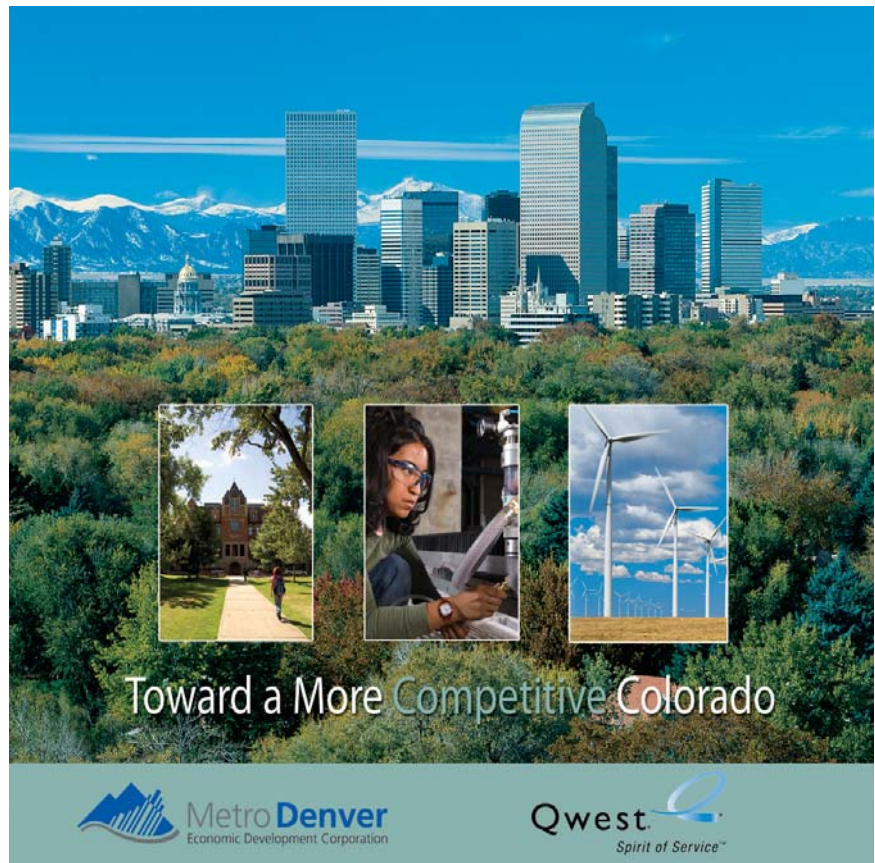


“Colorado continues to hold its position as one of the most competitive states for job growth.”



Toward a More Competitive Colorado Executive Summary on Competitiveness

At the close of 2008, Colorado continues to hold its position as one of the most competitive states for job growth. Backed by a steady drumbeat of economic diversification, the state ranks among the highest as a place for innovation, creativity, and quality jobs. Our natural environment, ample natural resources, and highly educated workforce rank Colorado among the top states for future job growth and continued prosperity for its citizens.

First published in 2005, *Toward a More Competitive Colorado* was the centerpiece of the Metro Denver Economic Development Corporation's (Metro Denver EDC) work to compare Colorado's competitive position against the other 49 states. In this year's fourth edition, we have added several international comparisons that contrast Colorado against other countries. However, the manner in which data is collected in other parts of the world and the challenges of comparing a single state against an entire country makes apples-to-apples comparisons difficult. Nonetheless, as the Metro Denver region continues its climb to join the ranks of world cities, these comparisons assume greater importance in crafting a global strategy for our state's future economic growth.

This year we also added Utah into our "Competitor States" analysis, since this neighboring state has emerged in the past two years as a significant force in the West. While Utah has yet to reach the economic stature of our fiercest competitors for new jobs and investment—Texas and Arizona—we anticipate that Utah will continue to assert itself economically in the coming years.



“..the purpose of economic development is providing greater numbers of people greater access to wealth...”

Colorado is an affluent island in the middle of the country, surrounded by competitor states with lower wages and oftentimes, lower business costs. The state ranked 11th in per capita income, for example, while Texas and Arizona ranked 22nd and 41st respectively. While the purpose of economic development is providing greater numbers of people greater access to wealth, this unique circumstance ironically results in fewer jobs being created in Colorado but a significantly higher standard of living. For example, site selection professionals representing companies with lower paying jobs in the high-tech industry tell us that Colorado is never on their initial list of states for this very reason.

