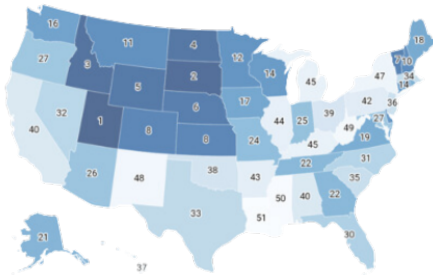




2023 CSI Economic Performance Index Rankings



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Colorado's 2023 Economic Performance Index

Authors: Steven L. Byers, PH.D.

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About the Author



Steven L. Byers is a Senior Economist for the Common Sense Institute. Prior to joining CSI, Steven spent three years working for the Coalition for a Prosperous America, a nonprofit organization consisting of manufacturing, agricultural, labor, consumer, and citizen interest groups, where he conducted research on the U.S. economy, international trade, and tariffs. Highlights of this research include a paper titled, “Decoupling from China – An Economic Analysis of the Impact on the U.S. Economy of a Permanent Tariff on Chinese Imports” for which he and a co-author won the National Association for Business Economics Edmund A. Mennis Contributed Paper Award.

Steven’s experience as an economist spans twenty-three years, including work at federal regulatory agencies (SEC, CFTC, PCAOB) and quantitative economic analysis supporting international trade litigation cases brought before the U.S. International Trade Commission. His Ph.D. dissertation topic was based on a computable general equilibrium model (CGE) he developed to evaluate the economic impact of regional tax incentives in a small city (Fort Collins, CO).

About Common Sense Institute

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradoans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

Common Sense Institute Teams & Fellows Statement

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradoans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

Introduction

The economic performance of a state is generally measured by economic growth (GDP), unemployment, and labor force participation, among other metrics. CSI developed the Economic Performance Index to assess the overall economic performance of Colorado relative to other states. It is comprised of seven metrics: GDP per capita, labor force participation rate for people aged 18 to 64 years, net business creation, inequality as measured by the Gini Index, the percentage of people of all ages in poverty, the median household, and net interstate migration.

The index starts in 2011 and is calculated annually. Construction of the index involves ranking each of the seven-component metrics across 50 states and Washington, D.C. for each year and subtracting the rank from 100. Therefore, higher (lower) index values indicate the state is more (less) competitive. To arrive at the Economic Performance Index, each of the seven component metrics is weighted evenly. The indices for each state and D.C. are then ranked with 1 equaling the highest index value and 51 equaling the lowest index value.

CSI's Free Enterprise Indices rely on the data available as of October of the previous year. Therefore, current data across policy areas may be different than that reported in the annual Free Enterprise Report. CSI updates and releases the report in December every year.

Key Findings

- Colorado's relative economic performance **ranks 13th nationally.**
- Colorado's economy as measured by **GDP per capita** has grown 78.6% since 2011 and **ranks 8th nationally.**
- **The percentage of all people in poverty** has decreased 3.9 percentage points from 13.4% in 2011 to 9.5% in 2023. Colorado's relative performance improved from 17th in 2011 to **4th nationally.**
- **Median household income** increased 53.4% from \$58,629 in 2011 to \$84,954 in 2023, higher than the 45.4% increase in inflation over the same period. Colorado **ranks 9th nationally.**
- **Labor force participation** increased 1.7 percentage points from 79.1% in 2011 to 80.8% in 2023. Colorado **ranks 10th nationally.**
- **Inequality** has decreased by 0.48 percentage points from 0.459 in 2011 to 0.457 in 2023. Colorado **ranks 13th nationally.**

- **Net business creation per capita** has increased from 18.2 per 100,000 residents in 2018 to 164.9 per 100,000 residents in 2023. However, Colorado **ranks 13th nationally**.
- **Net interstate migration** has decreased from 41,501 in 2011 to -9,324 in 2023. Colorado **ranks 36th nationally**.

Colorado's Economic Performance Index

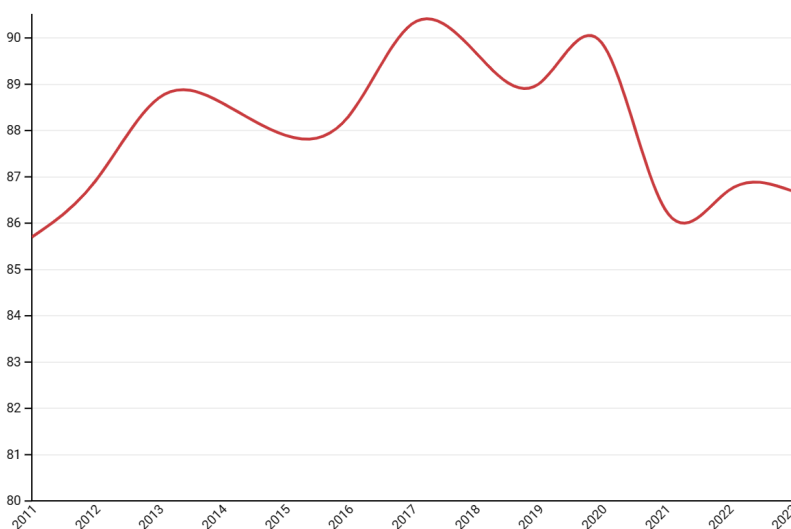
The Economic Performance Index measures Colorado's performance relative to 49 other states and the District of Columbia and not the performance of Colorado in isolation. As shown in Figure 1, the Colorado Economic Performance Index was 85.7 in 2011 and peaked in 2017 at 90.3 before declining 4% from 2017 through 2023 to 86.7.

Colorado's recent improvement is due to increases in four of the seven economic performance component metrics (Figure 2). As discussed later in this report, the industrial composition of Colorado's economy differs from the rest of the country in ways that make it possible for it to be among the top state economies. For instance,

Colorado's reserves of oil and gas due to its geography constitutes a larger share of its economy than many states, and this sector tends to be among the highest for income derived from salaries and wages. Similarly, Colorado's manufacturing sector is a smaller share of the economy than many states, and this sector tends to have a lower level of income derived from salaries and wages.

Figure 1

CSI Economic Performance Index - Colorado



Colorado's Economic Performance Index Component Metrics

Figure 2 shows the evolution of the CSI economic performance index component metrics between 2011 and 2023. Two of the seven metrics declined over this period. Net interstate migration decreased from 97 in 2011 to 64 in 2023. Median household income dropped from 92 in 2011 to 91 in 2023.

Increases in Colorado's Economic Performance Index component metrics are generally due to increases in the underlying data specific to Colorado, with median household income being the exception, where the underlying data increased but worsened relative to all other states. Two

Economic Performance Index component metrics declined, median household income and net interstate migration.¹

Figure 2

CSI Economic Performance Index Components - Colorado

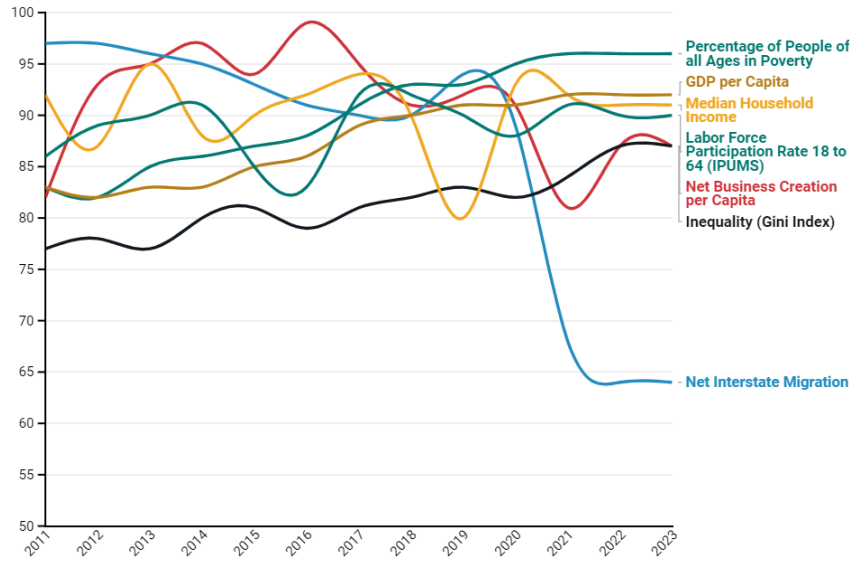


Figure 3 shows the percentage changes in the Economic Performance Index component metrics.

Figure 3

Colorado Economic Performance Index Component Metrics								
	Net Business Creation per Capita	Net Interstate Migration	Inequality	Percentage of People of all Ages in Poverty	Median Household Income	GDP per Capita	Labor Force Participation Rate	Jobs & Economy Competitive Index
% Change 2011 to 2023	6.1%	-34.0%	13.0%	15.7%	-1.1%	10.8%	4.7%	1.2%

The Composition of Colorado's Economy

The composition of a state's industry has a significant impact on the performance of its economy relative to other states. The composition of Colorado's and the U.S. GDP by industrial sector is

shown in Figure 4. Additionally, a comparison of Colorado’s industrial share distribution is compared to the U.S. share distribution and is shown in the column labeled the relative share. The real estate-rental-leasing sector is the largest single contributor to GDP with 15.6% of GDP, followed by professional-scientific-technical services sector at 13.3%, and government and government enterprises at 11.2%.

Colorado’s current industrial composition differs from the U.S. overall in some key areas where GDP and wage growth is high. These include a larger share of professional, scientific, and technical services, 13.3% compared to 9.2% nationally, and mining-quarrying-oil and gas extraction is 2.8% versus 1.3% nationally.

Figure 4

Colorado and U.S. Sector Share of Real GDP 2023 Q1 through Q3					
Industry	Colorado Share of Real GDP	Rank Within Colorado	U.S. Share of Real GDP	Rank Within U.S.	Relative Share – Colorado to U.S.
Private industries	88.8%		88.5%		
Agriculture, forestry, fishing, and hunting	0.3%	20	0.8%	20	0.42
Mining, quarrying, and oil and gas extraction	2.8%	14	1.3%	17	2.19
Utilities	1.2%	18	1.5%	16	0.81
Construction	5.1%	8	3.7%	10	1.39
Manufacturing	5.7%	6	10.2%	3	0.56
Durable goods manufacturing	3.7%		5.9%		0.63

Nondurable goods manufacturing	2.0%		4.3%		0.47
Wholesale trade	4.5%	10	5.1%	9	0.87
Retail trade	5.5%	7	5.7%	8	0.96
Transportation and warehousing	3.6%	11	3.3%	11	1.08
Information	8.0%	4	7.1%	6	1.12
Finance and insurance	4.8%	9	6.9%	7	0.69
Real estate and rental and leasing	15.6%	1	13.4%	1	1.16
Professional, scientific, and technical services	13.3%	2	9.2%	4	1.44
Management of companies and enterprises	2.5%	15	2.4%	14	1.05
Administrative and support and waste management and remediation services	2.9%	13	3.2%	12	0.91
Educational services	0.9%	19	1.2%	18	0.73
Health care and social assistance	6.1%	5	7.8%	5	0.79
Arts, entertainment, and recreation	1.5%	17	1.2%	19	1.21

Accommodation and food services	3.5%	12	3.0%	13	1.18
Other services (except government and government enterprises)	2.0%	16	1.9%	15	1.05
Government & Government Enterprises	11.2%	3	11.5%	2	0.97

Figure 5 shows Colorado's and the U.S. share of employment by each industrial sector. Colorado's share of employment in mining-quarrying-oil and gas extraction is 2.1 times larger than for the U.S. Average income from salaries and wages tend to be high in this sector (Figure 6). Colorado's employment share relative to the U.S. is also high in professional-scientific-technical services 30% higher than the U.S. share, and it is 30% higher in the information sector. Like oil and gas, these sectors tend to have high levels of income from wages and salaries.

