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Economic Forum

COLLEGE OF BUSINESS

UNIVERSITY OF COLORADO
COLORADO SPRINGS

21st Annual Economic Update

UCCS Economic Forum 2017

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Ron Chernak, President, The FBB Group, Ltd.® Founding Partner of the UCCS Economic Forum

WELLS FARGO

Wells Fargo & Company (NYSE: WFC) is proud to have been a lead sponsor of the UCCS Economic Forum for 20 years. We are fortunate in Colorado to have the Forum, where our customers and community have access to local and national economic data to help provide guidance in daily decisions and long-term strategic planning. The Forum includes quality economic information presented by the University of Colorado Colorado Springs and Wells Fargo's award winning economists' commentary and research. We appreciate the opportunity to support all business endeavors, large and small, and the community of Colorado Springs.

Wells Fargo is a diversified, community-based financial services company with $1.9 trillion in assets. Our vision is to satisfy our customers' financial needs and help them succeed financially. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 8,500 locations, 13,000 ATMs, the internet (wellsfargo.com) and mobile banking, and has offices in 42 countries and territories to support customers who conduct business in the global economy. With approximately 271,000 team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 25 on Fortune's 2017 rankings of America's largest corporations.

In addition to sponsoring the Economic Forum, Wells Fargo donated more than $9,150,000 to nearly 700 nonprofits and schools through corporate and foundation giving and 30,000 volunteer hours throughout Colorado in 2016. Our philanthropic focus in Colorado is on education and community development as well as affordable housing and homelessness to help support all levels of the community and foster a strong business climate.

News, insights and perspectives from Wells Fargo are available at Wells Fargo Stories.

Bruce Panter, Senior Vice President, Business Banking Manager, Wells Fargo Bank, N.A.

Welcome from the University

Venkat Reddy, Ph.D.
Chancellor, University of Colorado Colorado Springs

The University of Colorado Colorado Springs is pleased to join with its business partners to present the 21st Annual UCCS Economic Forum. This program provides a look at the economy and quality of life in the region during the past year and gives a peek at our community's future. As many of you know, I have been involved with this event as the dean of the UCCS College of Business for many years, and I remain dedicated as the new chancellor of UCCS.

We are fortunate to have many committed individuals involved in this project. I especially wish to thank Tatiana Bailey and Rebecca Wilder of the College of Business and Administration for their data analyses and its presentation in this report.

Since its inception, UCCS has worked closely to align itself with the priorities of southern Colorado. The UCCS Economic Forum is an example of our commitment to ensuring the future of our region.

Thank you for attending.

Eric M. Olson, Ph.D.
Interim Dean, College of Business and Administration

The 2017-18 academic year sees monumental changes in leadership across our campus. After thirteen years as Dean of the College of Business, Dr. Venkat Reddy takes over as the university's seventh chancellor. After seven years as Dean of the College of Letters, Arts, and Sciences, Dr. Tom Christensen takes over as Provost and Executive Vice Chancellor for Academic Affairs. Professor Xiaobo "Charles" Zhou has stepped in as Interim Dean in the College of Engineering and Applied Sciences, and yours truly is filling in as Interim Dean in the College of Business. This year will also see national searches to fill announced vacancies in the following areas: Associate Vice Chancellor for Inclusion and Academic Engagement, Vice Chancellor for Administration and Finance, Associate Vice Chancellor for Campus Planning and Facilities, and Assistant Vice Chancellor for Finance and Human Resources. This renders Dr. Sentwali Bakari, Vice Chancellor for Student Success, an old-timer having been on the job eleven months.

While the campus undergoes dramatic changes in administration, the Forum has seen a successful stabilization in leadership as Tatiana Bailey oversees her fourth forum as director. As we have come to expect, she will provide in-depth national and local economic updates.

On behalf of the College of Business I would like to take this opportunity to thank newly retired Emeritus Professor Tom Zwirlein. His efforts, along with those of Professor Fred Crowley, brought the Forum from a small gathering of like-minded individuals to an annual event widely anticipated by the southern Colorado business community.

Enrollments continue to grow with the College of Business now the home to over 1,500 students and the campus to over 12,500 students. Substantial building is occurring as I write this along North Nevada Avenue with the Ent Center for the Arts due to open in January, the new baseball stadium and field house under construction, and plans are moving forward on the William J. Hybl Sports Medicine and Performance Center.

The College of Business continues to offer a variety of business-related services to the local business community. The Office of Professional and Executive Development launched a new "Mini MBA" program while continuing to offer customized programs tailored to the needs of individual businesses. The influence of the Daniels Fund Ethics Initiative at UCCS continues to grow with expanded partnerships with Southern Colorado Community Colleges. The Master of Science in Accounting program successfully launched this past year, and the Sport Management program has grown to become the largest undergraduate major in the College of Business providing sports organizations both here and abroad with valuable student services.

The UCCS Economic Forum would not be possible without the active sponsorship and participation, year after year, of our business partners. We thank them. Not only do they support the Forum financially, they also provide their expertise and use their business connections to help bring you an outstanding program.

About the UCCS Economic Forum

The UCCS Economic Forum provides businesses and other organizations in Colorado Springs with unbiased information that assesses economic conditions in the region. The Forum analyzes and reports upon broad national indicators such as GDP and consumer sentiment, local labor market information, retail and wholesale trade, construction and commercial real estate activity, military employment and expenditures, tourism, sales and use taxes, as well as other economic data. The indicators provide a picture of the economy, the region's quality of life, and help answer the questions of "how are we doing" and "where are we going." No single indicator can provide a complete picture of the economy or the quality of life of our citizenry. Examined collectively, however, economic and quality of life indicators provide a picture of the region's economic health, the welfare and educational attainment of the people who live and work here, and the progress of businesses and organizations that operate here. The Forum provides this information to help business leaders, government officials and others make better and more informed decisions with the greater goal of assisting others in economic development efforts.

To learn more about the services the Forum and the College of Business can provide for your organization contact: Tatiana Bailey, Director, UCCS Economic Forum, (719) 255-3661 or tbailey6@uccs.edu.

Tatiana Bailey, Ph.D.
Director, UCCS Economic Forum
Research Faculty, UCCS

Tatiana Bailey holds a Master in Economics and a Doctorate in Public Health, both from the University of Michigan. Since obtaining her doctorate, she has taught micro and macroeconomics as well as health economics and policy at the University of Michigan and Walsh College.

Tatiana has worked in the health care and economic development fields. In the health care arena, she has focused on programs that aim to increase access and quality while reducing costs, particularly for at-risk populations. She also does presentations to audiences who wish to be better informed about the general framework of the health care system in the U.S. In the economic development field, she has focused upon economic growth initiatives. As Director of the UCCS Economic Forum, Tatiana serves as an economic development resource to businesses and government in Colorado Springs. She aims to inform audiences about our national and local economies and also assists with local economic development initiatives. Her focus this past year has been to continue to provide consistent and reliable data that is uniformly used by various public and private entities. She has also focused upon various community projects such as the Quality of Life Indicators report, an economic impact analysis for The Broadmoor Hotel and other Broadmoor properties, the development of a Workforce Asset Map, as well as other exciting projects.

Rebecca Wilder
Assistant Data Analyst, UCCS Economic Forum

Rebecca Wilder joined the UCCS College of Business staff as a part-time Research Assistant for the UCCS Economic Forum in May 2014 while finishing her Master in Business Administration through UCCS. She joined the full-time UCCS College of Business staff as the Assistant Data Analyst for the Forum in June 2015 after her graduation in May. She earned a bachelor's degree in Elementary Education from Taylor University in Indiana.

Rebecca taught for 11.5 years, primarily at the middle school level in math and science. She also worked for Wachovia Securities for five years where she became very familiar with research, analysis and compilation of data. Her love of numbers, organizational skills and background in education give her a unique understanding of what is currently offered and what is needed for young people to be successful, contributing members of our region.

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Introduction

Executive Summary

Employment

National, state and local employment have remained strong in the past year, and this has sustained the economic recovery after the Great Recession.

- The national, seasonally adjusted unemployment rate was 4.3 percent at the end of July 2017, which is a modest improvement from July 2016 (4.9%). This is in sharp contrast to the unemployment rate at the height of the recession in October 2009 when it was 10 percent across the U.S.
- The El Paso County seasonally adjusted unemployment rate at the end of 2016 stood at 3.2 percent. The rate has edged down even further to 2.9 percent at the end of July, which is well below the "natural" rate of unemployment.
- The Quarterly Census of Employment and Wages (QCEW) for El Paso County indicated total jobs increased by 3.0 percent, or 7,742 positions, in 2016, outperforming last year's Forum forecast of 2.8 percent.
- More recent data from the QCEW indicates that El Paso County created 7,083 new jobs from 2016 Q1 to 2017 Q1. This indicates that locally we are still on a trajectory of strong job growth in 2017.

Specific Sectors & Employment

Seventeen of the twenty-one industry sectors in **El Paso County** saw job gains in 2016. The most significant gains were in:

- health care and social assistance (2,518 jobs)
- accommodation and food services (1,022)
- retail trade (844)
- construction (587)
- educational services (586)
- other services (537)
- finance and insurance (443)

The strong showing in health care and social assistance combined with accommodation and food services represented 45.7 percent of total job gains in the county. Job losses took place in four sectors. The most notable losses occurred in information (-638) and manufacturing (-198).

In **Teller County**, which is part of the Colorado Springs metropolitan statistical area (MSA), total jobs increased by 3.1 percent or 213 jobs in 2016. At 7,125 jobs, this is finally higher than the peak reached in 2008 of 6,950 jobs. The top five job categories in terms of total employment according to the Quarterly Census of Employment and Wages (QCEW) data for 2016 were accommodation and food services (1,457 total jobs), retail trade (1,002), educational services (705), arts, entertainment and recreation (684), and public administration or "government" (553). Thirteen of the twenty-one sectors saw job gains in 2016. The greatest gains were reported in retail trade (79 jobs gained), health care and social assistance (59), construction (31), arts, entertainment and recreation (29), and professional and technical services (13). The most significant job losses were in educational services (-15) and accommodation and food services (-10).

Regional Wages

Average wages from the Quarterly Census of Employment and Wages (QCEW) across all categories increased in El Paso County from $46,592 in 2015 to $47,216 in 2016, or up 1.3 percent.

- The average wage in El Paso County remains low compared to Colorado as a whole and was 13.7 percent below the state average of $54,704 in 2016.
- Average wages in Teller County increased 1.4 percent in 2016 to $36,920, but the average wage is 32.5 percent below the state average.

Per Capita Personal Income

Per capita personal income increased in El Paso County, reflecting that individuals who live here did have some appreciation in their total net wealth. This metric includes not only net earnings, but also personal dividend and interest income, rental income and transfer payments by government sources. In summary:

- El Paso County per capita personal income increased 2.4 percent to $43,385 in 2015 over the 2014 level of $42,360. Data for 2016 is not available until November 2017.
- The Forum forecasts per capita personal income will end up 3.8 percent higher in 2017 (to $45,031) compared to the previous year.
- At the estimated 2016 level, per capita personal income in El Paso County would be 9.1 percent below the U.S. average and 13.5 percent below the Colorado average.
- It is important to remember that all "per capita" values will be pulled down by our lower median age since a lower median age inherently means more children will be counted in the denominator of the calculation.

The Forum forecasts per capita personal income in 2017 in El Paso County will increase at a rate of 3.7 percent, while the Colorado Office of Planning and Budgeting forecasts the same rate of increase in Colorado (3.7%) and a slightly lower rate in the U.S. (3.5%).

Residential Real Estate

If the national and local economy is performing well, consumer confidence is high, and interest rates are relatively low, then individuals are more likely to purchase or lease existing properties or build new properties. Highlights in the residential real estate market include:

- Through August 2017, there were 2,522 single-family permits issued in the Pikes Peak region. This is a decrease of 46 permits (-1.8%) compared to the first 8 months of 2016. The Forum expects approximately 3,500 single-family permits to be issued in the region in 2017.
- Through August 2017, multi-family permits for 26 projects and 521 units have been pulled. Multi-family permits are expected to end the year at 650 units with a forecast for another 760 units in 2018.
- Average, monthly rents for apartments as of the second quarter of 2017 were $1,101 per month in the Colorado Springs MSA.
- Home sales in the Pikes Peak region were 15,318 in 2016 and are projected to be 16,200 in 2017 and 17,010 in 2018 as buyers are taking advantage of historically low mortgage rates and a strong job market.
- The average sales price of a home, new or existing, is expected to increase to $311,965 in the Pikes Peak region in 2017, a 9.0 percent increase from $286,206 in 2016.
- The median price of a new or exiting single-family home in the Pikes Peak region is expected to increase 9.5 percent to $280,425 in 2017 compared to $256,100 in 2016. As reference, the median home price in the U.S. for a single-family home was lower than our region in Q2 of 2017 at $255,600, which is up 6.2 percent from the same quarter last year.
- Foreclosures continue to decline in the region. Annual foreclosures decreased 12.4 percent in 2016 to 1,287. The average number of foreclosures per month in 2017 through August was 90. The average number of monthly foreclosures in 2009 was much higher at 441. The Forum projects

there will be 1,116 foreclosures in 2017 and 1,100 foreclosures in 2018.

Commercial Real Estate

The commercial real estate market continues to become tighter due to the favorable economic conditions and the local, dwindling supply, especially for office and medical space. Highlights include:

- Commercial office vacancy rates decreased to 11.9 percent at the end of 2016 compared to 12.6 percent at the end of 2015. As of June 2017, the vacancy rate edged down to 11.2 percent.
- The industrial vacancy rate increased to 7.7 percent at the end of 2016 from 6.8 percent at the end of 2015. As of June 2017, the vacancy rate was slightly lower at 7.2 percent.
- Retail vacancy rates stayed flat at 6.2 percent at the end of 2015 and 2016. They had increased to 6.7 percent as of June 2017.
- Medical office vacancy rates decreased from 9.8 percent at the end of 2015 to 9.1 percent at the end of 2016. By June 2017, they were down to 8.7 percent.

Sales and Use Tax

The City of Colorado Springs benefits from strong and growing taxable retail sales since over 50 percent of the city's budget dollars come from these collections. Highlights include:

- City sales and use tax collections increased 13.4 percent or $13.4 million from $148.7 million in 2015 to $162.1 million in 2016.
- Sales and use tax collections are expected to increase 8.8 percent this year and another 3.5 percent in 2018 in nominal terms. However, if these nominal sales tax figures are adjusted for both consumer price inflation and population increases, the real value of sales and use tax collections will increase by just 4.5 percent in 2017 and decrease by 0.3 percent in 2018.

Education

- In fiscal year 2014, Colorado spent $9,036 per pupil in elementary and secondary schools, while the U.S. average was $11,066 per pupil (22.5% lower in Colorado).
- From 2003 to 2015, 4th and 8th grade students in Colorado public schools outscored the nation in mathematics and language arts.
- In 2016, Colorado had all high school sophomores take the PSAT, and in 2017, all high school juniors took the SAT instead of the ACT. In 2017, the Colorado junior average SAT score was 1014, and 5 of the 17 school districts in the Colorado Springs MSA surpassed this state average.
- In 2016, 10 of the 17 school districts in the Colorado Springs MSA exceeded the state of Colorado's average high school graduation rate of 78.9 percent. The U.S. high school graduation rate in 2016 was 83.2 percent. Six of our local 17 school districts surpassed this national graduation rate.
- The Concurrent Enrollment Program Act, passed in 2009, allows students to be simultaneously enrolled in high school as well as in one or more postsecondary courses at an institution of higher education. All districts within the Colorado Springs MSA have seen increased participation in these programs with a total of 1,484 students enrolled concurrently in the 2015-16 school year.
- In the Colorado Springs MSA in 2016, 34.6 percent of the population ages 25 and over had some college or an associate degree, while in the U.S. it was 29.0 percent of that population. For those with a bachelor's degree or higher ages 25 and older, the Colorado Springs MSA (40.3%) again had a higher percentage than the U.S. (31.2%).

Where is the Economy Heading?

It is likely that nationally we are late in the economic cycle. Most evident of this is the persistently low U.S. unemployment rate, which has been at the natural rate of unemployment (approximately 4.5 percent) since 2015. This has been the principal impetus for the Federal Reserve (the "Fed") to begin unraveling the longest period of quantitative easing the country has ever seen. This will be challenging for two reasons. One, the Fed amassed $4.5 trillion in Treasuries and mortgage bonds to infuse money into the economy during the Great Recession. Now the Fed is letting some of this portfolio mature without being replaced albeit at a very slow pace of roughly $10 billion per month for the rest of 2017 and up to $50 billion per month in 2018. The hope is that this quantitative tightening will not shock the economic system. Two, certain economic indicators that typically sway the Fed to increase interest rates are not at threshold levels. Most notable is the inflation rate, which increased only 1.3 percent in 2016 and is still below the 2.0 target rate as of July 2017 (1.7 percent over the last 12 months). Another contextual factor is the impact of new presidential policies. The change implicit in new administrations has often caused economic downturns within the first 18 months of inauguration if we look at trends over the past 100 years. Having said this, job numbers and consumer sentiment are still quite strong. We are also finally starting to see increasing wages. The hope is that these foundational metrics will buoy the national economy for the remainder of this year and into 2018.

Locally, the Colorado Spring economy is on solid ground and has tremendous potential to continue on its positive trajectory. Traditionally, our city has lagged behind the Denver/Boulder region and has often underperformed the nation. That is no longer true. Most economic metrics confirm that Colorado Springs began to emerge from the Great Recession in 2014. That was the year that the local unemployment rate began to fall below the national rate, that the gross metropolitan product (or GMP) began its steep upward climb, that the number of job postings began to meet the number of available workers, that home prices recovered to pre-recessionary levels, and that tourism began to take off. In addition, for both 2013 and 2014, El Paso County met the number of new jobs necessary to match population growth (or 5,400 new jobs). In 2015 and 2016, we well exceeded that number. More recently in 2016, we finally saw people re-entering the workforce, and in 2017, we began to experience much needed increases in wages.

The first eight months of 2017 indicate that Colorado Springs will outperform the nation once again this year in terms of employment, GMP growth, and wage increases. Barring a nation-wide downturn, our region has momentum for various reasons. The state of Colorado and El Paso County both have a median age that is approximately four years younger than the U.S. Coupled with the high educational attainment levels, our state and region have something that is increasing scarce: a qualified workforce. The key will be for us to provide ample opportunities for postsecondary education and training such that we can meet the robust business growth occurring across various sectors. Regions that acknowledge and act upon the critical workforce training needs will be well positioned for sustainable, long-term growth that can withstand fluctuations in business cycles.

In addition to a lower median age and higher educational attainment level, our state and region also have a population growth rate approximately double the national rate. We have healthy gains in both the natural rate of growth and net in-migration, and a large proportion of the people moving to Colorado are well educated. The population growth rate is another advantage that bodes well for long-term economic growth. Colorado Springs has also been experiencing growth across various sectors in the past 11 years raising the requirement for a skilled workforce. The diversity of sectors also makes us much less vulnerable to downturns that hit specific sectors especially hard, such as the military. The economic diversity is also key to sustainable growth over the time horizon. Last but not least, Colorado Springs has had effective government that acknowledges the growth, the opportunities, and the requirements of that growth, such as funding infrastructure and bolstering services. Cities that succeed invest in themselves.

With all these baseline strengths, our region is well positioned in 2017 and 2018 to solidify itself as not only a premiere living destination, but also a smart choice for business growth and new investment.

WE WOULD LIKE TO THANK OUR 2017 UCCS ECONOMIC FORUM SPONSORS

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Acknowledgments

A special thank you goes to our valuable sponsors who provide generous financial support and guidance to the UCCS Economic Forum.

A special thanks to all of our partners who helped organize this year's Forum and helped to put together our program. We want to also thank our keynote speakers and community update participants.

Finally, to all of the Forum partners, attendees and other supporters, we wish you continued success in the coming year.

BIG PICTURE INDICATORS

ACTUAL, ESTIMATED AND FORECAST PERCENT CHANGE IN KEY ECONOMIC INDICATORS: U.S., COLORADO AND EL PASO COUNTY										
		United States			Colorado			El Paso County		
		2016	2017*	2018*	2016	2017*	2018*	2016	2017*	2018*
		Actual	Estimate	Forecast	Actual	Estimate	Forecast	Actual	Estimate	Forecast
1	Population	0.7	0.7	0.7	1.7	1.7	1.6	1.4	1.5	1.3
2	Unemployment Rate (NSA)	4.9	4.5	4.4	3.3	2.6	3.0	3.8	3.1	3.6
3	Real GDP/GSP/GMP[1]	1.5	2.2	2.3	2.0	2.7	2.6	3.5	3.1	3.0
4	Non-Agricultural Employment	1.7	1.5	1.1	2.2	2.2	2.0	3.0	2.2	2.2
5	Aggregate Wage & Salary Income	4.3	4.9	5.4	4.6	5.7	5.6	4.4	5.3	5.5
6	Consumer Price Index (CPI)[2]	1.3	2.5	2.3	2.8	2.9	2.6	N/A	N/A	N/A
7	Per Capita Personal Income	2.9	3.5	3.7	2.1	3.7	3.8	3.8	3.7	3.8
8	Retail Sales[3]	3.0	4.4	3.8	4.3	5.1	5.0	4.4	4.8	4.4
9	Single-Family Housing Permits[4]	2.0	11.1	1.3	20.5	7.6	0.5	19.7	-0.4	-1.4

Sources: Colorado Office of State Planning and Budgeting, June 2017 Revenue Forecast; Federal Reserve Bank of St. Louis; U.S. Bureau of Economic Analysis; Colorado Department of Local Affairs, State Demography Office; Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages, Industry Employment Projections; Kiplinger; UCCS Economic Forum

[1]GMP is for the Colorado Springs MSA so it includes both El Paso and Teller counties.

