October despite the loss in employment experienced that month. However, it is not a good sign that it has remained more or less unchanged for the past three months. For reference, the monthly unemployment rate in Colorado peaked at 8.9 percent during the Great Recession.

**Trends in the Male/Female Unemployment Rates Differed from Previous Recessions**

As discussed Chapter 3, the unemployment rate varies for different groups in Colorado. However, we do see some differences from past recessions. This is particularly true when we look at the male and female unemployment rate. During past recessions, the unemployment rate for males tended to exceed that for females. However, this recession has been different in that the female unemployment rate was higher throughout the months of March and April when job losses were greatest. In April,
Figure 123: Unemployment Rates for Select Demographic Groups
Colorado, February 2020-November 2020 (not seasonally-adjusted)

Note: Unemployment rates are not seasonally-adjusted, so will differ from the official unemployment rate reported by the Bureau of Labor Statistics
Source: Colorado Center on Law and Policy analysis of monthly Current Population Survey microdata (from IPUMS)
the male rate was 11.0 percent compared to 14.3 percent for women. Rates for both men and women decreased over the summer, and now are more or less the same.

**Coloradans of Color Experienced Greatest Swing in Unemployment Rate**

Unlike gender, the unemployment rate for different racial/ethnic groups in Colorado trended as we might expect during an economic downturn. The unemployment rate for white, non-Hispanic/Latinx Coloradans tracked closely with, but below, the statewide unemployment rate as in previous recessions. The rate for Black, indigenous, and people of color peaked at 17.1 percent in April, nearly 5 percentage points above the statewide rate of 12.4 percent that month. This is likely due to the over-representation of workers of color in sectors that experienced the greatest jobs losses, such as accommodation and food services, government, and health care and social assistance. However, the unemployment rate for both white and non-white Coloradans converged in the months following July, and are now more or less the same.

**Coloradans with Bachelor’s Degrees or Higher Experienced Lower Rates of Unemployment**

As is typical in past economic downturns, Coloradans with a bachelor’s degree or higher
experienced the lowest rates of unemployment relative to Coloradans with lower educational attainment. Even still, the unemployment rate for this group reached 8.3 percent in April 2020. That said, the unemployment rate for Coloradans with a high school diploma (and equivalents) or less reached 17.5 percent that month. Like other groups, the unemployment rates for Coloradans of all educational attainments have declined since June.

Unemployment Rates Varied by County in April

County unemployment rates were highest in April in the western part of the state and lower in the eastern part of the state. In April, Pitkin County had an unemployment rate of 23.6% compared to 2.4% in Cheyenne County, a difference of 21.2 percentage points. This is not surprising given the western part of the state experienced the greatest job losses in April.

Unemployment Rate Decreased Across the State but Remained High in Certain Counties

The unemployment rates in every county declined between April and November. The unemployment rate was highest in San Miguel County at 11.2 percent and lowest in Baca County at 2.3 percent. Counties whose economies are based in tourism generally...
had higher unemployment rates than other counties in the state. The Rural Resort region was the only region in Colorado to have an unemployment rate above the statewide rate. It was at 7.2 percent in November compared to a statewide rate of 6.4 percent.

**Unemployment Rates Increased in Most Counties Between October and November**

Troublingly, county unemployment rates increased between October and November in all but 10 of Colorado’s 64 counties. San Miguel County saw the largest month-to-month increase. Between October and November the unemployment rate in this county increased by 3.3 percentage points. Metro Denver was the only region in the state to see its unemployment rate decrease.

**UNEMPLOYMENT INSURANCE**

**Colorado Experienced Record Number of Initial Unemployment Insurance Claims in 2020**

Due to the pandemic, Colorado saw a huge increase in the number of initial unemployment claims filed. The week ending in April 11 saw 104,572 unemployed workers filing initial claims, far more than at any point during the Great Recession. While initial unemployment claims had been declining over the summer, November and December saw an uptick in initial claims filed.

**Pandemic Unemployment Assistance Provided Unemployment Insurance Benefits to More Coloradans**

The CARES Act created a number of new unemployment insurance programs. This included the Pandemic Unemployment Insurance (PUA) program that extended benefits to classes of workers who were ineligible for regular unemployment insurance,
such as self-employed and gig economy workers. During the week ending in December 19, the number of unemployed Coloradans who filed initial PUA claims exceed the number filing initial regular claims. Unless extended by Congress, this program will expire at the end of the year leaving Coloradans who do not qualify for regular unemployment insurance without any support as they look for work.