Competitive highlights from the fourth edition report

This year, we note several improvements in our position. However, these are single year events. Whether this data continues to move in a positive direction will only be proven in subsequent years. One area where the state continues to make steady progress is in job growth. Colorado was among the top 10 states in job creation in 2007, while in 2003, the state ranked 48th. As 2008 comes to an uncertain close, Colorado is expected to finish the year with job growth of 1.5 percent, while the nation struggles with growth rates at 0.2 percent. Additional highlights:

Innovation

- Second in Small Business Innovative Research (SBIR) grants, up from 4th in 2004
- Fourth in venture capital investments, up from 5th
- Fifth in creating new companies – down from 2nd in 2005. California dropped from 13th to 19th during the same period.

Education

- First in students scoring at the highest levels of ACT and SAT college-entrance exams
- Third-highest percentage of adults with a bachelor’s degree, down from second
- Fifteenth in reading proficiency of 8th grade students – up from 23rd in 2005

Health

- Lowest obesity rate – Colorado has maintained this position since *Toward a More Competitive Colorado* was first published in 2005.
- Third-lowest in cancer deaths
- Third-lowest in heart disease deaths
- Fourth-lowest in diabetes deaths – as a co-occurring disease with obesity
- Eleventh-lowest in pre-term births compared to live births – up from 26th

Energy

- Ranked 23rd in energy generated through renewable sources – up from 34th

Competitive challenges from the fourth edition report

Last year, after several years of data analysis, we reported that “while Colorado is a competitive state economically, the state has done little to improve its competitive position since 2000.” This statement remains unchanged in this year’s report.

Education

- Ranked 36th out of 38 states (rankings based on states with programs) in funding for Pre-K education – down from 33rd
- Ranked 32nd in high school graduation rates, down from 28th
- Fifth-lowest in K-12 education as a percent of personal income
- Third-lowest in state and local per capita support for higher education

Healthcare and Quality of Life

- Ranked 14th lowest percentage of population with health insurance
- Tenth-highest state with the largest populations living in “non-attainment” areas for certain types of air pollution

Transportation

- Eighth-lowest in federal transportation funding per capita



Colorado’s challenges

As the Metro Denver EDC has reported since the inception of *Toward a More Competitive Colorado*, we remain deeply concerned with the state’s lack of funding for higher education and the condition of our transportation system. There continues to be no appreciable improvement in these two building blocks of successful and sustainable economic development.

“...we remain deeply concerned with the state’s lack of funding for higher education and the condition of our transportation system.”

Industry cluster study

In the past, we’ve included our industry cluster study in *Toward a More Competitive Colorado*. We will publish and release this year’s report examining employment clusters driving our economic growth at the end of 2008.

Major industry clusters:

- Aerospace
- Aviation
- Bioscience
- Energy
- Financial Services
- Information Technology – Software

Aerospace and Energy carry the economy

In 2007-2008, two clusters carried Metro Denver’s economy – aerospace and energy. Aerospace pays the highest average wages while the carbon-based energy industry generates over \$25 billion in economic impact, with \$2 billion in downtown Denver alone. ConocoPhillips’ decision to locate its world training center and its new renewable energy research and development efforts in Louisville further buoyed Colorado’s reputation as a center of intellectual capital in the nation’s energy industry.

The renewable energy industry also had dramatic growth this past year. Vestas, the world’s largest producer of wind turbines, announced a second blade and nacelles production facility would be built in Brighton. In 2007, Vestas chose Windsor as the location of its first blade plant. Additionally, Vestas announced construction of the world’s largest wind tower manufacturing facility in Pueblo. We estimate that when all facilities are completed, over \$700 million will be spent on what will be the largest private sector capital investment in Colorado history.

Additionally, Renewable Energy Systems Americas, the nation’s largest developer and operator of wind turbine farms, moved its corporate headquarters from Austin, Texas to Broomfield and Siemens Energy announced the location of its new research and development center in Boulder. These decisions are rapidly placing Colorado in a leadership role in the renewable energy economy.



