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Introduction

Colorado’s free enterprise competitiveness, once high, has gone through a steady downturn since 2011, from which it is only recently showing signs of improvement. From 2011 to 2017, Colorado’s free enterprise competitiveness slid from 15th to 27th. It slid further through the early 2020s, bottoming out at 32nd in 2022. It has recovered one spot in national rankings in 2023. These factors are driving the decline in free enterprise competitiveness:

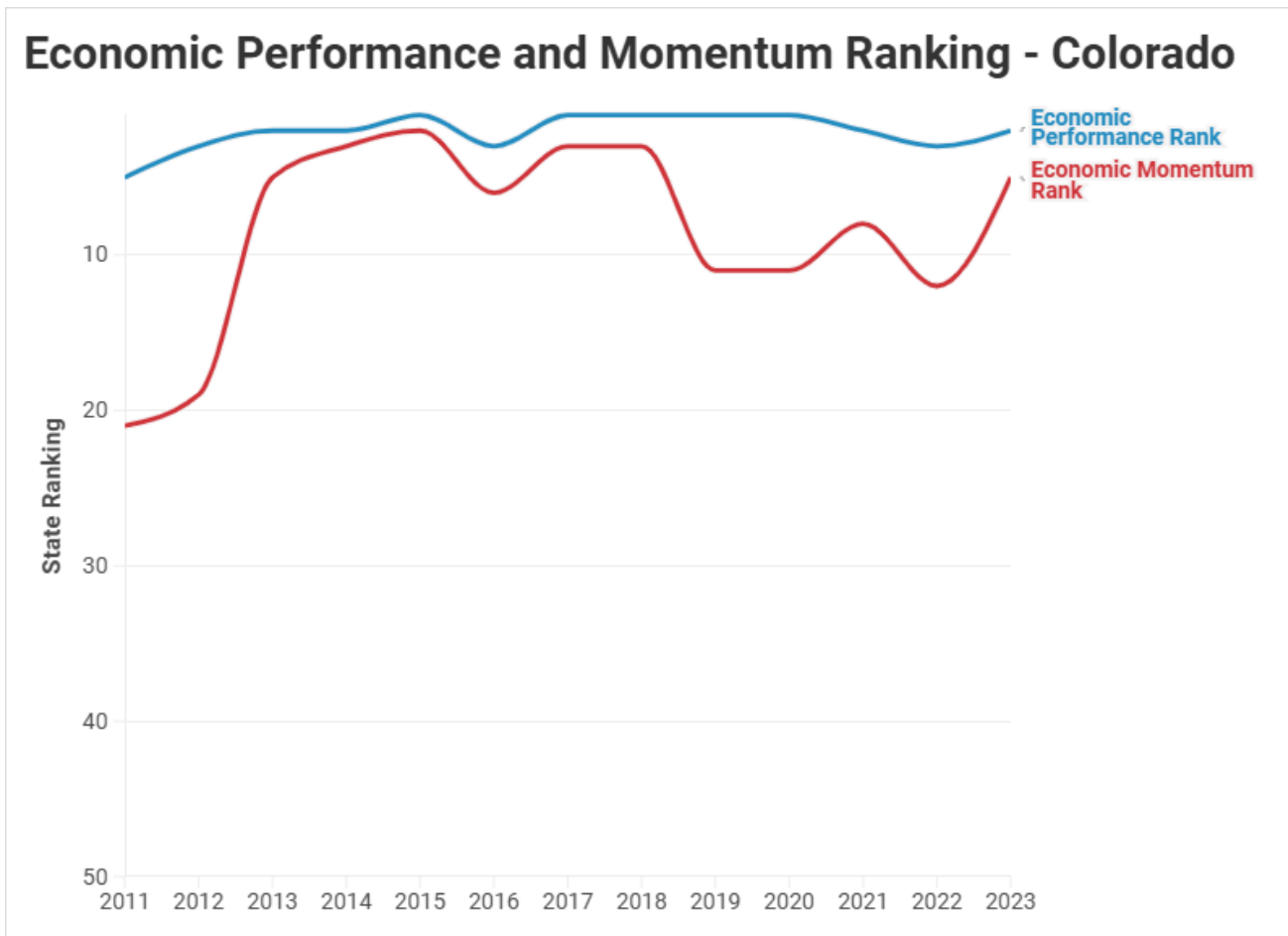
- Crime and public safety. Colorado’s rank moved from 29th to 43rd – far from a top 10 safest state. Relative to other states, Colorado is seeing higher crime rates, homelessness, and overdose deaths.
- Housing. Colorado ranks dead last (50th). The Homebuyer’s Misery Index increased in all counties in the latter half of 2023 as mortgage rates increased and housing prices remained out of reach for most Coloradans.
- Education gaps prevail. Although standardized test scores have returned to and even slightly surpassed pre-pandemic levels, achievement gaps and low proficiency rates persist despite increased funding.
- State Budget. Colorado’s state budget competitiveness rank declined to 43rd in 2023. Colorado’s recent decline is due in part to outsized proportion of state and local government employment as a share of the population.

The Free Enterprise Competitive index is an equally weighted aggregate measure of nine indices aligned with CSI’s policy areas. The competitiveness in those 9 areas is below:

Free Enterprise Competitiveness Indices Rank				
	2011 Rank	2017 Rank	2023 Rank	Change from 2011-2023
Education Competitiveness Index	8	11	15	-7
Energy Competitiveness Index	32	34	27	5
Healthcare Competitiveness Index	4	11	4	0
Housing Competitiveness Index	47	50	50	-3
Infrastructure Competitiveness Index	10	14	10	0
Public Safety Competitiveness Index	29	40	43	-14
State Budget Competitiveness Index	34	31	43	-9
Taxes & Fees Competitiveness Index	19	18	20	-1
Workforce Competitiveness Index	7	10	3	4
Aggregate Competitiveness Index	15	27	26	-11

On the positive side, Colorado ranks in the top-10 for four of the six Economic Performance Index components, and ranks in at least the top-20 for all six components, placing the state 2nd overall. In particular, Colorado stands out in measures of poverty, ranking 3rd best among all states and the District of Columbia.

The state also has high labor force participation among those aged 18 to 64, putting the state 4th in the rankings for this metric. Between 2011 and 2023, the state showed marked improvement in four of the six components (poverty rate, GDP per-capita, labor force participation, and adjusted per-capita disposable personal income), and a slight deterioration in net job creation per-capita and net interstate migration.



Although the state’s economic performance has remained strong since 2011, economic momentum in Colorado has more recently deteriorated from the highs seen in 2015-2018. Slowing job creation, lower relative growth in the labor force participation rate, and a slight increase in poverty rates following 2020 have all led to diminished economic momentum relative to other states.