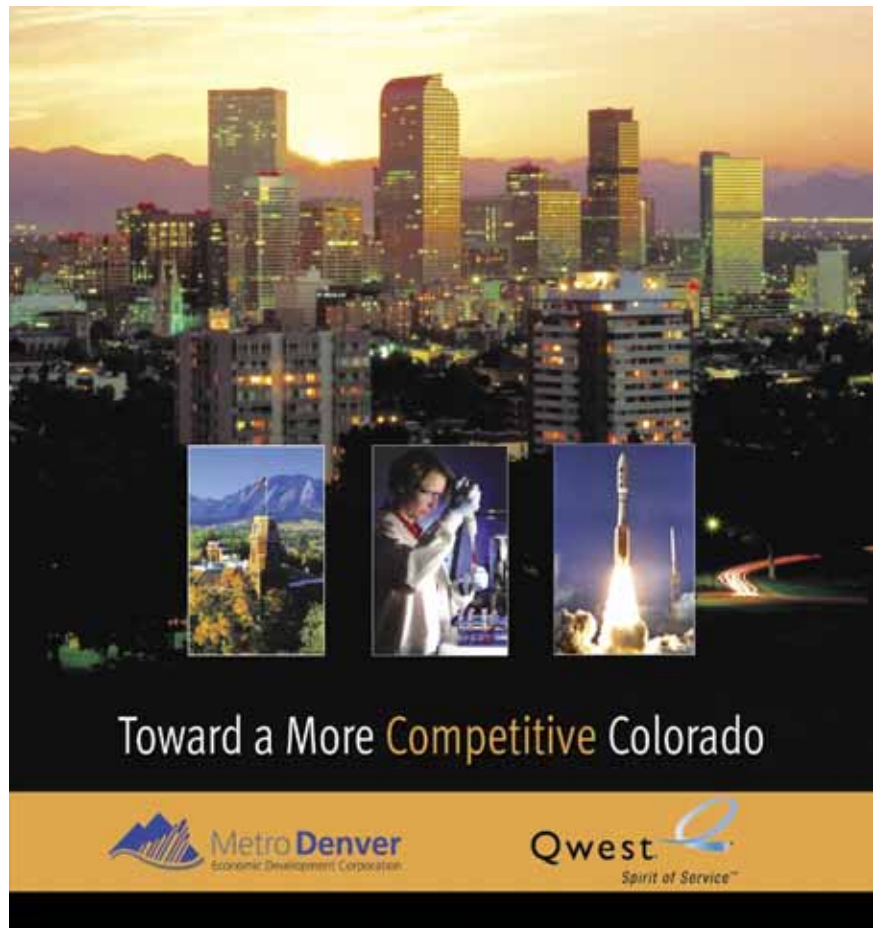


Colorado is a highly competitive state for new job growth...its citizens are remarkably healthy, productive, and innovative.



Toward a More Competitive Colorado Executive Summary on Competitiveness

In 2006, Colorado remained a highly competitive state for new job growth. In the second edition of *Toward a More Competitive Colorado*, the Metro Denver Economic Development Corporation (Metro Denver EDC) reports its annual benchmarking of Colorado's strengths, challenges, and opportunities for future job growth.

First published in 2005, *Toward a More Competitive Colorado* was the foremost effort to compare Colorado's competitive position against the other 49 states. For the most part, the findings affirmed what many Colorado citizens believe about their state.

Colorado citizens are remarkably healthy, productive, and innovative. Colorado is one of the most highly educated states in the nation. Our natural environment, and our willingness to retain it, lends itself to healthy lifestyles and our ability to attract highly educated workers.

Toward a More Competitive Colorado examines hundreds of national rankings on issues related to the state's competitive position. While Coloradans have made many far-reaching decisions that will provide continued opportunities for high-paying, high-quality jobs, the state continues to face significant challenges that put our high standard of living, quality of employment, and families at risk.

For the most part, these challenges are solvable. Unlike other states that consistently fall at the bottom of these national rankings, Colorado and its people have the capacity, knowledge, and frequently the will to sustain our high quality of life and long-term economic health and vitality.



To remain competitive in a global economy, Colorado must increase its commitment to growing and sustaining a "knowledge-based economy."

Toward a More Competitive Colorado

Competitive highlights for Colorado:

- 1st in high tech employment for the past seven consecutive years
- 2nd most highly educated state in percentage of college graduates, up from 4th in 2004
- 4th highest concentration of doctorates in science and engineering
- 4th highest venture capital investments per capita
- 8th highest in patents per million population
- 9th most productive workforce
- Lowest obesity rate
- 3rd lowest in heart disease deaths, 4th lowest in diabetes deaths, and 6th lowest in cancer deaths

Since the release of the initial *Toward a More Competitive Colorado* report, improvements in several areas have been made. Colorado's ranking of "number of graduates entering college directly from high school" jumped from 37th in 2000 to 24th in 2004. The production of new nurses moved from 36th in 2001 to 27th last year. Perhaps most significant, Colorado ranked 17th in the nation in 2004-2005 for employment growth, up from 48th in 2002-2003.