“WIRED’s initiatives are now moving towards our ultimate goal: linking our workforce education system with the strategic economic goals of the Metro Denver region.”

In the past five years, the Denver Metro Chamber and the Metro Denver EDC have taken steps to strengthen our over-all competitive position against other states. Additionally, we have created advocacy groups or partnered with existing industry associations to encourage the growth of industry clusters.

- The **Metro Denver WIRED (Workforce Innovation in Regional Economic Development) Initiative**, a four-year, \$15 million U.S. Department of Labor grant to create a “seamless pipeline” of workers in our fastest growing industries is now in its third year of operation. WIRED’s efforts have provided training for workers, stimulated younger students interest in our targeted industries, and created partnerships among private sector employers, educational institutions, and state and local governments. WIRED’s initiatives are now moving towards our ultimate goal: linking our workforce education system with the strategic economic goals of the Metro Denver region.
- Now in its fourth year of operation, the **Colorado Space Coalition**, an affiliate of the Chamber, has championed growth and opportunities for the state’s aerospace industry. The success of the Coalition’s legislative, marketing, and business development efforts is best evidenced by Colorado’s leap past Florida and Texas to become the nation’s second-largest space economy in terms of private-sector employment.
- The **Colorado Energy Coalition** was formed two years ago by the Metro Denver EDC to focus on building the financial, educational, and regulatory infrastructure that will make the state the “Balanced Energy Capital of the West.”
- Two strategic partnerships with established industry advocacy groups, the **Colorado Software and Internet Association (CSIA)** and the **Colorado BioScience Association (CBSA)** continue to foster the growth of these industries in Metro Denver. For the past three years, the bioscience cluster has benefitted from a key piece of legislation referred to as “Proof of Concept.” This unique program provides funding to help companies with promising research determine whether the product can be produced commercially.
- Created in 2006 to foster a legislative and regulatory climate that stimulates growth in the clusters, the **Colorado Competitive Council (C3)**, lobbies the Colorado General Assembly and pushes for regulatory or legislative changes that promote industry cluster growth.

The November ballot and what might have happened

Metro Denver’s business community spent much of the summer of 2008 playing defense on four ballot proposals initiated and backed by organized labor that posed potential economic disaster for Colorado. The Metro Denver EDC and the Denver Metro Chamber, along with many of our business and economic development partners, joined together to oppose the four initiatives on the November ballot. The labor-backed initiatives were in response to a Right to Work initiative that will be before voters this year.

Both sides had amassed campaign war chests totaling over \$15 million. Right to Work advocates had over \$1 million in contributions. In October, organized labor withdrew its ballot initiatives through negotiations with business and political leadership.

Had these initiatives not been withdrawn, and had passed, the Metro Denver region would have suffered its worst economic collapse since the Great Depression. Such strategies of economic brinksmanship will continue to pose one of the greatest risks to the Colorado economy. In the coming year, steps must be taken to ensure that such actions are not repeated. This will require a strong and continuous business voice for responsible political, business, and labor leadership.

Current turmoil in international markets

The world's economy is under significant stress as *Toward a More Competitive Colorado* goes to press in October 2008. We would be remiss if we did not comment on how Colorado will perform in what will certainly be a downturn in the U.S. economy.

After 25 years of efforts to diversify the Colorado economy, cushioning it from economic squalls, and creating a technological economy, we will now reap the success of these efforts. While many portions of the nation will suffer dramatic economic upheaval, the Metro Denver region can expect to see modest growth in 2009, but will still outperform the national economy.

During such times, many opportunities will be available for Colorado to expand its competitive position. While other states will shrink away from positioning themselves for the inevitable rebound, states that push into new markets, reposition their industry clusters for future growth, and invest in key infrastructure elements will see far greater growth when the national economic recovery begins.

During past recessions, our citizens have dared to move boldly by building and expanding the Colorado Convention Center, Denver International Airport, sports stadiums, and transit projects. These infrastructure investments have played pivotal roles in propelling our region onto the world stage and ultimately the creation of thousands of jobs. As we muddle through 2009, a thorough examination of our next great opportunity is a worthy enterprise.



“...many opportunities will be available for Colorado to expand its competitive position.”

For additional information, contact 303.620.8039, info@metrodenver.org, or www.metrodenver.org



Affiliate of:

