COLORADO’S LABOR FORCE SEVEN MONTHS INTO COVID-19
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While the most severe shocks brought on by COVID-19 ended several months ago the lasting impacts are still being felt across the Colorado economy and labor force. This report focuses on the impacts of COVID-19 upon the Colorado labor force and overall economic health of the state.

The following series of charts show the impact of policies in response to COVID-19 on Colorado’s economy from February, the full month prior to Colorado’s stay-at-home order, through the September, the most current month of data. The figures include labor force participation rates, unemployment rates, employment levels, unemployment insurance claims, and new business formation. The data used in this report is sourced from the U.S. Bureau of Labor Statistics (BLS), U.S. Census Bureau (CENSUS), U.S. Department of Labor, and the Integrated Public Use Microdata Series – Consumer Population Survey (IPUMS – CPS).

**Key Findings and Trends:**

**Colorado Labor Force**

- The September statewide labor force participation rate (LFPR) stood at 67.9%, 1.5 percentage points below the February level. This translates to **39,000 fewer people in the Colorado labor force now, than there were in February**. Prior to the pandemic the Colorado LFPR had been trending upwards since the end of 2015.
- From August to September the overall female labor force grew by 21,000 compared to **52,000 for the male labor force**. However, compared to February the number of women in the labor force in September was approximately 2,000 below the February level. Over the same period the male labor force increased by 37,800.
- **The gap in the LFPR between men and women with kids was 14% in February. In September, the gap grew to 19%, the difference between a 93% LFPR for men with kids and a 74% LFPR for women with kids.**
- Women with kids are still being disproportionately impacted. The LFPR in September for women with kids was **5.05 percentage points below its February rate** of 79.8%. The LFPR for women without kids, men with kids, and men without kids were each above their February rate.
- From February to September, **42,000 women with kids left the labor force and have not yet re-entered;** in contrast, 40,000 women without kids have entered the labor force from February to September.
- Men of all ages saw a slight increase in their labor force participation rate from August to September, however the LFPR for men above 35 was 3% below its February rate.
- The LFPR for females above 35 was 4.8 percentage points below its February level and the rate for females 35 and below was 1.44 percentage points above its February rate.
- From April through June, there was a significant spike in women’s earnings as a percent of male earnings. This is likely attributed to the large number of women who left the labor force who likely worked part-time, and therefore also had a lower weekly wage, rather than in actual increase in wages.
Colorado Unemployment Rate

- The Colorado unemployment rate (UE) dropped from 6.7% in August to 6.4% in September, as the number of jobs increased slightly faster than the growth in the labor force.
- The Colorado unemployment rate by gender trended down from August to September for both males and females.
- Between August and September, the male unemployment rate dropped from 7.6% to 6.2%. Specifically, men below 35 years old saw a 2.86 percentage point decrease in the unemployment rate, a drop from 11.9% to 9%, **while the UE rate for men over 35 only dropped by .5 percentage points.**
- The UE rate for females below 35 increased slightly, whereas the UE rate for women older than 35 decreased by 2 percentage points.
- The UE rate for each level of education dropped significantly; the UE rate for the group of some college or Associates degree declined by 3 percentage points.

Economic Health of Colorado

- Initial unemployment insurance claims reached 104,000 in early April, and since then have decreased alongside the pandemic unemployment assistance claims.
- Weekly continued regular unemployment insurance claims were well over 220,000 between late April to early August. **As of the week ending October 3rd, there were at 127,000 regular continued claims.**
- Over 683,355 business applications were filed nationally from Q2 to Q3 of 2020, with 9,663, or 1.4%, of those filed in Colorado.
- Nationally there was an 82.8% increase in business applications from Q3 of 2019 to Q3 of 2020.
- Between Q3 of 2019 and Q3 of 2020, there was a **40% increase in business applications in Colorado.**

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Colorado History

Figures 1 and 2: Labor Force Participation Rate and Unemployment Rate History – 2005 to September 2020

The impacts of the COVID-19 pandemic have occurred more quickly and been more severe that the 2009-10 Great Recession. The national unemployment rate was the highest it had been since the late 1930s, peaking at 14.7% in April. During that same month in Colorado, the labor force participation rate was the lowest it had been since the late 1970s, at 66.4%. At the worst point in 2020, the Colorado unemployment rate reached 12.2% and the labor force participation rate dropped to 66.4%.
Labor Force Participation Rate Charts

Figures 3 and 4: Colorado and National Labor Force Participation Rate (LFPR) by Gender

The Colorado LFPR by gender is generally higher for both male and females than the national LFPR. The low-point for the male LFPR in Colorado was 70.2% in March, compared to the national low-point for LFPR for men at 66.1% in April. The female LFPR in Colorado dropped to its low-point of 54.2% in May, compared to the national LFPR for females dropping to 54.7% in April. While the LFPR for both men and women in Colorado has nearly rebounded to their pre-pandemic rates, the national LFPR remains 2 percentage points lower for both genders as of September.

Source: IPUMS CPS • Common Sense Institute

Source: FRED • Common Sense Institute
The month-to-month labor force has fluctuated significantly. Women were hit harder by the pandemic and took several months to recover, whereas the male LFPR recovered more quickly. From August to September roughly 21,000 women enter the labor force compared to the 52,000 men. From February to September, the size of the labor force for women with kids shrank by 42,000 women, compared to an increase in the size of the labor force of women without kids increasing by approximately 40,000 women.
Figures 6 and 7: Colorado Labor Force Participation Rate by Age and Gender

**Male Labor Force Participation Rate by Age Since Start of COVID-19 Pandemic**

- Below 35
- Above 35

Source: IPUMS CPS • Common Sense Institute

**Female Labor Force Participation Rate by Age Since Start of COVID-19 Pandemic**

- Below 35
- Above 35

Source: IPUMS CPS • Common Sense Institute
All educational attainment levels saw a six percent or greater drop in their LFPR from February to March. The LFPR for those with a bachelor’s degree and higher plateaued until August, when it dropped nine percent points below the February level, before increasing significantly in September to above pre-pandemic levels. The LFPR for some college or associate degree remains six percentage points below the February rate. The LFPR for those with no college: a HS diploma or less than HS, remain two percent points below its February LFPR at 61% in September.

29% of Coloradans have a High School (HS) diploma, GED, or less, whereas 70% of the state’s residents have some college, or an associate’s degree and more. When broken down by race, those with a HS diploma, GED, or less, 28.3% are Hispanic, 16.9% are American Indian, 13.9% Asian, and 10.2% are Black. Educational attainment inequalities have been illuminated and deepened by the economic fallout from the COVID-19 pandemic.¹

![Labor Force Participation Rate by Educational Attainment Level Since Start of COVID-19 Pandemic](image)

Source: IPUMS CPS - Common Sense Institute
Figure 9: Colorado LFPR by Gender, With and Without Kids

It is safe to say COVID-19 has imposed seismic pressures on the female labor force in Colorado, and nationally. In September, women with kids had a LFPR of 74%, which remains 5 percentage points below the February level of 79%.

McKinsey’s recently released, Women in the Workplace, found that 22% percent of mothers with kids under 10 have added an additional five or more hours to their daily household work, and have likely added a few new titles since the start of the pandemic, including teacher, and full-time caretaker. 23% of mothers with kids under 10 have considered leaving the workforce, compared to 13% of fathers with kids under 10.ii Based off this analysis, and the data shown in Figure 8 it is safe to assume the brunt the economic downturn is hitting working mothers the hardest.

Among many of McKinsey’s recommendations, remote work opportunities are of utmost importance as “they will open up opportunities for existing employees—particularly mothers, caregivers, older employees, and people with disabilities.” Now is the time for employers and policy-makers to establish long-term solutions in an effort to mitigate the risk of losing out on years of progress.

Source: IPUMS - CPS • Common Sense Institute
Unemployment Rate Charts

Figures 10 and 11: Colorado and National Unemployment Rate by Gender

Colorado Unemployment Rate by Gender Since Start of COVID-19 Pandemic

National Unemployment Rate by Gender Since Start of COVID-19 Pandemic

Source: IPUMS CPS • Common Sense Institute

Source: FRED • Common Sense Institute
Figures 12 and 13: Male and Female Unemployment Rate by Age

**Male Unemployment Rate by Age Since Start of COVID-19 Pandemic**

- Below 35
- Above 35

**Female Unemployment Rate by Age Since Start of COVID-19 Pandemic**

- Below 35
- Above 35

Source: IPUMS CPS • Common Sense Institute
Over the last several months, the highest UE rate observed was 15% for women without kids. However, women with kids saw an eight-percentage point decrease in their LFPR from February to July compared to the six percentage points for women with kids from February to May of 2020; which has rebounded faster than women with kids.

Most of the women without kids who have remained in the labor force may be unemployed, compared to the women with kids who have dropped out of the labor force altogether resulting in a lower unemployment rate.
Economic Health of Colorado

Figures 16, 17, and 18: Monthly UE Level Since 2005; Change in Monthly Employment by Industry Relative to February 2020; Table of Colorado Change in Employment by Industry
# Colorado Change in Employment by Industry (in thousands)

<table>
<thead>
<tr>
<th>Industry</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
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<tbody>
<tr>
<td>Total Nonfarm</td>
<td>2813.4</td>
<td>2796.9</td>
<td>2471.1</td>
<td>2542.1</td>
<td>2599.1</td>
<td>2612.7</td>
<td>2651.8</td>
<td>2665.2</td>
<td>2813.4</td>
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<tr>
<td>Total Private</td>
<td>2351.1</td>
<td>2332.2</td>
<td>2018.9</td>
<td>2101.7</td>
<td>2164.1</td>
<td>2188.8</td>
<td>2217.8</td>
<td>2238.6</td>
<td>2351.1</td>
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<tr>
<td>Mining and Logging</td>
<td>27.4</td>
<td>27.3</td>
<td>24.7</td>
<td>24.4</td>
<td>24.4</td>
<td>23.7</td>
<td>23.2</td>
<td>23.3</td>
<td>27.4</td>
</tr>
<tr>
<td>Construction</td>
<td>179.7</td>
<td>178.8</td>
<td>166.0</td>
<td>171.8</td>
<td>171.4</td>
<td>173.3</td>
<td>172.8</td>
<td>171.5</td>
<td>179.7</td>
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<tr>
<td>Manufacturing</td>
<td>150.6</td>
<td>149.9</td>
<td>138.5</td>
<td>145.8</td>
<td>149.6</td>
<td>150.4</td>
<td>151.2</td>
<td>152.2</td>
<td>150.6</td>
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<tr>
<td>Trade, Transportation and Utilities</td>
<td>480.6</td>
<td>477.5</td>
<td>437.1</td>
<td>439.4</td>
<td>446.7</td>
<td>453.7</td>
<td>459.7</td>
<td>465.7</td>
<td>480.6</td>
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<td>Information</td>
<td>75.6</td>
<td>75.8</td>
<td>75.8</td>
<td>74.4</td>
<td>73.7</td>
<td>72.5</td>
<td>73.0</td>
<td>72.6</td>
<td>75.6</td>
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<td>Financial Activities</td>
<td>175.2</td>
<td>175.7</td>
<td>168.8</td>
<td>172.5</td>
<td>170.0</td>
<td>169.0</td>
<td>169.4</td>
<td>171.2</td>
<td>175.2</td>
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<tr>
<td>Professional and Business Services</td>
<td>450.1</td>
<td>453.2</td>
<td>427.8</td>
<td>432.6</td>
<td>438.0</td>
<td>441.1</td>
<td>445.3</td>
<td>446.8</td>
<td>450.1</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>351.5</td>
<td>348.6</td>
<td>304.6</td>
<td>325.0</td>
<td>330.7</td>
<td>331.0</td>
<td>337.7</td>
<td>339.7</td>
<td>351.5</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>345.3</td>
<td>333.0</td>
<td>184.1</td>
<td>217.7</td>
<td>257.6</td>
<td>270.9</td>
<td>282.7</td>
<td>290.7</td>
<td>345.3</td>
</tr>
<tr>
<td>Other Services</td>
<td>115.1</td>
<td>112.4</td>
<td>91.5</td>
<td>98.1</td>
<td>102.0</td>
<td>103.2</td>
<td>102.8</td>
<td>104.9</td>
<td>115.1</td>
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<tr>
<td>Government</td>
<td>462.3</td>
<td>464.7</td>
<td>452.2</td>
<td>440.4</td>
<td>435.0</td>
<td>423.9</td>
<td>434.0</td>
<td>426.6</td>
<td>462.3</td>
</tr>
</tbody>
</table>
From April through June, there was a significant spike in women’s earnings as a percent of male earnings. This is likely driven by a combination of the fact that low-wage jobs were disproportionately impacted during the stay-at-home orders and because a large number of women who left the labor force likely worked part-time, and therefore also had a lower weekly wage. In September there was an increase in the percent of female earnings which is mainly attributed to the $140 decrease seen with men’s average weekly earnings.

