

Competitive Assessment and Strategic Recommendations

Sustaining Colorado's national leadership position as competition intensifies across the nation



Colorado Chamber
FOUNDATION

EXECUTIVE SUMMARY

Colorado's aerospace and defense industry supports over 61,000 jobs and contributes more than \$14 billion to the state's gross state product, with a job multiplier effect of 3.12, meaning every job added in the industry supports more than two additional jobs elsewhere in the state's economy. This scale reflects a genuinely end-to-end ecosystem: Colorado is home to the full spectrum of the industry, from major prime contractors and the federal research and military customers that anchor demand, to the specialized manufacturers and service providers that support them, a breadth that few other states can claim. The industry ranks among the largest and most concentrated in the country, and Colorado remains one of a small number of states considered a genuine national leader.

That leadership is not guaranteed to continue.

In 2025, the industry's job growth slowed at the same time competitor states are investing aggressively in the same companies, talent, and infrastructure Colorado has long taken for granted. This report benchmarks Colorado against its most significant national competitors and finds that while the state performs well on most measures of industry size and concentration, several competitor states are improving their own competitive positioning and pursuing the same opportunities more aggressively than Colorado.

Total Aerospace Industry		
Metric	Value	Colorado's Rank
Aerospace Employment (2025)	61,072	13
Job Change (2020-2025)	+14.4%	26
Cost of Living Adjusted Average Earnings Per Worker (2025)	\$161,400	16

There are other clear signs that Colorado is losing ground on the fundamentals that determine future competitiveness. To better understand where the industry is under pressure, this report breaks Colorado's aerospace and defense economy into four subsectors: Satellite Operations, Research & Development, Core Manufacturing, and Support Services. Of the four, Core Manufacturing, the segment most associated with the traditional production of aircraft, missiles, and military vehicles, saw employment decline 4.3 percent from 2024 to 2025, the single worst-performing metric of any measure in this report at 43rd in the nation.

That weakness is compounded by a broader business climate that is only average at best: Colorado ranks 38th in the country for overall cost of doing business and 29th for general business friendliness, while several of its most direct competitors rank in the top 15 on the same measures. Housing affordability, repeatedly cited by stakeholders as a top workforce threat, has deteriorated quickly, with the share of cost-burdened households rising from 23 percent in 2020 to 35 percent in 2024, dropping the state to 40th nationally. And on the longer-term drivers of competitiveness, tax structure and R&D investment, Colorado is middle-of-the-pack, ranking 33rd in overall tax competitiveness and 17th in R&D funding as a share of gross state product. Individually, none of these figures would be a reason for alarm. Together, they describe a state whose current strengths are not being reinforced by the underlying conditions needed to sustain them.

To understand how these dynamics are actually being experienced on the ground, Economic Leadership gathered input from more than 50 Colorado aerospace and defense stakeholders through focus groups, interviews, and surveys, including CEOs, small business owners, and economic development professionals. In conversations with stakeholders, they identified the many core assets and strategic strengths that continue to make Colorado a premier global destination for the industry:

- A Globally Significant and “End-to-End” Ecosystem
- Unparalleled Mission Density and Federal Presence
- A High-Performance Talent and Innovation Pipeline
- A Dynamic and Collaborative Industry Culture
- Quality of Life as a Recruitment Magnet
- Massive Economic Momentum

In addition to these core strengths, stakeholders raised concerns including rising costs, weak marketing of the state’s strengths, aggressive recruitment by peer states, and a fragile talent pipeline, even as they remain confident in the state’s underlying assets and potential.

This report also catalogs the specific policies and programs competitor states are using to address these same challenges, from dedicated state offices and special purpose entities to workforce pipelines, incentive tools, and regional coalitions. Nearly every recommendation in this report reflects an approach already working somewhere else.

Those recommendations are organized into four priorities:

Reinforce Colorado’s Commitment to the Aerospace and Defense Industry

1. Establish a Coordinated Brand for Aerospace and Defense Marketing.
2. Increase Direct Gubernatorial Engagement in Major Recruitment and Retention Deals.
3. Study Creating a Governor’s Office or Special Purpose Entity for Aerospace and Defense.
4. Tailor Statewide Aerospace and Defense Strategy to the Strengths of Each Region.

Make It Easier for Aerospace and Defense Companies (and Other Industries) to Do Business in Colorado

1. Streamline and Coordinate State and Local Permitting for Aerospace and Defense Facilities and Projects.
2. Establish a Regulatory Sandbox for Emerging Aerospace and Defense Technologies.
3. Fund a Move-In Ready Sites Program for Aerospace and Defense Manufacturing.
4. Expand Shared Access to Classified Facilities for Small Aerospace and Defense Businesses.
5. Develop a Dedicated Aerospace and Defense Co-Location Hub or Hubs in Colorado’s Larger Metro Areas.

Improve Colorado's Competitiveness for Aerospace and Defense Attraction and Investment

1. Expand the State's Incentive Toolkit to Compete for Major Aerospace and Defense Deals.
2. Strengthen Support for Retention and Expansion of Existing Aerospace and Defense Businesses.
3. Pursue Regional Coalitions With Neighboring States to Expand, Not Just Compete for, Aerospace and Defense Investment.
4. Adopt a Targeted Aerospace and Defense Tax Credit to Match Competitor State Incentives.

Build, Attract, and Retain Aerospace and Defense Talent

1. Expand Dual Enrollment and Apprenticeship Pipelines for Aerospace and Defense Technicians.
2. Address Housing Affordability in Key Aerospace and Defense Employment Hubs.
3. Strengthen Middle Skill and Community College Partnerships With Aerospace and Defense Employers.
4. Monitor and Respond to Aerospace and Defense Talent Migration and Brain Drain Risk.
5. Prepare Colorado's Workforce and Firms for an Anticipated Surge in National Security and Radar Technology Contracts.

Together, these 18 recommendations give Colorado a concrete path to build on a position of genuine strength, drawing directly on what has already worked in the states now competing hardest for the same companies, talent, and investment.

TABLE OF CONTENTS

Executive Summary	2
Introduction	6
Section 1 – Quantifying Colorado’s Aerospace Industry	10
Aerospace and Defense’s Role in State Economy	16
Economic Impact and Supply Chain Analysis	20
Aerospace Ecosystem Network	23
Workforce Demand	24
Section 2 - Benchmarking Colorado’s Aerospace Performance	29
Section 3 - State Comparison of Innovation Infrastructure	40
Section 4 - Top State Competition in the Aerospace and Defense Sector	54
Leading Competitors	54
Other Strong Competitors	59
Section 5 - Colorado Aerospace and Defense Stakeholder Input Summary	63
Section 6 - Best Practices to Support the Aerospace and Defense Sector	69
Section 7 - Recommendations for Colorado’s Aerospace and Defense Industry	75
Reinforce Colorado’s Commitment to the Aerospace and Defense Industry	75
Improve Colorado’s Competitiveness for Aerospace and Defense Attraction and Investment	76
Compete Better for Aerospace and Defense Companies	77
Build, Attract, and Retain Aerospace and Defense Talent	79
Conclusion	81
Appendix: Additional Data	82

INTRODUCTION

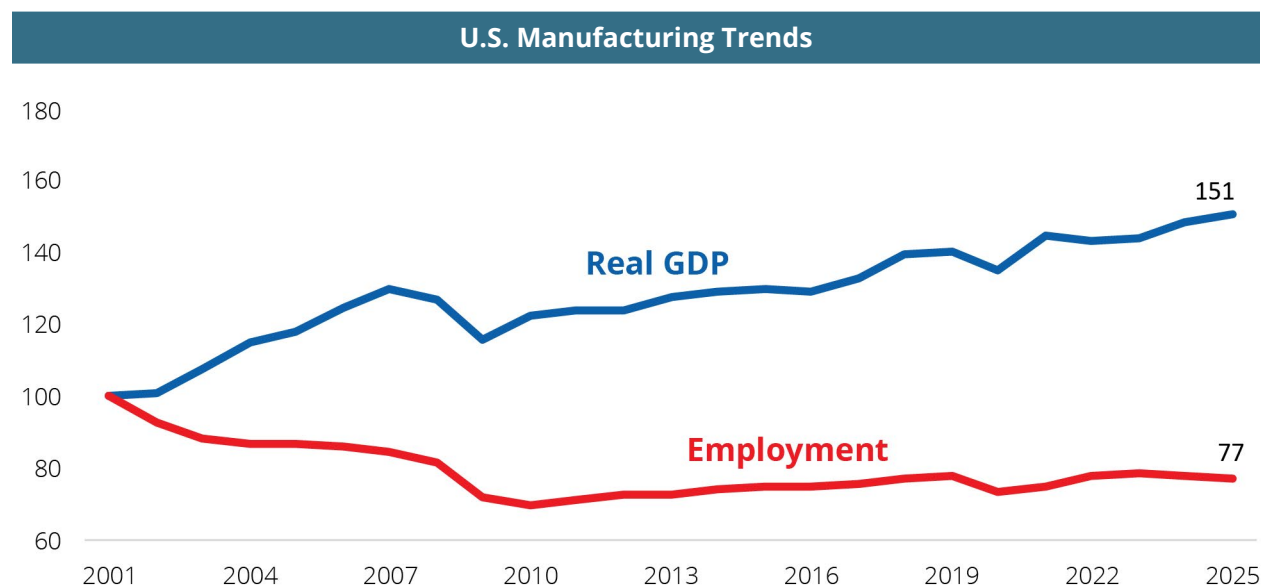
The world is once again in a space race. The goals and the players are different from the 1960s, but increased space exploration is spurring economic development. Early on, space exploration was driven by the governments of the world's superpowers. By the 1990s, the U.S. government created new policies that allowed for more private investment in space, aerospace, and defense.

In recent years, a modern space economy has emerged where firms have leveraged new possibilities in the realm of satellite communications, adventure tourism, reusable rockets, space mining, and space debris management. The investments of these early movers have lowered costs and opened new commercial opportunities.



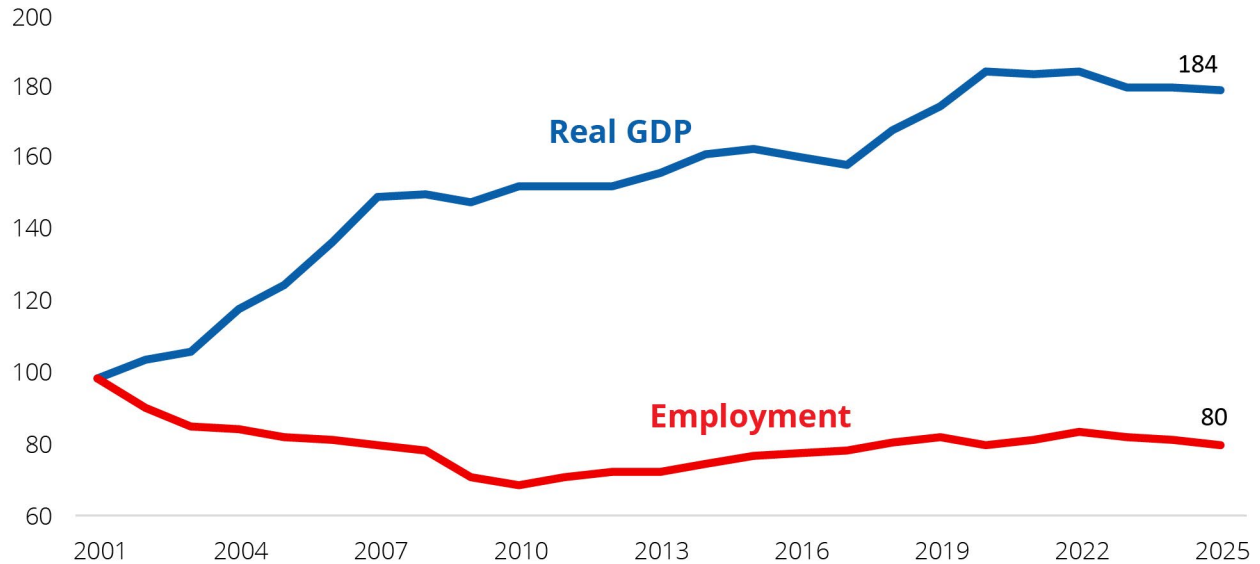
The Space Foundation, in its State of the Global Space Economy report, estimated the global space economy at a value of \$686 billion in 2025. This was almost 12 percent growth from the previous year. Private industry was responsible for about 79 percent of the sector, with government representing the other 21 percent. Even the government side is growing as emerging countries are starting their own space programs. The U.S. also continues to invest more in space exploration and defense mechanisms. The World Economic Forum and McKinsey predict the global space economy to reach \$1.8 trillion by 2035.

Space offers a high value-added research opportunity to invest in new capacities. In today's world, commercial space exploration could lead to further developments in emerging fields like blockchain, AI, materials science, and 3D printing. This could create spinoffs in intelligent manufacturing, and those companies are more likely to anchor where the technology is initially developed as long as affordable land, available buildings, workforce and a business-friendly climate are also available.



Source: EL calculations based on BEA (2026) and BLS (2026)