[2]Colorado CPI is actually the Denver/Boulder Greeley CPI.

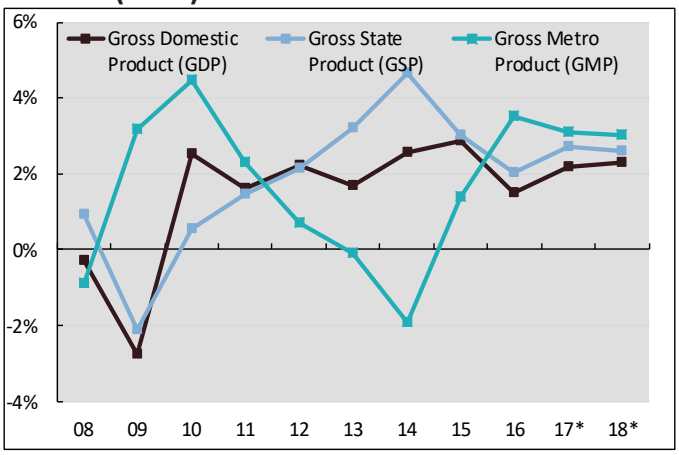
[3]El Paso County retail sales data for 2016 is an estimate by the UCCS Economic Forum since data was not available at the time of publication.

[4]Includes single-family detached and townhome units.

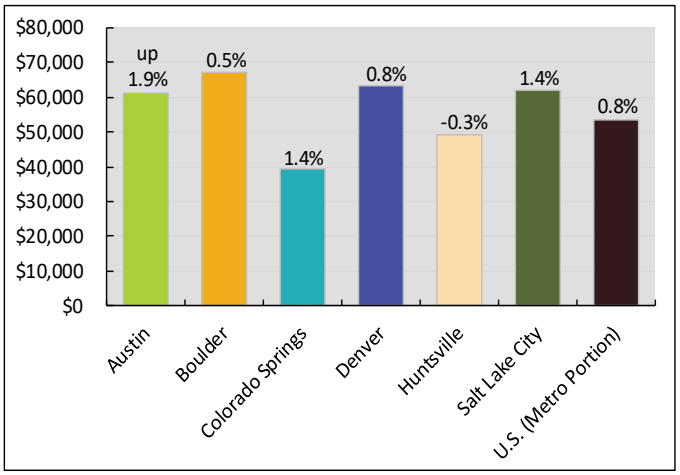
*Estimate/projection

BIG PICTURE INDICATORS

Growth in Real Gross Domestic Product (GDP), Gross State Product (GSP) and Gross Metropolitan Product (GMP)

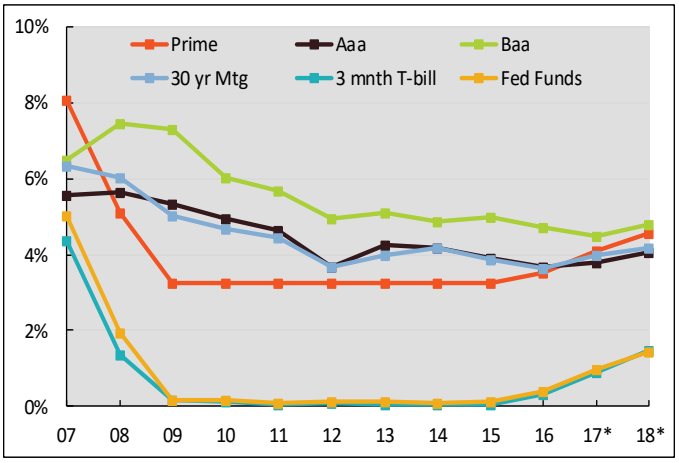


2016 MSA Real GMP Per Capita



Note: Military data is included in both GMP and population. Real GMP is adjusted for regional price differences (RPP). Percentage change compares 2016 to 2015 per capita real GMP.

Key Interest Rates



*GDP is forecast by the Colorado Office of State Planning and Budgeting. GSP & GMP forecasts are estimated by the UCCS Economic Forum with input from the CO OSPB. Key Interest Rates are Wells Fargo forecasts.
Sources: U.S. Bureau of Economic Analysis; Colorado Office of State Planning and Budgeting; Federal Reserve Bank of St. Louis; IHS Global Insight (USA), Inc.

WHY ARE THESE IMPORTANT?

Gross domestic product (GDP) is one of the primary indicators used to gauge the health of the nation's economy. GDP is the monetary value of all finished goods and services produced within a country's border in a specific time period, usually a year. The U.S. Bureau of Economic Analysis also measures gross state product (GSP) and gross metropolitan product (GMP), which are state and local equivalent measures of GDP.

Interest rates are the cost of financing and the reward on investments. Low interest rates encourage borrowing and discourage investment. A notable exception to this is a low interest rate that encourages the investment of buying a home.

HOW ARE WE DOING?

Based on the real GDP series from the U.S. Bureau of Economic Analysis, growth in real GDP was 1.5 percent in 2016 versus a 2.9 percent increase in 2015. The latest GDP estimates indicate the economy will grow 2.2 percent in 2017. Preliminary projections for 2018 suggest real GDP will grow by 2.3 percent.

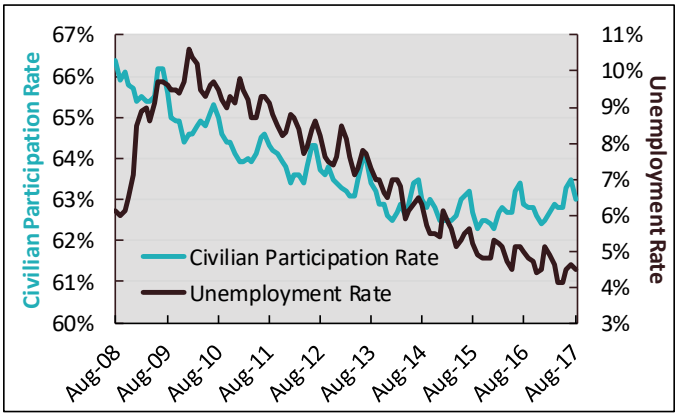
Colorado's real GSP grew by 2.0 percent in 2016. With assistance from the Colorado Office of State Planning and Budgeting, estimates are for GSP to grow by 2.7 percent in 2017 and 2.6 percent in 2018. It is notable that for both 2017 and 2018, Colorado's economy is expected to grow at a higher rate than in 2016. The slowdown in GSP for Colorado in 2016 was mostly due to contraction in the oil and gas industry as well as the persistent labor shortage.

The real growth rate for GMP for Colorado Springs MSA in 2016 was significantly higher than both the U.S. and Colorado at a healthy 3.5 percent. The Forum is forecasting that GMP will continue to have a high growth rate in 2017 (3.1%) and 2018 (3.0%). This optimistic outlook is based upon robust employment numbers thus far into 2017, persistently high job postings, and continued population growth. As the chart to the left shows, Colorado Springs has a relatively low GMP per capita, but it is important to remember two things. One, all of our "per capita" metrics will be pulled down by our lower median age (meaning more children). The median age in the U.S. in 2016 was 37.9 years, and in El Paso County it was 33.9. Two, the growth rate in 2016 in per capita GMP was 1.4 percent compared to the average U.S. city growth rate of 0.8 percent. In fact, Colorado Springs outpaced several peer cities in GMP growth and had the second highest growth rate of major cities within Colorado.

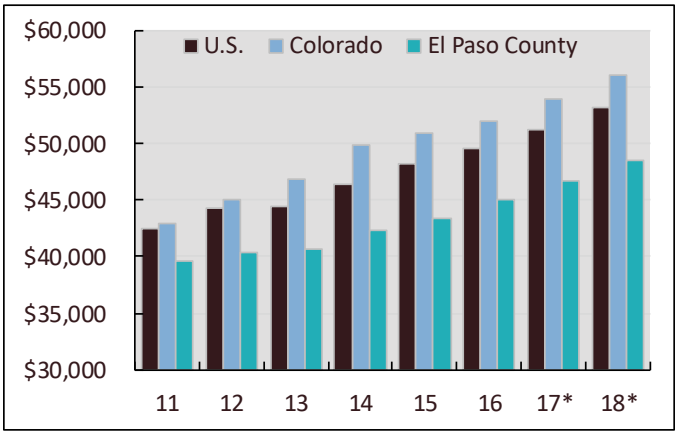
Interest rates continue to be at historic lows in 2017. The prime interest rate, which is the interest rate used by banks to lend to customers and businesses, was 3.50 percent for almost all of 2016 and was 4.25 percent as of August 2017. Interest rates have been kept low for the past nine years to help stimulate the economy after the Great Recession. The length of time for this quantitative easing is unprecedented, and now the Federal Reserve is in the position of tightening monetary policy. This will be challenging given the $4.5 trillion balance sheet of bonds it purchased to infuse money into the economy during the recession. Prior to the recession, The Federal Reserve held one-fifth of that amount ($900 billion). Most experts are expecting one more rate hike in December 2017, and three more in 2018. By August 2017, the fed funds rate has modestly increased and is now at 1.16 percent. The expected endpoint for the fed funds rate by 2019 Q1 is 1.96 percent according to Wells Fargo forecasts.

BIG PICTURE INDICATORS

U.S. Civilian Participation & Unemployment Rates (NSA)



Per Capita Personal Income



*Colorado Office of State Planning and Budgeting and UCCS Economic Forum forecasts
Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

WHY ARE THESE IMPORTANT?

The civilian participation rate measures the percentage of the working population that considers themselves active members of the workforce. A higher civilian participation rate is good because it increases U.S. productivity, GDP and the tax base, while reducing transfer payments such as unemployment and welfare.

Per capita personal income is measured by taking the total income in a region or country and dividing by the total population. Amounts are calculated before taxes and are not adjusted for inflation. This metric is not the "average income" for individuals since the calculation includes children and non-working individuals. The measure can be pulled down by a large dependency ratio (e.g. a high proportion of children and other dependents). Our region's lower per capita income can partially be explained by our lower median age (see table on page 15).

HOW ARE WE DOING?

The civilian participation rate continues to be at historic lows as shown in the top left graph. Prior to the recession, approximately 67 percent of the possible working population chose to be part of the active labor force. During the recession, this rate fell, which is characteristic of recessionary periods. However, some of the persistently low rate is likely attributable to the aging of the U.S. population, as well as the misalignment between available jobs and educational/vocational training. However, in 2016 we did start to see some increases in this important metric, and by August 2017, the civilian participation rate was 63.0 percent.

Estimated local per capita personal income grew 3.8 percent to $45,031 in 2016. By comparison, the U.S. personal income grew by 2.9 percent, and Colorado's personal income grew by 2.1 percent. The Forum projects local per capita personal income will experience 3.7 percent growth in 2017 (to $46,710) and 3.8 percent growth (to $48,486) in 2018. Projected gains for the U.S. are 3.5 percent (2017) and 3.7 percent (2018). For Colorado, projected gains are 3.7 percent (2017) and 3.8 percent (2018).

WHY IS THIS IMPORTANT?

Approximately two-thirds of the American economy is driven by consumer spending. Consumer sentiment is highly correlated to how much individuals are willing to spend. Hence, an understanding of consumer confidence in the economy and expected spending patterns over the next twelve months are essential to effective planning for most businesses. Consumer sentiment measures confidence using 1996-97 as the base year (1996-97=100). The personal savings rate measures the percent of income put into savings, and it is inversely correlated with consumer sentiment. Higher savings rates often indicate that individuals are not as confident about spending any extra money they have, but those saved dollars do create consumption capacity for the future.

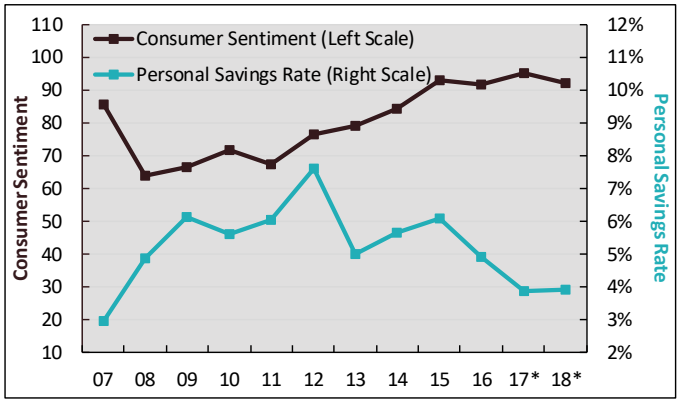
HOW ARE WE DOING?

Consumer confidence has been increasing all throughout the recovery period and was particularly strong after the presidential election. The strong job market has kept consumers confident enough to bolster domestic demand for durables and nondurables. As of August 2017, consumer sentiment was at 96.8. The graphical representation depicts annual averages.

In 2016, the personal savings rate was 5.83 percent. The Forum projects consumer sentiment for 2017 will be approximately 95.0, and for 2018, it will be 92.0. The projected, personal savings rate will be 3.85 percent for 2017 and 3.88 percent for 2018.

The University of Michigan projects a relatively high 2.4 percent increase in consumer demand in 2017 as compared to 2016, commensurate with the strong consumer confidence.

Consumer Sentiment and Personal Savings Rate Baseline index =100 (1996-97)



*UCCS Economic Forum forecasts
Sources: University of Michigan (Tatiana Bailey's alma mater); U.S. Bureau of Economic Analysis

BIG PICTURE INDICATORS

WHY IS THIS IMPORTANT?

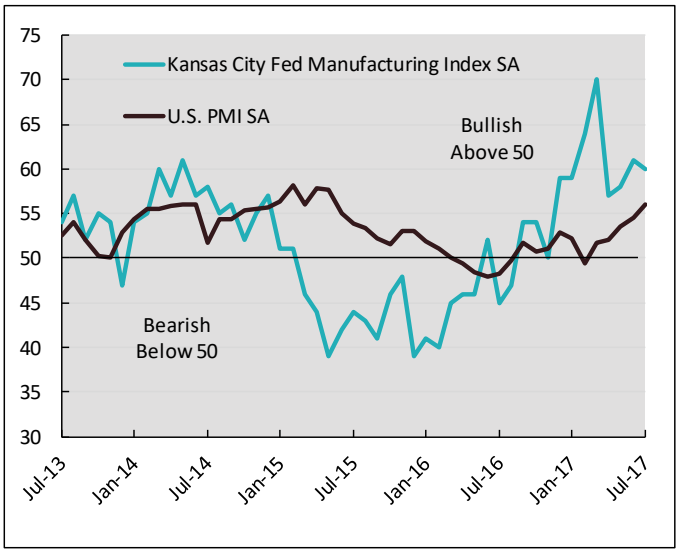
The manufacturing index, also called the purchasing managers index (PMI), is a leading economic indicator measuring the relative health of the manufacturing sector. The manufacturing index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. A manufacturing index of more than 50 represents expansion of the manufacturing sector, compared to the previous month. A reading under 50 represents a contraction, while a reading at 50 indicates no change.

HOW ARE WE DOING?

As of July 2017, the PMI for the seven states that comprise the Kansas City Federal Reserve region was 60.0, and for the nation it was 56.3. Year to date, the average PMI for the Kansas City region has been 61.3, whereas it has been 56.4 in the U.S. As stated above, any value for the index above 50 means the manufacturing sector expanded compared to the previous month; or in other terms, the index is "bullish" at values above 50.

As of July, 15 of the 18 manufacturing industries reported growth. Overall, the PMI has been growing for 11 consecutive months indicating a general trend of expansion in the manufacturing sector. Some of this may be due to upward pressure on wages in China, making our manufactured goods relatively less expensive.

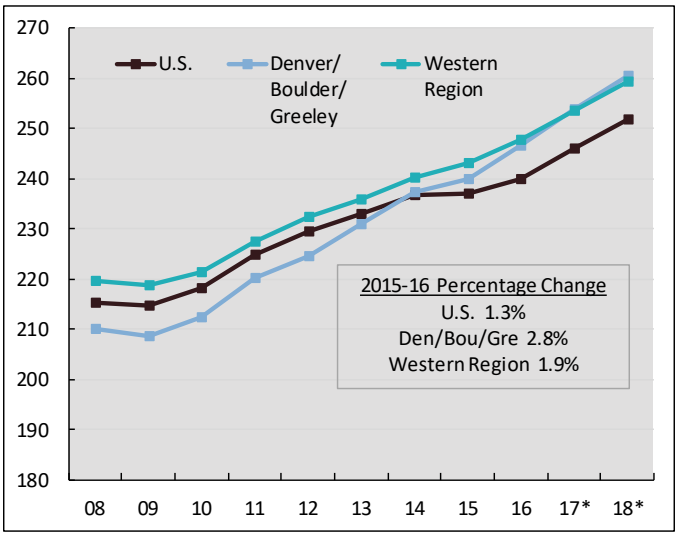
Manufacturing Index



July 2017	
Kansas City Fed Manufacturing Index SA	***U.S. PMI SA***
60.0	56.3

Sources: Institute of Supply Management; Federal Reserve Bank of Kansas City

The Western Region, Denver/Boulder/Greeley and U.S. Consumer Price Indices (CPI) for all Urban Consumers (1982-1984=100)



*Colorado Office of State Planning and Budgeting and UCCS Economic Forum forecasts
Source: U.S. Bureau of Labor Statistics

U.S. Consumer Price Index - July 2017		
	All items	**Less food & energy**
Change from June 2017 (SA)	0.1%	0.1%
Last 12-months (NSA)	1.7%	1.7%

Note: The Federal Reserve has a target inflation rate of 2.0%.
Source: U.S. Bureau of Labor Statistics

WHY IS THIS IMPORTANT?

The consumer price index (CPI) measures the average price change (inflation) for a basket of goods and services selected by the U.S. Bureau of Labor Statistics. The CPI measures the period-to-period loss of purchasing power of a dollar caused by rising prices. The CPI is often used to compute real wages, income and wealth to help determine whether consumer purchasing power and household wealth are increasing, decreasing, or remaining constant in "real" terms.

The Fed prefers a CPI increase of around 2 percent. Although lower prices are desirable, prices that rise too slowly or even fall can have negative effects on the economy if consumers and businesses delay their consumption and investment (thinking prices will fall further) and by making loans more expensive to service (banks receive fewer dollars on fixed rate loans when low inflation expectations are built into loans they make today).

HOW ARE WE DOING?

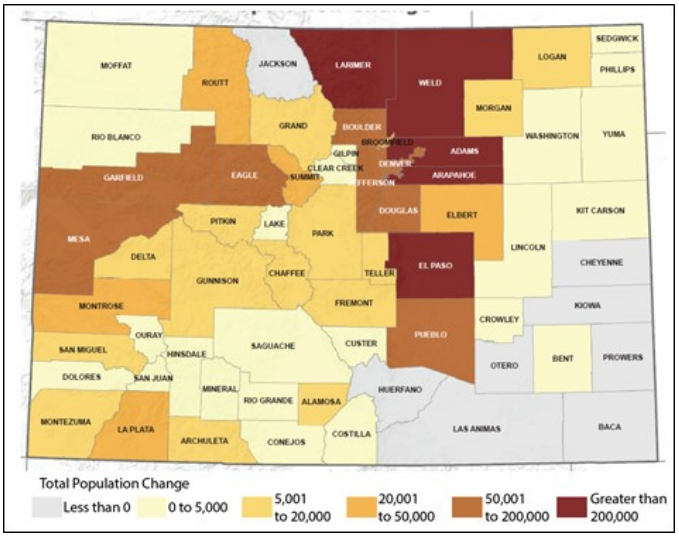
The Denver/Boulder/Greeley CPI rose 2.8 percent in 2016 after increasing 1.2 percent in 2015. Inflation is expected to be 2.9 percent in 2017 and 2.6 percent in 2018 for the Denver/Boulder/Greeley CPI. The Forum is now tracking the "Western Region" CPI since the Denver/Boulder/Greeley measure is quite high due to inflationary pressures in that part of the state. The Western region is also higher than the U.S., but not growing as quickly as the Denver metric. Hence, it may be a more accurate measure of our regional CPI.

The U.S. urban CPI rose 1.3 percent in 2016 after increasing 0.1 percent in 2015. U.S. inflation is expected to be 2.5 percent in 2017 and 2.3 percent in 2018.

The Colorado Office of State Planning and Budgeting provided the 2017 and 2018 forecasts for both Denver/Boulder/Greeley CPI and U.S. CPI.

