



A BUSINESS GUIDE FOR COLORADO'S NEXT GOVERNOR

EXECUTIVE SUMMARY

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SUMMARY

Education has proven to be a critical lever for creating engaged citizens, thriving communities, and economic development. Yet, our education system was built for a past era, when humans were manufacturing goods on assembly lines and computers didn't exist. This system has not kept pace with the changes to the economy and external environment.

In just two years, more than three-quarters of all jobs in Colorado (including half of all science, technology, engineering, and math jobs) will require some education or training beyond high school. But, Colorado's talent pipeline is one of the leakiest in the country: for every 100 students who start high school, 79 will graduate, and just 28 will go on to successfully earn some type of post-secondary degree or credential within four years.

Not only did we inherit an outdated system, we inherited an inequitable system. Colorado has one of the largest achievement and opportunity gaps in the country. In some grades and subjects, economically disadvantaged and minority students are three grade levels behind their peers.

That alone should make education one of the top issues in the 2018 gubernatorial race. But there are a host of other reasons that should compel the candidates to focus on education.

New polling and surveys, and economic modeling commissioned by Colorado Succeeds, Common Sense Policy Roundtable, 18 industry partners, and the Denver Business Journal show that voters and business owners alike believe that improving Colorado's education system is one of the most important issues facing the state.

For voters, education is eclipsed only by economic concerns, which range from jobs to affordable housing issues.

Voters and employers also worry about the state of Colorado schools, and believe that improving educational outcomes would provide a significant boost to the economy and for local businesses. Economic modeling commissioned by our group supports those beliefs with data.

SOME CONTEXT

We'll get to the findings of our economic model, polling, and survey in a moment. But first, it is important to understand the current state of Colorado's schools.

A recent ranking by U.S. News and World Report carried some great news: Colorado's economy ranked number one in the nation, based on a variety of measures, including growth, employment, and the business environment. At 3 percent, Colorado has one of the lowest unemployment rates in the nation.¹

But those same rankings delivered some not-so-great news as well: despite the rosy economy, Colorado ranks 10th overall among the 50 states. And it's the state of Colorado's education system in large part that pulls us down. Colorado's PreK-12 education system ranked 30th. We're 45th in high school graduation rate (down from 29th a decade ago), and 20th in college readiness.

In addition, more than a third of Colorado high school graduates need to take remedial courses, at their own expense, before they're deemed qualified for college-level coursework.

These challenges will only grow more daunting over time. As automation and artificial intelligence drive major changes in our economy and society, an increasing proportion of high school graduates will need to continue their education if they are to have any shot at a self-sustaining career. Colorado already has a high number of these jobs, and only Washington, D.C. has a higher portion of careers requiring some post-secondary education.

Voters are on board. Better than 9 in 10 said it's important to offer more students the opportunity to extend their education beyond high school. That could mean attending a two- or four-year college or enrolling in a technical training or certification program.

Those graduates who go on to acquire more advanced knowledge and skills are also likely to develop the habits of mind necessary to adapt to a constantly shifting landscape. These changes are already underway. It's past time for Colorado's education system to catch up.

Imagine, then, what it would mean for our economy if Colorado ranked number one among the 50 states in education. How would it benefit the state if more of Colorado's students than in any other state not only graduated from high school, but did so prepared to further their education to meet the qualifications for Colorado jobs currently going unfilled? What would it mean if employers no longer had to import talent from elsewhere?

¹ <https://www.denverpost.com/2018/03/12/colorado-unemployment-rate-january/>

VOTERS AND EMPLOYERS ALIKE SEE THE NEED FOR IMPROVEMENT

Our polling of likely voters and survey of Colorado employers, conducted in spring 2018, found significant agreement on the challenges facing the state's education system, as well as how best to address them. There was broad-based consensus that schools are not preparing students with the knowledge and skills needed to succeed.