Figure 5

Colorado's Distribution of Employment by Industry – 2022					
	Colorado – Employment Distribution	Colorado - % of Total Private Sector Employment	U.S. – Employment Distribution	U.S. - % of Total Private Sector Employment	Relative Share - Colorado to U.S.
Farm	49,226	1.3%	2,567,000	1.4%	1.0
Forestry, fishing, and related activities	13,906	0.4%	966,800	0.5%	0.7
Mining, quarrying, and oil and gas extraction	43,512	1.2%	1,050,200	0.6%	2.1
Utilities	9,613	0.3%	605,600	0.3%	0.8
Construction	279,748	7.6%	11,867,800	6.3%	1.2

Manufacturing	169,226	4.6%	13,523,700	7.2%	0.6
Wholesale trade	129,913	3.5%	6,757,300	3.6%	1.0
Retail trade	347,400	9.5%	19,510,300	10.4%	0.9
Transportation and warehousing	196,383	5.4%	11,473,500	6.1%	0.9
Information	99,290	2.7%	3,861,900	2.1%	1.3
Finance and insurance	282,960	7.7%	12,982,300	6.9%	1.1
Real estate and rental and leasing	280,499	7.6%	11,832,200	6.3%	1.2
Professional, scientific, and technical Services	418,902	11.4%	15,978,400	8.5%	1.3
Management of companies and enterprises	54,843	1.5%	2,953,800	1.6%	1.0
Administrative and support and waste management and remediation services	219,213	6.0%	13,058,300	6.9%	0.9
Educational services	83,722	2.3%	4,885,700	2.6%	0.9
Health care and social assistance	367,415	10.0%	23,545,500	12.5%	0.8
Arts, entertainment, and recreation	107,437	2.9%	4,457,300	2.4%	1.2

Accommodation and food services	305,534	8.3%	14,750,300	7.8%	1.1
Other services (except government and government enterprises)	211,741	5.8%	11,616,100	6.2%	0.9
Total Private		100.0%		100.0%	

Figure 6

Colorado's Distribution of Income from Wages and Salary by Industry - 2022					
	Colorado - Average Income from Wages and Salaries by Sector	Colorado - % Share of Average Income from Wages and Salaries by Sector	U.S. - Average Income from Wages and Salaries by Sector	U.S. - % Share of Average Income from Wages and Salaries by Sector	Relative Share - Colorado to U.S.
Farm	\$9,705	0.8%	\$10,169	0.9%	0.9
Forestry, fishing, and related activities	\$17,953	1.6%	\$25,859	2.1%	0.7
Mining, quarrying, and oil and gas extraction	\$76,976	6.7%	\$63,214	5.2%	1.2
Utilities	\$116,650	10.2%	\$116,344	11.2%	1.0
Construction	\$51,446	4.5%	\$49,559	5.1%	1.0
Manufacturing	\$76,590	6.7%	\$76,518	7.7%	1.0
Wholesale trade	\$98,980	8.7%	\$85,653	8.4%	1.1
Retail trade	\$34,152	3.0%	\$33,109	3.0%	1.0

Transportation and warehousing	\$36,852	3.2%	\$36,510	4.5%	1.0
Information	\$107,357	9.4%	\$115,704	6.2%	0.9
Finance and insurance	\$53,379	4.7%	\$68,296	7.2%	0.8
Real estate and rental and leasing	\$17,124	1.5%	\$15,461	1.1%	1.1
Professional, scientific, and technical services	\$82,556	7.2%	\$78,619	6.1%	1.0
Management of companies and enterprises	\$135,345	11.8%	\$124,310	11.3%	1.1
Administrative and support and waste management and remediation services	\$44,456	3.9%	\$41,015	4.1%	1.1
Educational services	\$33,076	2.9%	\$40,082	3.2%	0.8
Health care and social assistance	\$54,806	4.8%	\$54,386	5.4%	1.0
Arts, entertainment, and recreation	\$28,085	2.5%	\$27,847	1.6%	1.0
Accommodation and food services	\$34,211	3.0%	\$29,790	2.6%	1.1
Other services (except government and government enterprises)	\$34,483	3.0%	\$29,249	3.1%	1.2
Total Private		100.0%		100.0%	

Economic Performance Index Components

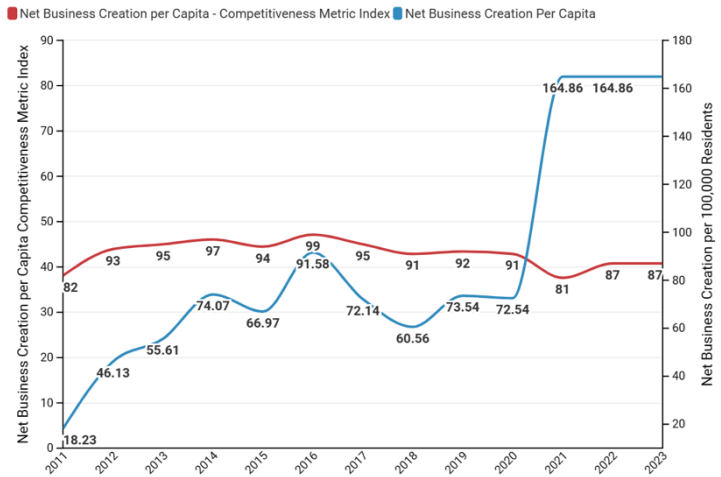
To illustrate the idea that a state's Economic Performance Index is a relative measure, each component metric index and metric value is evaluated below.

Net Business Creation per Capita

Net business creation per capita increased dramatically from 2011 to 2023. Based on the performance metric index relative to other states it increased from 82 in 2013 to 87 in 2023, in the top quintile nationally.

Figure 7

Net Business Creation per Capita- Colorado

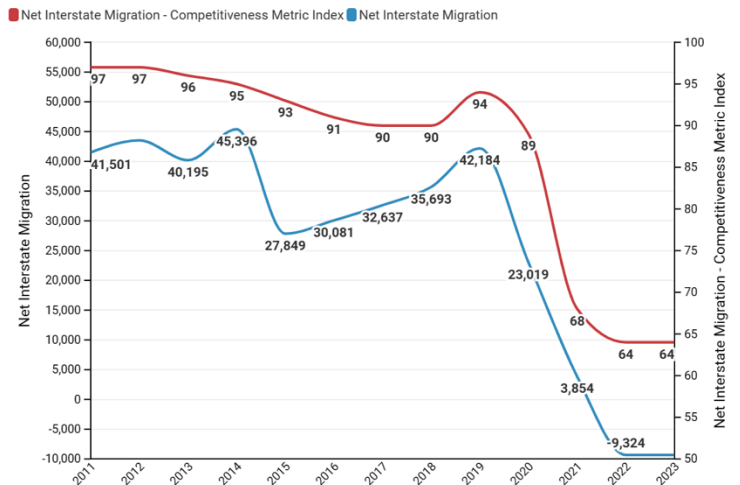


Net Interstate Migration

Net interstate migration fluctuates year to year but has been decreasing in Colorado over the past 13 years. In 2011 net interstate migration was 41,501 but fell to -9,324 in 2023. Relative to all other states and D.C. based on the economic performance metric index Colorado has dropped from 97 in 2011 to 64 in 2023.

Figure 8

Net Interstate Migration - Colorado



Inequality

CSI utilizes the Gini coefficient to measure inequality. A Gini coefficient of 0 reflects perfect equality, where all income or wealth values are the same, while a Gini coefficient of 1 (or 100%) reflects maximal inequality among values, a situation where a single individual has all the income while all others have none.