DEMOGRAPHIC INDICATORS

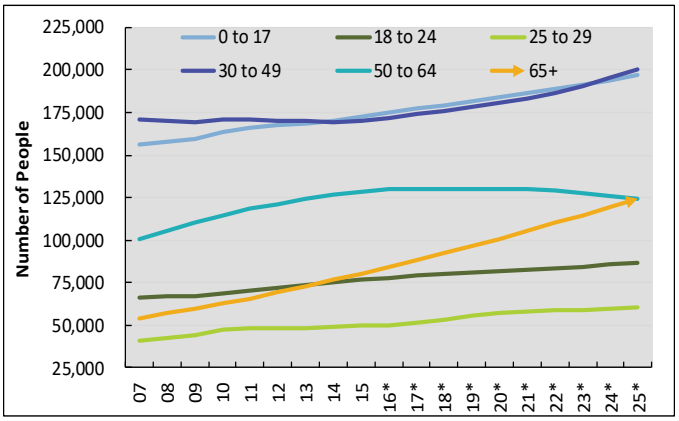
Projected Population Change: 2015 to 2050



Population Estimates

	2015	2050
El Paso County	674,500	1,070,000
Colorado	5,443,000	8,686,000

El Paso County Annual Population Projections by Age Group



*Colorado Department of Local Affairs estimates
Source: Colorado Department of Local Affairs, State Demography Office

2016 Components of Population Change

	Percent of Population Change from Births minus Deaths	Percent of Population Change from Net Migration
Colorado Springs MSA	47.7%	52.3%
Colorado	31.6%	68.4%

Components of population change are projected by the Colorado Department of Local Affairs, State Demography Office.
Source: Colorado Department of Local Affairs, State Demography Office

2016 Median Age

El Paso County	*United States*
33.9	37.9

Source: U.S. Census Bureau, American Community Survey 1-year estimates

WHY ARE THESE IMPORTANT?

Population growth is important because it influences the labor market, education and other infrastructure needs, the tax base, the future planning and conservation of resources, as well as the health of the economy in general. Understanding population trends helps government officials, businesses and others plan for the future. Population estimates are used for planning and evaluation, state revenue sharing, and distribution of funds by public and private agencies.

Population changes come from natural increase (births minus deaths) and from net in-migration (or out-migration). The sum of these components is the change in population. Identifying trends in these indicators helps project future changes in the county's population, the workforce, and the proportion of the population that is dependent on the workforce, such as children and the non-working elderly. Knowing these trends helps us understand all of these groups' respective impact on the economy.

HOW ARE WE DOING?

There was a slowdown in the rate of population growth in El Paso County if you compare the 1990s to the 2000s. El Paso County's population grew at an average annual rate of 3.2 percent from 1990 to 2000, whereas it grew only 1.9 percent from 2000 to 2010 according to the Census counts. The Colorado Department of Local Affairs estimates El Paso County's population to again grow at a greater rate (3.3%) from 2016 to 2018. Estimates are for El Paso County to grow by 22,375 people from 2016 to 2018. That will bring El Paso County to 710,602 by 2018, an increase of 3.3 percent per year.

The Colorado State Demography Office states that El Paso County is projected to be one of five counties in the state to have a population increase of at least 200,000 between 2015 and 2050 as can be seen on the map. This means El Paso County will have over a million people by 2050. An increase of this magnitude will have large implications for residents, government and businesses.

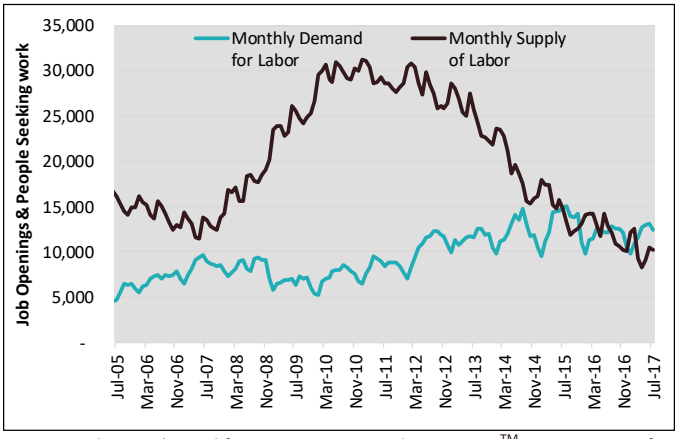
The second graph shows that the projected increases will be seen mostly in the age 65 and older cohort, but also in the 30 to 49 year old group, which is favorable given that those are the prime working ages. Increases will also be seen in the ages leading up to that cohort (ages 0 to 29), while there are projected decreases for the pre-retirement cohort (ages 50 to 64).

The natural increase (births minus deaths) in the population was estimated to be 5,448 in 2016 and net in-migration was 5,758. Projections from the Colorado Department of Local Affairs have births increasing modestly, but have a relatively large, projected in-migration increase for 2017 (6,092) and another large increase for 2018 (5,000). As the (second to bottom) table shows, both Colorado and Colorado Springs have a high proportion of their population growth emanating from net migration.

Contrary to popular belief, the median age in El Paso County is well below the U.S. median age. The bottom table shows that in 2016, the local median age was 33.9 years old, whereas it was 37.9 years old in the U.S. Although this raises our dependency ratio and can pull down some "per capita" metrics such as per capita income due to more children in the denominator, overall it is a good thing to have ample young people in a community because they are our future workforce.

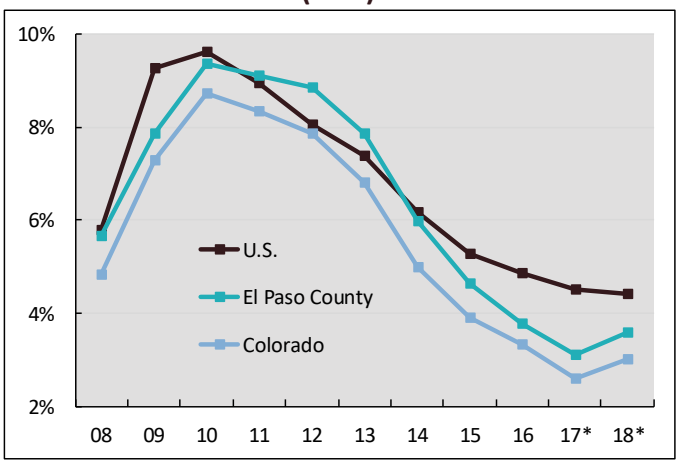
EMPLOYMENT & WAGE INDICATORS

Monthly Labor Supply and Demand in Colorado Springs MSA

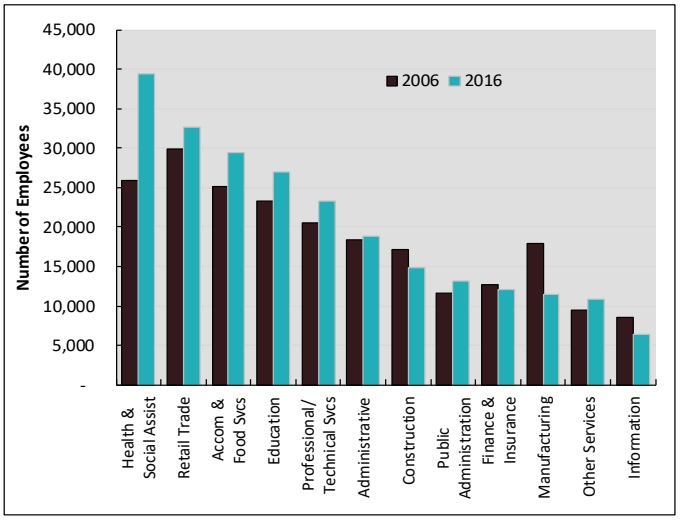


Sources: Pikes Peak Workforce Center, CEB TalentNeuron™; U.S. Bureau of Labor Statistics; UCCS Economic Forum

The Unemployment Rate in El Paso County, Colorado and the U.S. (NSA)



El Paso County Employment in Selected Sectors for 2006 and 2016



*Colorado Office of State Planning and Budgeting and UCCS Economic Forum forecasts

Sources: U.S. Bureau of Labor Statistics; Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages (QCEW)

WHY ARE THESE IMPORTANT?

The number and types of jobs available and filled is perhaps the most important indicator of economic health and sustainability in a given community. While the presence of large, profitable companies in a community is a positive thing, approximately 50 percent of private sector employment derives from small businesses (defined as 500 employees or less). Since the recession, almost 70 percent of new jobs have been from small businesses. This means that entrepreneurial, start-up companies are central to regional economic prosperity. Likewise, a healthy number of small companies usually means economic diversity, which is also of paramount importance since it is risky for a region to be too dependent on one or a few employers (e.g. the military).

The unemployment rate represents the percentage of people who are looking for work who do not have jobs. There will always be some unemployment due to seasonal factors, workers between jobs, recent graduates looking for work and other causes. The optimum scenario is one where unemployment for individuals is temporary, there are enough jobs for job-seeking individuals, and there are enough skilled workers for businesses to fulfill their production needs.

HOW ARE WE DOING?

As the top graph shows, the gap between supply of labor and demand for labor was large during the recession, but that gap has closed significantly. In fact, since July 2015, there have been many months when there have been more job postings than people looking for work. Job postings are a prospective measure for total employment, as well as a good indicator of the health of businesses and the local economy overall.

The U.S. unemployment rate for 2015 was 5.3 percent and fell to 4.9 percent in 2016. Colorado's unemployment rate fell from 3.9 percent in 2015 to 3.3 percent in 2016. For El Paso County, the rate moved from 4.6 percent in 2015 to 3.8 percent in 2016 (all data not seasonally adjusted).

Colorado is outperforming the nation with a 2.5 percent not seasonally adjusted unemployment rate in July of 2017, a 4.6 percent rate for the U.S. and a 3.0 percent rate for El Paso County. The Colorado Office of State Planning and Budgeting projects the state not seasonally adjusted unemployment rate will average 2.6 percent in 2017 and 3.0 percent in 2018, indicating continued, robust growth in the overall state economy. The Forum projects El Paso County unemployment will average 3.1 percent in 2017 and 3.6 percent in 2018. Both the state and El Paso County are projected to outperform the nation in terms of employment trends.

The Quarterly Census of Employment and Wages (QCEW) total employment in the county just prior to the recession in 2006 was 245,230. As of 2016, total employment was 264,478, which represents a 7.8 percent increase (or 19,248 jobs). During that same time period, the population increased 18 percent. Page 18 addresses the "ideal" number of new jobs needed in El Paso County to match population growth.

The bottom graph shows that in El Paso County, the sectors with the greatest rate of increase in terms of employment have been health and social assistance, accommodation and food, education, and professional and technical services. Manufacturing has seen the most decline, which is a nation-wide trend mostly due to automation and robotics.

EMPLOYMENT & WAGE INDICATORS

Private* Industry Employment and Annual Pay in 2016				
	El Paso County Percentage of Total Employment (Number of employees)	*El Paso County Average Annual Pay*	*% Difference EPC to CO Annual Pay*	*% Difference EPC to U.S.** Annual Pay*
Total, All Private Industries	***215,975***	***$46,095***	***-16.0%***	***-13.8%***
Agriculture, Forestry, Fishing & Hunting	0.2% of total employment (414 employees)	$29,932	-14.5%	-10.1%
Utilities (not CSU)	0.2% (502)	$114,124	19.2%	10.9%
Construction	6.8% (14,749)	$51,139	-10.8%	-12.8%
Manufacturing	5.3% (11,480)	$59,079	-10.9%	-8.9%
Wholesale Trade	2.6% (5,530)	$65,427	-17.8%	-11.2%
Retail Trade	14.7% (31,805)	$29,441	-3.8%	-2.8%
Transportation & Warehousing	1.9% (4,109)	$39,482	-25.6%	-21.7%
Information	2.7% (5,892)	$78,369	-18.0%	-20.4%
Finance & Insurance	5.6% (12,070)	$64,619	-28.2%	-36.1%
Real Estate, Rental & Leasing	2.1% (4,594)	$41,351	-24.8%	-24.8%
Professional & Technical Services	10.7% (23,198)	$85,419	-5.5%	-6.1%
Management of Companies & Enterprises	0.6% (1,221)	$143,223	11.4%	24.4%
Administrative & Waste Services	8.7% (18,886)	$36,583	-5.6%	-3.7%
Educational Services	2.0% (4,287)	$37,049	-5.9%	-24.0%
Health Care & Social Assistance	14.9% (32,245)	$45,560	-6.7%	-5.0%
Arts, Entertainment & Recreation	2.2% (4,726)	$20,977	-41.9%	-42.9%
Accommodation & Food Services	13.6% (29,397)	$18,469	-12.0%	-7.8%
Other Services (incl. nonprofits)	5.0% (10,798)	$40,666	6.4%	13.2%

*Average pay in these tables does NOT include government workers. Also, mining and unclassified industry groups were excluded, which had a combined total of 73 employees in 2016. **U.S. private annual pay is for all U.S. locations (urban and rural).
Sources for both tables on this page: U.S. Bureau of Labor Statistics; Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages; UCCS Economic Forum

WHY ARE THESE IMPORTANT?

Competitive salaries are an important part of attracting and retaining labor. The Colorado Springs region has grown in population and has become more economically diverse. As recently as 2013, the local unemployment rate was above both the Colorado and national averages. Since 2014, our region has had lower unemployment rates than the U.S. and since 2015, the rate has been at or below what most economists consider the "natural" or equilibrium unemployment rate. This translates to a tight labor market, which typically raises wages.

HOW ARE WE DOING?

Across the nation and in El Paso County, wages have proven to be very "sticky," meaning they have been slow to respond to the pressures of low unemployment. This has been particularly disadvantageous for our region because we started at a baseline of lower average pay many years ago. As the table above shows, across all private industries (excluding government), El Paso County average pay was 13.8 percent lower than the U.S. average pay in 2016. When comparing our region to the state of Colorado, average pay was a full 16.0 percentage points lower in El Paso County. The industry detail shows that it is not a few sectors that are pulling down the overall average. Salaries in El Paso County are lower for the vast majority of industries.

Early data for 2017 indicates that wages in El Paso County are starting to increase. In 2017 Q1, wages were a full 8.1 percent higher than a year ago, which is significant given that wages have barely moved in our region up until this time. The state went up 7.5 percent in the same time period.

2017 Q1 for All Private Industries		
Colorado Average Annual Wage	*El Paso County Average Annual Wage*	*El Paso County Total Employment*
$59,956	$48,308	215,902

EMPLOYMENT & WAGE INDICATORS

Colorado Springs MSA: September 2017	
Average daily job openings	11,915
Average posting duration	33 days
Median salary of posted jobs	$72,050
Colorado median salary	$65,575
Top Job Titles	
Registered Nurse	1,263 jobs
Software Engineer	812 jobs
Customer Service Rep	800 jobs
Systems Engineer	659 jobs
Teller	657 jobs
Administrative Assistant	636 jobs
Systems Administrator	593 jobs
Medical Assistant	559 jobs
Network Engineer	544 jobs
Sales Rep	535 jobs
Actual new jobs in El Paso County 2016 Q1 to 2017 Q1: 7,083	

Sources: Pikes Peak Workforce Center, CEB TalentNeuron™; Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages (QCEW); UCCS Economic Forum

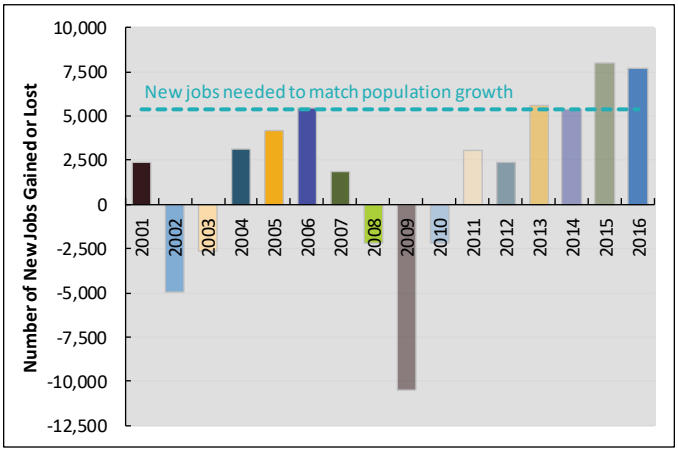
WHY ARE THESE IMPORTANT?

The Forum tracks the number of job openings (labor demand) and the number of individuals seeking work (labor supply). This enables the community to gauge the health of the local labor market. To provide further detail, the Forum is also tracking the types of jobs that are in highest demand. This can help inform job seekers, but also the relevant training institutions such as community colleges, industry training programs, and four-year universities.

HOW ARE WE DOING?

As the table shows, many of the posted jobs are professional jobs, which pulls up the median salary of all jobs in the region. It was only in April 2015 that Colorado Springs surpassed the state in the median salary of posted jobs. According to QCEW data, there were 7,742 actual new jobs in 2016 in El Paso County. As the graph above shows, we need approximately 5,400 new jobs per year to match population growth in our region. It is noteworthy that in August 2017, there were an average of 12,567 job openings during the month, but only 8,738 people looking for work.

El Paso County New Jobs



Sources: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages (QCEW); UCCS Economic Forum

WHY ARE THESE IMPORTANT?

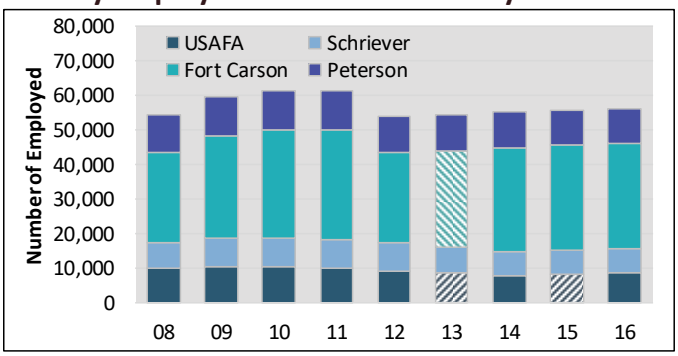
The military has been a part of the local economy since World War II. Approximately 55,000 military and civilian workers are employed by this sector at either the United States Air Force Academy (USAFA), Peterson, Schriever or Fort Carson.

HOW ARE WE DOING?

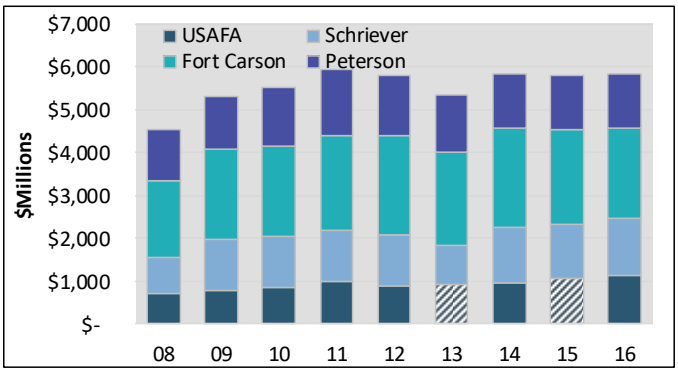
It has become increasingly difficult to obtain economic impact and employment information from the military installations. For this reason, the provided graphics have shaded bars to indicate estimates in 2013 for USAFA and Fort Carson and estimates in 2015 for USAFA, due to missing information. Total military and civilian employment decreased in 2016 at Fort Carson, Peterson and Schriever. In 2016, USAFA employment, which includes cadets, increased significantly from 2014. When employment changes were combined, there was a 0.2 percent growth in total military employment compared to the 2015 estimate. Of note, Schriever included 4,850 civilian employees, and Fort Carson included approximately 6,300 civilian employees in 2016.

Updated estimates for 2015 showed a combined total of $5.70 billion in economic impact from the military installations. In 2016, Schriever increased to $1.31 billion from $1.27 billion (up 3.2%), and Peterson increased slightly to $1.27 billion from $1.26 billion (up 0.8%), while Fort Carson decreased to $2.12 billion from $2.22 billion (down 4.5%). Combined, for all installations, the economic impact was estimated to be 0.8 percent higher in 2016 than in 2015.

