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## Colorado Employment Gains Were Stable in the First Quarter

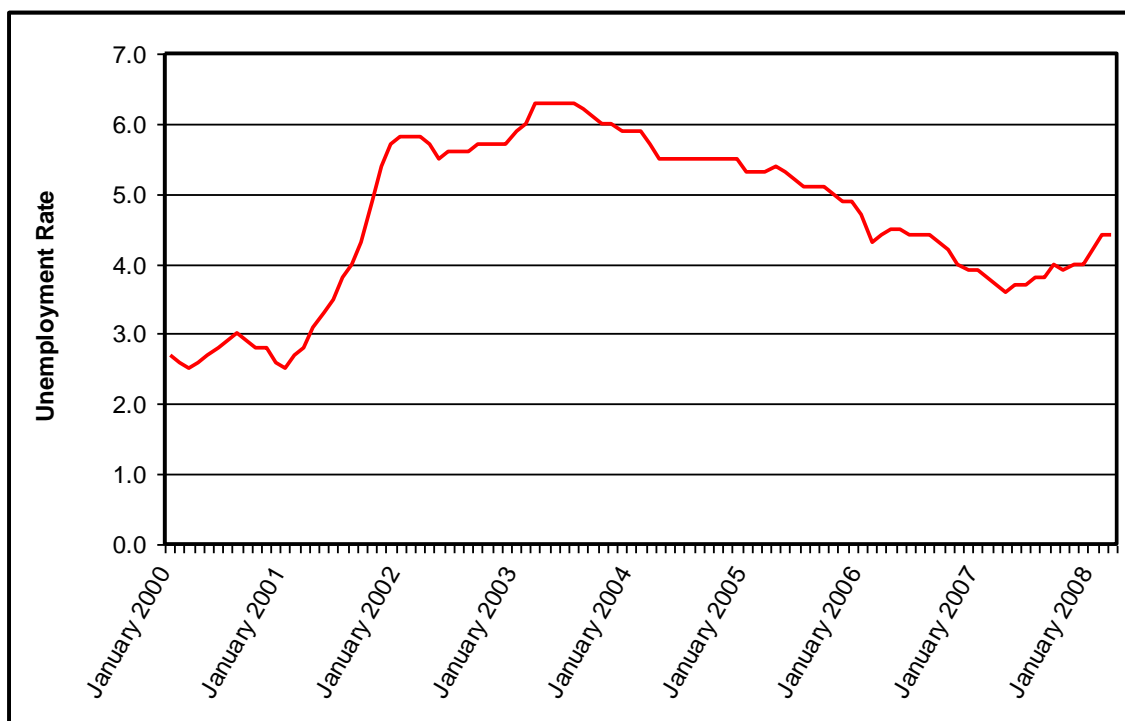
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Colorado businesses continued to create jobs in the first quarter of 2008, bucking the trend across much of the country. Twenty-five states lost jobs during the first quarter. Since December, Colorado has added 10,100 jobs, third most in the nation. Only Texas and Georgia added more and these states have a much larger job base than Colorado.

Employment in Colorado increased 2 percent during the first quarter, compared with the same period in 2007, the fifth-highest growth rate in the country. Colorado's job gains were the ninth strongest in 2007 and 15th in 2006, as the state's population growth resumed a fast pace typical of the 1990s boom. Colorado ranked in the bottom five states in 2002 and 2003, after losing large numbers of jobs in the construction, manufacturing, information and professional and business services sectors.

The state's unemployment rate in March was 4.4 percent, unchanged from the previous month. The cyclical low rate was 3.6 percent in April 2007. Figure 1 shows the unemployment rate since 2000.

*Figure 1. Colorado Unemployment Rate, Seasonally Adjusted*



## Weaker Economic Times Ahead?

Two indicators show that the state's economy may be weakening. While employment gains were strong in early 2008, jobs increased by only 1.7 percent in March, compared with a year ago. This was the weakest growth rate in nearly 3½ years. The state's sales tax receipts increased only 1.9 percent in March (reflecting February economic activity), a marked slowdown from previous months. A report by the Rockefeller Institute of Government indicated that 21 of 36 reporting states showed a decrease in sales tax receipts during the first quarter. While Colorado was officially listed as one of the 21 states, the two severe blizzards in late December 2006 shut down state government for three days and pushed a significant amount of tax receipts into January 2007, thus overstating last year's data.

While single data points in two economic indicators do not necessarily signify a trend, it is unlikely that Colorado will completely escape the very evident weakness affecting most of the country. The two state government economic forecasting units believe that Colorado's economy will slow during the remainder of the year. The Governor's Office of State Planning and Budgeting estimates that job growth will be 1.4 percent in 2008, while the Legislative Council Staff estimate is 1.2 percent.

The mining sector will continue as the state's leading industry as energy prices are likely to remain at high levels. The airline industry will likely face some fallout because of high fuel prices and potential airline mergers. Weakness in the construction and financial services sectors will continue despite some easing of the turmoil in the credit markets.

*Figure 2. Colorado Employment Gains, First Quarter 2008 vs. 2007*

Sector	Growth Rate	Sector	Growth Rate
Total nonfarm	2.0%	Financial Services	-1.4%
Mining	13.6%	Professional and Business Services	3.2%
Construction	-0.5%	Education and Health Services	3.5%
Manufacturing	-1.9%	Leisure and Hospitality	2.9%
Trade, Transportation, and Utilities	1.9%	Other Services	2.3%
Information	1.2%	Government	2.0