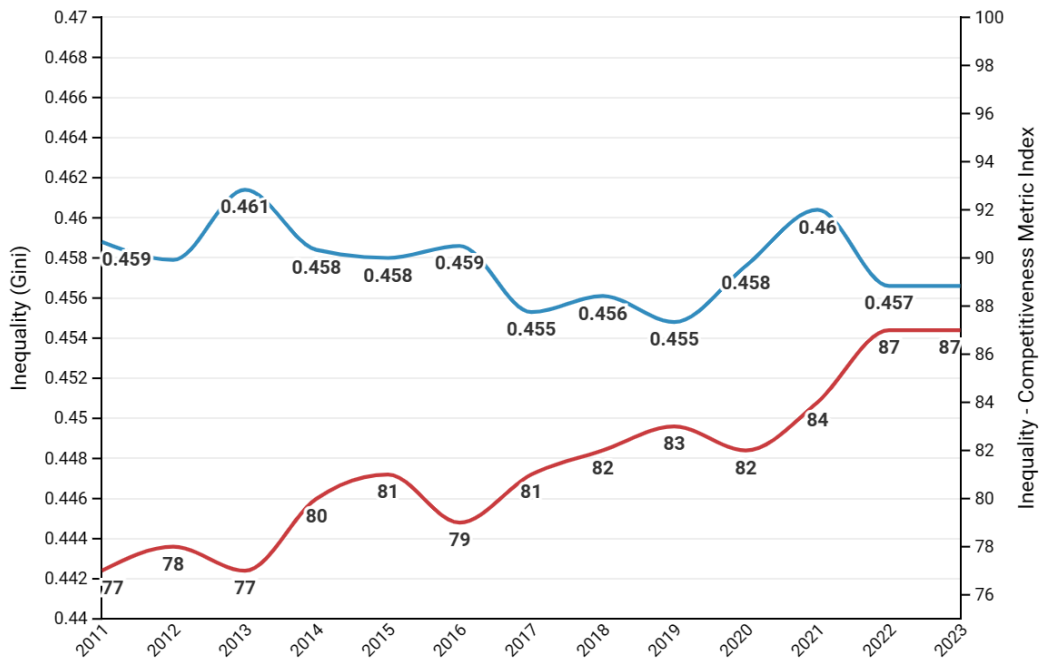
Inequality in Colorado as measured by the Gini coefficient has decreased by 4.4% from 0.459 in 2011 to 0.457 in 2023.

Figure 9

Colorado's relative performance increased from 77 in 2011 to 87 in 2023. Colorado's performance in terms of inequality is in the top quintile of all fifty states and Washington, D.C.

Inequality - Colorado

■ Inequality - Competitiveness Metric Index ■ Inequality (Gini)

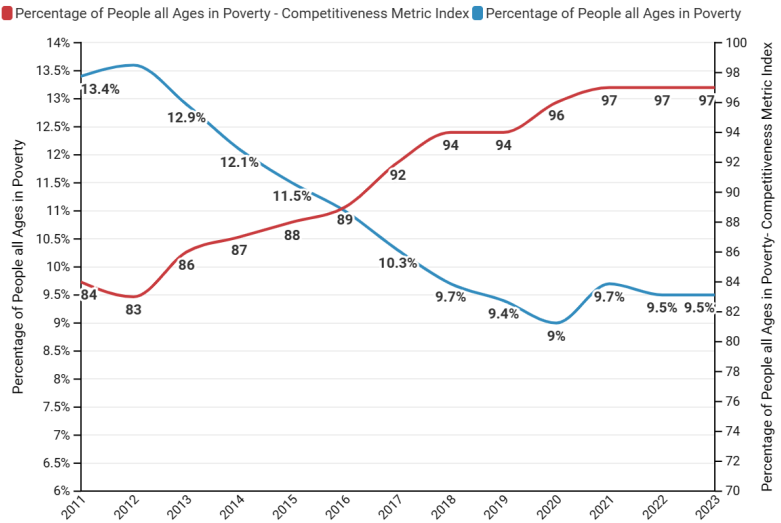


Percentage of People of Ages in Poverty

The percentage of all people in poverty in Colorado has improved since 2011, falling from 13.4% in 2011 to 9.5% in 2023. Relative to all 50 other states and D.C., it has improved from 84 in 2011 to 97 in 2023.