Military Employment in El Paso County



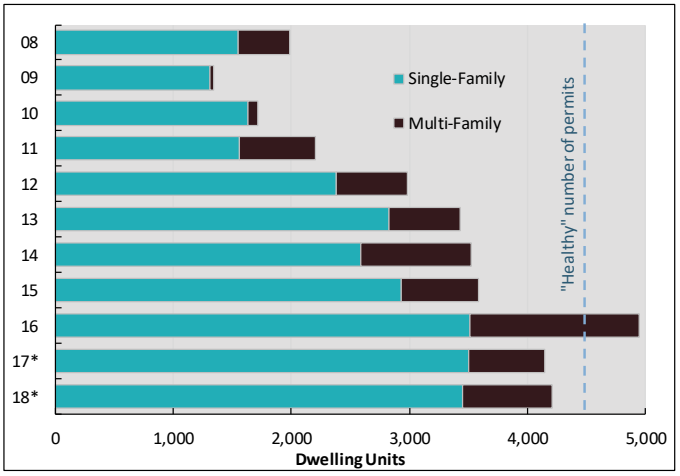
Military Expenditures in El Paso County ($ millions)



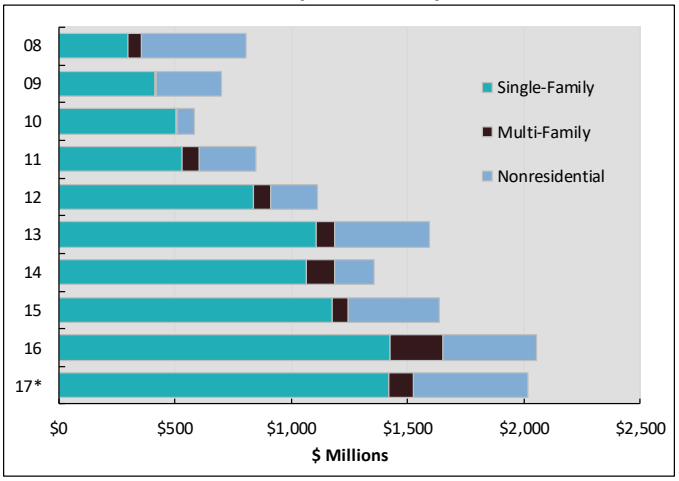
NOTE: Shaded data in 2013 and 2015 indicate UCCS Economic Forum estimates.
Sources: Colorado Springs Chamber & EDC; Respective military installations

REAL ESTATE INDICATORS

Residential Building Permits (Dwelling Units)



Value of Construction ($ millions)



*UCCS Economic Forum forecasts with input from Marla Novak and Roger Lovell
Source: Pikes Peak Regional Building Department

WHY ARE THESE IMPORTANT?

Residential building permits reflect the general demand for housing and also the type of housing that local residents prefer. If there is natural population growth and in-migration, there will be demand for new homes; and if consumer preferences lean towards new construction, the demand may be greater. El Paso County has had an average population growth rate over the last 10 years of 1.8 percent. Given this continued growth and the projected high growth in the next 25 years, it is likely that demand for residential building permits will continue, especially if mortgage rates stay within reach.

HOW ARE WE DOING?

Residential building increased from 2015 to 2016. There were 3,514 single-family permits during 2016, which was a 19.7 percent increase from the 2,935 permits in 2015. Through August 2017, permits for 3,042 dwellings have been issued whereas the comparable number for 2016 was 3,046.

After nearly nonexistent multi-family home building in 2009 and 2010, permits for this type of housing are rebounding nicely. In 2010, there were only 88 permits issued in Colorado Springs. In 2016, there were permits issued for 1,440 multi-family dwelling units.

Estimates from the Forum have suggested that for the population size of Colorado Springs, roughly 4,500 building permits per year is a healthy equilibrium. This is important because housing "bubbles" have proven to be problematic for many communities.

The Forum tracks value of construction for the nonresidential market. The value of nonresidential construction was $398.6 million in 2016. Many commercial real estate brokers and lenders in the region have stated that there has been a marked increase in investment in commercial construction, especially from external investors.

WHY IS THIS IMPORTANT?

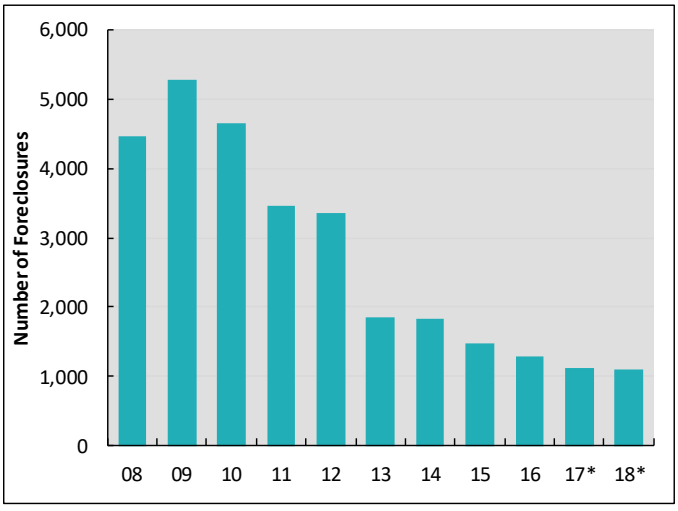
A negative indicator for the housing market is an increasing foreclosure rate. Foreclosures are normally used by economists as a lagging indicator since they tend to peak just about the time an economic recovery commences.

HOW ARE WE DOING?

There were 1,287 foreclosures in 2016, a decrease of 12.4 percent from 2015 when there were 1,470 foreclosures. Through July 2017, there were 636 foreclosures compared to 818 through July 2016. At the current rate, the Forum anticipates there will be 1,116 foreclosures in 2017 and 1,100 in 2018.

It appears that most of the correction in the market has occurred as most of the bad mortgages in the county have been worked through the mortgage industry. Foreclosures depend on housing values, employment, and income levels of homeowners holding a mortgage. Interest rates remain low, making housing and a mortgage more affordable although the Federal Reserve is now slowly raising interest rates. Most experts are saying we will end up at a 3.0 percent fed funds rate by the end of 2019. Most economists are predicting a very strong housing market for the remainder of 2017 and into 2018 with continued, low foreclosure rates. It is notable that the average number of foreclosures prior to the recession (2005-2007) were 233 per month. By contrast, the average number of foreclosures in 2016 were 107 per month.

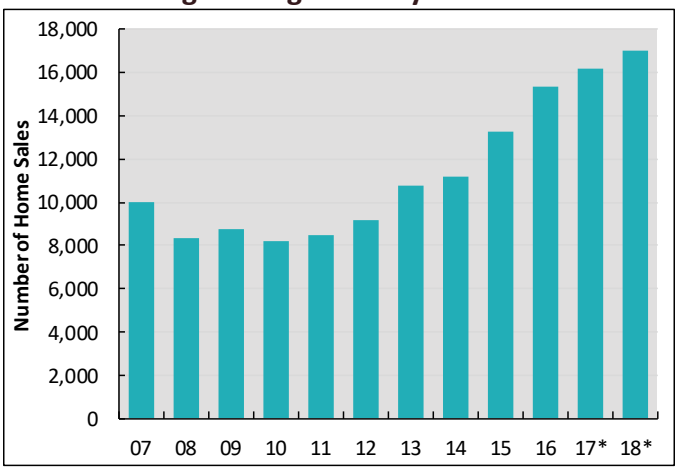
Foreclosures in El Paso County



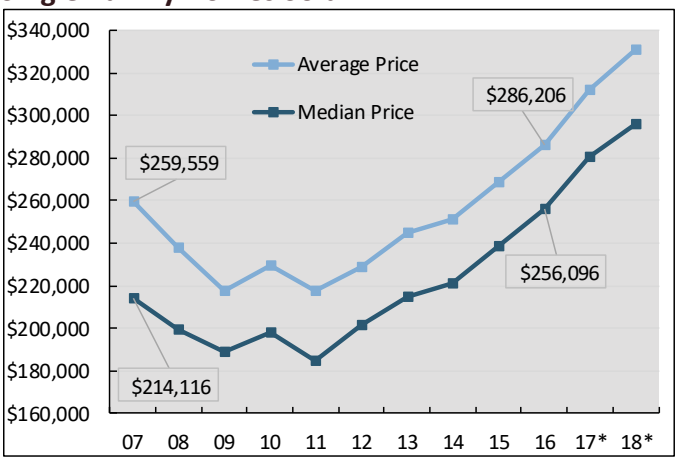
*UCCS Economic Forum forecasts
Source: El Paso County Public Trustee

REAL ESTATE INDICATORS

Pikes Peak Region Single-Family Home Sales



Pikes Peak Region Mean and Median Prices of Single-Family Homes Sold



Note: Data is for new and existing homes. Median price calculated by the UCCS Economic Forum off of monthly data from Pikes Peak Association of REALTORS®.
*Harry Salzman, Cherri Fischer and UCCS Economic Forum forecasts
Source: Pikes Peak REALTORS® Services Corp. (RSC)

WHY ARE THESE IMPORTANT?

Home sales are an indicator of vitality in the local real estate market. Home values are one of the indicators of the wealth of the community. Home owners want to see an increase in the value of one of their largest assets. Home valuation forms the basis of local residential property taxes. Property taxes, in turn, are used to support public schools in the area.

HOW ARE WE DOING?

In the Pikes Peak region, sales for new and existing single-family homes were 15,318 in 2016, up 15.6 percent (2,068 more sales than in 2015). Estimates are highly dependent upon general economic trends including job growth, possible mortgage rate increases, and other factors. The Forum forecasts home sales will increase 5.8 percent in 2017 to 16,200 and another 5.0 percent in 2018 to 17,010. These projections are based upon year-to-date activity and national trends.

Current market conditions point to an average home sales price increase to $311,965 in 2017, up 9.0 percent from $286,206 in 2016 in the Pikes Peak region. The average price is expected to be $330,683 in 2018. Similar gains are expected for the median price: $280,425 for 2017 and $295,848 in 2018. The increase in housing sales and prices reflects lower mortgage rates, an increase in population, higher employment levels, and a decline in available housing for sale. National experts are citing average price increases for 2017 in the 4.0 to 5.0 percent range across the nation.

For comparative purposes, the table below shows housing price data for Colorado Springs, Denver, Boise and the U.S. Locally, we have higher prices than the U.S. and Boise, but significantly lower prices than Denver. We also have experienced year-to-year increases above the U.S. average.

2017 Q2 Median Home Price				
Location:	***Colorado Springs***	***Denver***	***Boise***	***United States***
Price:	**$284,200**	**$424,500**	**$227,800**	**$255,600**
1-year % Change:	**9.6% increase**	**7.6% increase**	**9.4% increase**	**6.2% increase**
MSA Rank:	**28**	**13**	**66**	**n/a**

Source: National Association of REALTORS®

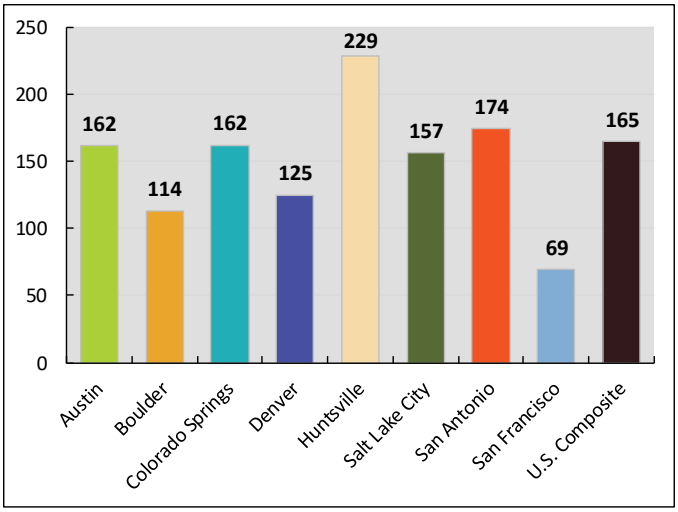
WHY IS THIS IMPORTANT?

Housing affordability is a major consideration for individuals and families when they think about moving to the region or staying in the region. The National Association of Realtors® measures housing affordability by looking at the ratio of what a homeowner can afford relative to their average mortgage. A value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced home, assuming a 20 percent down payment. Hence, a higher index means greater affordability.

HOW ARE WE DOING?

The housing affordability indices show that Colorado Springs is quite affordable compared to the other MSAs. Only Huntsville and San Antonio had more favorable indices. In 2016, the U.S. composite index for housing affordability was 165, which is almost identical to the index for Colorado Springs (162). Despite recent increases in home prices, our region is still relatively affordable.

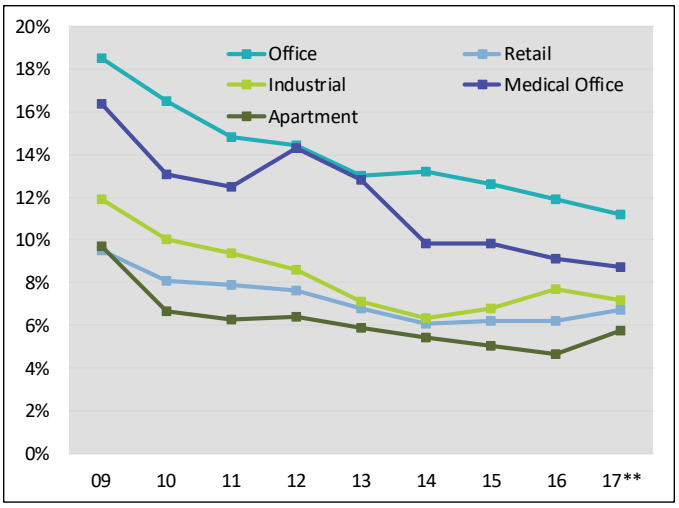
2016 Housing Affordability Indices



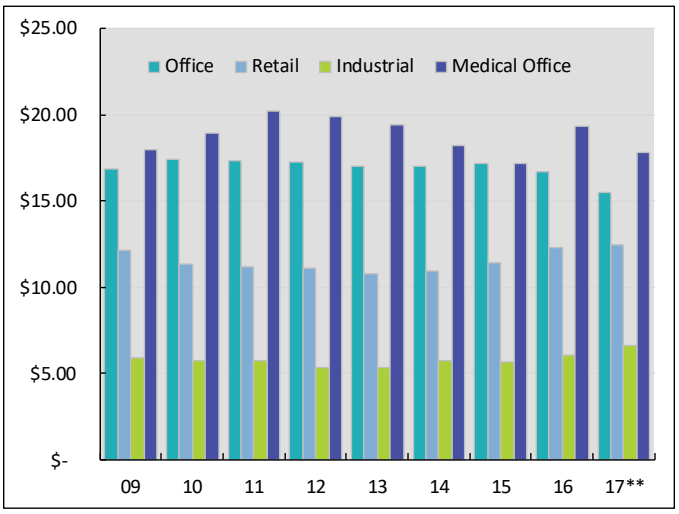
Note: A higher index translates to greater affordability.
Source: National Association of REALTORS®

REAL ESTATE INDICATORS

Colorado Springs Average Vacancy Rates for Apartment, Office, Retail, Industrial and Medical Spaces



Colorado Springs Average Asking Rents for Office, Retail, Industrial and Medical Spaces



Vacancy Rates and Rents (per Sq. Ft. NNN)		
Property Type	*2016*	*Jan. - Jun. 2017*
Office	11.9% ($16.67)	11.2% ($15.51)
Retail	6.2% ($12.30)	6.7% ($12.44)
Industrial	7.7% ($6.03)	7.2% ($6.63)
Medical Office	9.1% ($19.33)	8.7% ($17.77)
Apartment	4.6% ($1,002.33)	5.8% ($1,101.12)

**January through June 2017
Note: NNN stands for triple net lease, which means that the tenant is responsible for net real estate taxes on the leased assets, net building insurance and net common area maintenance.
Sources: CoStar Group™; Olive Real Estate Group, Inc.; Colorado Department of Local Affairs

WHY ARE THESE IMPORTANT?

Vacancy rates are a key indicator of economic activity. Declining vacancy rates put upward pressure on lease rates. Low vacancy rates reduce location choices for businesses. The availability of adequate and affordable commercial space allows existing companies to expand and helps attract new companies to the area. This may be particularly relevant for Colorado Springs now given the high lease rates in the Denver metropolitan area.

HOW ARE WE DOING?

Average vacancy rates were down in 2016 compared to 2015 for office space (from 12.6% to 11.9%), medical office space (9.8% to 9.1%) and apartments (5.0% to 4.6%). Vacancy rates increased for industrial space (6.8% to 7.7%) and stayed the same for retail space (6.2% average for both years). In the first half of 2017 (from January to June), office vacancy rates were 11.2 percent, medical office vacancy rates were 8.7 percent, industrial vacancy rates were 7.2 percent, and retail vacancy rates were 6.7 percent. Apartment vacancy rates have averaged 5.8 percent during the first half of 2017.

As the top graph shows, the overall trend in vacancy rates has been favorable since the recession. It is important to note that according to local commercial real estate experts from the Olive Real Estate Group, the posted vacancy rates are higher than the true vacancy rates because much of our existing, local commercial space is obsolete.

The average lease rates for each property type are listed in the bottom left table. Office lease rates averaged $16.67 per square foot in 2016 with lower rates in the first half of 2017 ($15.51). Retail lease rates averaged $12.30 per square foot in 2016 with roughly the same rate in the first half of 2017 ($12.44). Industrial lease rates averaged $6.03 in 2016 with higher rates in the first half of 2017 ($6.63). Medical office lease rates were notably higher in 2016 ($19.33) than in the first half of 2017 ($17.77). Apartment lease rates were $1,002 in 2016 and $1,101 in the first half of 2017.

As the population continues to increase across the state, our proximity to the Denver/Boulder area will become more of a factor. This will be particularly true for both residential and commercial real estate. The table below shows that as of 2017 Q2, retail space in Denver is 41.5 percent higher per square foot than comparable space in Colorado Springs. Office space in Denver is on average 47.2 percent higher than Colorado Springs. Industrial space is 6.6 percent higher in Denver, and medical office space is 33.2 percent higher per square foot when compared to Colorado Springs.

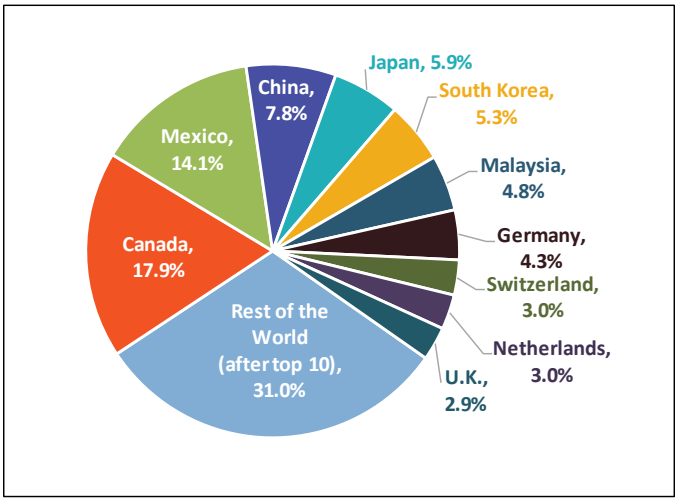
Colorado Springs to Denver (metros): Rents per Square Foot

2017 Q2				
	Retail	*Office*	*Industrial*	*Medical Office*
Colorado Springs	$12.45	$15.53	$6.66	$17.48
Denver	$21.28	$29.39	$7.13	$26.15
% Difference	-41.5%	-47.2%	-6.6%	-33.2%

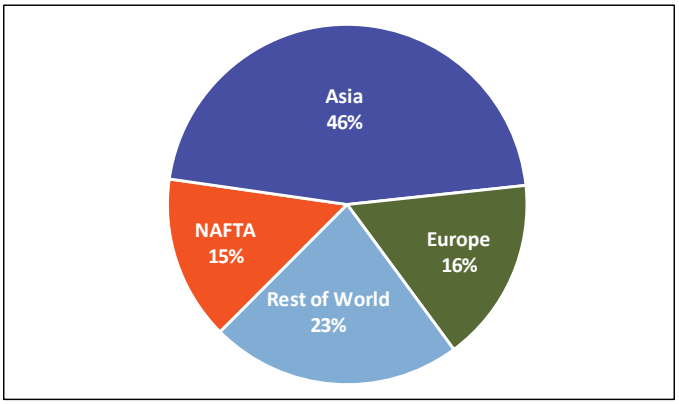
Sources: CoStar Group™; Olive Real Estate Group, Inc.

SALES & TAX INDICATORS

2016 Colorado Exports to Selected Destinations



2015 Colorado Springs MSA Exports



Note: Local export information lags behind state and national data.
Source: Office of Trade and Economic Analysis, International Trade Administration

WHY ARE THESE IMPORTANT?

One indicator of the state and local competitiveness in a global economy is the ability to export goods and services. A higher level of export activity translates into more jobs in the state and local region and more income and wealth. Economies that expect to compete in today's global economy need to grow export activity.

HOW ARE WE DOING?

As the graph shows, approximately one-third of Colorado exports go to Canada and Mexico, which are the two North American Free Trade Agreement, or NAFTA, countries. Almost another third go to primarily Asian countries including China, Japan, South Korea and Malaysia. Almost 14 percent of Colorado exports go to Germany, Switzerland, the Netherlands and the United Kingdom. The remaining third go to the rest of the world. This profile is similar to that of all U.S. exports. However, in 2016, it is notable that almost 12 percent of the U.S. GDP emanated from export activity whereas in Colorado, only 2.3 percent of GSP emanated from export activity.

Twelve of 31 manufacturing categories in Colorado increased exports in 2016. The largest dollar gains were in food manufactures, $163 million (up 12.4%); fabricated metal products, $48 million (15.8%); oil & gas, $20 million (46.6%); used or second-hand merchandise, $14 million (23.5%); and miscellaneous manufactured commodities, $13 million (2.7%). Significant export declines took place in machinery (except electrical), -$195 million (-20.1%); chemicals, -$121 million (-13.7%); minerals & ores, -$68 million (-47.9%); and transportation equipment, -$58 million, (-13.8%).