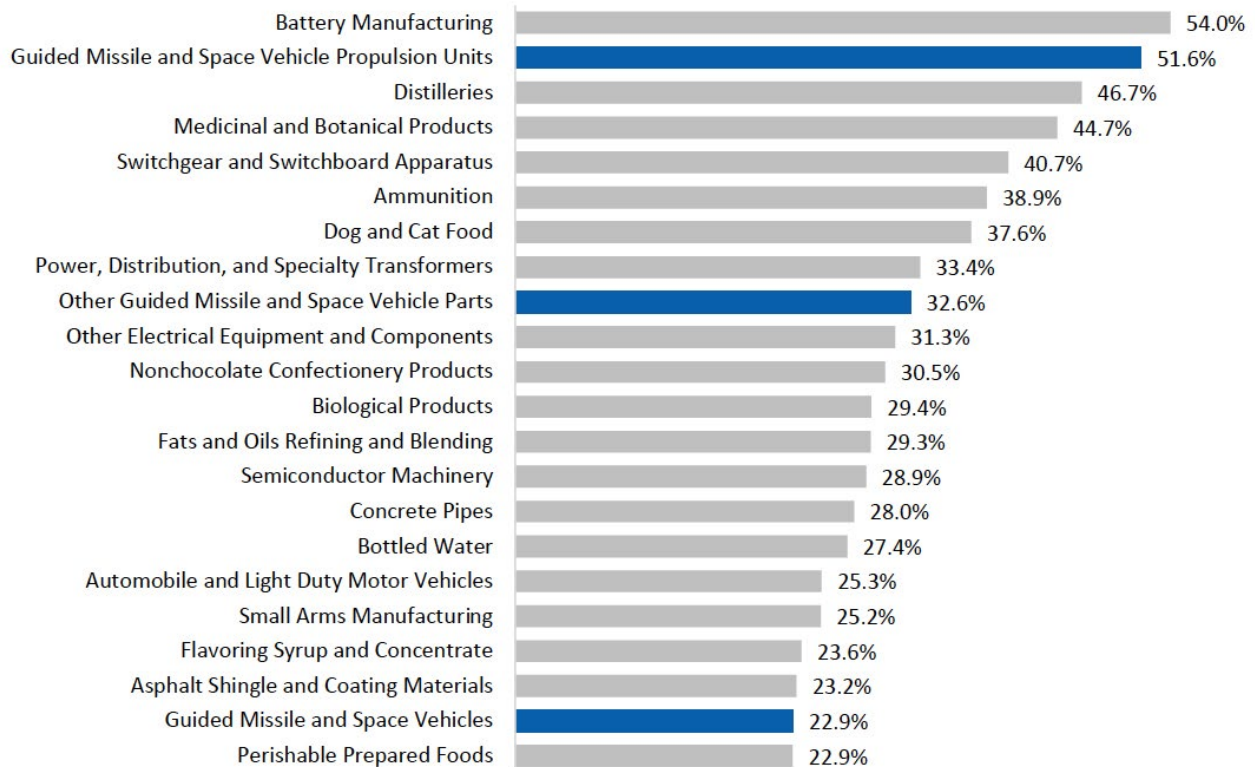
Colorado Manufacturing Trends



Source: EL calculations based on BEA (2026) and BLS (2026)

The economic opportunity that aerospace presents is highlighted in the national labor market data. The three guided missile or space propulsion industries were each among the top growing manufacturing industries, in terms of employment, nationally since 2019. This growth in manufacturing employment comes at a time when the total number of manufacturing jobs has seen decline or stagnated nationally and in Colorado.

U.S. Fastest Growing Manufacturing Industries by Job Change, 2019-2025



Source: EL calculations based on Lightcast 2026.3

Colorado has long been a leader for the U.S. aerospace and defense economy. The state hosts one of the nation's highest concentrations of aerospace employment. The industry is clustered in the state around federal military installations, like the U.S. Air Force Academy and the North American Aerospace Defense Command (NORAD) as well as the presence of research institutions like UC – Boulder and the National Institute of Standards and Technology (NIST). The state is home to a major horizontal launchpad, the Colorado Air and Space Port (CASP) just 8 miles from Denver International Airport. In addition to these assets, the state also boasts specific workforce development programs and an existing talent base.

With its assets in federal research and military installations and commercial space opportunities growing, Colorado is already home to large aerospace and defense firms, small and medium-sized firms that specialize in areas such as satellite systems, propulsion, or avionics as well as startups that are focused on aerospace and defense opportunities. These existing firms in turn draw in a supplier network and service providers that support these businesses.

Traditionally, Colorado offered a favorable regulatory and tax environment as well as lower operating costs relative to coastal aerospace hubs in states like California, Florida, Texas, and Washington. The high quality of life associated with Colorado also aided talent retention. In the early 2010s, the state benefited from surging net in-migration. In recent years, a rising cost-of-living and increased regulations have reduced the state's competitive advantage. Through its own research, the Colorado Chamber Foundation has found the state has slipped in several key competitive business metrics. A significant number of companies have left the state in recent years. According to the *2025 Relocation Tracker* there were 98 known relocations or lost opportunities to other states since 2019.

The Colorado Chamber Foundation commissioned this report to understand the current state of Colorado's aerospace and defense industry and to identify what needs to be done to protect and grow it. The report begins with a detailed look at the industry's economic scale, growth, and workforce needs. It then turns to Colorado's competitive position nationally, benchmarking the state against its most significant rivals for investment. From there, the report incorporates the perspectives of more than 50 industry stakeholders gathered through focus groups, interviews, and surveys, testing whether the data matches what companies and workers are experiencing. The specific policies and programs competitor states are using to attract companies, talent, and investment are also noted. Finally, 18 concrete recommendations are provided, organized around four priorities, for how Colorado can build on its considerable strengths and respond to its most pressing competitive threats.

Methodology

The modern space, aerospace, and defense industry can be difficult to properly measure. Labor market data is tracked by the federal government using industry classification codes. These codes work well for traditional space companies like rocket manufacturers, but they likely miss a lot of newer space businesses. For example, a company making geospatial software to help launch internet satellites might get counted as a geospatial services company instead of a space company. Jobs within the modern space economy are likely spread across many different industries, outside of the traditional industry codes often associated with the industry.

To best measure the size of the Colorado aerospace industry, Economic Leadership identified 16 separate 6-digit NAICS code industries to characterize the “Total Aerospace Industry” for the state and for comparison with other U.S. states. This list of industries is largely based on the 2023 Metro Denver EDC aerospace report with a few changes based on discussions with industry representatives in the state. Only a portion of some jobs and business in certain industries were included to not over count for activity within the industry that is not aerospace related.

To calculate trends of the sector in terms of employment, wages, and establishments, Economic Leadership utilized data developed by Lightcast, which is largely based on the Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages dataset. Lightcast data fills in gaps from the BLS non-disclosure policy by amalgamating several economic data sources to allow for granular review of economic data.

The data presented in this report are calculations based on Lightcast data for the year 2025. 2026 estimates will not be available until late-2027. This approach allows for the most accurate assessment of the industry because it incorporates state-comparable numbers from public sources. Some data such as job postings offer more real-time analysis and are presented in the throughout the report.

Aerospace and Defense Industry Definition and Subindustries				
NAICS Code	Industry Name	Sub-Industry	% of Jobs in Cluster	% of Businesses in Cluster
334220	Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	Satellite Operations	30%	15%
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	Core Manufacturing	100%	100%
336411	Aircraft Manufacturing	Core Manufacturing	100%	100%
336412	Aircraft Engine and Engine Parts Manufacturing	Core Manufacturing	100%	100%
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	Core Manufacturing	100%	100%
336414	Guided Missile and Space Vehicle Manufacturing	Core Manufacturing	100%	100%
336415	Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing	Core Manufacturing	100%	100%
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing	Core Manufacturing	100%	100%
336992	Military Armored Vehicle, Tank, and Tank Component Manufacturing	Core Manufacturing	100%	100%
517410	Satellite Communications	Satellite Operations	100%	100%
517810	All Other Telecommunications	Satellite Operations	50%	30%
541330	Engineering Services	Support Services	60%	44%
541360	Geophysical Surveying and Mapping Services	Satellite Operations	80%	11%
541713	R&D in Nanotechnology	Research & Development	65%	46%
541715	R&D in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	Research & Development	65%	46%
551114	Corporate, Subsidiary, and Regional Managing Offices	Support Services	15%	5%

Quantifying Colorado's Aerospace Industry

Based on this definition, there were 61,072 workers at 2,438 aerospace firms in Colorado in 2025. This accounted for about two percent of the total jobs in the state. The industry has an even more pronounced role in the economy in terms of wages. It paid almost \$11 billion in earnings to workers in the state. This represented over three percent of all wages paid in the state.

Colorado Aerospace Industry Summary Statistics, 2025

Indicator	Aerospace Industry	State Total	State Total Percentage
Employees	61,072	3,075,892	2.0%
Establishments	2,438	250,030	1.0%
Earnings (millions)	\$10,961	\$360,332	3.0%
Sales (millions)	\$23,369	\$1,110,757	2.1%

Source: EL estimates based on Lightcast 2026.3

The industry contributed over \$14 billion to the gross state product (GSP) and \$11 billion in exports in 2025.