**Many Coloradans Remain on Unemployment Insurance**

The number of Coloradans receiving or waiting for approval of their unemployment insurance claims remained high throughout the year. Although the number declined from its peak of 457,727 in early May, it remained fairly steady through out August, September and October. As with initial claims, November and December have seen the number of Coloradans receiving unemployment insurance benefits increase. There were as many Coloradans receiving unemployment insurance benefits during the week of December 5 as there were during the end of September. There are a number of reasons why workers may file continued unemployment insurance claims. Some may be unable to find work, others may be unable to work due to health reasons that may make them more susceptible to dying from COVID-19, or live with someone who is. Still others may be taking a wait-and-see approach, waiting to return to work for fear that they will lose their job again due to the recession.

**Workers are Reaching the End of their Eligibility for Regular Unemployment Insurance**

Unemployed Coloradans may receive unemployment insurance benefits for 26 weeks. If they are still unemployed at the end of this period, they qualified for Pandemic Emergency Unemployment Compensation (PEUC), a program created as part of the CARES Act to extend benefits an additional 13 weeks. Following the end of this period, unemployed Coloradans qualify for an additional 13 weeks of unemployment

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**Figure 127: Initial Weekly Unemployment Claims**

*Colorado, Week of January 4, 2000 to December 19, 2020*

![Initial Weekly Unemployment Claims](image-url)  

*Source: Local Area Unemployment Statistics (LAUS), U.S. Bureau of Labor Statistics*
insurance through state extended benefits. As of December 5, there were approximately 74,000 Coloradans received PEUC, down slightly from the week before but higher than in previous weeks. Approximately 23.8 percent of Colorado workers receiving or applying for unemployment insurance received PEUC the week of December 5. A small but growing number of Coloradans have exhausted their PEUC and are now receiving state extended benefits. This suggests that many Coloradans have been unable to find employment before their regular benefits were exhausted. As economic conditions look like they are getting worse, not better, it seems likely that an increasing number of unemployed Coloradans will rely on PEUC or extended benefits to make ends meet. Troublingly, PEUC will expire at the end of the year if the program is not extended by Congress before then.

Unemployment Insurance Provided Economic Stimulus to Colorado

Unemployment insurance is a valuable program during economic recessions, as it provides unemployed workers with money to support themselves and their families, as well as to spend in their local economies. Such spending circulates through the economy, supporting businesses and jobs that might have otherwise been lost. Given the large increase in both unemployment and unemployment insurance claims this year, unemployment insurance programs likely prevented even more jobs losses in the state. Over $1.9 billion was added to Colorado’s economy between April and July through the Pandemic Unemployment Compensation (PUC) program, which provided unemployment benefit recipients with an additional $600 per week. This program expired in July and was not extended. Looking forward to our recovery, the Economic Policy Institute estimates that if Congress expands and reinstates the unemployment programs in the CARES Act, Colorado could gain an additional 77,000 jobs by the end of 2021.5
KEY TAKEAWAYS

• This Recessions is not Like Past Recessions
  In many ways, this recession is not like past recessions we’ve experienced. First, this recession was not caused by some failure of our economy, as in the Great Recession, but as a side-effect of public health restrictions to manage the spread of COVID-19. A large number of jobs were lost over a short period of time, rather than over a period of years. Likewise, the jobs we have recovered were gained over a short period of time. Unlike the Great Recession, job losses were greatest among low-wage workers, particularly those in the leisure and hospitality sectors. One thing we don’t know for certain yet is whether this recession will result in a restructuring of our economy. It is possible that jobs that were lost in some sectors will not return for a long time, if at all. If this occurs, Colorado workers should be provided with opportunities for education or job training programs that could allow them to transition from their current sector to another.

• Our Economic Recovery is Stalling
  Our state’s economic recovery is losing steam. While we saw strong job growth in May and June, November saw Colorado lose jobs for the first time since April. Unemployment is rising in many counties, and expiring unemployment insurance programs means hundreds of thousands of Coloradans risk losing their only remaining source of income. Additional economic stimulus measures are likely needed in order to keep our economy from losing even more jobs before the COVID-19 vaccines can be administered on a large scale in Colorado and public health restrictions can be lifted.

