AN EXECUTIVE RESEARCH PAPER

AI INSTITUTE AT FORT LEWIS COLLEGE

# AI & JOBS

## Impact, Evidence, and Pathways Forward

*National trends and regional implications for Southwest Colorado.*

PREPARED FOR

**The May 13, 2026 Community Discussion**

# Contents

# Executive Summary

The relationship between artificial intelligence and American employment has reached an inflection point. What began as theoretical discussion about automation's distant future is now producing measurable effects in the labor market, and the populations feeling those effects first are entry-level workers and recent college graduates. This paper synthesizes findings from more than 50 organizations to assess the current state of AI's impact on jobs, identify the populations most affected, and explore what national trends mean for communities like those in Southwest Colorado's Four Corners region.

The picture that emerges is more nuanced than either the optimistic or pessimistic headlines suggest. Current AI technologies could technically automate up to 57 percent of U.S. work hours,[1] yet the Federal Reserve reports that AI adoption remains broad but shallow, with roughly 18 percent of firms having adopted AI in some form by year-end 2025,[2] and the Yale Budget Lab finds no discernible macroeconomic disruption more than three years after ChatGPT's public launch.[3] The distance between what AI can do and what organizations have implemented is the buffer currently protecting most employment, but it is also a reservoir of latent disruption that could accelerate as adoption matures.

Where the data does show clear, measurable impact is in entry-level and junior employment. Boston Consulting Group's analysis of 165 million jobs found that **61 percent of the roles most likely to be replaced are entry-level positions**, and 21 percent of companies have already stopped hiring for those roles because of AI.[4] Goldman Sachs reported in April 2026 that AI is eliminating a net 16,000 American jobs per month, with Generation Z workers bearing a disproportionate share of those losses.[5] For new college graduates specifically, only 30 percent of the Class of 2025 secured full-time employment in their chosen fields, down from 41 percent the prior year.[6]

These national patterns take on a particular character in Southwest Colorado. The Four Corners regional economy is anchored by services, tourism, healthcare, and government, with average wages roughly 58 percent of the statewide figure.[7] That economic profile means lower direct exposure to the AI-driven displacement concentrated in knowledge-work sectors like finance, software, and corporate administration. But Brookings Institution research on regional AI readiness warns that communities with less technology infrastructure and fewer knowledge workers risk falling behind as AI-enabled productivity gains accrue elsewhere, widening the gap between connected metro economies and rural regions.[8] Fort Lewis College's AI Institute, launched in 2025, has begun building a regional asset that could help bridge the readiness gap if connected to workforce development strategy.[9]

The economic picture is not uniformly bleak. AI has already created 1.3 million new jobs globally, and the World Economic Forum projects a net gain of 78 million jobs by 2030.[10] Workers with AI skills command a 56 percent wage premium,[11] and the most rigorous productivity study to date found that AI access boosted worker output by 14 percent on average, with novice workers seeing a 34 percent improvement.[12] The critical question is not whether AI creates economic value, but how that value is distributed, who is equipped to participate in the transition, and whether communities outside major technology corridors will share in the gains.

This paper was prepared for a community conversation on May 13, 2026 in Durango, Colorado. Its purpose is to equip participants with the best available evidence so that workers, employers, educators, and community leaders across the Four Corners region can navigate this transition with clarity rather than fear, and with strategies grounded in the realities of our local economy.

# Introduction: Why This Matters Now

In 2024, global corporate investment in artificial intelligence reached $252.3 billion, with U.S. private investment alone totaling $109.1 billion, roughly twelve times what China invested and twenty-four times the United Kingdom's figure.[13] More than 80 percent of firms surveyed by the Federal Reserve expect to invest in AI in 2026, including a significant jump among small businesses that had previously been on the sidelines.[14]

The pace of adoption has been extraordinary by historical standards. The share of organizations reporting active AI use rose from 55 percent in 2023 to 78 percent in 2024, and usage of generative AI in at least one business function more than doubled in the same period, from 33 percent to 71 percent.[15] As Goldman Sachs put it in early 2026, "The big story in 2026 in labor will be AI."[16] Anthropic chief executive Dario Amodei has gone further still, warning that as much as 50 percent of entry-level white-collar jobs could be displaced within one to five years and characterizing the era as a civilizational "rite of passage" that demands deliberate economic and policy adaptation. Such forecasts remain contested, but they sharpen the question of how communities should prepare while the window is open.[17]

These investment and adoption numbers matter because they represent commitments that will reshape how work is organized for years to come. A Pew Research Center survey found that 52 percent of American workers feel worried about how AI will be used in the workplace, while only 10 percent of all adults say they are more excited than concerned.[18]

This paper examines what the evidence actually shows, which populations face the greatest risk, what sectors and occupations are growing alongside those that are contracting, and what practical steps are available to the various stakeholders affected. The analysis draws on research from more than 50 organizations across consulting, academia, government, and industry. We begin with the national evidence and then turn to what these trends mean specifically for La Plata County, the Four Corners region, and Southwest Colorado, where the economic profile and institutional landscape create a distinct set of vulnerabilities and opportunities.

PART ONE

# THE NATIONAL LANDSCAPE

The sections that follow synthesize evidence from more than 50 research organizations. The story that emerges is one of wide but shallow adoption, concentrated disruption at the entry level, sharp sectoral divergence, and a skills transition that is outpacing the institutions designed to manage it.