Colorado Aerospace Industry Economic Contributions, 2025

Indicator	Aerospace Industry	State Total	State Total Percentage
Taxes Paid (millions)	\$399	\$40,177	1.0%
Exports (millions)	\$10,597	\$481,878	2.2%
GSP (millions)	\$14,249	\$589,539	2.4%

Source: EL estimates based on Lightcast 2026.3

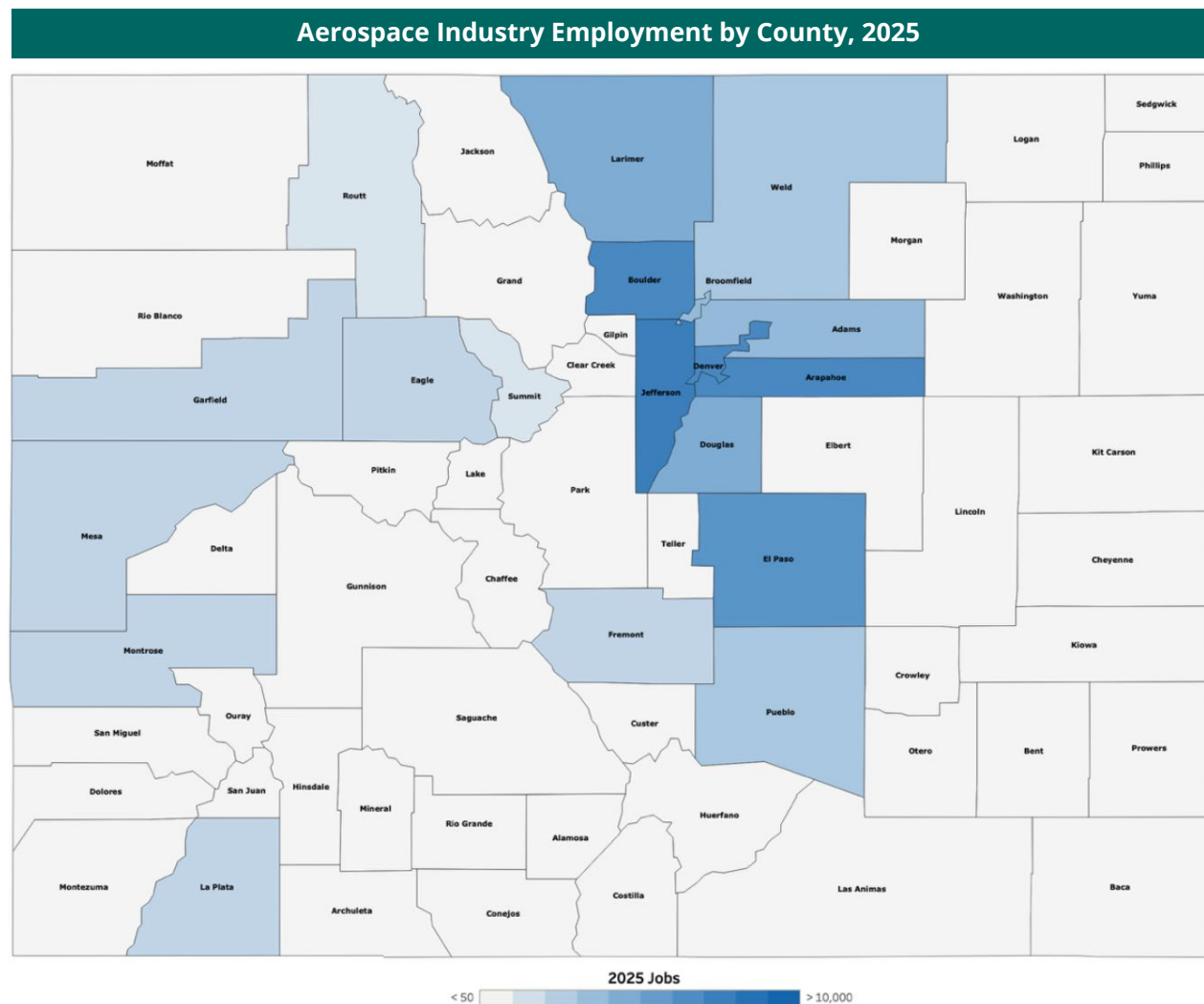
The Denver metro area accounts for 60 percent of the state's aerospace industry, with about 36,750 jobs located in the Denver-Aurora-Lakewood metropolitan statistical area (MSA).

Colorado Aerospace Industry Jobs by Metro Area, 2025

Metro Name	Aerospace Employment	Share of State Total
Denver	36,750	60%
Boulder	9,250	15%
Colorado Springs	6,970	11%
Fort Collins	2,860	5%
Greeley	<1,000	2%
Pueblo	<1,000	1%
Rifle	<300	1%
Grand Junction	<300	1%

Source: EL estimates based on Lightcast 2026.3

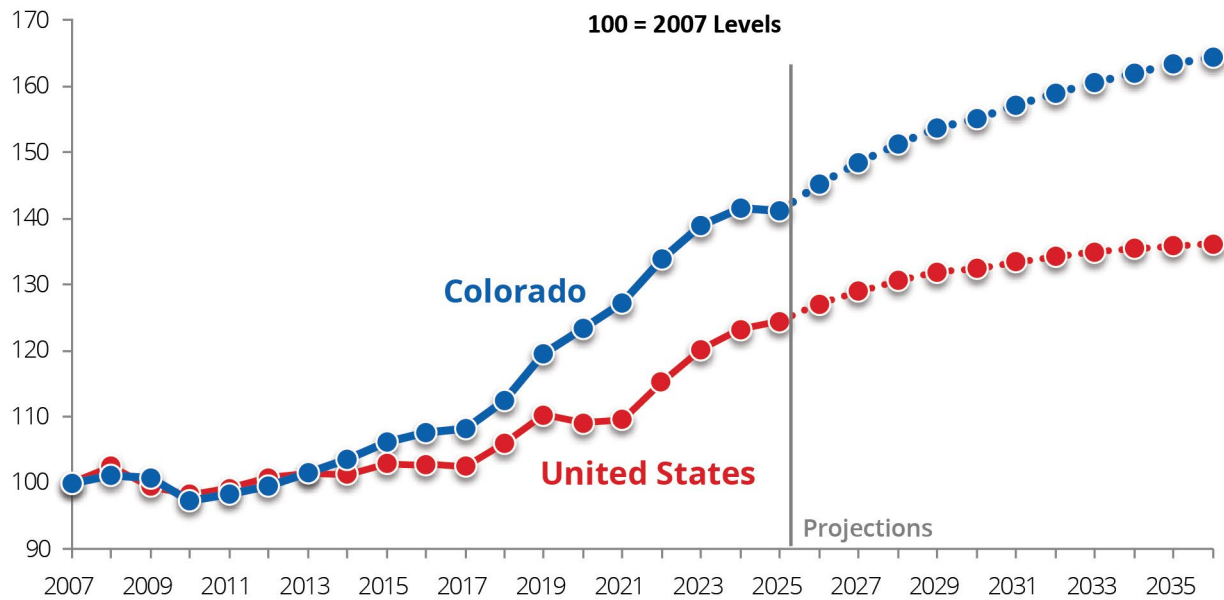
Across the state, the industry is most concentrated in Front Range counties. This is consistent with many of the state's aerospace related assets (military bases, universities, and federal laboratories) also being positioned along the Front Range. The counties with a smaller presence tend to be rural and more reliant on agriculture and/or tourism.