• Unemployment Insurance was a Life-Saver for Coloradans and Colorado’s Economy
  Research from past recessions indicates that every dollar spent on unemployment insurance results in approximately $2 in additional, indirect spending in Colorado’s economy. Given the stimulatory nature of this program, many businesses and jobs were likely saved thanks to the billions of dollars that unemployment insurance injected into our economy. The expiration of PUC, which provided Coloradans receiving unemployment insurance benefits with an additional weekly benefit of $600 likely hampered our economic recovery. Allowing PEUC and PUA expire at the end of this year would be even worse. Congress should act quickly to ensure that these programs are extended, and to reinstate PUC in order to provide Coloradans the support they need to make it through this crisis.

• Tracking Many Labor Market Statistics Will Be Needed to Assess Our Recovery
  Prior chapters of this report demonstrate the importance of looking beyond headline labor market statistics, such as the unemployment rate. We know that many of these metrics are imperfect, or measure only a specific type of labor market dynamic. For instance, the unemployment rate only takes into account Coloradans who have been actively looking for work during the previous 4 weeks. If an unemployed workers is not actively looking for employment, say due to a health issue that makes them more susceptible to dying from COVID-19, they will not count towards our unemployment rate since they are technically considered to be out of the labor force. When discussing our economic recovery from this latest recession, we should think beyond just reaching a low unemployment rate or recovering all of the jobs we’ve lost. Other metrics that provide a more nuanced view of our economy and labor market should be considered as well to make sure we are not overlooking a particular group or part of the state.
NOTE ON DATA

The State of Working Colorado draws on a variety of data sources described below. These data sources employ a number of commonly used terms (e.g., employment, income, wages, etc.), but terms may have different underlying definitions from dataset to dataset. Less common and more complicated terms are generally defined in the text. Even when two different data sources use equivalent definitions, estimates may differ from source to source because they survey different samples of the population. Another important feature of estimation is the concept of estimation error. For smaller subsets of the population (e.g., Black/African Americans) the point estimate may be less precise, though we can be reasonably confident that it falls within a range of possible values (i.e., the margin of error). In these cases, our intention is to convey a pattern in the data; the actual values should be interpreted with caution.

The following is a short description of the data sources used most frequently in this report.

American Community Survey (ACS): The ACS is a large survey of households intended to fully replace the traditional “long form” portion of the decennial census. For smaller geographies, it is necessary to pool data from a number of years to produce reliable estimates. Our county-level data from the ACS uses 5-year estimates for this reason. In a few cases, we used what are known as “public use microdata” files to produce estimates using the ACS. This allows us to ask questions that cannot be answered with pre-tabulated data available from the U.S. Census Bureau.

Current Population Survey (CPS): The CPS is a monthly survey of 60,000 households used primarily for national level estimates and state-level average unemployment. Each household is in the sample for 2 periods of 4 months each, with 8 months in between. In the fourth month of each 4-month period, households are in the Outgoing Rotation Group (ORG) and are asked an additional set of questions pertaining to wages. The Economic Policy Institute cleans up the data so that it is more usable for policymakers and researchers. Unless noted as monthly data, statistics from this source represent the average of all months that year.

Current Employment Statistics Survey (CES): The CES is a survey of approximately 143,000 businesses and government agencies representing 588,000 worksites throughout the United States. CES data is used for a variety of the employment statistics in the report.

Local Area Unemployment Statistics (LAUS): The LAUS program is a model based approach to calculating labor force statistics for small geographies by combining data from the CES, CPS, and state unemployment insurance programs.

Quarterly Census of Employment and Wages (QCEW): Provides quarterly counts of employment and wages as reported by employers whose workers are covered by unemployment insurance, approximately 95 percent of all jobs available.
ENDNOTES


ABOUT CCLP

We envision a Colorado where everyone has what they need to succeed.

For 20 years, CCLP’s efforts have improved the health and financial security of hundreds of thousands of Coloradans. We are widely recognized by policymakers, opinion leaders and advocates for our knowledge, skill and effectiveness in shaping enduring, systemic change in Colorado.

Colorado’s legal aid community created CCLP in 1998, so that people would continue to have access to justice after Congress imposed advocacy restrictions on federally funded legal services. We quickly emerged as a leader in increasing access to health care, family economic security, job training and other critical family needs and supports.

Through research and policy analysis, legislative and legal advocacy and coalition building, we remove barriers that prevent Coloradans from meeting their basic needs and becoming self-sufficient.