Voters & employers are aligned on Colorado's challenge to prepare students for life after high school

- **77 percent** of employers struggle to find Coloradans with the right skills
- **62 percent** of Coloradans believe our high schools are not preparing students for the workforce or post-secondary education

Some 77 percent of employers also struggle to find workers with applied skills like critical thinking, problem-solving, innovation, creativity and design/systems thinking. Two-thirds (65 percent) said that job candidates lack workplace skills like teamwork, communication, leadership, planning, and organization.

While challenges are evident, nearly 90 percent of polled voters and surveyed employers agree on the improvement strategies needed, in particular:

- Attracting and retaining effective teachers
- Developing workplace and applied skills
- Providing access to work-based learning and career and technical education
- Developing computer and digital literacy skills

The quality of Colorado education cannot improve without the state's school districts successfully attracting and retaining the best teachers. Providing school leaders with greater flexibility in hiring and firing was one popular improvement strategy, as was increasing the pay of teachers who take hard-to-fill positions (e.g. in remote rural areas or science/math teachers).

HOW THE SKILLS GAP IMPACTS COLORADO EMPLOYERS

WHEN ASKED ABOUT COLORADO'S SKILLS GAP, **86 PERCENT OF EMPLOYERS SAY IT'S A THREAT TO THEIR BUSINESSES AND MORE THAN 50% EXPERIENCE:**



HIGHER RECRUITING & TRAINING COSTS



PRODUCTIVITY & REVENUE LOSS



SLOWER BUSINESS GROWTH



HIGHER TURNOVER



LOWER WORK QUALITY

We also asked how their approach might change should Colorado eliminate those skills gaps. Employers' answers revealed how much the state's struggling education system is limiting its economic potential.

IF WE CLOSED THE SKILLS GAP IN COLORADO,
EMPLOYERS WOULD MAKE INVESTMENTS IN THE STATE



85PERCENT WOULD HIRE
APPLICANTS FROM
COLORADO



84PERCENT WOULD GROW
THEIR OPERATIONS IN
COLORADO AND CREATE MORE JOBS



76PERCENT WOULD INCREASE
EMPLOYEE COMPENSATION

There is an opportunity for meaningful business engagement to help solve the skills gap, and voters see more business involvement in schools as important.

A large majority of voters – 72 percent – said business should play a greater role in efforts to improve the state's education system.

IMAGINE A STRONGER COLORADO

With these challenges in mind, our coalition commissioned a report using the REMI model (a dynamic economic modeling program) to answer a vital question: What if Colorado schools were number one? We primarily answered this question by measuring the economic impact of Colorado high school graduates going on to obtain the level of post-secondary education needed to meet the workforce demands of the Colorado economy.

There are, of course, many ways to measure the impact of educational attainment on the economy, including achievement results on the National Assessment of Educational Progress (NAEP), which is administered every two years nationwide. What was most important to our business coalition, however, was measuring the impact of meeting the needs of Colorado's workforce.

While this was the primary question, we also sought to understand the economic impact of just graduating more high schoolers within five years, and leaving Colorado post-secondary attainment (college degrees, certifications, etc.) at current levels. The return on investment on this alone would be astounding, particularly if Colorado's economically disadvantaged students graduated at the same level as the best overall graduation rate in the country, which is Iowa at 93 percent.

The answer to both questions is that benefits to Colorado young people, the economy, and to the state as a whole are impossible to overstate. Employers and voters are correct in their sentiment that improving K-12 education in Colorado would turbo-charge the economy.

Increasing the number of economically disadvantaged high school graduates to a best-in-the-nation 93 percent—up from the current 75 percent—would add 5,526 graduates statewide with just next year's class alone. This is a significant portion of the total number of new graduates expected (6,155) if Colorado had a 93 percent graduation rate overall. Those economically disadvantaged graduates would generate an additional nearly \$80 million in direct earnings. Subsequently, taxpayers would save more than \$7 million dollars on lower rates of incarceration and reliance on public assistance annually.