The second graph to the left shows that Colorado Springs exports are more heavily skewed towards Asia at 46 percent of all exports. By contrast, NAFTA countries have a lower percentage of exports coming from Colorado Springs at 15 percent. Also noteworthy is the decline in total, local export activity. From 2008 to 2015, Colorado Springs exports declined 56.9 percent.

WHY ARE THESE IMPORTANT?

Retail sales are finished goods and services sold to consumers and businesses. Traditionally, retail sales follow the general trends in the economy meaning if there is economic expansion occurring, retail sales typically are growing as well. E-commerce is the buying and selling of goods and services via the internet. E-commerce sales can occur between consumers and businesses although some e-commerce is business-to-business or consumer-to-consumer. Both retail and e-commerce correlate to the general trends in the economy.

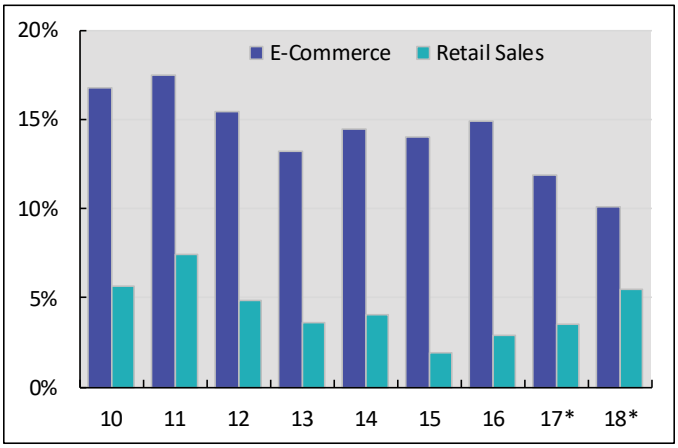
HOW ARE WE DOING?

There continues to be a trend away from retail sales to online sales with nine retail bankruptcies in 2016 and another nine in the first three months of 2017. These include conglomerates such as J.C. Penney, RadioShack, Macy's, Sears and Payless Shoes. Reasons include more online shopping, an oversupply of malls, and more disposable income being spent in restaurants (see narrative source on the right).

Kiplinger's forecasts that retail sales excluding gasoline will rise by almost 2.0 percent in 2017, and e-commerce sales will increase 14.0 percent. Another source, Statista, forecasts retails sales will increase 5.3 percent in 2017 and 5.5 percent in 2018. Statista also forecasts e-commerce will increase 9.8 percent from 2016 to 2017 and 10.1 percent from 2017 to 2018.

Narrative source: "What in the World Is Causing the Retail Meltdown of 2017?" *The Atlantic,* April 10, 2017.

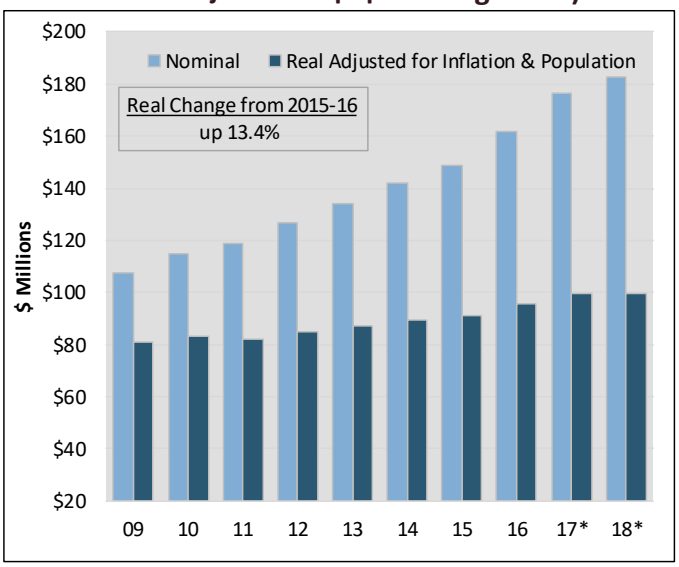
E-Commerce versus Retail Sales Growth in the U.S.



*Statista and Kiplinger forecasts
Source: U.S. Department of Commerce

SALES & TAX INDICATORS

Colorado Springs Sales and Use Tax Collections (Nominal in actual $ millions. Real indexed for inflation: 2001=100 and adjusted for population growth)



*City of Colorado Springs and UCCS Economic Forum forecasts
Sources: City of Colorado Springs; UCCS Economic Forum

WHY IS THIS IMPORTANT?

City sales and use tax revenues are used for municipal operations by the City of Colorado Springs for such purposes as law enforcement, fire protection, street repair and park maintenance. It is critical that these revenues increase along with community growth in order for the city to provide necessary services.

HOW ARE WE DOING?

City sales and use tax collections were $162.1 million in 2016 (nominal dollars). This is $13.4 million higher (9.0%) than in 2015. Through July 2017, combined sales and use tax collections were up $7.14 million (9.6%) over the same period in 2016. The sales and use tax collections for 2017 are expected to increase by 8.8 percent to $176.4 million and by 3.5 percent in 2018 to $182.5 million. If we account for inflation and population increases, "real" sales and use tax collections have been relatively flat (darker bars on the graph) and are expected to increase by 4.5 percent in 2017 and decrease by 0.3 percent in 2018 using Forum calculations.

Through July 2017, all sales tax revenue categories were higher than year ago amounts except business services (-32.3%), commercial machines (-6.5%), and department & discount (-2.2%). The largest gains were in building materials (30.2%), hotel/motel (22.3%), grocery stores (19.3%), utilities (14.1%), and medical marijuana (12.9%).

WHY ARE THESE IMPORTANT?

The Forum tracks registrations for new vehicles purchased directly from dealers. Since vehicles are a relatively large purchase for most households, tracking new sales and registration helps gauge the consumer confidence and economic health in a given area. Lodger's and automobile rental tax collections are also a way of gauging the robustness of the tourism sector.

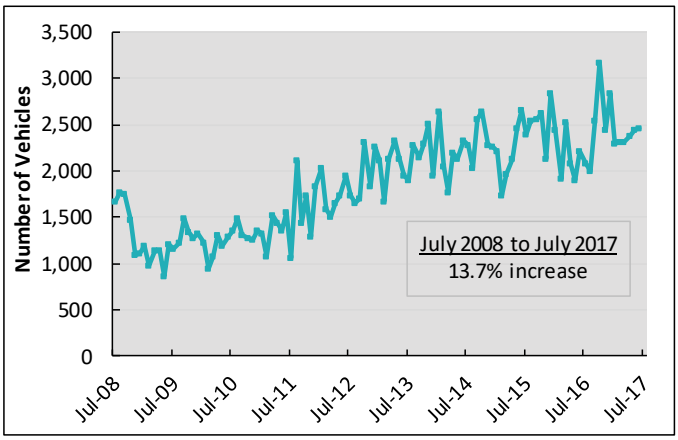
HOW ARE WE DOING?

Since the beginning of 2017, there have been an average of 2,300 new vehicle registrations per month. By contrast, in the first seven months of 2009, average new vehicle registrations were 1,099. Overall, the graph shows the rebound of the new car industry within El Paso County over the past several years with a 13.7 percent higher registration rate in July 2017 compared to July 2008.

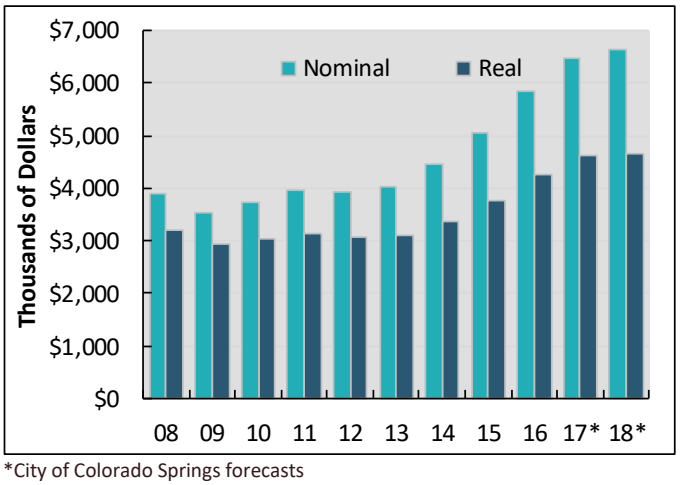
In Colorado Springs, lodger's and automobile rental taxes (LART) increased from $5,056,916 in 2015 to $5,846,258 in 2016. The City of Colorado Springs projects a 10.5 percent actual increase (to $6,460,115) for 2017 and a 2.9 percent increase (to $6,647,458) in 2018.

It is notable that the "real," or inflation-adjusted LART collections were relatively flat up until 2014. From 2014 through the middle of 2017, LART collections have been on a solid upward trend, both in "real" and nominal terms. This is reflective not only of strong state and national economies but also of our increasing visibility as a highly desirable tourist location. Lower gas prices undoubtedly also contributed.

New Vehicle Registrations in El Paso County



Lodger's and Automobile Tax Collections ($000s)



*City of Colorado Springs forecasts
Sources: El Paso County Commissioners Office; City of Colorado Springs Finance Department, Sales Tax Division; UCCS Economic Forum

EDUCATION INDICATORS

WHY ARE THESE IMPORTANT?

The amount a region spends on educating its future workforce is critical in terms of sustainable economic growth. Although there are certainly other factors at play, sufficient funding to provide high quality, mass education is one of the most important variables in educational and life outcomes.

HOW ARE WE DOING?

The top table shows that per pupil spending varies greatly by school district. Average per pupil spending ranges from a high of $15,208 in the Cripple Creek school district to a low of $7,952 in the Falcon school district. It is important to remember, however, that per pupil spending can be higher in smaller districts because they cannot reap the economies of scale in purchasing materials as can the larger school districts.

In terms of comparing Colorado to the U.S. pupil expenditures, the middle graph is telling. In 1982, our state spent on average $232 more per student than the national average. By 2014, Colorado spent $2,030 less per student than the national average. This lower level of funding is likely what is driving the lower Colorado teacher pay and potentially contributing to the teacher shortage (average starting salary in 2012-13 for Colorado: $32,126 and for the U.S.: $36,141). If Colorado is to continue on its positive, economic growth trajectory, we will have to not only import educated people, we will also need to properly educate children born and raised in Colorado.

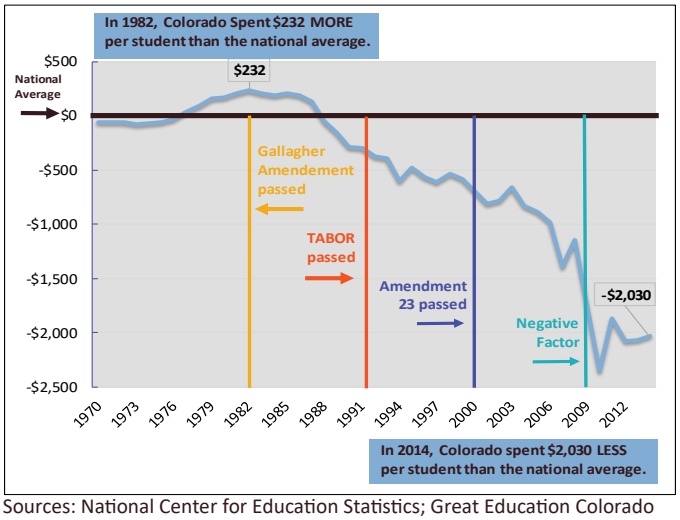
For students wanting to pursue postsecondary education, funding continues to be a growing challenge. For publicly-funded institutions, the bar chart at the bottom shows that U.S. students are paying, on average, almost half of the total costs of tuition. However, in the state of Colorado, students are paying about 70 percent of their total tuition costs. With higher tuition costs come a higher opportunity cost of attending postsecondary education. Seven out of 10 seniors who graduated from public and nonprofit colleges in 2015 had an average student loan debt of $30,100 according to The Institute of College Access & Success, and this is certainly a factor in a young person's decision on whether to pursue higher education.

2015-16 K-12 Enrollment and Per Pupil Spending

School District	County	Pupil Enrollment	Per Pupil Spending
Cripple Creek-Victor RE-1	Teller	357	$15,208
Hanover 28	El Paso	259	$13,305
Miami-Yoder 60 JT	El Paso	291	$11,638
Edison 54 JT	El Paso	216	$11,033
Colorado Springs 11	El Paso	27,937	$10,763
Harrison 2	El Paso	11,777	$10,107
Ellicott 22	El Paso	1,050	$10,105
Peyton 23 JT	El Paso	664	$9,862
Fountain 8	El Paso	8,055	$9,846
Calhan RJ-1	El Paso	460	$9,842
Manitou Springs 14	El Paso	1,492	$9,804
Academy 20	El Paso	25,063	$8,938
Cheyenne Mountain 12	El Paso	5,104	$8,772
Woodland Park RE-2	Teller	2,498	$8,586
Lewis-Palmer 38	El Paso	6,343	$8,558
Widefield 3	El Paso	9,435	$8,124
Falcon 49	El Paso	20,561	$7,952

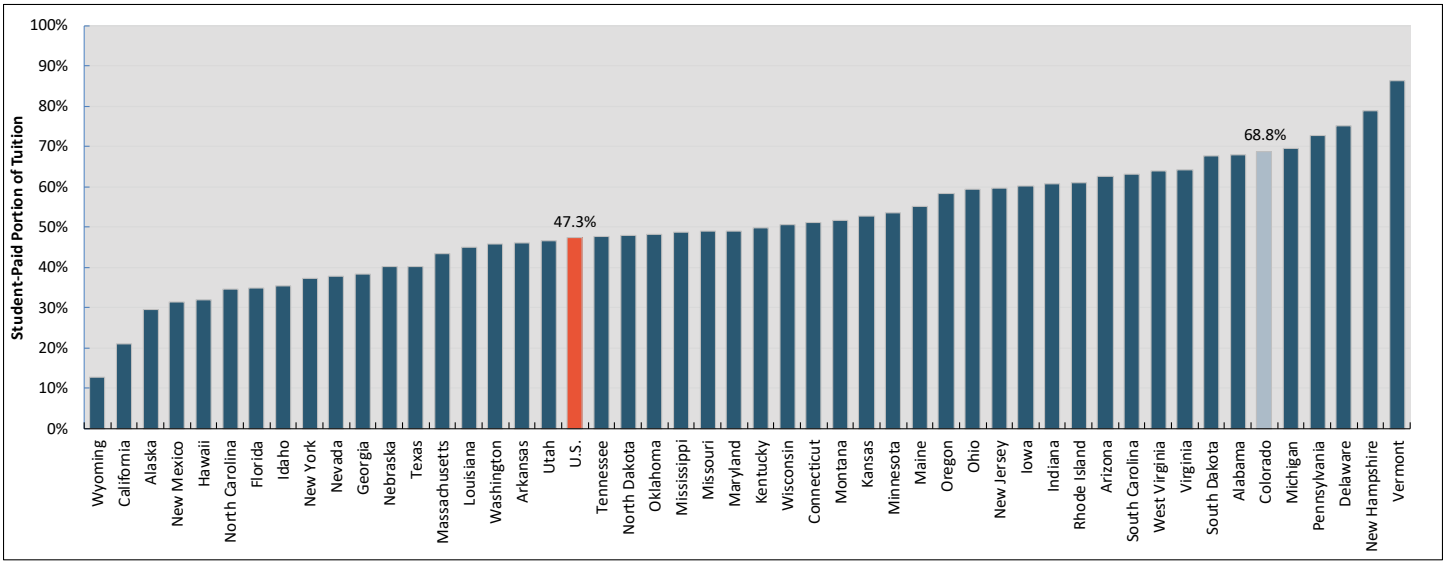
Source: Colorado Department of Education

K-12 Per Pupil Expenditures: Colorado versus National Average



Sources: National Center for Education Statistics; Great Education Colorado

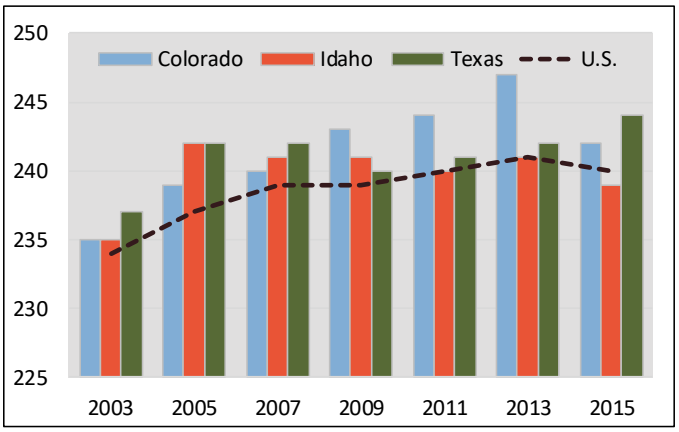
Student-Paid Portion of Higher Education Tuition at Public Institutions in 2016



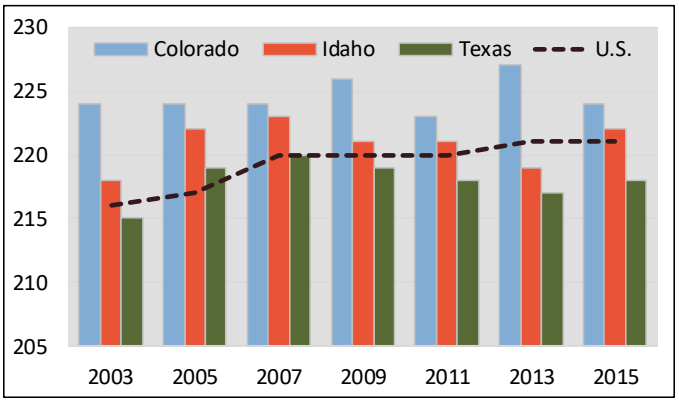
Note: As of June 2017, Illinois has been removed from the state and U.S. totals as data is being revised and should be released in 2018.
Source: 2016 SHEF Report, State Higher Education Executive Officers

EDUCATION INDICATORS

4th Grade Mathematics



4th Grade Reading



Source: U.S. Department of Education, National Center for Education Statistics

WHY IS THIS IMPORTANT?

The National Assessment of Educational Progress (NAEP) tests can be used again in later ages to assess how students are learning compared to the U.S. and other states. This is useful information in terms of gauging whether Colorado students are progressing through the K-12 system in a way that prepares them for entering the workforce or pursuing higher education.

HOW ARE WE DOING?

The dashed lines on the graphs show the national averages. Colorado 8th graders in public schools also average consistently higher scores than the U.S. average for public and private school students. As the graph shows, in 8th grade math skills, Colorado students outperform both Idaho and Texas. In 8th grade reading skills, Colorado students perform significantly better than Texas, but slightly worse than Idaho.

It is again important to point out that for 8th graders in Colorado, math scores have been declining since 2011. In reading, scores were the same for Colorado 8th graders in 2011 and 2013 but declined in 2015. This downward trend in 8th grade NAEP scores in both reading and math appears to be a national trend.

The table to the right shows the average spending per pupil for Colorado, Idaho, Texas and the U.S. As the data shows, Colorado spent more per pupil than Idaho and Texas, however, all three states rank quite low with respect to per pupil spending. It is interesting to note that despite the lower per pupil spending, NAEP scores (graphs above) show that Colorado outperformed the U.S. in reading and math assessments.

WHY IS THIS IMPORTANT?

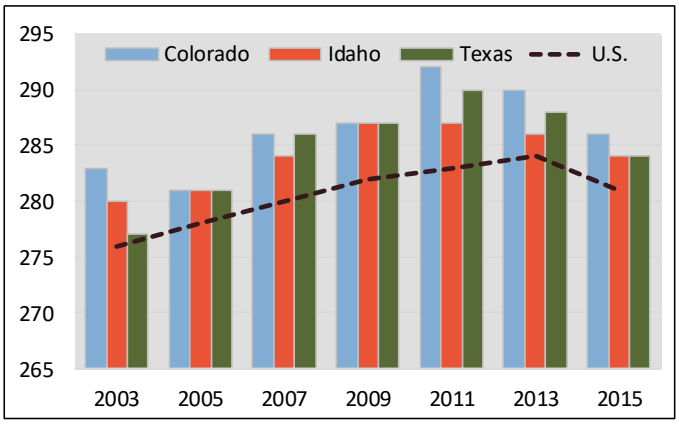
Every two years, representative samples of students in public schools in each state are tested using the National Assessment of Educational Progress (NAEP) to compile state scores in mathematics and reading, among other subjects. Students from both public and private schools are assessed to compile the national score. The NAEP is one of three valid estimates of U.S. national academic performance, and it allows us to compare students across the nation over time.

HOW ARE WE DOING?

