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BUSINESS

Utah giving Colorado a run for the money

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Ken Lund, head of the Colorado Office of Economic Development and International Trade, during a sneak peak of the state's new economic development plan at the World Trade Center in downtown Denver on July 19, 2011. (*Denver Post file*)

Colorado and Utah have long competed with each other for jobs and corporate relocations, along with things that are more fun, such as skier visits.

But since the 2007 recession, Utah has moved from the kind of challenger that state economic development officials had to turn their heads back to see to one that they hear coming up fast on the outside.

"Twelve years ago, we didn't see Utah as a competitor at all," says Tom Clark, CEO of the Metro Denver Economic Development Corp.

That changed about five years ago, when Utah staged one of the strongest rebounds of any state out of the recession. Clark visited Utah three years ago to understand what was going on, and he has kept a close eye on things since.

Of the 59 measures his office compares the two states on, Colorado is still leading on 33, including key ones tied to innovation. But Utah is winning on 26, including exports and education funding.

And when it comes to the central question of which economy is getting people back to work faster, Utah is clearly ahead.

Utah's unemployment rate in August was 3.6 percent, the lowest of any state after North Dakota. Colorado, by contrast, is still at 5.1 percent — respectable but 15th among states.

Through the 12 months ended in August, Utah's economy was adding jobs at a 3.5 percent clip, the second-fastest rate of any state and nearly double the U.S. average, according to [Arizona State University's Job Growth USA](#).

Colorado, however, saw job growth of 2.15 percent the past year, the ninth-fastest rate among states. On a year-to-date basis through August, Utah ranks fourth and Colorado ranks seventh.

In terms of where jobs are being added, Utah is leading the country in construction and information sector hiring. Colorado, by contrast, leads in its health care and food service job growth rates this year.

Republican Bob Beauprez, who is challenging incumbent Democrat John Hickenlooper for Colorado governor, has made Utah's stronger showing a campaign issue.

Beauprez points to a paring down of regulations and more business-friendly policies under Utah Gov. Gary Herbert, a Republican.

"I think our legislature has understood the importance of having business-friendly tax and other laws," said Val Hale, executive director of the Utah Governor's Office of Economic Development. "Our governor has tried to work with the legislature to get rid of all the regulations that don't serve a meaningful purpose."

About 385 of 2,000 business regulations were eliminated or modified, Hale said. The Hickenlooper administration also undertook an extensive regulatory review, although new rules on oil and gas drilling have overshadowed that effort to slim red tape.

Hale offers up a more nuanced explanation of why Utah is doing so well, including several things the state did correctly before the recession.

Utah was able to build up a rainy-day fund and maintain a AAA bond rating, which left it in a position to invest heavily in infrastructure when the economy tanked and construction costs were cheaper.

One reason it could do so was that state officials weren't hampered with a tax-limitation measure. Colorado's version — the Taxpayer's Bill of Rights, or TABOR — has reduced what the state had available to invest in infrastructure and higher education, Clark said.

When President Barack Obama in 2010 set a goal of doubling U.S. exports by 2015, Utah took up the challenge. The state is the only one so far to have met that target, Hale said.

Despite an economy just under half the size of Colorado's, Utah sells twice as many goods — such as gold, memory circuits and aircraft engines — outside the U.S.

What makes Utah's strong economic showing more remarkable is that it isn't based on a boom in oil and gas production, which has driven strong job gains in North Dakota, Texas and Colorado.

"Our growth here over the last five years has been quite broad-based," said James Wood, director of the Bureau of Economic and Business Research at the University of Utah.

Utah ranks fourth among states for economic diversification, and it shares many of the same industry clusters as Colorado. Both states also have some of the fastest population-growth rates in the country.

But there are key differences. Utah has invested more in education and has higher high school graduation rates and lower in-state college tuition costs. And for technology companies in Silicon Valley looking to expand, it offers a closer and lower-cost alternative than Denver or Boulder.

Colorado, however, remains a more attractive place for young adults looking to start their career — which is one reason it continues to rank ahead of Utah on the share of adults with college degrees.

"The whole idea of the West in a sense is that people can reinvent themselves," said Lee McPheters, a research professor of economics at the W.P. Carey School of Business at Arizona State University.

Places such as Arizona, Nevada and Colorado have much more fluid populations. Utah, with an established cultural identity and tight familial bonds, is more akin to a Midwestern state.

Midwestern states, despite low unemployment rates and multiple job openings, struggle to draw residents. Utah's economy, like a runner gasping for air after sprinting hard, is showing signs it may have run ahead of its labor force.

"We have a lot of jobs here that are unfilled right now," Hale said. "We will have to bring some workers in, and we are trying to home-grow our talent."

Whether that tighter labor market will push employers who might have moved to Utah toward Colorado or other states remains to be seen.

"We win more than we lose to them," said Ken Lund, director of the Colorado Office of Economic Development and International Trade, who expects that trend to continue.

But even when Colorado loses, the sting isn't as bad, given that Utah's success benefits the entire mountain region, he said.

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Western Blue Chip Rankings State Rankings

Not seasonally adjusted; figures for current month are preliminary and may be revised.

Thousands of Jobs

Source: U.S. Bureau of Labor Statistics

Total Nonfarm Year to date: January through September 2014 over same period 2013

State	Rank	% Change	Job Growth	# of Jobs
Alabama	36	0.89	16.99	1,919.29
Alaska	50	-0.09	-0.31	341.89
Arizona	16	1.90	47.55	2,549.65
Arkansas	30	1.21	14.28	1,189.38
California	9	2.21	333.28	15,428.98
Colorado	7	2.70	64.18	2,440.35
Connecticut	43	0.73	12.11	1,662.68
Delaware	8	2.53	10.80	437.21
Florida	5	2.94	221.63	7,764.80
Georgia	14	1.93	77.67	4,102.28
Hawaii	33	1.04	6.41	622.10
Idaho	40	0.82	5.21	644.56
Illinois	45	0.61	35.35	5,821.08
Indiana	15	1.93	56.40	2,979.16
Iowa	24	1.39	21.14	1,546.06
Kansas	32	1.08	14.73	1,383.05
Kentucky	34	0.99	18.14	1,851.84
Louisiana	31	1.16	22.49	1,968.38
Maine	26	1.32	7.97	609.91
Maryland	44	0.66	17.20	2,612.40
Massachusetts	19	1.69	56.79	3,407.46
Michigan	41	0.77	31.41	4,127.60
Minnesota	18	1.78	49.22	2,820.40

State	Rank	% Change	Job Growth	# of Jobs
Mississippi	35	0.90	9.99	1,119.29
Missouri	21	1.64	44.59	2,769.16
Montana	23	1.42	6.37	456.58
Nebraska	37	0.89	8.72	986.09
Nevada	2	3.59	42.08	1,212.48
New Hampshire	29	1.27	8.11	647.48
New Jersey	48	0.18	7.07	3,941.44
New Mexico	49	0.14	1.16	811.94
New York	27	1.30	115.34	9,004.56
North Carolina	12	1.96	79.36	4,121.36
North Dakota	1	4.69	20.71	462.70
Ohio	39	0.86	45.31	5,294.55
Oklahoma	17	1.80	29.29	1,658.59
Oregon	6	2.78	46.44	1,714.60
Pennsylvania	42	0.73	42.11	5,773.82
Rhode Island	22	1.47	6.90	477.37
South Carolina	13	1.95	36.88	1,930.72
South Dakota	38	0.87	3.65	421.85
Tennessee	11	2.01	55.04	2,795.27
Texas	3	3.27	365.47	11,526.86
United States		1.79	2,438.50	138,504.00
Utah	4	3.14	40.38	1,324.77
Vermont	46	0.45	1.38	305.60
Virginia	47	0.26	9.89	3,772.35
Washington	10	2.20	65.49	3,048.77
West Virginia	25	1.38	10.52	772.42
Wisconsin	20	1.65	46.40	2,859.37
Wyoming	28	1.27	3.71	295.01

Regional rivals

Utah and Colorado have two of the best-performing state economies in the country, but Utah edges out Colorado on some key growth measures.



Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, U.S. Census Bureau, Western Blue Chip Economic Forecast, Zillow.com

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