Source: EL calculations based on Lightcast 2026.3

Job growth in Colorado's aerospace industry was sluggish in the recovery from the Great Recession. Federal defense spending was being reduced, and the private sector remained subdued due to business cycle considerations. From 2013 to 2024, the state experienced aerospace job growth at a higher rate than the national average.

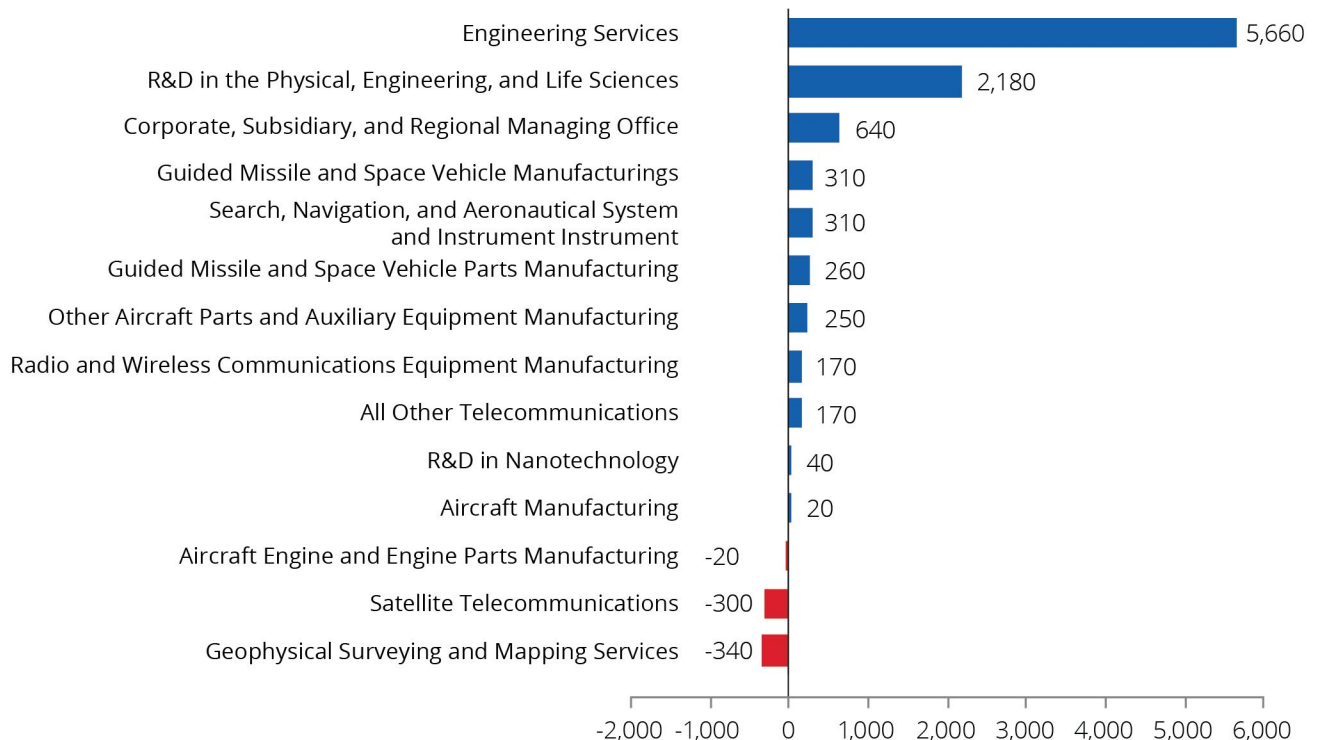
Aerospace Historical Job Change and Projections



Source: EL calculations based on Lightcast 2026.3

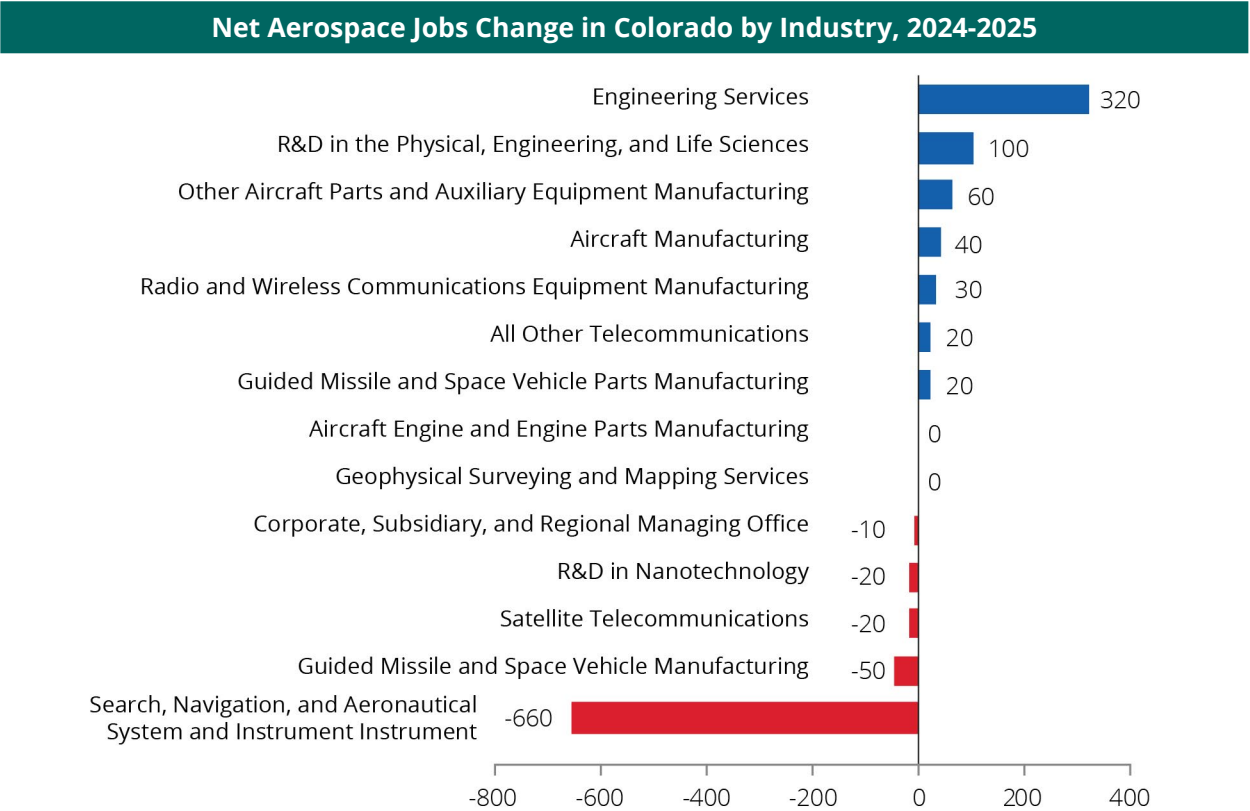
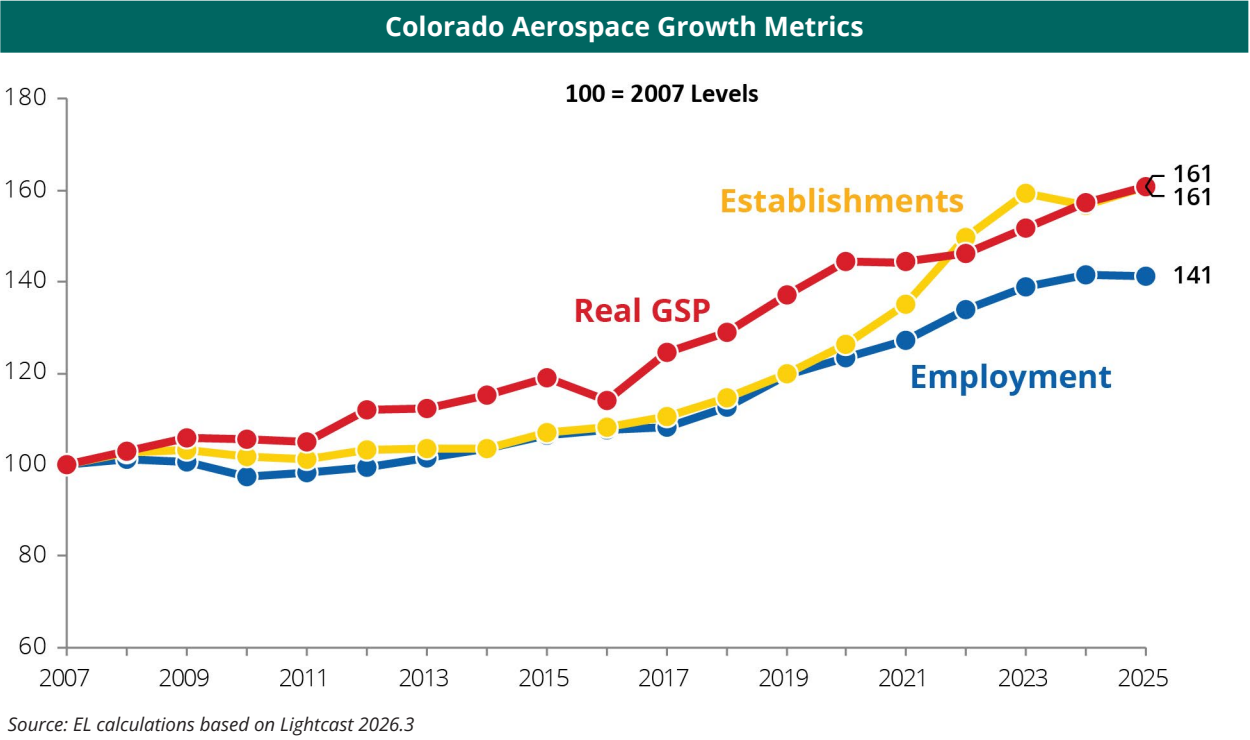
Most of the net job change in recent years has come from expansion in the state's engineering services and research and development (R&D) industries. Job change in the core manufacturing industries has largely been modest and positive.