# The Current State of AI in the Workplace

## How Widely Is AI Being Adopted?

One of the first challenges in assessing AI's workforce impact is that adoption estimates vary enormously depending on how the question is asked. McKinsey reports that 88 percent of companies use AI in at least one business function.[19] Gallup, surveying individual workers rather than organizational leaders, finds that 45 percent use AI on the job at least occasionally, but only 10 percent do so daily.[20] The Census Bureau's biweekly survey of 200,000 businesses puts the national adoption rate at 17.3 percent.[21] Pew Research, with its own methodology, finds 21 percent of workers using AI on the job.[22]

**— EXHIBIT 1**

### AI Adoption Rates Across Major Surveys, 2025–2026

| SURVEY / SOURCE | METRIC | RATE |
|---|---|---|
| McKinsey, 2025 | Companies using AI in at least one function | **88%** |
| KPMG, 2025 | Workers using AI at least weekly | **87%** |
| Stanford HAI, 2025 | Organizations reporting AI use | **78%** |
| Deloitte, 2026 | Workers with access to sanctioned AI tools | **~60%** |
| Gallup, Q3 2025 | Workers using AI at work (any frequency) | **45%** |
| Federal Reserve, 2025 | Work-related generative AI adoption | **41%** |
| Pew Research, Oct 2025 | Workers using AI on the job | **21%** |
| Census BTOS, 2025 | Businesses using AI (broad definition) | **17.3%** |
| Gallup, Q3 2025 | Workers using AI *daily* | **10%** |

The wide range across these surveys reflects genuine differences in methodology and scope, not contradictions in the underlying reality. What emerges from reading them together is a layered picture: most large organizations have begun incorporating AI in some form, a sizable and growing minority of workers interact with AI tools on a regular basis, but deep daily integration remains the exception rather than the rule.[23] The adoption is also highly uneven across industries, with technology and financial services workers far ahead of frontline and manufacturing workers.

## The Theory-Practice Gap

The most important analytical concept for understanding AI's workforce impact is what might be called the *theory-practice gap*: the distance between what AI is technically capable of doing and what it is actually doing in workplaces today. Four research programs illuminate this gap in complementary ways.

MIT's Project Iceberg, released in November 2025, simulated 151 million American workers executing more than 32,000 skills across 3,000 counties. The researchers found that current AI systems could take over tasks tied to 11.7 percent of the U.S. labor market, representing approximately $1.2 trillion in wages. But only roughly $211 billion of that exposure, about 18 percent, has so far surfaced as visible adoption, concentrated in technology and coding roles. The remaining exposure, five times larger and spanning cognitive and administrative tasks in finance, healthcare, and professional services, lies beneath the surface. State governments in Tennessee and Utah have already begun using the Iceberg Index for workforce planning.[24]

Anthropic's economic research team offered an even more precise measurement of this gap. Analyzing actual usage patterns alongside theoretical task-level exposure scores, they found that **97 percent of the tasks observed across their data were theoretically feasible for AI to perform**. In practice, however, actual automated coverage was a fraction of that figure. For Computer and Mathematics occupations, theoretical exposure reached 94 percent while real-world deployment covered just 33 percent. This three-to-one ratio between what AI could handle and what it is handling captures the central tension of the current moment.[25]

A fourth program addresses the capability side of the gap directly. METR's March 2025 study, *Measuring AI Ability to Complete Long Tasks*, found that the time horizon of tasks frontier AI systems can complete with 50 percent reliability has been doubling roughly every seven months over the past six years, with a notably faster trajectory of under three months on software-engineering benchmarks. Building on that capability evidence, MIT FutureTech's March 2026 paper *Crashing Waves vs. Rising Tides* offered a more measured reading. Drawing on more than 17,000 worker evaluations of 11,500 tasks from the U.S. Department of Labor's O*NET database, the authors found that frontier systems reached a 50 percent success rate on tasks taking humans three to four hours by mid-2024, rising to roughly 65 percent by the third quarter of 2025. They characterize this pattern as a *rising tide* rather than a *crashing wave*: progress is broad and continuous across the task spectrum rather than abrupt and concentrated in narrow domains, and they argue against the view that capability gains alone will drive sudden labor-market disruption. The economic effects on workers, in their view, will be governed by the slower timeline of organizational adoption, not by capability alone.

The Federal Reserve's April 2026 monitoring report puts the adoption picture in measured terms: roughly 18 percent of firms had adopted AI in some form by year-end 2025, with AI-related capital expenditure approaching $412 billion. That adoption is broad but shallow. Yale Budget Lab's parallel assessment finds no discernible macroeconomic disruption more than three years after ChatGPT's launch. Beneath that stable topline, however, a compositional shift is underway, moving away from routine clerical roles and toward skilled technical positions. The aggregate numbers look calm; the internal composition of the workforce is changing.

# Impact on Entry-Level Jobs and New Graduates

If there is one finding that unites the consulting firms, the academic researchers, the government analysts, and the industry surveys reviewed for this paper, it is this: entry-level and junior positions are bearing the earliest and heaviest burden of AI-driven workforce change. This finding is not a projection or a forecast. It is an observed phenomenon supported by multiple independent datasets.

