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State seeking to understand lag in economy

Listening panels being held to uncover concerns about jobs, business development

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Over the past 18 months, the Colorado economy has seen the number of payroll jobs fall by 6,200.

It isn't a regional problem — the three states with the strongest percentage job gains over that period are Nevada, Idaho and Utah, while Texas, Florida and California lead for the number of jobs added.

Nor can a recession be blamed for the poor showing. The U.S. economy is chugging along, and since the early 1990s, Colorado has rarely lost jobs when that is happening.

Note

Yet, Colorado ranks 12th worst in total job losses and 14th worst in percentage job losses since January 2025, according to counts from the U.S. Bureau of Labor Statistics.

It isn't scraping the bottom of the barrel like West Virginia, Michigan and Ohio. And the unemployment rate remains a manageably low 3.9%.

But for an economy used to being a star athlete, Colorado appears to be hanging out under the bleachers with a different crowd.

"We know this is a critical moment for the state. We have many strengths. But we are facing increasing headwinds," Rachel Rose, deputy director of the Office of Economic Development and International Trade (OEDIT), told the Colorado Economic Development Commission (EDC) last week.

To address those headwinds, Gov. Jared Polis plans to announce the formation of a new competitiveness council this week involving both public and private partners.

Polis has already directed Rose and OEDIT Executive Director Eve Lieberman, in cooperation with the Colorado Economic Development Council, to host a series of "convenings" across the state.

"Our goal is to hear from businesses of every size in every sector in every part of the state. We are working on a grassroots effort," Lieberman said.

Former Gov. John Hickenlooper's administration deployed a similar approach under the Colorado Blueprint, holding more than 50 regional working sessions and talking to business leaders and residents in all 64 counties.

Note

Key concerns raised in those sessions included high living costs that deterred employee recruitment, burdensome regulations and new workplace mandates, and infrastructure bottlenecks.

Expect those issues and more to come up again in the current round of meetings in a state that has moved politically from purple in 2011 to solidly blue.

The outreach effort will also try to get at why companies are leaving, and where applicable, what incentives other states provided them.

OEDIT is also working with University of Colorado Boulder's Leeds Business Research Division to analyze what economic indicators matter most and where Colorado has a competitive advantage, and where it lags behind.

And that information should help inform the competitiveness council.

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"This will be very good from the standpoint of having the data and having the policy recommendations ready to go," said EDC member Chris Frantz, who attended an earlier listening session.Rankings matter

OEDIT has tracked various rankings since 2012, and they provide a pulse on how the state is doing. For years, they offered bragging rights, until they didn't.

"Each ranking has its own level of rigor and bias," Rose said.

For example, Colorado routinely made the top 10 of CNBC's "America's Top States for Business" from when it launched in 2007 to 2022, even ranking first in 2011. But this year, it came in at 25th.

Items dragging Colorado down were the cost of living, 49th; cost of doing business, 38th; and infrastructure, 32nd. The state continues to lead nationally on technology and innovation, and the quality of its workforce.

"Colorado's drop in the rankings reinforces what the Chamber's strategic research has already shown," Colorado Chamber President and CEO Loren Furman said in a release. "Regulatory burdens, housing, rising costs and workforce needs remain key issues affecting the state's competitiveness."

-Note

But optimists can rally around the U.S. News & World Report "Best States" ranking, which has Colorado 11th overall and No. 6 for its economy.

That report places more weight on "structural" measures, such as educational attainment, venture capital investment, and productivity.

Those measures indicate that Colorado has a strong foundation for renewed growth, if it can address what has caused it to lag this decade.

-Note

The ALEC Economic Outlook Index's "Rich States, Poor States" ranks Colorado in 29th place, down sharply from 17th place in 2024 and 2025 and far away from its 2nd place ranking in 2008.

Areas where Colorado ranks lowest are for the share of debt that local governments and state enterprises carry as a share of their revenues, and for its labor laws.

-Note

And when it comes to taxes, Colorado ranks 33rd overall with high local sales tax burdens and complex property tax mechanics overcoming a relatively low flat personal and corporate income tax rate, according to the Tax Foundation.

Go small or big?

In April, a coalition of more than 230 business leaders issued a letter warning that Colorado was at risk of losing its reputation as an innovation hub if economic competitiveness and pro-business policies were not prioritized.

The effort was led by Dan Caruso, who heads an organization called Engage Colorado, and it had the support of Polis, who leaves office in five months.

Caruso, in a blog post on Tuesday, said that Colorado now finds itself among the states losing rather than winning when it comes to retaining and attracting employers.

"Losing states don't view winning businesses as an investment that will provide a substantial return for their state. Instead, they see it as a cost that competes against other budget items," he said.

By not prioritizing economic development and job creation, business leaders and capital providers may come to view a state as undisciplined in its spending priorities.

Caruso argues Colorado needs to bring bigger economic development incentives to bear if it wants to compete with "winning" states like Texas, and to prioritize more pro-business policies.

"Dangerously and disappointingly, Colorado is following California and New York's playbook of taking for granted that innovators want to be in their states," he said.

Michael O'Donnell, executive director of the Prairie Rose Development Corp., said Colorado is losing steam in an area that will never receive the headlines that the departure of Chipotle or Palantir did.

"We have the largest numeric loss in startup activity of any state. We have become a little bit less entrepreneurial than we used to be," O'Donnell told the commission.

He then corrected himself, saying "a lot" less.