THE EXTRAORDINARY ECONOMIC BENEFITS OF CLOSING THE SKILLS GAP

As impressive as those numbers above are, simply boosting high school graduation rates alone will not come close to producing the transformation Colorado needs. To meet the needs of Colorado employers and the state economy, we also need to produce more graduates across all student subgroups who continue their education beyond high school at the levels needed by the Colorado economy.

Nearly four in five (77 percent) of surveyed employers reported that they have difficulties finding Coloradans with the right skills for open positions. Eliminating that skills gap would have a profoundly positive impact on Colorado. Let's dive into those numbers.

If Colorado schools produced graduates with sufficient post-secondary education to meet workforce demands, after 10 years of improvement we would see 57,600 more high school graduates earning some form of post-secondary education.

THAT'S ENOUGH TO FILL THE PEPSI CENTER THREE TIMES OVER



The sum of the impacts over the first decade of improvement would mean:

- **An additional \$12 billion** added to state GDP over the decade. By contrast, the National Western Stock Show has an annual economic impact of about \$115 million, according to their website.²
- **\$8.6 billion** in additional earnings over those 10 years
- **A \$1.4 billion** increase in spending on housing over the decade
- **A \$472 million** increase in spending on automobiles and parts over the decade
- **Almost a billion dollars** in new revenue and savings from lower rates of incarceration and fewer people relying on public assistance.
- **14,600** new jobs created each year by the tenth year, with that number continuing to increase annually

² <http://www.nationalwestern.com/about/>

THE EXTRAORDINARY ECONOMIC BENEFITS OF CLOSING THE SKILLS GAP

IF COLORADO STUDENTS OBTAINED THE LEVELS OF EDUCATION NEEDED TO COMPETE IN TODAY'S ECONOMY

OVER THE SPAN OF 10 YEARS:



Colorado would **gain 57,600 additional graduates** with post-secondary education levels needed for Colorado's jobs



These graduates would **earn an additional \$8.5 billion**

This additional income means **more money flowing into the economy ...**



\$1 billion in new revenue and public savings



\$472 million increase in auto spending



\$1.4 billion increase in home spending

Leading to **greater economic outcomes** for Colorado



14,600 new jobs created



Over \$12 billion in increased GDP growth

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These gains are extraordinary, but the return on investment wouldn't stop there. A more educated workforce would create additional economic and social benefits including more start-up businesses, new inventions, and a healthier populace, among other positives.

TAKEAWAYS

Our current education system was built for a bygone era. Employers and voters alike see the need for transformational change and improvement.

What would it take to make Colorado the best state in the nation for public education? What would it take to prepare Colorado students for Colorado's jobs? We would need to work together to build a responsive education system; one that adapts rapidly to changing circumstances and develops agile learners prepared to succeed in a transforming global economy.

We've challenged the Colorado gubernatorial candidates to answer: how would you ensure Colorado schools are number one? Our coalition believes the following principles help us get there. We recommend Colorado's next governor put these principles into action:

- **Set expectations, get out of the way:** don't over-burden educators with mandates, but measure what matters.
- **Empower local learning providers:** promote ground-up innovation and create the conditions for it to occur.
- **Focus on outcomes, not inputs:** student mastery of skills and competencies matters more than seat time.
- **Fund students, not systems:** it costs different amounts to educate different students. Dollars should be flexible to support personalized learning.
- **Equip all families with information and access:** regardless of income or location, parents deserve a variety of high quality options and the information, transportation, and technology to fulfill their choices.
- **Eliminate silos, share everything:** innovation is most likely to occur in an environment that encourages transparent sharing of information.
- **Measure performance, continually improve:** student achievement should be measured in a way that is accessible, transparent, and actionable to guide continuous improvement.

More details on these principles is available at: www.BestSchoolsCO.org

We look forward to a robust debate on education over the next several months. Colorado's next governor can and must ensure our state is number one.



Visit BestSchoolsCO.org to access the full Business Guide for Colorado's Next Governor.

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