## The Evidence

Boston Consulting Group analyzed 165 million jobs across 1,500 occupational roles and concluded that 61 percent of the positions most likely to be replaced by AI are entry-level or junior. Among the broader workforce, BCG estimated that 50 to 55 percent of U.S. jobs will be meaningfully reshaped within two to three years, but 10 to 15 percent, representing 16 to 25 million positions, could be eliminated entirely within five years.[26]

**— EXHIBIT 2**

### The Entry-Level Impact: Multi-Source Evidence

| FINDING | DATA | SOURCE |
|---|---|---|
| Share of at-risk roles that are entry-level | **61%** | *BCG* |
| Companies already stopped entry-level hiring | **21%** | *Gartner* |
| Companies expected to stop by 2027 | **50%** | *Gartner* |
| Organizations that altered entry-level hiring | **64%** | *KPMG* |
| Companies planning to replace entry-level with AI | **37%** | *Korn Ferry* |
| Employers hiring same or fewer entry-level | **76% (↑ from 69%)** | *Cengage* |
| Entry-level job postings, year-over-year change | **-15%** | *Handshake* |
| Applications per entry-level vacancy | **+30%** | *Handshake* |
| Employment decline, workers ages 22–25 | **-13%** | *Stanford / ADP* |
| Job-finding rate drop, workers ages 22–25 | **-14%** | *Anthropic* |
| Net monthly U.S. job losses attributed to AI | **16,000** | *Goldman Sachs* |
| Junior hiring at AI-adopting firms | **Declining since 2023** | *Harvard* |

The convergence of these findings is striking. Consulting firms, investment banks, academic researchers, AI developers, human capital firms, and job platforms have all arrived at the same conclusion through independent analyses. The entry-level contraction is real, it is happening now, and it is accelerating.

## Why Entry-Level Is Uniquely Vulnerable

The pattern becomes less surprising once you examine the nature of the work that entry-level roles typically involve. Junior white-collar positions are built around precisely the tasks that current AI systems handle most effectively: document drafting, data entry, basic research and analysis, slide preparation, scheduling, and standard correspondence.[27]

A complementary structural pattern is emerging in how leading firms are redesigning the organization of work itself. Block, the financial technology company led by Jack Dorsey, recently described its strategy as building "a company organized as an intelligence rather than a hierarchy," replacing the traditional layered chain of command with AI systems that maintain a continuously updated model of operations. The historical management constraint of three to eight direct reports per leader, which structured organizations from the Roman legion to the modern Fortune 500, is presented as obsolete. Management gives way to three categories of work: deep specialists, cross-cutting problem owners without permanent authority, and player-coaches who build alongside their teams. The framing is captured in a single line: "The intelligence lives in the system. The people are on the edge." What the essay does not address is who teaches the new specialists how to do the work, or how junior employees enter and progress through such a structure. That silence is the structural risk. If leading firms organize themselves around AI-coordinated networks rather than hierarchies, the rungs of the traditional career ladder may not simply be eliminated but designed out of existence.[28]

Harvard's study of 62 million workers across 285,000 American firms offers a crucial clarification about how this contraction is occurring. The decline in entry-level employment is not driven by mass layoffs. Companies are not, for the most part, firing their junior staff. Instead, they are simply not replacing them when they leave or not opening new positions that would have been created a few years ago. The researchers found that firms adopting AI were reducing junior hiring while simultaneously expanding their senior ranks. This pattern of *quiet non-hiring* is less dramatic than a layoff headline but no less consequential for the people who never get the call for an interview.[29]

The Brookings Institution has identified a particularly concerning second-order effect. Many of the occupations most exposed to AI are what Brookings calls "Gateway" jobs, the stepping-stone positions that historically connect entry-level workers to higher-paying careers. Nearly 11 million workers without four-year degrees currently hold these Gateway roles, and almost half of the pathways between Gateway and higher-paying "Destination" jobs are themselves highly exposed to AI.[30]

## Will the Contraction Self-Correct?

There are reasons to believe that some of the current disruption will moderate. Gartner predicts that half of the companies that attributed headcount reductions to AI will rehire staff for similar functions by 2027,[31] and Forrester found that 55 percent of employers already regret their AI-related layoffs.[32]

The most public reversal involves Klarna, the financial technology company whose chief executive declared in early 2024 that its AI assistant could handle the work of 700 customer service representatives, only to acknowledge in May 2025 that overreliance on AI had produced lower quality service and that the company was rehiring human agents.[33] At the same time, Harvard's research suggests the shift is structural rather than cyclical. The entry-level job market will not bounce back to pre-2023 norms; it will be permanently reshaped.[34]

## An Alternative Reading: Cyclical or Structural?

A more pointed challenge to the displacement narrative comes from the Economic Innovation Group. In its 2025 analysis *Looking for the Ladder*, EIG argues that much of what has been attributed to AI may in fact be the lagged effect of monetary policy. Job postings in AI-exposed sectors peaked in March and April 2022, eight months before ChatGPT was released to the public, and similar declines occurred during the early pandemic before generative AI existed at all. The Federal Reserve's rate hikes that began in March 2022 hit precisely the capital-sensitive sectors that also score high on AI exposure: information, finance, and professional services. As of the third quarter of 2025, only 12 percent of large American businesses planned to deploy AI in production.

The case for the AI-driven reading remains stronger but not airtight. Harvard's 62-million-worker study compared AI-adopting firms to non-adopting firms within the same sectors, isolating an effect that should be largely free of rate-hike confounding, and Stanford's analysis of ADP payroll data found the entry-level decline concentrated specifically in workers ages 22 to 25, a pattern hard to explain through monetary policy alone. EIG's argument is best read not as a refutation but as a caution: current data is too noisy to disentangle technological displacement from cyclical contraction with full confidence, and policy responses should track wages and posting volumes alongside employment numbers.

## The New Graduate Squeeze

Cengage Group's 2025 Graduate Employability Report found that **only 30 percent of graduating seniors secured full-time employment in their chosen fields**, a significant decline from 41 percent the prior year, and nearly half of graduates reported feeling unprepared to even apply for entry-level positions in their field.[35] The National Association of Colleges and Employers projected a marginal 1.6 percent increase in hiring for the Class of 2026, and 45 percent of employers surveyed described the job market for new graduates as merely "fair," the most pessimistic characterization since 2020.[36]

More than half of hiring managers surveyed by Handshake believe generative AI will ultimately create jobs, but among rising seniors, only 24 percent share that view.[37] The graduate outlook varies significantly by discipline. Technology and finance have experienced the steepest entry-level declines, with programmer employment falling 27.5 percent between 2023 and 2025, though software developer employment declined by only 0.3 percent over the same period.[38] By contrast, healthcare, government, and hospitality accounted for roughly 75 percent of all jobs added in late 2024 and early 2025, and healthcare entry-level postings rose by 13 percentage points.

## The Equalizer Effect

Amid the evidence of entry-level contraction, one finding offers a genuinely encouraging counterpoint. The most rigorous productivity study to date, led by Erik Brynjolfsson of Stanford and published in the *Quarterly Journal of Economics* in 2025, examined the deployment of generative AI tools among 5,179 customer support agents. AI access increased worker productivity by 14 percent on average, but the gains were strikingly uneven: **novice and low-skilled workers saw a 34 percent improvement**, while experienced, highly skilled workers saw minimal change.[39] If this pattern holds across industries, AI could serve as a powerful equalizer for the workers who do secure positions, even as it narrows the pipeline of available roles.

# A Tale of Two Labor Markets

The aggregate employment figures mask a profound divergence across sectors, occupations, and demographics.

## Where Jobs Are Contracting

The sectors facing the most significant pressure share a common trait: their core tasks can largely be performed remotely. Frey and Osborne of Oxford's Martin School, in their 2024 update to their landmark study on automation susceptibility, offered a useful heuristic for the generative AI era: *"If a task can be done remotely, it can also be potentially automated."* Customer service, data entry, basic legal research, standard coding, and routine financial analysis all fit this description, and all are under significant pressure.[40]

**EXHIBIT 3**

### Sector-Level Job Market Divergence, 2025–2026

| SECTOR / OCCUPATION | TREND | KEY DATA POINT | SOURCE |
|---|---|---|---|
| Computer programmers | Declining | 27.5% employment decline, 2023–2025 | *BLS / Chmura* |
| Information sector | Declining | 55% drop in postings; 18.3% sector vulnerability | *Bain; Tufts* |
| Customer service | Transforming | 67% AI exposure | *Anthropic* |
| Administrative / clerical | Declining | 64% expect AI takeover | *KPMG* |
| Data entry | Declining | 67% AI exposure | *Anthropic* |
| Writers and authors | Declining | ~57% vulnerability (highest individual occupation) | *Tufts Digital Planet* |
| Paralegals / legal support | Declining | ~44% of legal tasks automatable | *Goldman Sachs* |
| Software developers | Growing | +17.9% projected, 2023–2033 | *BLS* |
| Healthcare | Growing | Entry-level postings up 13 pp | *Handshake* |
| Skilled trades | Growing | Demand 3× faster than professional roles | *Randstad* |
| Personal care / home health aides | Growing | Among top-3 fastest-growing occupations through 2033 | *BLS* |
| AI-specific roles | Growing | 1.3 million new jobs added globally | *LinkedIn* |
| Physical / social roles | Resilient | 30% of workers have zero AI exposure | *Anthropic* |

*Note: This exhibit synthesizes findings across multiple methodologies. "Key Data Point" values are not directly comparable: they include realized employment changes (BLS), job-posting volumes (Bain, Handshake), task-level AI exposure scores (Anthropic, Tufts), occupation-level vulnerability estimates (Tufts), and forward projections (BLS, LinkedIn). Direction of change is consistent across sources; magnitudes are not.*

Bain's labor market data from the fourth quarter of 2025 showed job posting volumes declining across all major economies, with the United States seeing a 32 percent decline and internet companies seeing the steepest drop at 55 percent.[41]

## Where Jobs Are Growing

The growth sectors reveal an important pattern. Roles that require physical presence, sustained human interaction, or complex judgment are proving durable in ways that the automation narrative often overlooks. Demand for skilled trades such as plumbing, electrical work, and construction is growing three times faster than demand for professional roles.[42] The Bureau of Labor Statistics projects software developers, a more design-oriented role than standard coding, to grow 17.9 percent through 2033.[43] AI itself is generating new categories of employment: LinkedIn data shows that 1.3 million new jobs have been created in roles like AI engineer, data annotator, and AI consultant, positions that barely existed three years ago.[44]

### Demographic and Geographic Dimensions

AI's impact also has significant demographic dimensions that deserve attention. The International Labour Organization found that 4.7 percent of women globally hold jobs with the highest level of generative AI exposure, compared to 2.4 percent of men. This gap reflects women's concentration in clerical and administrative roles, the occupational categories most directly in AI's path.[45] Geographically, the Brookings Institution found that AI exposure is concentrated unevenly across the country, with Sun Belt metros such as Palm Bay, Florida and Cape Coral, Florida showing some of the highest risk concentrations among workers in Gateway roles.[46]

## The Skills Imperative

The skills required to succeed in the labor market are changing faster than at any point in recent memory, and the economic returns from AI are real and growing, which makes the question of who is equipped to capture them all the more urgent.

### Productivity, Wages, and Who Benefits

PwC's 2025 Global AI Jobs Barometer, which analyzed nearly one billion job advertisements across six continents, found that workers with AI skills command a 56 percent wage premium, a figure that doubled from 25 percent just one year earlier.[47] Goldman Sachs projects that generative AI could raise labor productivity by approximately 15 percent when fully integrated across developed economies and could increase global GDP by seven percent.[48]

Other economists argue that these forecasts are overstated. MIT economist Daron Acemoglu, in a widely-discussed 2024 paper, estimates that AI's contribution to total factor productivity over the next decade will amount to no more than roughly 0.5 to 0.7 percent in total, an order of magnitude smaller than the Goldman Sachs projection. He contends that the more optimistic estimates rest on assumptions about how much cognitive work AI can productively automate that have not yet been borne out in deployment data, and that any productivity gains, even if modest, are likely to widen the gap between capital and labor income rather than narrow it. The disagreement matters for regional planning: a 7 percent global GDP boost and a 0.5 percent decade-long TFP nudge imply very different policy responses.[49]

**EXHIBIT 4**

### AI's Economic Impact: Selected Findings

| METRIC | FINDING | SOURCE |
|---|---|---|
| Average productivity gain from AI | **14% (34% for novice workers)** | *Brynjolfsson et al.* |
| Wage premium, AI-skilled workers | **56% (doubled from 25%)** | *PwC* |
| Salary premium for AI skills | **28%** | *Lightcast* |
| Revenue-per-employee growth, AI-exposed industries | **3× higher** | *PwC* |
| Estimated U.S. economic value by 2030 | **$2.9 trillion** | *McKinsey* |
| Global value, people-centric approach | **$10.3 trillion by 2038** | *Accenture* |
| Daily time savings for AI tool users | **40–60 minutes** | *Microsoft Research* |
| Global GDP increase from AI | **7%** | *Goldman Sachs* |
| Skeptical TFP estimate over 10 years | **0.5–0.7%** | *Acemoglu / MIT* |

But these figures raise a distributional question that the aggregate numbers alone cannot answer: who captures the value that AI creates? Goldman Sachs found that the wage gap between entry-level and experienced workers widens by roughly 3.3 percentage points for every standard deviation increase in AI substitution exposure.[50] Brookings identified 23 million workers without degrees who have low adaptive capacity to navigate AI-driven displacement, meaning limited savings, inflexible skills, geographic constraints, or advanced age.[51] The IMF, in an April 2025 working paper, argued that while AI could theoretically reduce wage inequality by displacing higher-income work, those same high-income workers are best positioned to harness AI's productivity gains, likely offsetting any equalizing effect.[52]

## The Pace of Change

PwC's analysis of one billion job advertisements found that the skills demanded in AI-exposed occupations are changing 66 percent faster year-over-year than they were previously, a sharp acceleration from the 25 percent figure recorded just one year earlier.[53] LinkedIn projects that 70 percent of the skills used in most jobs today will change by 2030, with AI serving as the primary catalyst.[54] The OECD found that the skills most sought in occupations highly exposed to AI are not specialized technical capabilities like machine learning, but rather management, business, project management, and financial skills.[55]

## Critical Thinking Over AI Proficiency

Perhaps the most counterintuitive finding in the skills data is that employers do not rank AI technical proficiency as their top hiring priority. Korn Ferry's survey of talent acquisition leaders found that **73 percent rank critical thinking as their number one criterion, while AI skills came in fifth**.[56] Gartner predicts that within the next year or two, half of all organizations will require "AI-free" skills assessments out of concern that overreliance on AI tools is causing critical thinking skills to atrophy among workers and candidates.[57]

## The Trust Deficit

Worker anxiety about AI is growing faster than AI adoption itself. Pew Research found that 52 percent of American workers feel worried about how AI will be used in the workplace, while only 36 percent feel hopeful.[58] Randstad's 2026 Workmonitor found that 47 percent of workers fear AI benefits their company more than it benefits them personally, and trust in company leadership fell from 85 percent to 73 percent in a single year.[59]

**— EXHIBIT 5**

### The Employer-Worker Perception Gap

| DIMENSION | EMPLOYER / LEADER VIEW | WORKER VIEW |
|---|---|---|
| Optimism about 2026 | **95% forecast growth** | **51% share optimism** |
| Will AI create jobs? | **50%+ believe yes** | **Only 24% of students agree** |
| Workers' AI understanding | **36% say workers lack understanding** | **82% say they understand** |
| Concern about job security | **43% plan to replace roles with AI** | **52% worried about displacement** |
| Trust in leadership | — | **Fell from 85% to 73% in one year** |
| Who benefits from AI? | — | **47% fear AI benefits company, not them** |

*Sources: Randstad, Handshake, Accenture, Korn Ferry, Pew Research.*

PART TWO

# SOUTHWEST COLORADO

The national data tells a story of rapid but uneven transformation. In this second part, we turn to the specific context of La Plata County, the Four Corners, and Southwest Colorado to ask what these trends mean for this region, its workers, its employers, and its institutions.

# Southwest Colorado: Economic and Workforce Profile

## A Region Built on Services, Tourism, and the Public Sector

Region 9, the economic development district that encompasses Southwest Colorado, covers five counties — Archuleta, Dolores, La Plata, Montezuma, and San Juan — as well as two sovereign tribal nations, the Southern Ute Indian Tribe and the Ute Mountain Ute Tribe. The district is home to approximately 100,000 residents and roughly 53,000 jobs.[60] La Plata County, anchored by Durango, serves as the regional population center with 55,638 residents, and growth has been modest, averaging about 0.8 percent annually since 2010.

The economic structure of the region is distinctive in ways that matter for AI's likely impact. Services, including healthcare and professional services, account for 42 percent of regional employment. Government follows at 16 percent, and retail trade at 12 percent.[61] Nearly a quarter of the regional workforce are proprietors, reflecting an entrepreneurial character shaped by small business ownership and self-employment. Perhaps most distinctive is the role of household spending: retirees, commuters, and second homeowners collectively drive 35 percent of base employment, making residential economic activity a pillar of the regional economy.

The industry mix varies markedly by county. Tourism is the dominant force in Archuleta and San Juan Counties, while agribusiness anchors Montezuma and Dolores Counties. La Plata County has the most diversified base, with healthcare, higher education, tribal enterprises, government, and professional services all playing significant roles.[62]

## The Tribal Economy

Two sovereign tribal nations are central to the economic fabric of Southwest Colorado. The Southern Ute Indian Tribe is the largest employer in La Plata County, providing approximately 1,500 jobs across tribal government, the Sky Ute Casino, and an array of business enterprises.[63] The Southern Ute Growth Fund manages a diversified portfolio spanning energy production, real estate, construction, and private equity, generating a multiplier effect that extends well beyond direct tribal employment. The Ute Mountain Ute Tribe, headquartered in Towaoc, maintains an economy centered on gaming, agriculture, and tourism across Colorado, New Mexico, and Utah.[64] The presence of two sovereign nations means that the AI transition in this region will involve considerations — including data sovereignty, culturally appropriate implementation, and the protection of Indigenous knowledge — that do not arise in most workforce analyses.[65]

## Workforce Realities

The regional labor market is characterized by a paradox familiar to many rural Western communities: low unemployment paired with low wages and a persistent housing shortage. Unemployment rates across the five counties range from 2.4 percent to 3.2 percent, all at or below both the Colorado state rate and the national rate.[66] But the regional average annual wage of $43,000 to $55,000, depending on county, amounts to roughly 58 percent of the Colorado state average. Workers in the region earn substantially less than their counterparts elsewhere in the state for comparable work.

The cost of living compounds this wage gap. In the Durango area, living costs run approximately 28 percent above the national average, driven overwhelmingly by housing. The median home price in Durango exceeds $538,000, a figure that places homeownership beyond the reach of many essential workers.[67] The resulting workforce housing shortage is a structural constraint on the region's ability to attract and retain talent, and it will shape the context in which any AI-driven workforce transition takes place. The region's largest employers after the Southern Ute Indian Tribe include Mercy Regional Medical Center, Fort Lewis College, Durango School District, the City of Durango, and Purgatory Resort.

**EXHIBIT 6**

### Regional Economic Profile by County

| COUNTY | POPULATION | UNEMPLOYMENT | AVG. ANNUAL WAGE | TOP INDUSTRY |
|---|---:|---:|---:|---|
| La Plata | **55,638** | **2.6%** | **~$55,000** | Healthcare / Tribal / Government |
| Montezuma | **25,849** | **3.2%** | **~$43,000** | Agriculture / Tourism |
| Archuleta | **~14,000** | **2.9%** | **~$46,000** | Tourism / Construction |
| San Juan | **~745** | **2.5%** | **~$44,000** | Tourism (Silverton) |
| Dolores | **~1,900** | **2.4%** | **~$43,000** | Agribusiness |

*Sources: Region 9 Economic Development District, Economic Snapshot 2024; U.S. Census Bureau; BLS.*

## The Pipeline: Education and Future Workforce

Fort Lewis College, the region's only four-year public institution, enrolls approximately 3,500 students and occupies a distinctive position in both the regional workforce system and the broader landscape of higher education.[68] Twenty-seven percent of its students are Native American or Alaska Native, reflecting FLC's historic mission under its federal charter to provide tuition-free education to qualifying Native American students. Forty-four percent are first-generation college students, and 36 percent are Pell-eligible. These demographics describe a student body that disproportionately belongs to the populations identified in Part I as most vulnerable to AI-driven labor market disruption.

Nationally, high school graduate numbers are projected to decline after 2025, a phenomenon often called the "demographic cliff" that will shrink the pool of traditional-age applicants for institutions like Fort Lewis College.[69]

The 2025 Colorado Talent Pipeline Report provides important context: of the 163 occupations identified as Colorado Top Jobs, 77 percent require a postsecondary credential for entry.[70] At the same time, 57 percent of Colorado's 2.9 million current jobs require no formal credential or only a high school diploma. The gap between where the jobs are today and where the livable-wage jobs will be tomorrow places institutions like FLC at the center of the workforce development challenge.

# From National Trends to Local Impact

The national data presented in Part I describes a labor market undergoing real but uneven transformation. The question for Southwest Colorado is not whether these trends will arrive, but how they will manifest in a regional economy with a distinctive structure and a different set of vulnerabilities and strengths.

## Lower Direct Exposure, but Not Immune

The Brookings Institution's geographic analysis of AI exposure offers a useful starting point. Average AI exposure runs at approximately 35 percent in metropolitan areas compared to 30 percent in rural areas.[71] Generative AI, unlike the industrial robotics that preceded it, targets white-collar cognitive tasks rather than blue-collar physical ones. This reversal of previous automation patterns means that high-skill metro areas face the most direct exposure, while regions like the Four Corners, where a large share of work involves physical presence and in-person interaction, face somewhat lower direct displacement risk.

A more recent geographic analysis from Tufts University's Digital Planet center sharpens the picture for Colorado specifically. Distinguishing *vulnerability*, the likelihood of actual job loss, from *exposure*, the technical reachability of tasks by AI, the study identifies Colorado as among the six most exposed states in the country, alongside the District of Columbia, Massachusetts, Virginia, Maryland, and Washington, with an estimated 9.1 percent of jobs at risk. Boulder ranks third among American metropolitan areas at 9.0 percent, behind only San Jose and Washington D.C., and Denver-Aurora ranks fifteenth at 7.6 percent. Industry exposure varies enormously: information technology faces 18.3 percent vulnerability, finance 16.5 percent, and professional, scientific, and technical services 15.6 percent, compared with one to four percent in manufacturing, retail, and healthcare. The pattern reinforces a critical regional distinction. Colorado as a whole is among the most exposed states, but that exposure is concentrated in the Front Range knowledge corridor. The Four Corners' industry mix, anchored in healthcare, government, tourism, and tribal enterprises, places it on the other side of the divide.

This lower exposure should not be confused with immunity. Within every sector in the regional economy, there are administrative, clerical, and back-office functions that fall squarely within the tasks current AI handles well.[72] The exposure may be less pervasive than in a knowledge-economy metro, but it is real and will touch workers across the region's largest employers.

## The Real Risk: Falling Behind

If lower direct exposure were the entire story, Southwest Colorado could afford a wait-and-see posture. But the Brookings Institution's research on regional AI readiness identifies a more sobering dynamic. Thirty metropolitan areas currently account for two-thirds of all AI-related job postings nationally, and Brookings's assessment is stark: "most places never truly catch up."[73]

The wage implications are equally concerning. PwC's finding of a 56 percent wage premium for AI-skilled workers pulls talent toward metropolitan areas, and regional wages already stand at 58 percent of the Colorado state average.[74] Without deliberate investment in AI readiness, the gap between what regional workers can earn and what AI-skilled workers elsewhere command will widen, accelerating brain drain and making it harder for local employers to attract the talent they need.

## Where the Region Can Benefit

The alignment between the region's existing economic strengths and the sectors identified in Part I as growing is one of the more encouraging findings of this analysis. Healthcare, anchored locally by Mercy Regional Medical Center, is the sector with the most Colorado Top Jobs.[76] Construction and the skilled trades, which Randstad's data showed growing three times faster than professional roles nationally, are well-represented in the region, and the workforce housing shortage generates sustained demand for these occupations.[77] Tourism involves the kind of in-person, experiential work where AI displacement is minimal, and the Small Business Administration's finding that 80 percent of AI-using small businesses report the technology enhances rather than replaces their workforce suggests a plausible path for the region's many small tourism operators.[78]

## Who in the Region Is Most Vulnerable

While the region's aggregate exposure may be lower than the national average, certain populations within it face concentrated risk. Entry-level service workers and administrative and clerical staff across sectors occupy many of the region's lowest-paid positions and perform the routine cognitive tasks most susceptible to AI automation.[79] Indigenous communities face a distinct set of considerations, including data sovereignty and repeated cycles of knowledge extraction, and tribal colleges and vocational programs are only beginning to train Indigenous youth for AI and technology careers.[80]

## Regional Assets and Advantages

Against these vulnerabilities, the region possesses assets that, if leveraged deliberately, could position it favorably in the AI transition. **The AI Institute at Fort Lewis College, launched in August 2024, drew 600 attendees to its Four Corners AI Conference in December 2025.**[81] The Institute has secured $50,000 to fund 15 incubator projects through its Elevate AI program and offers free community AI workshops. For a region of 100,000 people, having a dedicated institutional bridge between national AI transformation and local readiness is an uncommon advantage. The region's anchor institutions in healthcare, education, and tribal government are concentrated in sectors that are growing nationally, not contracting.

**EXHIBIT 7**

### National Findings and Regional Implications

| NATIONAL FINDING | REGIONAL IMPLICATION |
|---|---|
| 61% of AI-displaced roles are entry-level (BCG) | Regional service, retail, and hospitality sectors employ many entry-level workers, but lower AI exposure due to in-person nature of work provides a partial buffer. |
| 30 metros hold 2/3 of AI job postings (Brookings) | Four Corners is not among them. Risk of talent drain if AI-literate graduates leave for metro areas; the AI Institute is a critical retention asset. |
| AI wage premium of 56% (PwC) | Regional wages already at 58% of state average. AI skills could narrow the gap or widen it, depending on whether workers gain access to training. |
| Healthcare, construction, education growing (multiple) | Aligns well with regional strengths — these sectors are the regional economy. Mercy Regional, FLC, and skilled trades face sustained demand. |
| 77% of Colorado Top Jobs need postsecondary credentials | FLC and regional community colleges are essential workforce infrastructure. 57% of current jobs require no credential, but future livable-wage jobs do. |