Net Aerospace Jobs Change in Colorado by Industry, 2019-2025



Source: EL calculations based on Lightcast 2026.3

While the rate of employment growth has slowed recently, the real gross state product (GSP) and the number of related business locations in the state continued to rise. The largest job decline occurred in the search, navigation, and aeronautical system and instrument manufacturing industry. Job gains in other parts of the aerospace industry were not enough to counteract this effect.



To measure the aerospace industry more granularly the industry was broken down into four sub-categories:

- Satellite Operations
- Research & Development
- Core Manufacturing
- Support Services

Support services, which includes corporate jobs and engineering services, is the largest subcategory in the sector. These jobs account for over half of the industry’s total jobs in the state. Core manufacturing is the next highest subcategory with over 13,100 jobs in 2025.

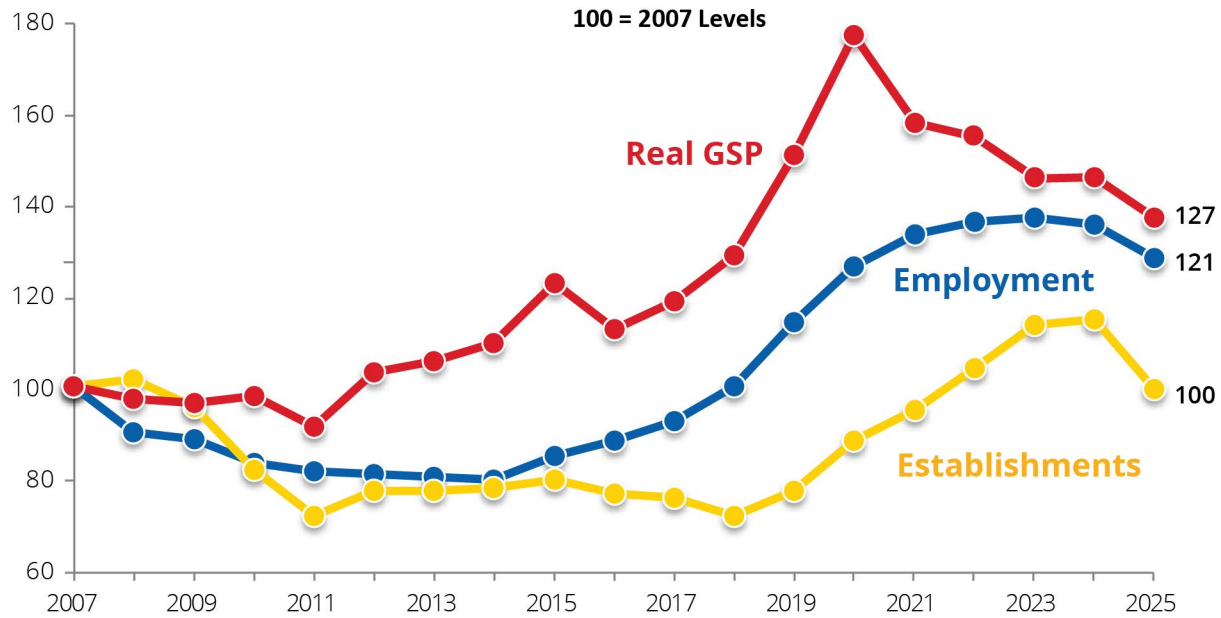
Job concentration calculations offer an understanding of the strength of an industry in an economy. Concentration values greater than 1.00 indicate that industry is a larger share of Colorado’s economy than the national average and is a significant part of the state’s economic base. Industries with high concentration values often generate a significant portion of the economy’s exports and wealth. Remarkably, Colorado has high location quotients for each of the four sub-categories. This highlights a diverse aerospace industry. It can also indicate reliance which may increase the state’s vulnerability if there was an industry-specific downturn. Overall, the industry is 46 percent more concentrated than the national average.

Colorado’s Aerospace Industry by Sub-Categories				
Aerospace Categories	Employment, 2025	Employment Change, 2019-2025	Establishments, 2025	Job Concentration
Satellite Operations	3,372	-8.4%	64	3.05
Research & Development	9,936	28.8%	408	1.42
Core Manufacturing	13,131	9.4%	60	1.00
Support Services	34,633	22.2%	1,906	1.68
TOTAL AEROSPACE	61,072	18.0%	2,438	1.46

Source: EL estimates based on Lightcast 2026.3
Note: Some values may not add to the exact total due to rounding.

