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Let's not lose Colorado's edge in advanced industries

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Colorado has developed one of the most concentrated, fastest-growing tech economies in America. The payoff from these advanced industries is tangible, through highwage jobs, an investment magnet and our state's standing in the global competition to attract talent and industry.



Yet, Colorado's competitive position is eroding. States trailing us on tech and science capacity are out-competing us in winning federal grants and corporations — investments that build a lasting economy. Georgia, North Carolina and others are advancing past us not because they have more talent or better universities, but because they built a united organizational infrastructure. This gap shows up through federal research dollars, patents, and talent out-migration.

Colorado's advantage is real, but not self-sustaining. We have a rare advantage — and a closing window to build the institutions that can make it permanent.

The seven sectors that Colorado's Office of Economic Development and International Trade recognizes as "advanced industries" produce a payoff bigger than Coloradans realize. Since 2016, Colorado ranked in the top three nationally on the Milken Institute's tech and science index, above California and Texas. Since the post-pandemic recovery began, Colorado's tech sector has grown faster than the national tech sector every year. Every one of these advanced industries pays well above the state average; even the two lowest-paying industries exceed the average by 8% and 11%.

Colorado ranks third in the nation for tech sector concentration. For every job created in the tech sector, an estimated 2.67 additional jobs are supported across other industries in Colorado. AI continues to show this ripple effect. By the Common Sense Institute's estimates, AI-related jobs accounted for about

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14% of Colorado job growth in 2024. These industries employ a small percentage of Colorado's workforce, however, they generate wages and exports far larger than their share of jobs.

Colorado has one of the most concentrated tech economies, yet less specialized states outrank us on total scale.

Colorado ranks seventh nationally in technology employment concentration, but only 16th in total advanced industry employment as our per capita strength has not yet converted into competitive scale. Technology investment flows to places where it already exists. Concentration alone will not sustain a position in this race without also gaining scale.

Colorado has slipped to 38th for cost of doing business and 47th for cost of living in CNBC's 2025 rankings. Colorado trails the national average and our peer states on patent output, and the same trend shows in our graduate retention and migrating talent. The University of Washington retains 74% of its graduates and, specifically, 84% of its computer science and engineering graduates. Just six in 10 University of Colorado graduates stay here. The pattern is clear. It's disproportionately the STEM and engineering graduates — the ones most likely to produce spinouts and patents — who get recruited away.

Recent decisions with data center moratoriums and a worsening business climate push us further from this growth at the moment it matters most. States that used to trail Colorado are now pulling ahead in this race.

Looking at Georgia, in 2022 the state ranked 22nd nationally on tech and science capacity, while Colorado ranked 3rd. However, the Georgia Research Alliance turned \$738 million in state investment into between \$13 and \$16 billion in federal and private funding. Georgia built one united institution and let it do its job for decades.

Colorado has no equivalent, no single body with the job of turning Colorado's advantage into long-term scale.

Our patent output lags the national average and trails peer states like Massachusetts, meaning Colorado's trained researchers are doing integration work, not invention. This goes far beyond a research problem. Company after company is documented as expanding elsewhere, with departures at their highest annual count on record.

Colorado keeps lagging peer states on the measurements businesses use to decide where to put down roots — measurements such as the cost of doing business and cost of living. Again, it is not talent that's missing. It's the state that has never built the institutions to hold onto what its talent produces.

There is no excuse for Colorado to keep trailing in this race except that we haven't yet decided to run it. Colorado's problem lies in its institutions — something a state can choose to build — not its talent or potential. Colorado's rankings aren't random. They're numbers that will affect you. They're the jobs your kids will have, the companies that will stay or leave, and the difference between Colorado serving as a permanent hub for economic promotion or just another launching pad other states will leach off of.

The states outcompeting us started with less. The answer isn't to draw more talent or lean on our mountains and quality of life. Colorado needs the will to build a coordinating institution, with the job of converting our talent and research into lasting economic scale — the kind of institution that will turn what we already have into something that lasts.

Alisa Haley is a Common Sense Institute Junior Fellow. She is a junior at the University of Colorado Boulder, pursuing a major in economics and a minor in marketing. She has a particular interest in policy issues surrounding energy and the environment, with a focus on understanding how government actions, incentives and institutions shape economic outcomes and societal change. We have a rare advantage — and a closing window to build the institutions to make it permanent.