Colorado competes for new jobs primarily within the western United States. When comparing Colorado to its most frequent competitors for corporate expansions and relocations, the state outpaces Texas, New Mexico, and Arizona in almost every measure – except the cost of doing business.

Georgia is also included in the analysis of competitors. Metro Atlanta has emerged as our chief competitor in the rapidly growing southeast market. Despite higher wages and business costs in Colorado, the state compares well against Georgia.

The *Toward a More Competitive Colorado* analysis also found areas where the state is competitively challenged. While an array of high-quality jobs are available for qualified Colorado citizens, the state's lower-paying, lower-skilled jobs will continue to disappear. To remain competitive in a global economy, Colorado must increase its commitment to growing and sustaining a "knowledge-based economy."

This endeavor requires continued investments in our people – our human capital. Unfortunately, Colorado consistently ranks in the lower quartile in these investments. Our regional competitors have made progress at much faster rates than Colorado, eroding Colorado's historical competitive advantages.

Competitive challenges for Colorado:

- 48th in state and local support for higher education
- 48th in higher education spending per full-time student
- 48th in K-12 spending as a percentage of personal income
- 25th in high school graduation rates

While Colorado's business costs tend to be higher than our regional and national competitors, the predominant reason for these higher costs is due to higher wages and salaries, which are a function of educational attainment. Therefore, Colorado's No. 2 ranking for college-educated adults accounts for its higher wages. However, Colorado's taxes are among the lowest in the nation.



“A knowledge-based economy cannot flourish without a public and private education system that consistently produces high-quality graduates...”

Tax highlights for Colorado:

- 4th lowest effective state and local tax burden
- 2nd lowest business tax burden
- 6th lowest state sales tax rate
- 2nd lowest residential property tax burden

Driving future job growth

The Metro Denver EDC focuses on six industry clusters that hold the greatest potential for future job growth:

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

Some encouraging signs are emerging as a result of private employment gains in the state's growing aerospace industry. In 2007, Colorado is expected to surpass Texas as the nation's second largest aerospace economy. In 2006, Colorado outpaced Florida to assume its current No. 3 ranking.

Other highlights

In addition, the Metro Denver EDC focuses its retention and expansion efforts on three industry clusters:

- Beverage Production
- Broadcasting and Telecommunications
- Information Technology - Hardware

All of these clusters require skilled workers in virtually all employment positions. For additional information, detailed Industry Cluster Studies are included in this report.

Our challenges

Colorado's greatest challenge to remain competitive is – as it was last year – its future workforce.

The Metro Denver EDC remains concerned with "mediocre" high school graduation rates and the disconnect between the requirements of our high technology employment clusters and the low levels of funding provided for acquiring these skills. Most importantly, we are troubled with ongoing low higher education funding levels.

These factors significantly challenge Colorado's historic competitive workforce position. A knowledge-based economy cannot flourish without a public and private education system that consistently produces high-quality graduates with skills that offer the greatest potential for employment. However, strategies are underway to address these challenges:

- In 2006, the Denver Metro Chamber of Commerce created the **Colorado Competitive Council (C3)**, a statewide organization providing direct lobbying and business advocacy at the state legislative level. C3 steering committee members and investors represent organizations and business interests from across Colorado. The organization focuses its advocacy efforts on the strength of Colorado's economy and ensuring primary job growth in the state's key industry clusters.



The Metro Denver WIRED Initiative will work to create a "transformational, sustainable workforce development program."

- In January 2006, the Metro Denver EDC was one of 13 regional economic development organizations in the nation chosen to lead a three-year, \$15 million U.S. Department of Labor grant. The **Metro Denver WIRED Initiative** will work to create a "transformational, sustainable workforce development program" and fill the region's workforce pipeline with qualified graduates in the aerospace, energy, bioscience, and information technology industries.
- In June 2006, due to concerns about retaining Colorado's dominant position as one of the nation's healthiest states, the Metro Mayors Caucus, the Center for Human Nutrition-Anschutz Medical Campus, and the Metro Denver EDC founded the **Metro Denver Health and Wellness Commission** to focus on establishing Metro Denver as "America's Healthiest Community."

We are moving in directions that should improve and expand Colorado's competitive position. In the years ahead, *Toward a More Competitive Colorado* will continue to measure that progress.

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



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