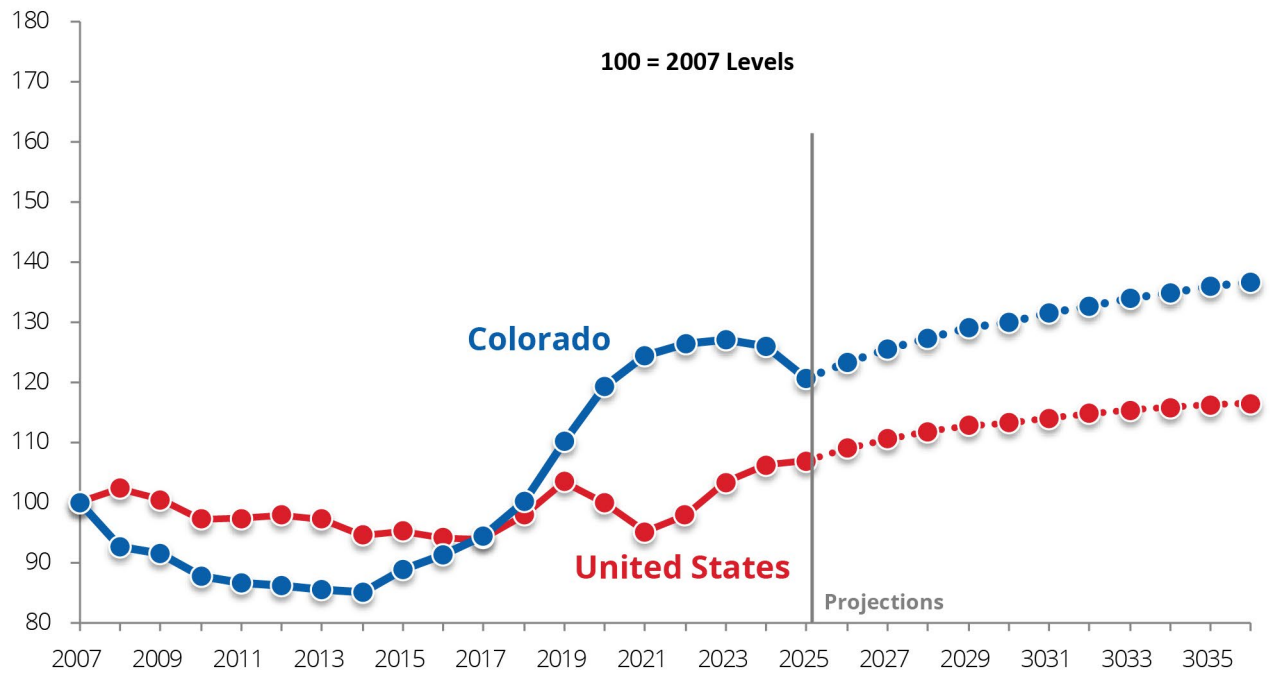
The core manufacturing group of industries is the portion of the industry that measures many of the traditional aerospace companies. The growth metrics for this subcategory had been trending positive but appeared to have taken a turn in recent years. Both real GSP and employment flattened or shifted downward in the post-COVID era. The number of establishments soared in recent years but fell from 2024 to 2025. These recent declines have shifted future projections for growth in the state over the next ten years.

Colorado CORE Aerospace Growth Metrics



Source: EL calculations based on Lightcast 2026.3

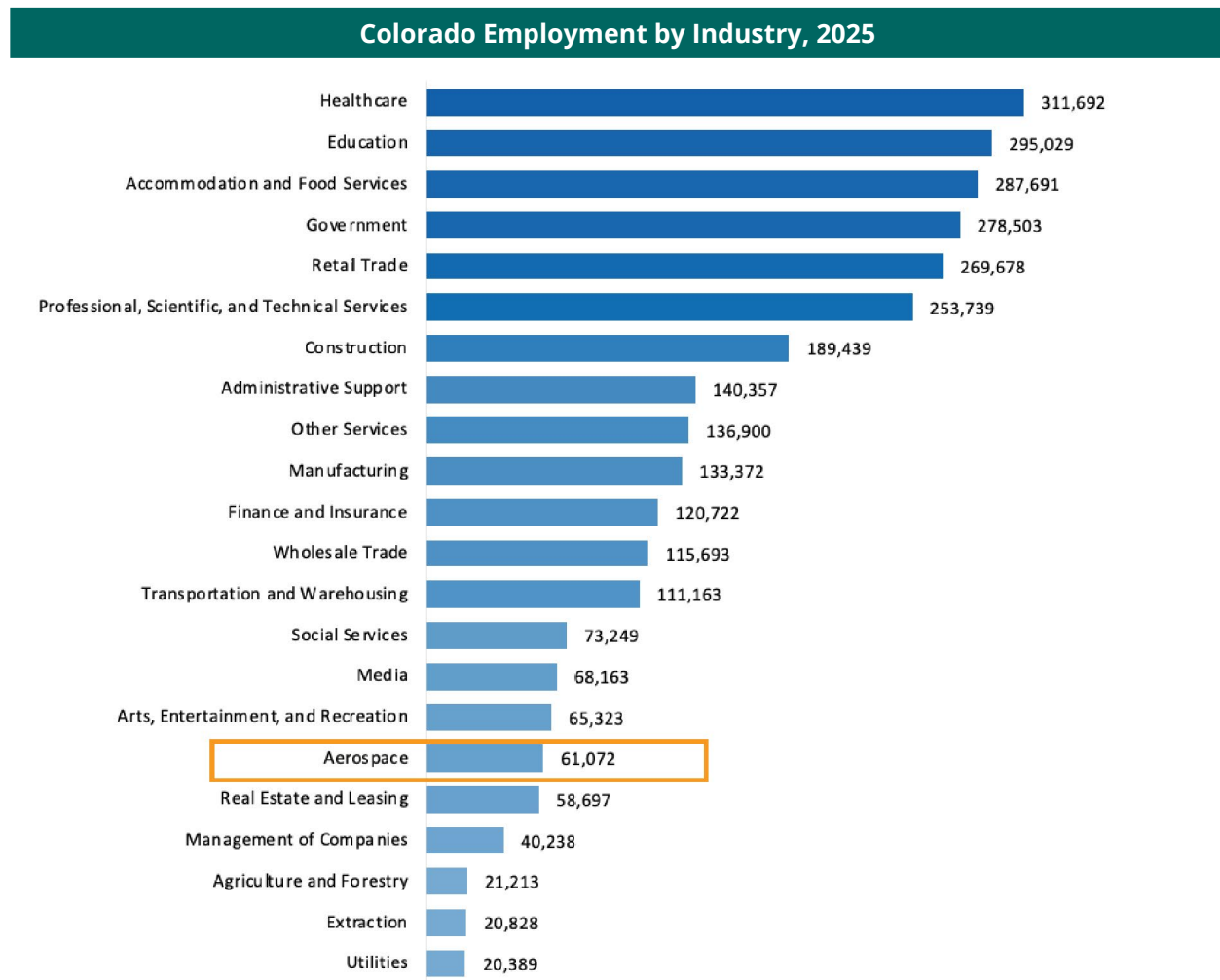
CORE Aerospace Historical Job Change and Projections