<table>
<thead>
<tr>
<th>Month</th>
<th>Women</th>
<th>Men</th>
<th>Female % of Male earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$1,014</td>
<td>$1,455</td>
<td>69.69%</td>
</tr>
<tr>
<td>February</td>
<td>$924</td>
<td>$1,162</td>
<td>79.52%</td>
</tr>
<tr>
<td>March</td>
<td>$871</td>
<td>$1,307</td>
<td>66.64%</td>
</tr>
<tr>
<td>April</td>
<td>$1,155</td>
<td>$1,444</td>
<td>79.99%</td>
</tr>
<tr>
<td>May</td>
<td>$1,288</td>
<td>$1,432</td>
<td>89.94%</td>
</tr>
<tr>
<td>June</td>
<td>$1,135</td>
<td>$1,485</td>
<td>76.43%</td>
</tr>
<tr>
<td>July</td>
<td>$975</td>
<td>$1,295</td>
<td>75.29%</td>
</tr>
<tr>
<td>August</td>
<td>$966</td>
<td>$1,424</td>
<td>67.84%</td>
</tr>
<tr>
<td>September</td>
<td>$962</td>
<td>$1,283</td>
<td>74.98%</td>
</tr>
</tbody>
</table>
Figures 20 and 21: Colorado Initial and Continued Unemployment Insurance Claims

Initial unemployment insurance claims reached 104,217 in early April but have dropped to under 6,000 for the last six-weeks. Regular continued unemployment insurance claims were well over 220,000 from late April to early August and were at 127,000 claims as of the week ending October 3rd. The continued claims remaining over 100,000 a month tells us there were still a large number of people who were not working.
Figure 22: An Influx of Business Applications During a Pandemic

Over 1,566,373 business applications were filed nationally in Q3 2020; 29,714 of those were filed in Colorado which was the largest influx in applications since 2007. Colorado’s share of the nation decreased as total applications went up. This suggests that application rates in other States have risen faster than in Colorado.

However, between Q3 of 2019 and Q3 of 2020, there was a 40% increase in business applications. From Q2 to Q3 Colorado saw a 32.5% increase in business application. Illinois, Georgia, New York, and Louisiana were among the top 5 states with the highest increase in business applications from Q3 to Q4. This trend was not observed after the 2008 recession, and is promising when assessing the shared faith by the public to start a new business.

There is a lot of dialogue regarding the fields that are growing, and what jobs are presently being created. Business Insider claims the three most promising businesses right now are: contactless tech, telehealth, and education technology.iii This suggests that tech fields will be growing the most in the near future.

An Influx of Business Applications During a Pandemic

Is the Pandemic Inspiring Entrepreneurs?

- Colorado Business Applications
- Colorado as a % of the National Business Applications

Source: Census - Business Formation Series • Common Sense Institute

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iii IPUMS - CPS

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