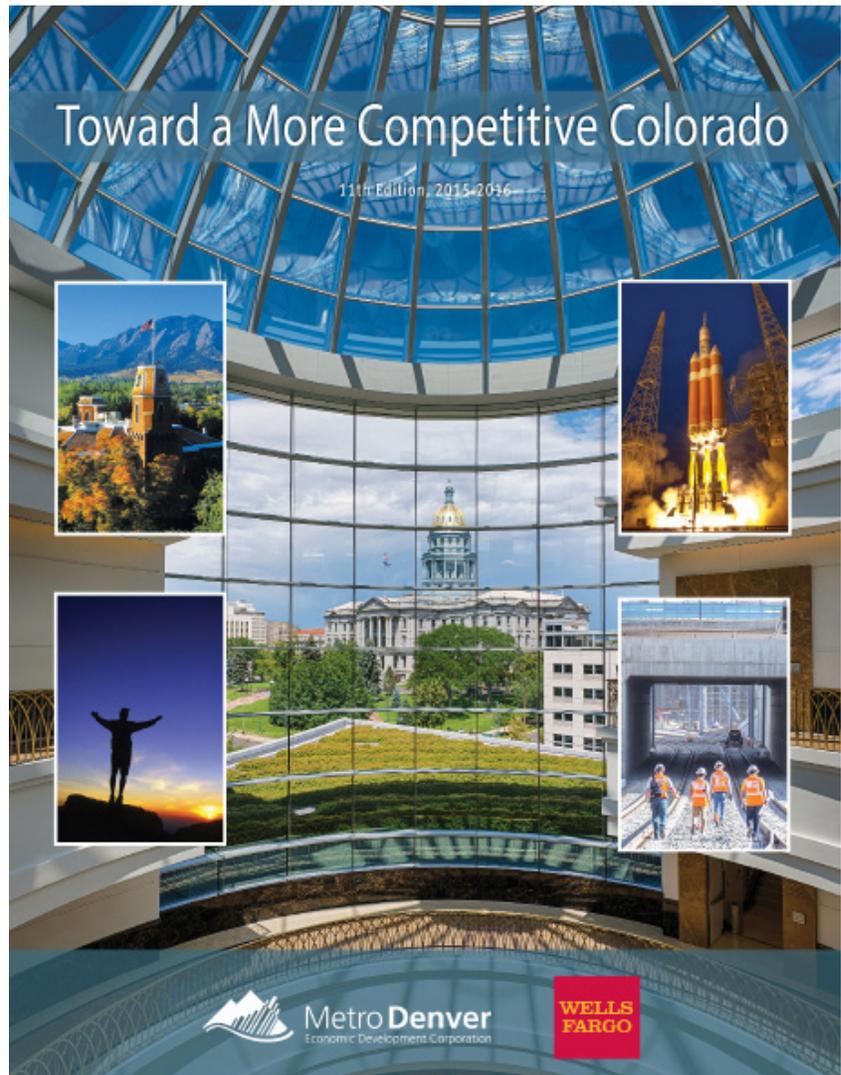


  
**COLORADO HAS  
EXCELLED  
POST-RECESSION,  
DEMONSTRATING  
CONSIDERABLE  
STRENGTH IN  
ECONOMIC EXPANSION  
AND EMPLOYMENT**



## Toward a More Competitive Colorado Executive Summary on Competitiveness

The Metro Denver Economic Development Corporation (Metro Denver EDC) is proud to present the 11th edition of *Toward a More Competitive Colorado* (TMCC).

Beginning in 2004, the Metro Denver EDC began a longitudinal study of Colorado's competitive position, including its economic trends and cycles. TMCC's purpose is to inform our work as economic developers and provide data and trend lines for policy makers, businesses, and other community leaders to consider as they deliberate future policies and programs.

Today, we have amassed volumes of data stretching back through two decades. This year, we present a picture—beginning in 2004—of some of the best and worst years in the state's recent economic history.



**COLORADO SHINES  
DUE TO ITS  
DIVERSIFIED  
ECONOMY**



**STATE POSTS  
STRENGTHS IN ALL  
INNOVATION  
MEASURES**



**UNBALANCED TAX  
SYSTEM PRESENTS  
ONGOING  
CHALLENGES**

### **Economic Vitality**

Colorado is at the top of its game in economic growth and employment gains as reflected in the rankings, a tribute to its well-diversified economy. The Beacon Hill Institute's *State Competitiveness Report* has ranked Colorado among the top-10 states in each of its publications dating back to 2001—one of only three states to accomplish this milestone. Colorado's competitive advantages include infrastructure, technology, and business incubation. The state's position, ranking third in employment growth for the second year in a row, is helping to attract more jobs and investment to the state.

### **Innovation**

Colorado's reputation as a hub for innovation is validated with all 18 innovation measures reported as strengths, with the state ranking in the top 10 in 15 measures. The state scores high for venture capital, entrepreneurial infrastructure, high concentration of technology companies and workers, startup density, and entrepreneurial activity. Colorado is creating spaces and support systems for innovation through private- and public-sector platforms that provide training, mentorship, and entrees to venture capital.

### **Taxes**

Since the first TMCC was published in 2005, we have reported on the challenges of Colorado's unbalanced tax system between state and local governments. Colorado has the lowest state sales tax rate among states that levy one, but when state and local sales tax rates are combined, Colorado ranks as having the seventh-worst tax structure. Moreover, our low per-capita tax revenue at the state and local level leaves Colorado starved for capital to invest in infrastructure and education.

