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business

## Colorado not expanding its competitiveness, economic report warns

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The Denver Post

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Colorado's ability to increase incomes and create jobs for its citizens is lagging behind surrounding states it must compete with, a report released Tuesday by the Metro Denver Economic Development Corp. warns.

"Our findings show that Colorado is not expanding its competitiveness," the group notes in its report, "Toward a More Competitive Colorado."

The report recommends reworking tax and spending limitations in the state constitution to free up more funds for higher education and infrastructure. The state also should be seeing a

better payoff than it appears to be getting for all the dollars being redirected to K-12 education, said Tom Clark, executive vice president of the MDEDC.

"If you are an intelligence-based economy, it isn't good to be ranked 47th in higher-education funding," he said.

Clark said the state in the past has made investments in public projects such as Denver International Airport and the widening of Interstate 25, and that it must avoid complacency now.

The report, done annually since 2005, outlines areas in which the state is slipping:

- Colorado has moved from the eighth-highest rate of per-capita personal income to the 13th-highest in the past three years.
- The state's per-capita gross domestic product, a measure of economic output per person, has fallen from eighth to 12th during the same period.
- The export dollars the state is generating from the products it ships elsewhere is the fifth-worst in the country.

The decline reflects the loss of the hard-drive and computer-hardware industry in the state, said Patty Silverstein, an economist with Development Research Partners who helped prepare the report.

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Part of the decline in the rankings on income and economic activity is the result of a population that is growing faster than other states. Colorado ranks fifth in the nation for population growth.

But nearby states, such as Utah, Texas and Arizona, are seeing even faster rates of growth but appear to be doing a better job on measures.

John Brackney, president of the South Metro Denver Chamber of Commerce, said that while Colorado may rank low in spending for higher education, the ultimate question is whether that affects competitiveness.

"Let's worry first about outcomes and what we're able to accomplish, and if we're able to accomplish it for less money but the outcomes are superior, that's actually a great business model," he said. "The key question is whether the outcomes are sufficient to keep us competitive."

Dan Pilcher, senior vice president of the Colorado Association of Commerce and Industry, wouldn't comment directly on the report but passed along remarks that CACI president Chuck Berry made Oct. 7 in a panel discussion.

Berry said Colorado has lost ground in recent studies that rank the business climate and competitiveness of states, including the U.S. Chamber of Commerce's "Best to Worst State Legal Systems" survey. That report placed

Colorado 13th, a drop from previous years.

Colorado remains a top performer in many areas, with a population that is healthier and generally better educated than that of other states.

"This slippage is noticed by business decisionmakers and site locators with national site-location companies that advise corporate executives on where to locate their facilities," Berry said in his remarks.

The state scores high in a number of areas. It ranks first for the leanness of its population and first for the ACT/SAT scores achieved by its high school graduates. It ranks second among states for the percentage of the population over age 25 with a bachelor's degree, third for per-capita venture capital investments and third for its concentration of technology workers.

Areas in which it lags include ranking 47th for state and local funding per student for higher education and 47th for its student-to-teacher ratio in primary education. It is 29th for its high school graduation rate.

*Staff writers Andy Vuong and Ann Schrader contributed to this report.*

## State's strengths and weaknesses

### Strengths

**1st** — ACT/SAT top scorers

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- 1st** — Lowest obesity prevalence
- 2nd** — College-educated population
- 3rd** — Per-capita venture capital investments
- 5th** — New company formations
- 7th** — Entrepreneurial activity

## Weaknesses

- 7th** — Highest health-insurance premiums
- 29th** — Public high school graduation rate
- 41st** — Student-teacher ratio in primary schools
- 43rd** — Federal highway funding
- 45th** — Per-capita exports
- 47th** — Higher-education funding per pupil

Source: "Toward a More Competitive Colorado,"  
Metro Denver Economic Development Corp.

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