Figure 10

Percentage of People all Ages in Poverty- Colorado



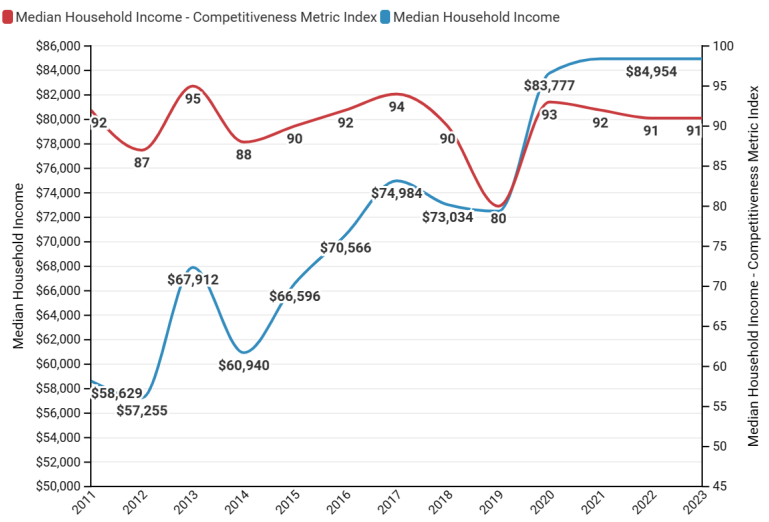
Median Household Income

Median household income in Colorado has increased 44.9% from \$58,629 in 2011 to \$84,954 in 2023. This is slightly lower than the 45.4% increase in inflation over the same period.

Relative to 49 other states and D.C., as measured by the performance metric, Colorado has fallen from 92 in 2011 to 91 in 2023 but remains in the top quintile nationally.

Figure 11

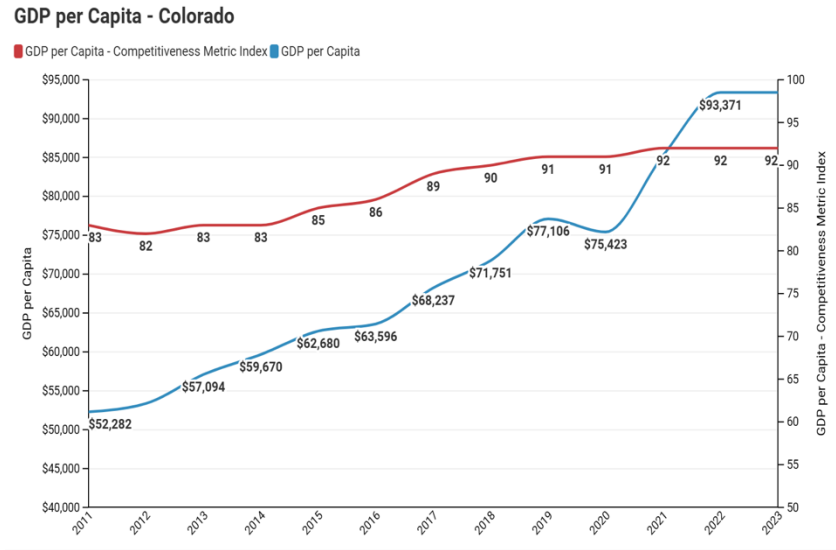
Median Household Income - Colorado



GDP per Capita

Colorado's per capita GDP increased 55% from \$52,282 in 2011 to \$93,371 in 2023. This resulted in an increase in the performance metric from 83 to 92.

Figure 12



Labor Force Participation

Labor force participation in Colorado decreased 1.3 percentage points from 82.2% in 2011 to 80.9% in 2023. Compared to 49 other states and D.C., Colorado's labor force participation rate is in the top quintile despite the competitiveness metric falling from 94 to 91.

Figure 13