Colorado's property tax system is driven by the strictures of the Gallagher Amendment and places significant burdens on commercial property. Over the span of this report, Colorado's position has weakened from 24th to 37th in property taxes on industrial properties. Comprehensive reform in our state tax policies is cumbersome, requiring a statewide referendum to enable substantive changes and provide better alignment of tax resources to support investment in our state.



**AFFORDABLE  
HOUSING IS CRUCIAL  
IN ORDER TO  
ATTRACT THE  
MILLENNIAL  
WORKFORCE**



**CHALLENGES EXIST  
RELATED TO  
GROWING OUR  
FUTURE WORKFORCE**



**COLORADO MUST  
GRADUATE  
STUDENTS IN  
CAREERS VITAL TO  
OUR ECONOMIC  
FUTURE**

### **Livability**

Colorado continues to have strong population growth, in particular among millennials. This demographic group—crucial to our future workforce—tends to decide where they want to live and then look for employment. New residents continue to be attracted by solid job growth and a strong sense of well-being in the state, with Colorado ranking among the top-10 states in the Gallup-Healthways Well-Being Index since the report's inception in 2009.

However, housing is becoming increasingly unaffordable in Colorado. The median home price in Metro Denver reached \$310,200 in 2014, making the region the sixth-most expensive in the United States. Apartment rental rates rose 12 percent in the fourth quarter of 2014 compared to the same period the previous year. Our state must provide affordable rental housing and pathways to first-time residential ownership in order to continue attracting the millennial workforce.

### **K-12 Education**

One of Colorado's persistent challenges has been in K-12 education measures. The state has made some progress since we first began this report, and the five-year trend line (2011-2015) is positive. In 2014, Colorado generally ranked in the second or third quintile of the 16 K-12 measures. The state has experienced relatively stable performance in high school graduation rates since 2004 and has lowered the percentage of teens ages 16-19 not attending school and not working.

Still our results seem modest. While our communities are placing a higher emphasis on financial resources for preschool education, Colorado ranks 34th in preschool spending per student and 46th in spending on K-12 public schools as a percentage of personal income. Student-teacher ratios have improved significantly from 42nd to 29th, but are still in the third quintile among the states.

### **Higher Education**

We regrettably continue to report that Colorado has made no progress in the challenges facing our higher education system in terms of funding and graduating students in key skill sets that are vital to our economic future. Colorado remains 48th in both support per student and state and local support per capita. Post-secondary education is less affordable and takes an increasing amount of a family's income. Our findings also show that high school graduates are more likely to attend college out of state given the high costs of local higher education. In addition, Colorado is not graduating students in sufficient numbers for key professions, including teachers, nurses, and engineering technicians.



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BENCHMARKING  
AGAINST GLOBAL  
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IS CRUCIAL

### Health

Colorado continues to rank highly in broad health measures. The state is well known as the thinnest state. In addition to ranking the best for low adult obesity rates for more than 10 years in a row, Colorado continues to post high levels of physical activity—first in 2013—as well as low levels of cancer (third lowest) and heart disease deaths (second lowest).

Nonetheless, the cost of Colorado's healthcare lands the state among the middle and lower end of the states, ranking 28th in the average employer-based insurance premium for an individual and 45th for average hospital expenses per inpatient day.

### Infrastructure

Colorado ranks No. 1 in the infrastructure component of the *State Competitiveness Report* by the Beacon Hill Institute, a broad ranking that looks at a number of variables. We are generally a tech-savvy state that is highly mobile, enjoys lower than average commute times, and is an environmentally conscious advocate of clean energy.

However, with growth comes challenges. Colorado has ranked in the bottom quintile in highway funding for the past nine years. With few prospects for increased public funding, technology and innovative thinking will be required to meet the state's infrastructure needs going forward.

### International

Colorado competes with other cities around the world every day, and so we continue to benchmark against the state's OECD competitors and the growing BRIC nations. Direct data is difficult to come by, but does provide insights into how the state measures up.

Colorado competes well when it comes to education, with the third-highest percentage of the population age 25-64 years with a post-secondary degree or higher. The state also ranks fifth highest for math achievement and sixth highest for science of those countries that are ranked. And while Colorado has one of the lowest overall tax burdens of the OECD and BRIC countries, its business tax burden ranks in the middle. Also, both Colorado and the United States are challenged by a higher effective corporate income tax rate.



## Conclusion

Colorado has excelled post-recession, demonstrating considerable strength in economic expansion and employment growth compared to other states and countries. Our competitive advantages in innovation, livability, and health, coupled with a talented workforce, will continue to attract expansions and new companies relative to the competition. Nonetheless, one of our rivals, Utah, is nipping at our heels on many of these measures, especially when it comes to innovation, infrastructure, workforce development, and employment opportunities.

There are some key areas that need increased investment in order to continue to maintain Colorado's edge. Our P-12 education system ranks in the second and third quintiles and is average at best compared to other states. Colorado's higher education system is to the point of being completely defunded and in desperate need of public financial support to provide Coloradans a pathway to professional opportunities. Further, the state's infrastructure challenges should be addressed through technology and development in order to meet the demands of our growing population. Overall, Colorado is in a good place competitively, and we feel the challenges that our state faces can be met with cooperation and vision for the future.

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