

# denverpost.com

THE DENVER POST

business

## Forecast for Colorado job losses revised sharply higher

By **Drew FitzGerald**  
The Denver Post

Posted: 07/01/2010 01:00:00 AM MDT

Updated: 07/01/2010 06:45:28 AM MDT

### How accurate are the predictions?

At the end of each year, the University of Colorado Leeds School of Business makes a forecast for the upcoming year about the number of jobs the state will gain or lose. A look at the forecast's performance over the past five years.\*

2009 Forecast: 4,300 job losses	Actual: 103,400 job losses
2008 Forecast: 43,300 job gains	Actual: 19,500 job gains
2007 Forecast: 42,300 job gains	Actual: 55,700 job gains
2006 Forecast: 52,100 job gains	Actual: 50,900 job gains
2005 Forecast: 43,100 job gains	Actual: 68,100 job gains

\* Based on nonfarm wage and salary employment

Colorado is expected to lose significantly more jobs in 2010 than originally predicted because employment losses early in the year caught analysts by surprise.

University of Colorado economist Richard Wobbekind on Wednesday said he has revised his 2010 job-loss expectations to 20,250 from the

original 3,200 predicted in December.

The sharp midyear revision in the forecast of nonfarm job losses shows how unsure private employers remain about their ability to expand.

"I think we had hoped or believed that the stimulus would generate more jobs and that the private sector would get more engaged," Wobbekind, an economist in the Business Research Division at CU-Boulder's Leeds School of Business, said in a telephone

### Extras

[View an interactive graphic that examines unemployment in the U.S.](#)

interview.

He said construction, energy and manufacturing businesses are weighing particularly heavily on the state economy.

The 2010 drop is still far lower than the more than 100,000 jobs lost during the worst of the recession last year, but economists had hoped losses would slow in early 2010 before jobs rebounded around the middle of the year. Instead, Wobbekind said job losses have remained stubbornly high.

### People keep coming

Advertisement

## Help people in need.

Donate your car, boat or RV

Free Towing ■ Tax Deductible

FREE  
3 day vacation to over  
80 destinations.

Call Toll-Free

# 1-877-225-9384



 Heritage  
for the Blind

Print Powered By  FormatDynamics™

# denverpost.com

THE DENVER POST

Speaking earlier in the day to a shareholders meeting of the Tax-Free Fund of Colorado at the Denver Country Club, Wobbekind said hiring will pick up in the last half of 2010 but not enough to make up for the early losses.

At the same time, Colorado's population has increased, putting more pressure on the overall unemployment rate. The state jobless rate held steady at 8 percent in May even as 37 states and the District of Columbia cut their unemployment rates.

The national unemployment rate declined to 9.7 percent in May from 9.9 percent in April, according to the U.S. Bureau of Labor Statistics.

Even if its job market lags behind other states, Wobbekind said that's unlikely to deter Colorado newcomers.

"You have to argue in this environment, people are making quality-of-life decisions," he said, noting that despite poor employment for the past decade, the 1980s was the last time more people were leaving Colorado than entering the state.

"We're known as a great quality-of-life state, and come heck or high water, they'll come here."

Colorado tends to lag behinds the rest of the country in emerging from recessions, but much of the recent rise in national hires grew from federally funded stimulus projects and temporary

stimulus jobs. Fear over the end of those programs and uncertainty ahead of this November's elections have probably not helped, said Bill Kendall, president of the Center for Business and Economic Forecasting in Denver.

"Based on what has happened through May and what looks to be happening now, that may be a little optimistic," Kendall said of the business school's estimate. "We really would be lucky to only lose 20,000 jobs for the year."

Kendall tentatively forecasts a net loss of about 30,000 Colorado jobs, though he also expects employment to rise toward the end of the year.

"We expected to see at least some baby steps toward improvement during the first half of the year, and that has just not happened," said Patricia Silverstein, an economist at Littleton-based Development Research Partners. "Even if we had hugely stellar numbers in the second half of 2010, it would not be enough to make up for the first half."

Silverstein said economists were initially encouraged by a nationwide decrease in ongoing unemployment claims but overestimated private businesses' willingness to hire.

## Key sectors still lag

The transportation sector, usually among the industries that lead the general economy out of the recession, has not started hiring, the Leed School's midyear report said. Neither have

Advertisement



**SAVE up to 64%**  
Plus, get  
**3 FREE Gifts**



Special Code: 45069ZWN

**To Order: [www.OmahaSteaks.com/print71](http://www.OmahaSteaks.com/print71) or call 1-877-586-4455**

Print Powered By  FormatDynamics™

# denverpost.com

THE DENVER POST

employers in the high-tech and information technology sectors.

Wobbekind pointed to leveling state housing prices and higher consumer spending nationwide as encouraging signs, but more retail and construction jobs have yet to follow those indicators.

"Colorado doesn't seem to be growing at any sort of a rapid clip and might actually be trailing the rest of the country at some point," Wobbekind said.

Small businesses power most of the Colorado economy and typically hire more people than larger corporations, Wobbekind said. But they continue to complain of tight credit, consistently rating loans as "harder" to get than in the previous quarter, according to a survey by the National Federation of Independent Businesses.

Lenders have their own reason to stay cautious, he said, with 31 percent of those small firms also reporting lower earnings over the previous quarter.

"You don't really expand credit to people who had that kind of a drop-off in their business," Wobbekind said.

*Drew FitzGerald: 303-954-1381 or  
dfitzgerald@denverpost.com*

Advertisement

## PROTECT YOUR HOME

**FREE** Home Security System!

\$850 Value!

CALL NOW and receive a **FREE** wireless remote control with **PANIC BUTTON!**



1-877-246-7519

Mon-Fri 9am - 10pm - Sat 9am-7pm - Sun 11am - 6pm EST



At no cost to you for parts and activation with only a \$99 installation fee and the purchase of alarm monitoring services. Terms & Conditions apply.

Print Powered By  FormatDynamics™