*Sources: Brookings Institution; BCG; PwC; Colorado Talent Pipeline Report; Region 9 Economic Snapshot.*

# Pathways Forward

## For Employers

The clearest message from the data is that *how* a company approaches AI matters far more than *whether* it adopts AI. Accenture's finding that people-centric implementation yields nearly three times the productivity gain of cost-focused implementation should reshape the way executives think about their AI strategies.[83] Rather than eliminating entry-level roles outright, the Brookings Institution has proposed a model inspired by medical residencies, in which junior employees are structured as professionals in training with learning built into the role.[84] The fact that 55 percent of employers already regret AI-related layoffs reinforces the case for caution.[85] For regional employers, the AI Institute's free community workshops and Elevate AI incubator offer an accessible starting point that requires no internal AI expertise to access.[86]

## For Educators and Training Providers

AI literacy can no longer be confined to computer science programs; it must be integrated across all fields of study.[87] At the same time, the data suggests that the most effective educational response is not simply to add AI courses but to develop the kind of critical thinking and independent judgment that employers actually prize most. For Fort Lewis College and other regional institutions, the opportunity is to build on the AI Institute's foundation. Expanding community workshops, deepening partnerships with tribal education programs, and integrating AI literacy across the curriculum would position FLC graduates as distinctively prepared for an AI-transformed labor market.[88]

## For Community Leaders and Policymakers

MIT's Iceberg Index, now being used by state governments in Tennessee and Utah, allows regions to assess their specific exposure to AI-driven workforce change and to target investments accordingly.[89] The Small Business Administration's research has found that 80 percent of AI-using small businesses report that the technology enhances rather than replaces their workforce, and that 82 percent of these firms actually increased their headcounts in the past year.[90]

For the Four Corners region specifically, four priorities emerge from this analysis:

**01** **Reliable broadband access** is a prerequisite for AI adoption, and gaps persist in parts of the five-county region and on tribal lands.

**02** **Workforce housing** must be addressed as a component of AI workforce strategy. If the region cannot house the workers it needs, no amount of skills training will close the gap.[91]

**03** **Protect federal workforce training programs** that serve Native American communities, including WIOA Section 166 funding.[92]

**04** **Position the Four Corners as a national model for rural AI readiness**, leveraging the AI Institute, the Southern Ute Tribe's investment capacity, and anchor institutions in growth sectors.[93]

# Conclusion: A Community Conversation

The transformation described in this paper is genuine, but its timeline is more forgiving than the headlines suggest. The theory-practice gap explored in Part I is not a reason for complacency; it is an opportunity. AI can technically automate tasks that represent trillions of dollars in wages, yet only a fraction of that theoretical exposure has materialized in actual deployment.[95] Yale Budget Lab's finding that no discernible macroeconomic disruption has emerged more than three years after ChatGPT's launch confirms that **the window for deliberate preparation is open now**.[96]

Among all the findings in this paper, the entry-level contraction stands out as the most urgent and the most thoroughly documented. The data is already visible in Handshake's posting counts, in Harvard's employer surveys, in Goldman Sachs's net job estimates, and in the experience of graduating seniors who are applying to more positions and hearing back from fewer.[97]

It would be a mistake, however, to read this paper as a story of uniform decline. The labor market is diverging, not collapsing. Healthcare is hiring, skilled trades cannot fill their open positions, and AI-specific roles now account for 1.3 million jobs globally.[99] The workers facing the worst outcomes are those anchored to routine document work and standard data analysis; the workers facing the best outcomes are those in roles requiring physical presence, sustained human judgment, or relational intelligence.

For Southwest Colorado specifically, the pattern is mixed in ways that are ultimately more encouraging than discouraging. The region's lower direct AI exposure provides a measure of insulation that knowledge-economy metros do not enjoy, but that insulation comes with a corresponding risk of stagnation if the region fails to build AI readiness while the window is open.[100] The more significant finding is that the region's core economic strengths align with the sectors that national data identifies as growing, not contracting.

# Questions for the Community

The discussion that follows this paper is an opportunity to bring these threads together as a community. The evidence collected here is meant to ground the conversation in data, while the workers, employers, educators, and community members present bring the firsthand knowledge that no research report can substitute for. The following questions are offered as a starting point.

**01** How is AI already affecting jobs in our community, and what are people experiencing firsthand?

**02** For regional employers, are you redesigning entry-level roles or reducing them? What is working, and what is not?

**03** For educators at Fort Lewis College and across the region, how are curricula evolving to prepare students for an AI-transformed labor market?

**04** How do we ensure that the AI transition respects tribal sovereignty, data rights, and the cultural values of the Indigenous communities central to this region?

**05** What would it take to position the Four Corners as a national model for rural AI readiness, and what role should each of our institutions play?

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### NOTE ON AI USE:

This report was produced through a human-AI collaboration. The research process included scanning news outlets, vendor and institutional announcements, and federal and state policy releases to identify relevant stories and developments. The report was generated with assistance from Claude, Anthropic's AI assistant, and then reviewed against the primary sources cited in the References section for fact-checking.

The final report, including the community-specific implications and all editorial judgments, was completed by the human authors. Every line of the document was reviewed, edited, or rewritten by a human. Report formatting and design work were also completed with assistance from Claude Code.

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