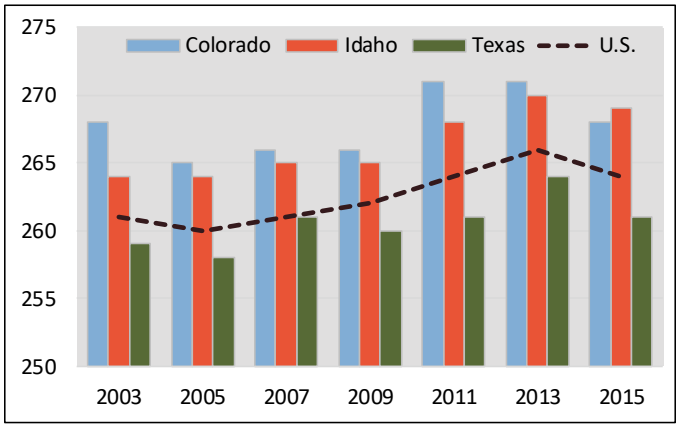
The dashed lines on the graphs show the national averages. Colorado 4th graders in public schools consistently score higher than students in public and private schools across the U.S. in both math and reading. When compared to two peer states in 2015, Texas scored higher in math, but lower than Colorado in reading, while Colorado scored higher in both subjects than Idaho.

It is important to note that for both math and reading, scores have fallen between 2013 and 2015 across Colorado public schools. It is also noteworthy that after a consistently upward trend in 4th grade math scores across the U.S., there was a decline between 2013 and 2015.

8th Grade Mathematics



8th Grade Reading



2013-14 Average per Pupil Spending	
Colorado (39th)	**$9,036**
Idaho (49th)	$6,577
Texas (43rd)	$8,602
United States	$11,066

Source: U.S. Department of Education, National Center for Education Statistics

EDUCATION INDICATORS

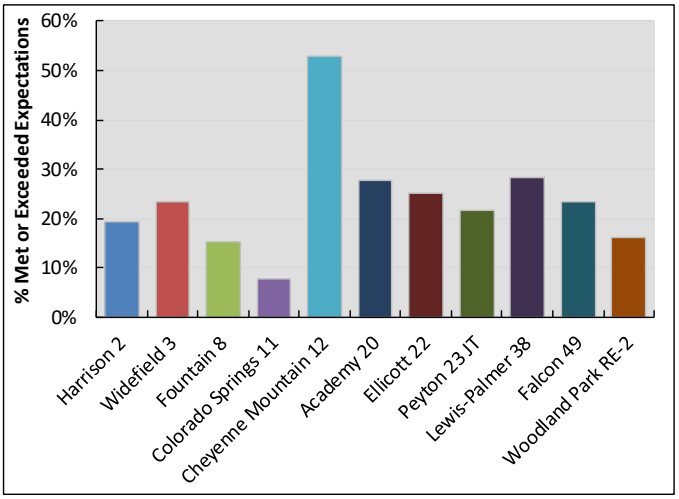
WHY IS THIS IMPORTANT?

During the 2014-15 school year, Colorado began administering the Colorado Measures of Academic Success (CMAS) in mathematics and English language arts. These new, computer-based assessments incorporate the Common Core State Standards. Because of these changes, a new baseline is being established so only the latest results from the 2016-17 school year are shown here for the school districts in the Colorado Springs MSA. While these tests lend a uniform source of information on how proficient Colorado students are at meeting the standards, it is critical to remember that these tests do not represent the whole picture of student learning.

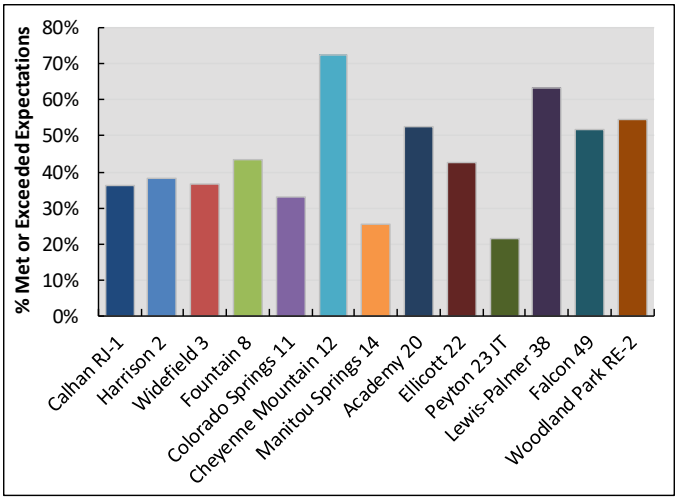
HOW ARE WE DOING?

Overall, 4th graders did better on English language arts than mathematics testing in the 2016-17 school year. For 4th grade mathematics, results range from 22 percent meeting or exceeding expectations in Manitou Springs versus 55 percent in Peyton. For 4th grade English language arts, results range from 34 percent meeting or exceeding expectations in Manitou Springs to 66 percent Cheyenne Mountain.

2017 CMAS: 8th Grade Mathematics

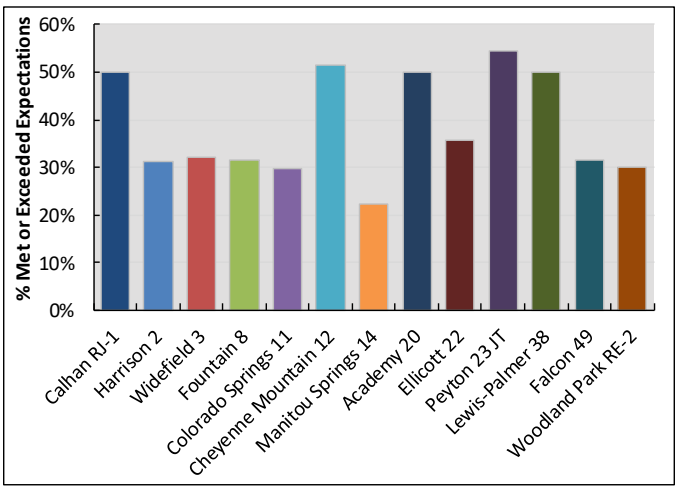


2017 CMAS: 8th Grade English Language Arts

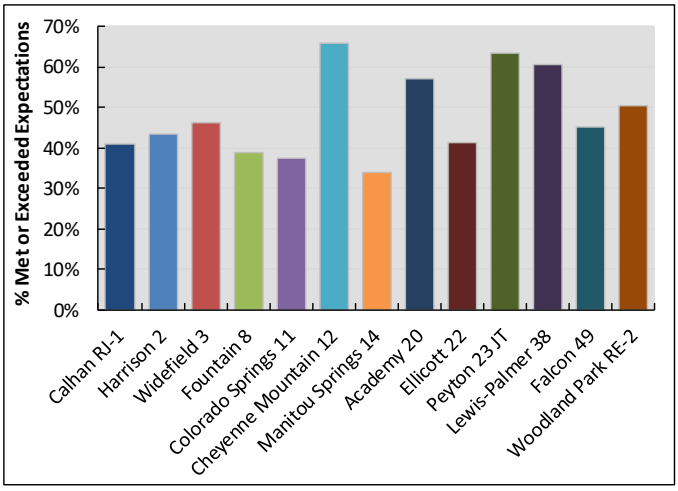


Note: Calhan and Manitou Springs 8th grade mathematics scores are not available.
Source for all CMAS information: Colorado Department of Education

2017 CMAS: 4th Grade Mathematics



2017 CMAS: 4th Grade English Language Arts



WHY IS THIS IMPORTANT?

The new Colorado Measures of Academic Success (CMAS) tests are also administered in higher grades. All 8th graders take the same English language arts test, however, not all students take the 8th grade general mathematics test. Approximately 26 percent of 8th graders in the Colorado Springs MSA took a mathematics test related to their course of study (e.g. Algebra I or Geometry). The scores shown here only include the 74 percent who took the general 8th grade math test.

HOW ARE WE DOING?

The same trend of higher English language arts scores than math scores seen in 4th graders holds true for 8th graders. It is also true that that there is great variation between school districts. For 8th grade math, results range from 8 percent meeting or exceeding expectations in Colorado Springs District 11 to 53 percent in Cheyenne Mountain. As aforementioned, the math scores represent the 74 percent of students who take the general 8th grade math test (and not the 26 percent who take a specific test for Algebra or Geometry). For 8th grade English language arts, scores range from 22 percent meeting or exceeding expectations in Peyton to 72 percent in Cheyenne Mountain.

Although these tests do not present the whole picture of student learning, the high deviation in scores provides important information about the disparity in school outcomes by region.

EDUCATION INDICATORS

WHY IS THIS IMPORTANT?

Academic performance of high school students is an important indicator of the knowledge base of the future workforce. In our highly specialized economy this is especially significant. In 2001, Colorado began administering the ACT, a test designed to predict how well high school graduates will do in their first year of college. In 2017, all high school juniors began taking the SAT instead because this college entrance exam is more closely aligned with Colorado Academic Standards and provides free test preparation services for all students. A perfect score is 1600 (not including the optional essay).

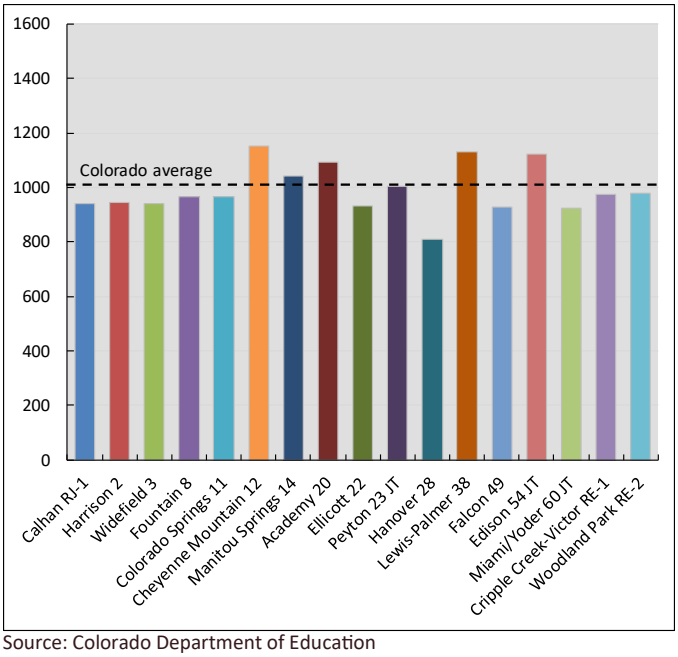
HOW ARE WE DOING?

In 2017, the Colorado Department of Education reported that Colorado juniors had an average SAT score of 1014. The juniors in the Cheyenne Mountain 12 (1153), Manitou Springs 14 (1044) Academy 20 (1092), Lewis-Palmer 38 (1129), and Edison 54 (1124) all had average SAT scores higher than the state average.

Colorado creates a downward bias in SAT results by requiring that all high school juniors take the SAT, not just those who are college bound. Other students from other grades, including seniors, are not included in the Colorado composite SAT results.

Starting in 2016 in Colorado, all 10th graders started taking the PSAT as preparation for the SAT they will be taking in 11th grade.

High School Junior SAT Scores in Colorado Springs MSA, 2017



Source: Colorado Department of Education

WHY IS THIS IMPORTANT?

Dropout rates are indicators of possible future societal costs from underemployment or unemployment and low earning potential. In a global economy, a skilled workforce is a requirement for personal and societal success. Today, a high school degree is a bare minimum requirement for virtually any job in the U.S. Providing a quality education to all racial and ethnic groups is important to our economic well-being especially as globalization has increased the need for an educated workforce.

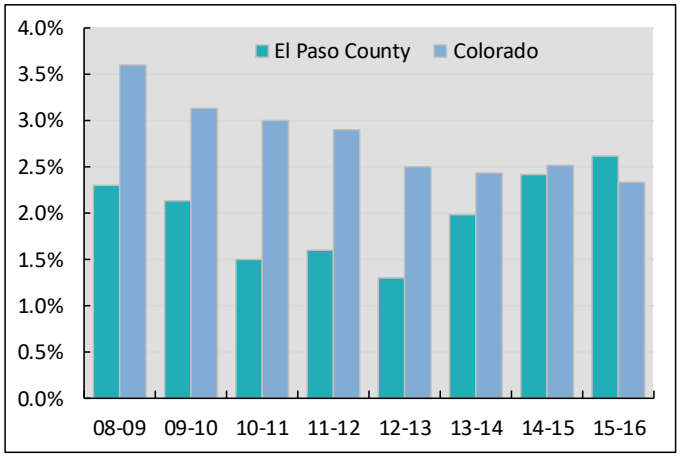
HOW ARE WE DOING?

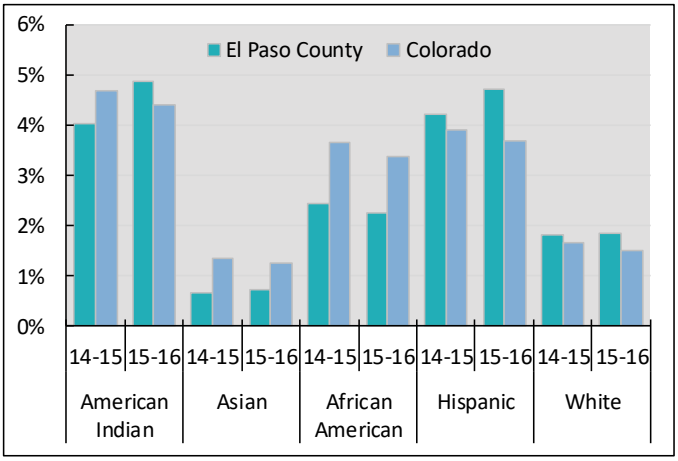
Dropout rates in El Paso County (2.6%) were higher than Colorado (2.3%) in 2016. In El Paso County, dropout rates actually increased from 2.4 percent in 2015 to 2.6 percent in 2016. Conversely, in the state of Colorado, dropout rates decreased from 2.5 percent in 2015 to 2.3 percent in 2016.

Dropout rates in El Paso County are highest among American Indian/Alaskan Native and Hispanic students, and there was an increase in both of these populations' drop out rates from 2015 to 2016. Dropout rates are lowest among Asian and White students, which is consistent with national trends. In El Paso County in 2016, the lowest drop out rate was for Asian students (0.7%), whereas the highest dropout rate was for American Indians (4.9%).

According to a comprehensive study by the U.S. Department of Education, in 2012, 35.4 percent of 16-24 year olds who were institutionalized (incarcerated) were dropouts. This compares to 6.6 percent of the 16-24 year olds who are dropouts in the general (noninstitutionalized) population. From a simple earnings perspective, the median income of 18-67 year olds who had not completed high school was $25,000 in 2012, compared to $46,000 for someone with at least a high school credential.

Grade 7 through 12 Dropout Rates

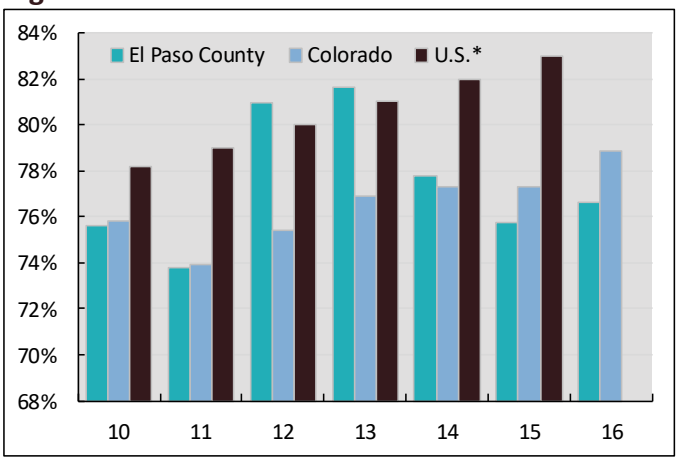




Note: The information above the racial/ethnic groups represent 2014-15 and 2015-16. Source: Colorado Department of Education

EDUCATION INDICATORS

High School Graduation Rates



*Estimate based on state data collected by the U.S. Department of Education
Sources: Colorado Department of Education; U.S. Department of Education, National Center for Education Statistics

WHY IS THIS IMPORTANT?

A skilled workforce is essential for an economy to be competitive in world markets. Completion of high school is the minimal requirement to obtain needed skills in the 21st century. Low high school graduation rates are an indicator of possible future societal costs from underemployment or unemployment and low earning potential.

HOW ARE WE DOING?

In 2010, the formula for calculating high school graduation rates in Colorado was changed to include only those students who graduate in four years to align with calculations made by other states. The El Paso County graduation rate had a high of 81.7 percent in 2013. Part of the decline seen in 2014 and 2015 is due to the addition of a group of students in online schools who take longer than four years to graduate. In 2016, Colorado's graduation rate (78.9%) was higher than the overall rate for El Paso County (76.6%), however, nine of the fifteen El Paso County school districts had higher graduation rates than the state.

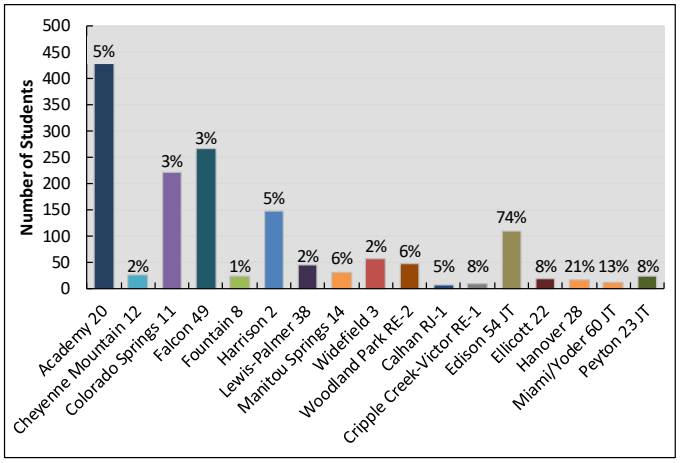
WHY IS THIS IMPORTANT?

Concurrent or dual enrollment gives high school students the opportunity to earn postsecondary school credit by taking college or certificate program courses or course work related to an apprenticeship program or internship. Concurrent enrollment provides many benefits, including increased readiness for college coursework, reduced time to graduate with a postsecondary degree or certificate, and reduced tuition costs.

HOW ARE WE DOING?

Participation in concurrent enrollment programs has seen sustained increases, with 25,534 students participating statewide and 1,484 students in the Colorado Springs MSA in the 2015-16 school year. Students passed 93 percent of their concurrent enrollment hours taken in 2015-16. During the 2015-16 school year, more students enrolled in credential-seeking programs than non-credential seeking programs for the first time.

Students in Concurrent Programs in 2015-16



Note: Labels show the percentage of high school students in each district in concurrent enrollment programs.
Source: Colorado Department of Education, Legislative Reports

WHY IS THIS IMPORTANT?

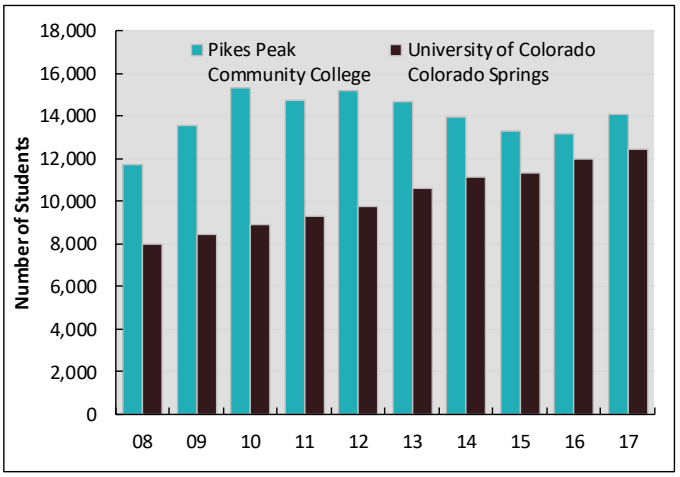
With a population over 650,000 and a demand for skilled labor, El Paso County needs quality public higher education institutions in order to have economic growth and vitality. Higher education enrollments are an indicator of the future supply of qualified workers. Having various, local institutions of higher learning including UCCS, Colorado College, Pikes Peak Community College, the U.S. Air Force Academy and other smaller, local training institutions is an asset given current and future workforce needs.

HOW ARE WE DOING?

Enrollment at the University of Colorado Colorado Springs (UCCS) increased from 11,995 in 2016 to 12,422 students in the fall of 2017 (up 3.6%). Since 2006, enrollment at UCCS has grown 64.6 percent (7,547 to 12,422). The Ent Performing Center is due to open in 2018, and the UCCS Sports Medicine and Performance Center is expected to open in 2019.

Pikes Peak Community College (PPCC) enrollment increased by 7.1 percent to 14,089 in 2017 from 13,154 in 2016. Enrollment is up 33.9 percent since 2006 (10,526 to 14,089) at PPCC.

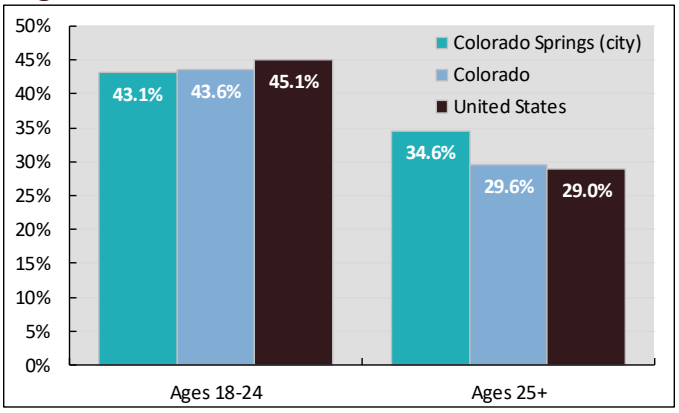
Enrollment at Public Institutions of Higher Learning in El Paso County



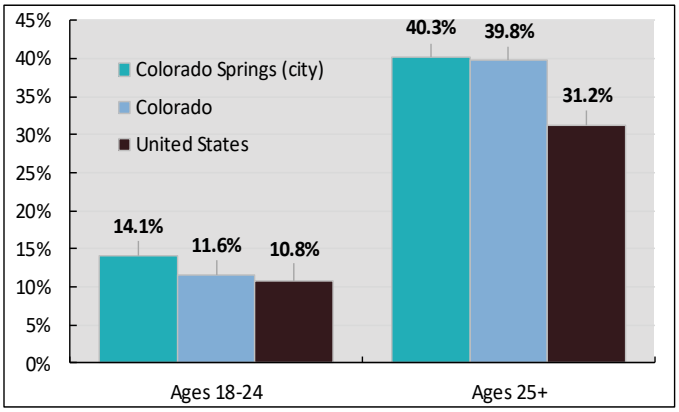
Sources: Institutional Effectiveness Office at Pikes Peak Community College; UCCS Institutional Research

EDUCATION INDICATORS

Population with Some College or an Associate Degree in 2016



Population with Bachelor's Degree or Higher in 2016



Source: U.S. Census Bureau, American Community Survey 1-year estimates

Highest % of Associate Degree or College-Experienced Adults		Highest % of Bachelor's Degree Holders	
1	***Colorado***	1	Massachusetts
2	Utah	**2**	***Colorado***
3	Washington	3	Maryland
4	Minnesota	4	Connecticut
5	Oregon	5	New Jersey

Source: "2017's Most & Least Educated States" *WalletHub,* January 24, 2017.

WHY ARE THESE IMPORTANT?

The higher educational attainment of a region's populace is important because well-trained individuals are necessary for business growth and, therefore, overall economic growth. Seventy-four percent of jobs in the state will require some form of postsecondary education by 2020. This puts Colorado third in the nation in terms of postsecondary educational requirements.

HOW ARE WE DOING?

In 2016, Colorado Springs had 34.6 percent of its population ages 25 and older with some college or an associate degree, which is significantly higher than the state (29.6%) and the U.S. (29.0%). Given that many current and projected, high-demand jobs are considered "middle skill" jobs, some technical training or an associate degree can be quite helpful in fulfilling local business needs as well as providing a livable wage for workers. Tracking the highly demanded jobs in the region (page 18) is important because job postings give us tailored information about workforce needs and the corresponding training programs that should be present in our community.

In 2016, Colorado Springs had 40.3 percent of its population ages 25 and older attaining a bachelor's degree or higher, which is comparable to the state (39.8%) and significantly higher than the U.S. (31.2%).

According to a 2017 WalletHub analysis using U.S. Census Bureau and National Center for Education statistics, Colorado ranks number two in the nation for the highest percentage of bachelor's degree holders (behind Massachusetts), and number one in the nation for the highest percentage of associate degree holders or college-experienced adults. The tables to the left show the top five states in each category.

In large part to address the national and local workforce shortage and skills gap, the Colorado Springs community came together in 2016 and 2017 to create a web-based platform called *WAM!* The mission statement for WAM is in the box below.

WAM! is intended to be a "one-stop" resource for job seekers, employers and students where they can access all available workforce-related resources. This includes links to organizations and other sources of information related to looking for a job, finding qualified workers, building internships and apprenticeships, obtaining occupational supply and demand data, entry-level, mid-career, and experienced average salary levels, and current, available training programs including number of graduates by occupational group. Veteran-specific programs are easily found with a symbol.

Visit the Workforce Asset Map (WAM!) at wam.uccs.edu.

QUALITY OF LIFE, TOURISM AND OTHER INDICATORS

WHY IS THIS IMPORTANT?

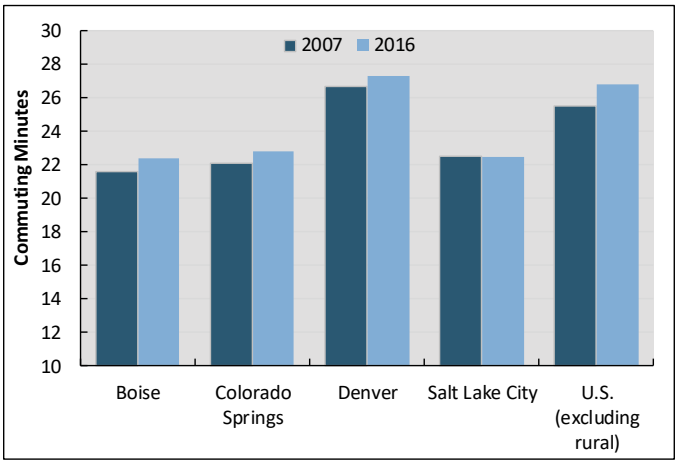
As a city grows, increased traffic leads to congestion, longer travel times, and more pollution. Although roadway improvements can alleviate some congestion, it may not be the total solution. Communities interested in quality of life and mobility will seek alternatives to relieve traffic congestion. These may include expanding and improving public transit, better location planning, and walking and biking infrastructure.

HOW ARE WE DOING?

The U.S. Census Bureau's American Community Survey has collected data on travel time to work for workers ages 16 and older who do not work from home. Travel time to work refers to the total number of minutes that it usually took the person to get from home to work each day during the reference week.

The Colorado Springs MSA had a mean travel time to work of 22.8 minutes in 2016, up from 22.1 minutes in 2007. Denver's mean travel time to work (27.3 minutes in 2016) is higher than the U.S. mean travel time to work (26.8 minutes). For comparative purposes, you can see that Boise (22.4 minutes) had a lower mean travel time than Colorado Springs in 2016 as did Salt Lake City (22.5 minutes). It is interesting to note that the U.S. and many other MSAs had an increase in the past year in mean travel time to work, whereas Colorado Springs had a slight decline. This narrowed the gap between us and Boise and Salt Lake City.

MSA Mean Travel Time to Work



2016 MSA Mean Travel Time to Work

Boise	22.4 min.
Colorado Springs	22.8 min.
Denver	27.3 min.
Salt Lake City	22.5 min.
U.S. (excluding rural)	26.8 min.

Source: U.S. Census Bureau, American Community Survey 1-year estimates

WHY IS THIS IMPORTANT?

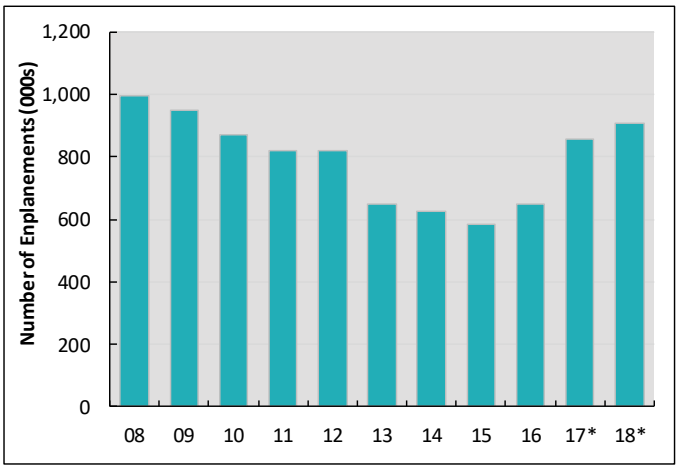
Air service can have a profound impact on the local economy, particularly on air-dependent industries. The travel and tourism industry is heavily dependent on quality air service. Companies also need convenient and efficient service in order to maximize productivity and minimize travel time. Company location and expansion decisions are impacted by local air service.

HOW ARE WE DOING?

Total enplanements at the Colorado Springs Airport were 649,190 in 2016, which is up from 586,783 in 2015: an increase of 10.6 percent. This past year is the first year the airport has seen an increase since 2012. Much of the recent increase is due to the $6 million committed in late 2015 for an airport fund. The purpose of the fund has been to help attract new flights and airlines. The El Pomar Foundation, the Anschutz Foundation and a philanthropist, Lyda Hill, jointly funded this initiative. As a result of this initiative and most likely due to continued population and business growth in the region, several airlines have either initiated or expanded the number of cities they service out of the local airport. Listed to the right are the cities now serviced by Colorado Springs. Some cities are only serviced seasonally. Airport officials forecast that enplanements will be at 859,000 in 2017 (up 32.3% over the prior year), and at 910,000 in 2018 (up 5.9% over the prior year).

Several infrastructure-related projects have recently been completed or are in the works to improve and expand activity at the Colorado Springs Airport, in part as companies take advantage of new tax breaks and incentives. These projects include three new hangars, a new executive terminal, and improvements to aging taxiways.

Colorado Springs Airport Enplanements (000s)



*Colorado Springs Airport forecasts
Source: Colorado Springs Airport

Look before you book!

The Colorado Springs Airport now has direct flights to Atlanta, Chicago, Dallas, Denver, Fort Myers (seasonal), Houston, Las Vegas, Los Angeles, Minneapolis/Saint Paul (coming 2018), Orlando, Phoenix, Salt Lake City, San Diego (seasonal), San Antonio (coming 2018), San Francisco (seasonal), San Jose (coming 2018), Seattle, Tampa (seasonal), and Washington D.C. (seasonal).

To view a full report on Quality of Life Indicators, visit ppunitedway.org.

QUALITY OF LIFE, TOURISM AND OTHER INDICATORS

WHY ARE THESE IMPORTANT?

The hotel and lodging industry uses two primary mechanisms to gauge how their sector is performing. Hotel occupancy is one major indicator, and it simply measures the percentage of rooms that are occupied out of the total number of rooms available. The compiled statistics on occupancy are average rates for the year. The other indicator is "RevPAR," or revenue per available room, which is the occupancy rate multiplied by the average room rate. RevPAR is a measurement tool that hotel managers and market observers use to analyze the impact of changes in occupancy and average daily rate on hotel revenues, as well as to assess the overall health of the market.

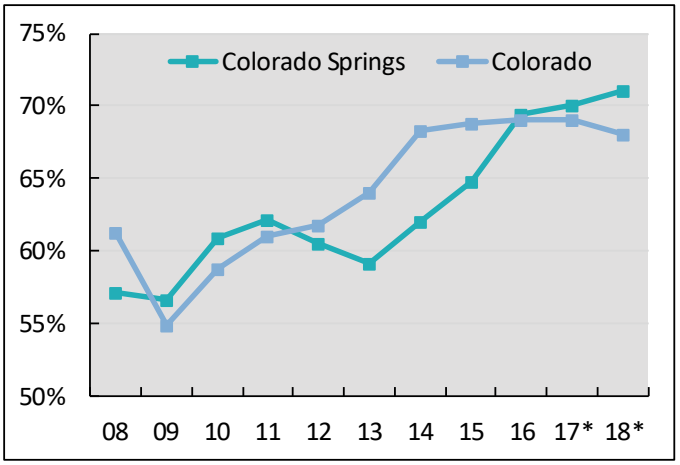
All compiled statistics are from voluntary surveys. Communication with the source reveals there is somewhat of a selection bias in this information because larger hotels more typically participate in the survey, which means smaller lodging establishments are not as well represented. The Broadmoor Hotel and the Cheyenne Mountain Resort are not included in the hotel category because they are "resorts," as opposed to hotels.

In 2016, the Pikes Peak region had approximately 23 million visitors spending $2.25 billion. This resulted in over $94 million in local tax receipts. About 10 million of those visitors stayed overnight, generating over $1.5 billion in revenue and $67 million in local tax receipts. This makes tourism a major economic sector.

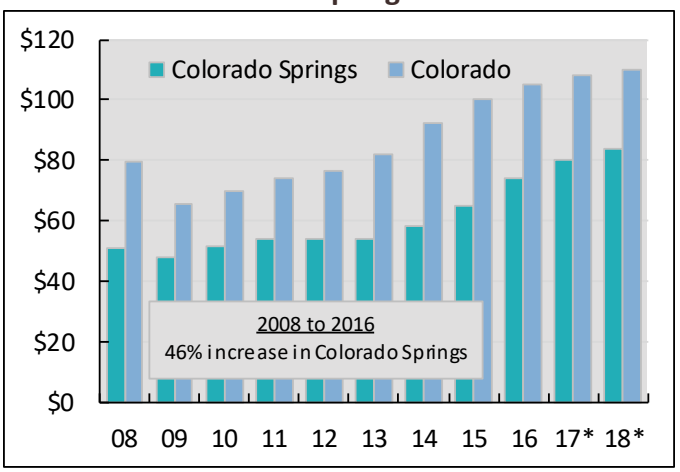
HOW ARE WE DOING?

Hotel lodging in Colorado Springs in 2016 increased as measured by the occupancy rates. In 2015, the average occupancy rate was 64.8 percent, and in 2016, it was 69.4 percent. For the entire state of Colorado, occupancy rates were higher at 68.8 percent in 2015 and 69.1 percent in 2016, while RevPAR increased from $100.02 in 2015 to $105.18 in 2016. RevPAR also increased in Colorado Springs from a value of $64.86 in 2015 to $74.24 in 2016 (a 14% increase). For 2017, RevPAR is forecasted to be $80 and $84 for 2018 in Colorado Springs.

Colorado and Colorado Springs Hotel Occupancy

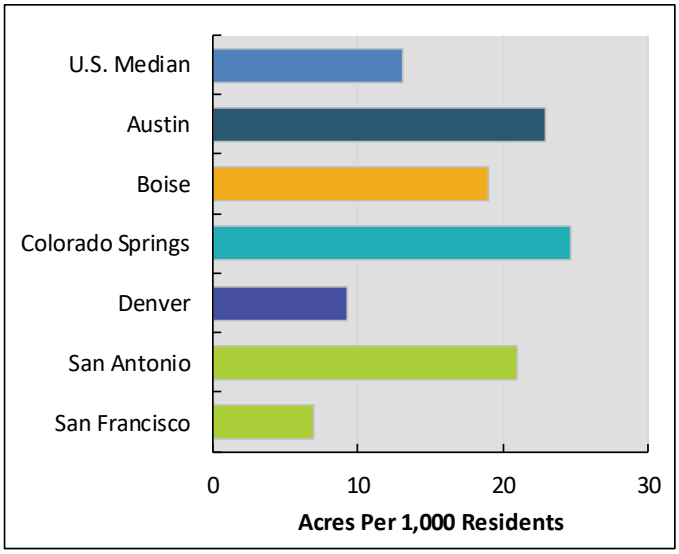


Colorado and Colorado Springs RevPAR Trends



*Robert S. Benton & Associates, Inc. forecasts
Source: Colorado Hotel and Lodging Association, Rocky Mountain Lodging Report

City* Park Acres per 1,000 Residents in 2016



*Parkland includes city, county, metro, state and federal acres within city limits.
Source: The Trust for Public Land, 2017 City Park Facts Report

WHY IS THIS IMPORTANT?

Open space, trails and parkland provide important areas for recreation and leisure activity, support natural habitat and enhance the visual appeal of the region. Open spaces have a significant impact on the quality of life and even health in the area. The beauty and attraction of the region is enhanced by parks and other open spaces available for public use.

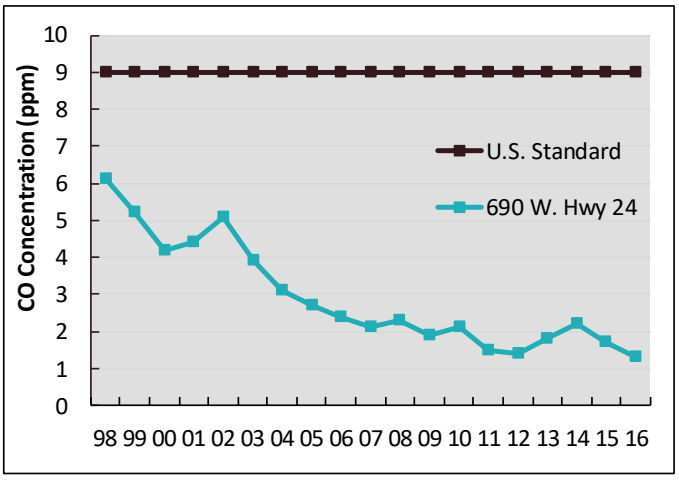
HOW ARE WE DOING?

The entire Pikes Peak region is blessed with beautiful views and natural, scenic areas. Together, the city and county managed 24,945 acres of open space and parkland or 36.2 acres per 1,000 residents in 2016. Managing this many acres of parks, open space and trails is a heavy fiscal responsibility for the county and city, but increased tourism is favorable for local businesses. The City of Colorado Springs has 17,090 acres of parkland and open space under management. El Paso County manages 7,855 acres of trails and open space. Parkland and open space has increased 75.6 percent since 2000.

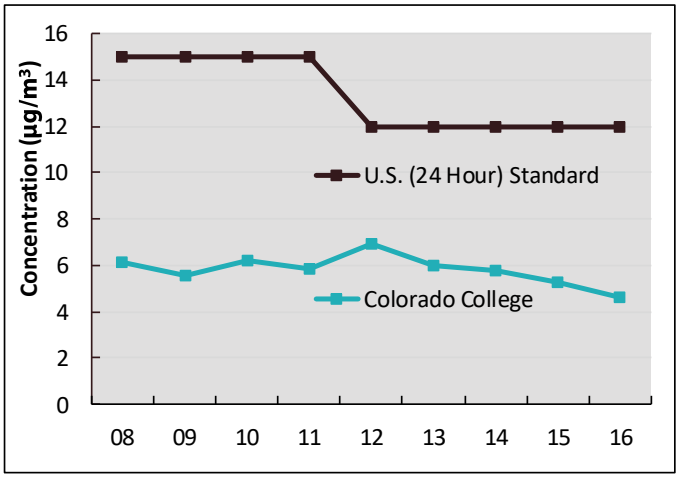
The bottom graph shows that compared to other cities and to the U.S. median, Colorado Springs has a high number of park acres per 1,000 residents. Colorado Springs has 24.7 park acres per 1,000 residents, which is significantly higher than the U.S. median of the 100 cities studied (13.1) and higher than all other comparison cities.

QUALITY OF LIFE, TOURISM AND OTHER INDICATORS

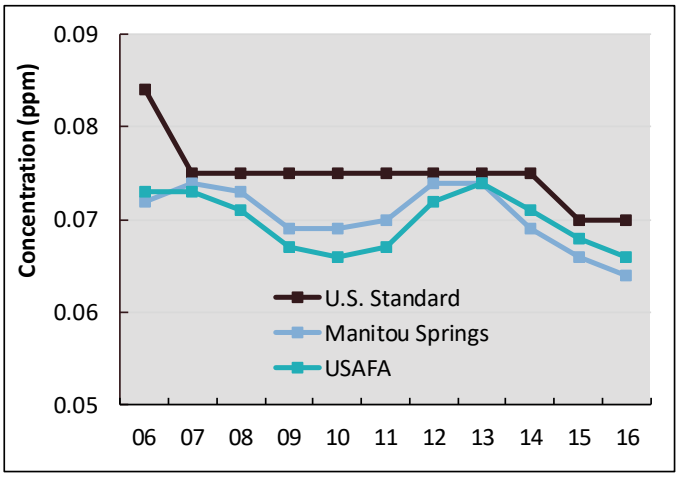
Carbon Monoxide (ppm)



Particulate Matter



Ozone Trends in El Paso County



Note: 2012 saw a change in EPA standards for particulate matter. 2007 and 2015 saw changes in EPA standards for ozone.
Source: Colorado Department of Public Health and Environment

For the full water quality reports, visit csu.org/Pages/waterqualityreports-b.aspx.

WHY ARE THESE IMPORTANT?

Air and water quality are fundamental to community health, the environment and the economy. There is growing concern over the interdependence between the health of the environment and the economy. Many people move to Colorado to enjoy sunny days, clean air, and overall healthy living. While there is no overall index of environmental health, carbon monoxide, particulate concentrations and ozone levels provide an indication of air quality. There are various components to measuring water quality, which are further discussed below.

HOW ARE WE DOING?

Carbon monoxide levels have been falling mostly due to tighter emission standards over the years, as well as the technology of newer cars that aim to adhere to the lower emission standards. As older cars are replaced by newer ones, this trend should continue. Population growth will likely (negatively) impact this metric, but that could also be mitigated if the region invests in a more robust public transportation system. In 2016, Colorado Springs had a carbon monoxide concentration of 1.3 parts per million (ppm), well below the U.S. maximum standard of 9.0 ppm.

According to the Environmental Protection Agency (EPA), particulate matter is a complex mixture of extremely small particles and liquid droplets that get into the air. Once inhaled, these particles can affect the heart and lungs and cause serious health effects. The "haze" associated with pollution is due to particulate matter. The threshold for the U.S. standard in particulate matter changed in 2012 to an annual standard of 12 micrograms per cubic meter ($\mu g/m^3$). Even with the lower threshold, our region still has relatively clean air and is well below the EPA-set standard at 4.6 $\mu g/m^3$ in 2016.

Ozone is a toxic gas not directly emitted into the air, but formed by a reaction of volatile organic compounds and nitrogen oxides in the presence of heat and sunlight. Volatile organic compounds are emitted by motor vehicles, chemical plants, refineries and other types of factories. Local ozone level readings were on an upward trend from 2010 to 2013, most likely due to a variety of factors including the forest fires and increased vehicle use. The national standard for ozone dropped to 0.070 ppm in 2015. While our region's ozone levels have been decreasing since 2013, the readings in 2016 at the U.S. Air Force Academy (0.066 ppm) and in Manitou Springs (0.064 ppm) show that our region is close to exceeding this new U.S. standard. This is most likely due to the proximity of a coal-burning power plant to the city.

Overall, our region has good water. Some important parameters to monitor closely include arsenic (should be less than 10 µg/L), lead (action level is 15 µg/L), pH (not hazardous but aim for water that is "slightly basic"), mercury (less than 0.002 mg/L) and fluoride (less than 4.0 mg/L). The hardness of waters is often a concern for citizens. There is no maximum contaminant level for hardness, however, waters with a higher hardness value can require more soap for cleaning and have a stronger taste. Colorado Springs Utilities routinely collects samples and reports readings for 28 water quality metrics from various water sources both local and trans-mountain. It is important to note that each region has its own dynamic in terms of potential contaminants primarily from industries in or around the region.

To view a full report on Quality of Life Indicators, visit ppunitedway.org.

QUALITY OF LIFE, TOURISM AND OTHER INDICATORS

WHY ARE THESE IMPORTANT?

Violent and property crimes result in the loss of life and property. Fighting crime is expensive and uses valuable community resources. Crime affects the business climate, as well as individual perceptions of the quality of life in the community. The graphs show peer comparisons to Colorado Springs MSA. The two comparison MSAs also fall between 500,000 to 999,999.

HOW ARE WE DOING?

From 2006 to 2016, the number of violent crimes per 100,000 inhabitants decreased by 30.0 percent in the Colorado Springs MSA even as the population increased by 108,826 according to the Federal Bureau of Investigation. During that same period, property crimes per 100,000 inhabitants decreased by 23.7 percent in the Colorado Springs MSA.

While the graph shows data for several MSAs and for cities with similar population to the Colorado Springs MSA, the FBI strongly cautions against simplistic comparisons (see note below).

The table below shows that both the City of Colorado Springs and the entire MSA have fewer sworn police officers per 10,000 than the average for cities with a population of 500,000 to 999,000.

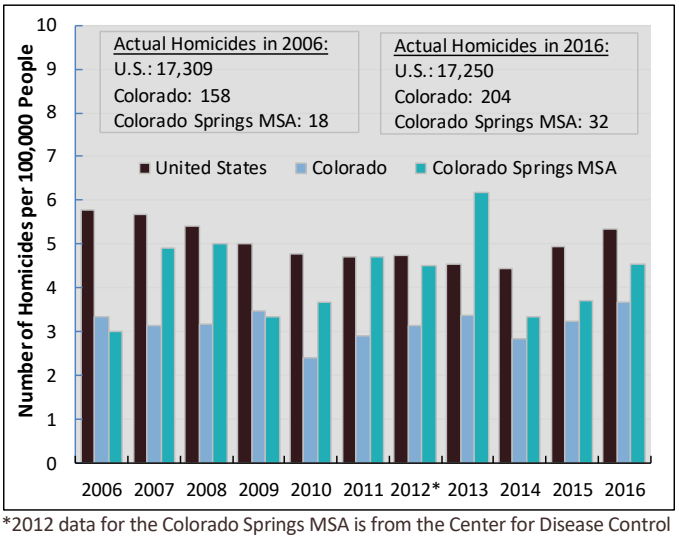
Sworn Police Officers per 10,000 Inhabitants in 2016

City of Colorado Springs	13.9
Colorado Springs MSA	7.8
Cities with Population 500,000-999,999	23.9

Source: Federal Bureau of Investigation, Uniform Crime Report

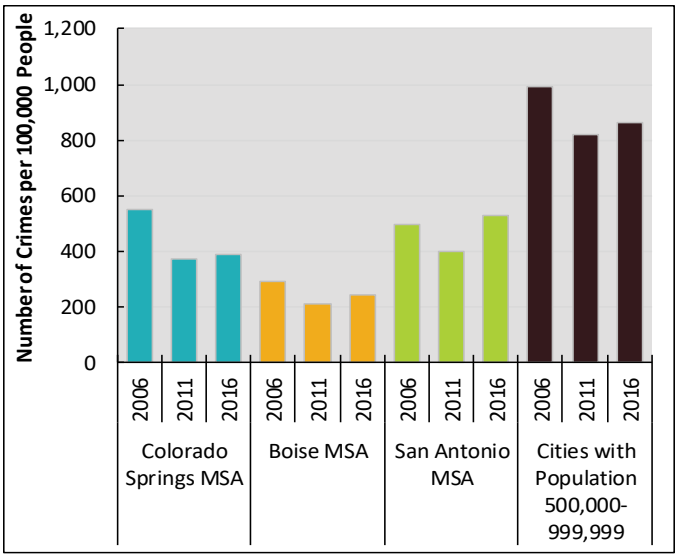
Note: "Each year when Crime in the United States is published, some entities use reported figures to compile rankings of cities and counties. These rough rankings provide no insight into the numerous variables that mold crime in a particular town, city, county, state, or region. Consequently, they lead to simplistic and/or incomplete analyses that often create misleading perceptions adversely affecting communities and their residents. Valid assessments are possible only with careful study and analysis of the range of unique conditions affecting each local law enforcement jurisdiction. The data user is, therefore, cautioned against comparing statistical data of individual reporting units from cities, metropolitan areas, states, or colleges or universities solely on the basis of their population coverage or student enrollment."
- Federal Bureau of Investigation

Homicides per 100,000 Inhabitants

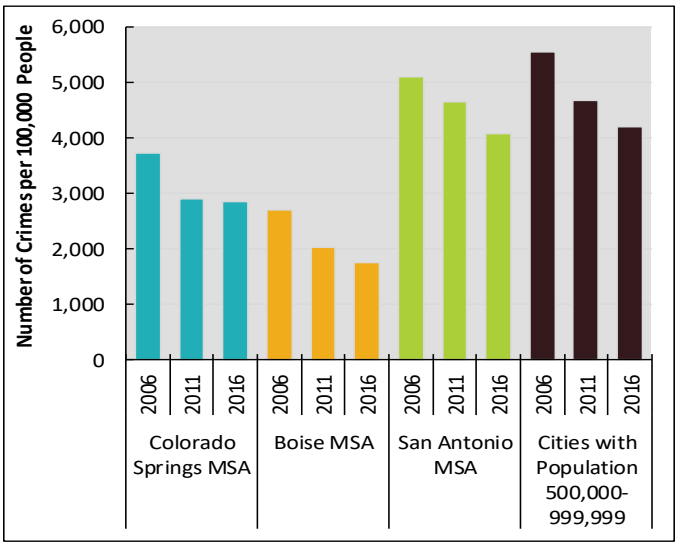


*2012 data for the Colorado Springs MSA is from the Center for Disease Control & Prevention
Source: Federal Bureau of Investigation, Uniform Crime Report

Violent Crimes per 100,000 Inhabitants



Property Crimes per 100,000 Inhabitants



Source: Federal Bureau of Investigation, Uniform Crime Report

Homicides are a subcategory under violent crimes. The Colorado Springs MSA has consistently been below the U.S. average except in 2011 and 2013. Our region has had a higher homicide rate than the state since 2010. Please note that the FBI strongly cautions against simplistic comparisons.

The World Health Organization tracks mortality rates due to homicide per 100,000 people. As seen in the table below, the U.S. rate of 5.3 per 100,000 was well above other developed nations in 2015.

2015 Mortality Rates due to Homicide per 100,000 Population

Canada	Germany	Italy	Japan	United States
1.8	0.7	0.9	0.3	5.3

Source: Global Health Observatory, World Health Organization 2017

QUALITY OF LIFE, TOURISM AND OTHER INDICATORS

WHY IS THIS IMPORTANT?

Most people would agree that the most important indicators of quality of life are related to health status. The World Health Organization defines health as "a state of complete physical, mental and social well-being, and not merely the absence of disease." Life expectancy, causes of death, death rates and access to health care are often-used metrics to at least partially assess overall health. These metrics are discussed below.

HOW ARE WE DOING?

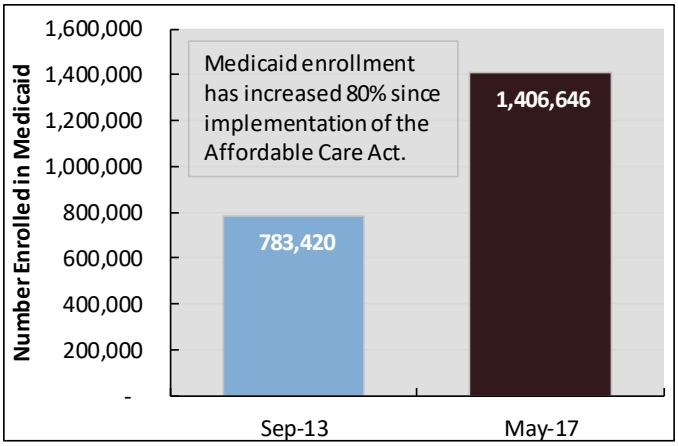
Colorado expanded Medicaid under the Affordable Care Act (ACA) in 2013. From September 2013 to May 2017, an additional 623,000 people had acquired medical insurance across the state. Most of this increase was due to the expansion, but some of it was also due to an increase in the eligible population who decided to enroll (and who had not enrolled prior to the marketing of the Medicaid expansion via ACA). In aggregate, Medicaid enrollees represent 25 percent of the total population of Colorado in 2017. The costs have also been high. More Coloradans enrolled in Medicaid after the ACA expansion than what was originally anticipated. Expansion costs were $1.6 billion in the first two years but were anticipated to be $1.2 billion (Colorado Health Institute). Conversely, some studies have also shown economic benefits mostly due to new health care jobs (Colorado Health Foundation).

In the Colorado Springs MSA in 2015-16, there were 181,000 people enrolled in Medicaid. This includes all adults and children who were either already enrolled in Medicaid or became enrolled via the ACA expansion. This translates to 26 percent of the total population or roughly 1 in 4 people. Of the 181,000 Colorado Springs MSA residents enrolled in Medicaid, 77,500 (or 43%) were children.

Unfortunately, suicide rates for youth ages 10-19 are alarmingly higher in our region than in the state of Colorado and the U.S., as the table to the right shows. El Paso County had a youth suicide rate of 21.4 in 2015, almost double the rate in the state of Colorado (12.7) and almost four times the national rate (5.9). According to the Centers for Disease Control and Prevention's *High School Youth Risk Behavior Survey Data* from 2016, the proportion of high school students in the U.S. who have thought seriously about attempting suicide rose again in 2015 to 18 percent, although it was much higher in 1991 (29%). At the same time, more U.S. high school students attempted suicide in 2015 (8.6%) compared to 1991 (7.3%).

The smaller tables below show the mortality rates and life expectancy for El Paso County, Colorado and the U.S. For both of these metrics, our state fares well although El Paso County's rates fall between the state and national levels. The larger table shows the top leading causes of death, which can help identify preventable deaths in El Paso County, such as those related to unhealthy lifestyles, accidents, and poor mental health. Note that accidents include car accidents, drug overdoses, falls and other accidents.

Total Colorado Medicaid Enrollment



Source: Kaiser Family Foundation

Suicide Rates per 100,000 for Ages 10-19 in 2015

El Paso County	21.4
Colorado	12.7
United States	5.9

Source: Centers for Disease Control & Prevention, National Center for Health Statistics

2014 Mortality Rates (deaths per 100,000)	
El Paso County	747.97
Colorado	720.55
United States	785.66

2014 Life Expectancy (in years)	
El Paso County	79.83
Colorado	80.21
United States	79.08

Source: Institute for Health Metrics and Evaluation, 2017 University of Washington

Top 5 Leading Causes of Death by Age, El Paso County 2015

Age <1	Ages 1-14	Ages 15-24
1. Short Gestation	1. Suicide	1. Accidents
2. Congenital Anomalies	2. Accidents	2. Suicide
3. Accidents	3. Homicide	3. Homicide
4. Placenta, Cord, Membranes Complications	4. Malignant Neoplasms	4. Malignant Neoplams
5. Complications of Pregnancy, Labor & Delivery	5. Congenital Anomalies	5. Heart Disease
Ages 25-44	**Ages 45-64**	**Ages 65+**
1. Accidents	1. Malignant Neoplasms	1. Heart Disease
2. Suicide	2. Heart Disease	2. Malignant Neoplasms
3. Malignant Neoplams	3. Accidents	3. Chronic Lower Respiratory Diseases
4. Heart Disease	4. Chronic Liver Disease & Cirrhosis	4. Cerebrovascular Diseases
5. Homicide	5. Suicide	5. Alzheimer's Disease

Sources: Vital Statistics Program, Colorado Department of Public Health and Environment; El Paso County Public Health

To view a full report on Quality of Life Indicators, visit ppunitedway.org.

QUALITY OF LIFE, TOURISM AND OTHER INDICATORS

City Comparisons

Metropolitan Statistical Area (MSA)	*Austin, TX*	*Boulder, CO*	*Colorado Springs, CO*	*Denver, CO*	*Huntsville, AL*	*Salt Lake City, UT*	*United States**
Average earnings per job (2015)	$60,805	$57,829	$51,458	$65,305	$57,920	$55,834	$60,371
Average wage and salary disbursements (2015)	$56,417	$61,165	$49,215	$60,760	$54,424	$50,437	$55,102
Percent of the population 25 years and over with an associate degree or higher (2015)	49.3%	66.8%	47.7%	49.4%	46.3%	41.3%	38.8%
Percent of the population 25 years and over with a bachelor's degree or higher (2015)	42.6%	60.6%	36.5%	41.9%	38.1%	32.7%	30.6%

*All United States metrics are for the metro portion only, except for education which includes the entire United States population.
Sources: U.S. Bureau of Economic Analysis; U.S. Census Bureau, American Community Survey 1-year estimates

WHY ARE THESE IMPORTANT?

The Forum looks at several metropolitan statistical areas (MSAs) to provide a relative measure of how Colorado Springs compares with other metropolitan regions in the U.S. The MSAs included in this analysis are cities that compete directly with Colorado Springs for jobs. The table provides comparisons of earnings, wages and salaries, and educational attainment. The figures in the table above are from the U.S. Bureau of Economic Analysis and the U.S. Census Bureau's American Community Survey. All figures are for 2015, the latest available comparison data for these MSAs.

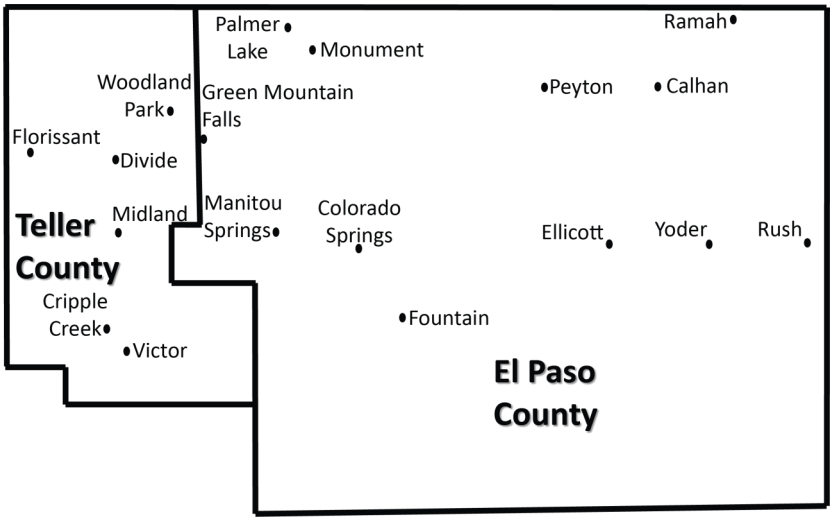
HOW ARE WE DOING?

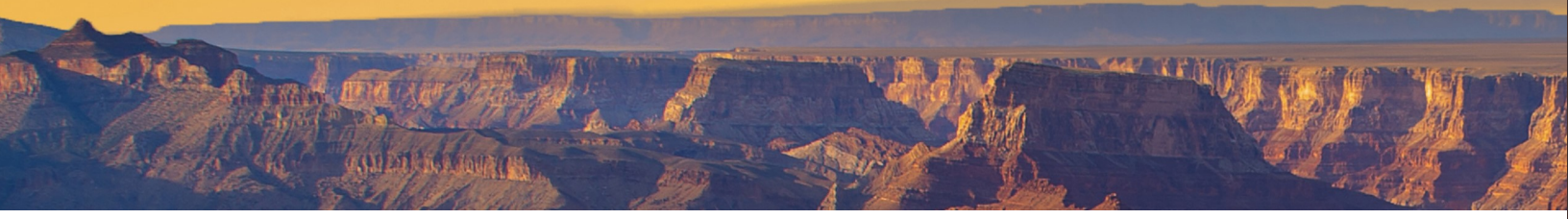
Two measures of earnings are provided in the table. Average earnings per job is a broad measure that uses total aggregate earnings in the city divided by full- and part-time employment. The wage and salary disbursements in the table are the monetary remuneration made to all employees, including bonuses, commissions and other incentive payments. Average earnings per job for the metro portion of the United States was $60,371 in 2015. Colorado Springs average earnings per job were $51,458 in 2015, which is 14.8 percent lower than the U.S. average. The other measure, wage and salary disbursements, averaged $55,102 in the U.S. metros, while they were $49,215 in Colorado Springs (10.7% lower than the U.S.).

With respect to educational attainment, the average percentage of the population ages 25 and over with an associate degree or higher for the U.S. was 38.8 percent, while it was much higher in Colorado Springs at 47.7 percent. This bodes well for the current and forecasted high demand in middle skills jobs. The percent of the U.S. population with a bachelor's degree or higher was 30.6 percent in 2015. For Colorado Springs, that average was significantly higher at 36.5 percent. As a whole, the state of Colorado has a considerably higher educational attainment rate than the U.S. average.

Information provided is from 2015 because the U.S. Bureau of Economic Analysis publishes MSA data approximately 22 months after the end of each calendar year.

Map of Colorado Springs MSA





UCCS by the facts

- The current student enrollment for 2017 is 12,422.
- 28 percent of UCCS students are first generation students.
- More than 2,000 military veterans, active military and military family members attend UCCS.
- 25 U.S. Olympic hopeful athletes attend UCCS.
- The UCCS average student loan debt is $16,780, one-third less than the national average.
- There are 46 bachelor's degrees, 22 master's degrees, and 5 Ph.D. programs.
- There are six academic colleges: business; education; engineering; nursing; letters, arts & sciences; and public affairs.
- Founded in 1965 at the foot of Pikes Peak in response to community and business needs, UCCS is one of four campuses in the University of Colorado system.

UCCS kudos

- Celebrating over 50 years of building successful futures
- Ranked 6th among public, regional universities in the West by *U.S. News and World Report*
- Nationally ranked undergraduate business and engineering programs
- Nationally ranked graduate programs in nursing, business and public affairs
- Among the fastest growing college campuses in the state
- Accrediting agencies: North Central Association of Colleges and Schools, The Higher Learning Commission, AACSB International, Accreditation Board for Engineering and Technology, Commission on Collegiate Nursing Education, National Association of Schools of Public Affairs and Administration, National Council for Accreditation of Teacher Education

UCCS College of Business and Administration and the Graduate School of Business Administration

The College of Business was established along with the University of Colorado Colorado Springs in 1965. The College awards the Bachelor of Science in Business, the Bachelor of Innovation™ in Business Administration, the Master of Business Administration, and the Master of Science in Accounting degrees. In 2011, the College established a dual degree program in Business Administration with its long-time partner, the Frankfurt School of Finance and Management.

All degree programs are accredited by AACSB, International—the Association to Advance Collegiate Schools of Business. Less than 5% of business schools in the world hold this distinction. The College of Business is nationally ranked by U.S. News and World Report.

Our internationally-recognized doctoral faculty is known for innovative thinking, skilled teaching, and relevant research. A distinctive focus on business ethics complements the knowledge and technical skills our students gain. Employers seek our graduates for their ability to immediately apply classroom learning to real-world business challenges.

The UCCS College of Business is proud of its partnership with the local business community. These relationships are essential in infusing current business practices into the classroom. The College connects to the community in a variety of ways, including the UCCS Economic Forum, the UCCS Career Networking Night, and the Daniels Fund Ethics Initiative at UCCS. Get information about alumni, executive education, working with interns, or hiring graduates by visiting www.uccs.edu/business.

Contact: College of Business

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University of Colorado Colorado Springs

(719) 255-3661
www.UCCSEconomicForum.com

University of Colorado Colorado Springs
1420 Austin Bluffs Parkway
Colorado Springs, CO 80918

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