Source: EL calculations based on Lightcast 2026.3

Aerospace and Defense's Role in State Economy

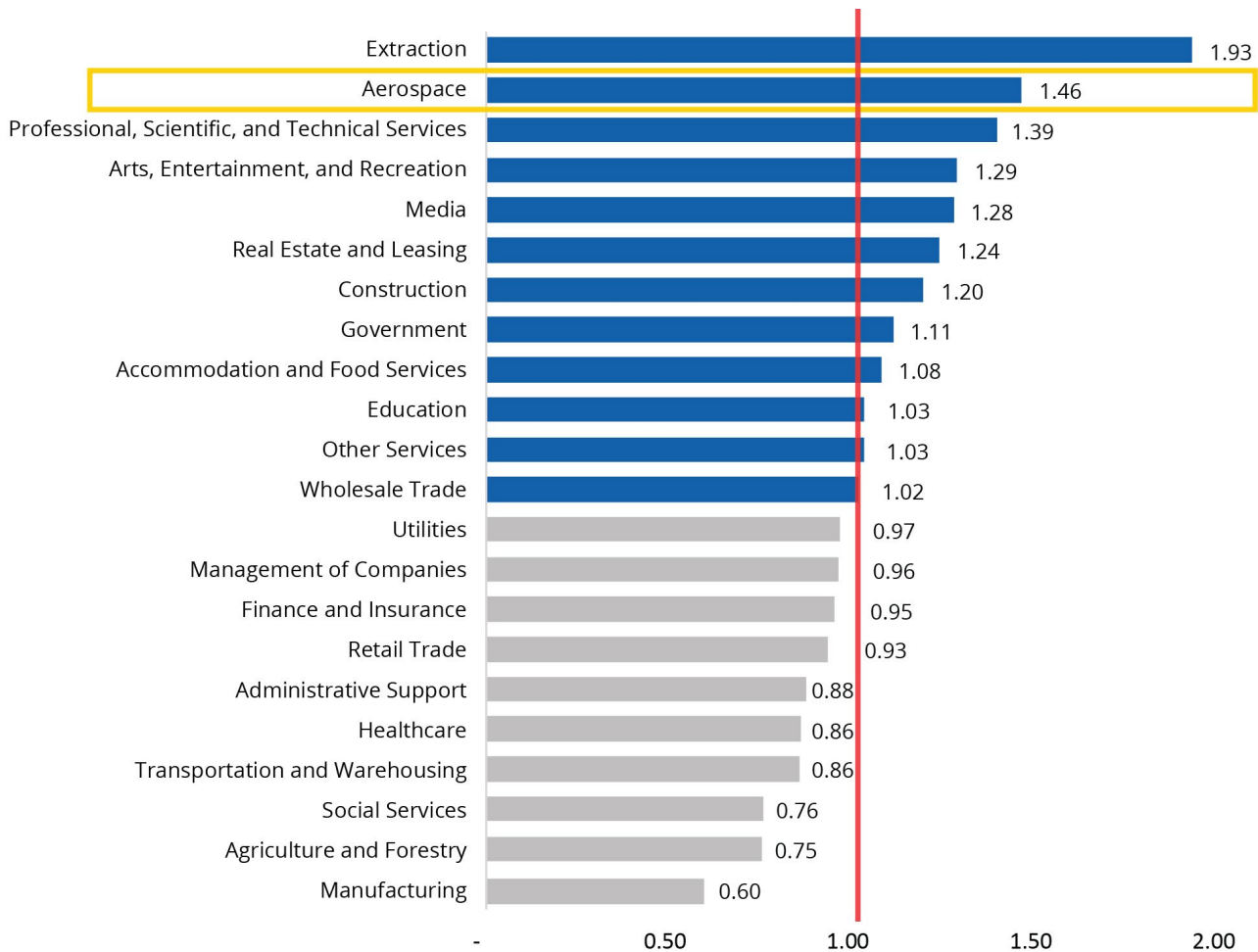
The aerospace economy in Colorado employs 61,072 workers. This is about two percent of the state's total workforce. While this level of employment is smaller than some of the largest employing industries like healthcare and education, the industry is larger than other key industries in the state like agriculture and extraction.



Source: EL calculations based on Lightcast 2026.3

Industries with high concentration values indicate sectors that generate a significant portion of the economy's exports and wealth. Colorado's aerospace industry employment is 46 percent higher than the national average. This is the second highest concentration value across all the sectors in the state, behind extraction. Non-aerospace manufacturing has the lowest concentration out of all the industries in the state. This is relevant as many stakeholders interviewed mentioned that the lack of a strong manufacturing presence was limiting growth in aerospace.

Colorado Employment Concentration by Industry, 2025

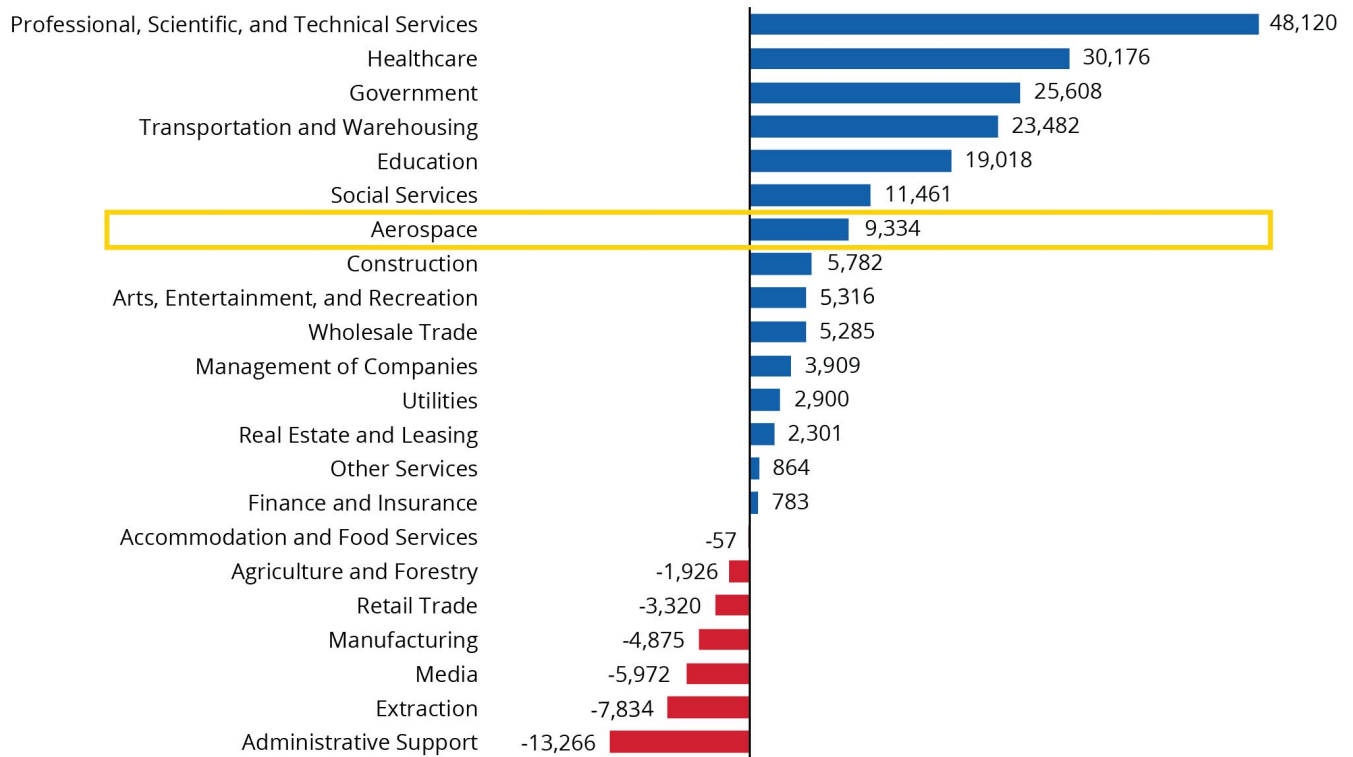


Source: EL calculations based on Lightcast 2026.3

Since 2019, the aerospace sector added 9,334 net new jobs. When the job change is evaluated in percentage terms, aerospace was the 4th fastest growing sector from 2019 to 2025.

Several key industries experienced net decline during this time including agriculture, manufacturing, administrative support, and extraction. Office and administration jobs are down in the state as well as nationally. One theory for this shift is the increased capacities of software to complete back-office tasks. AI is likely to continue to reduce the need for these types of jobs.

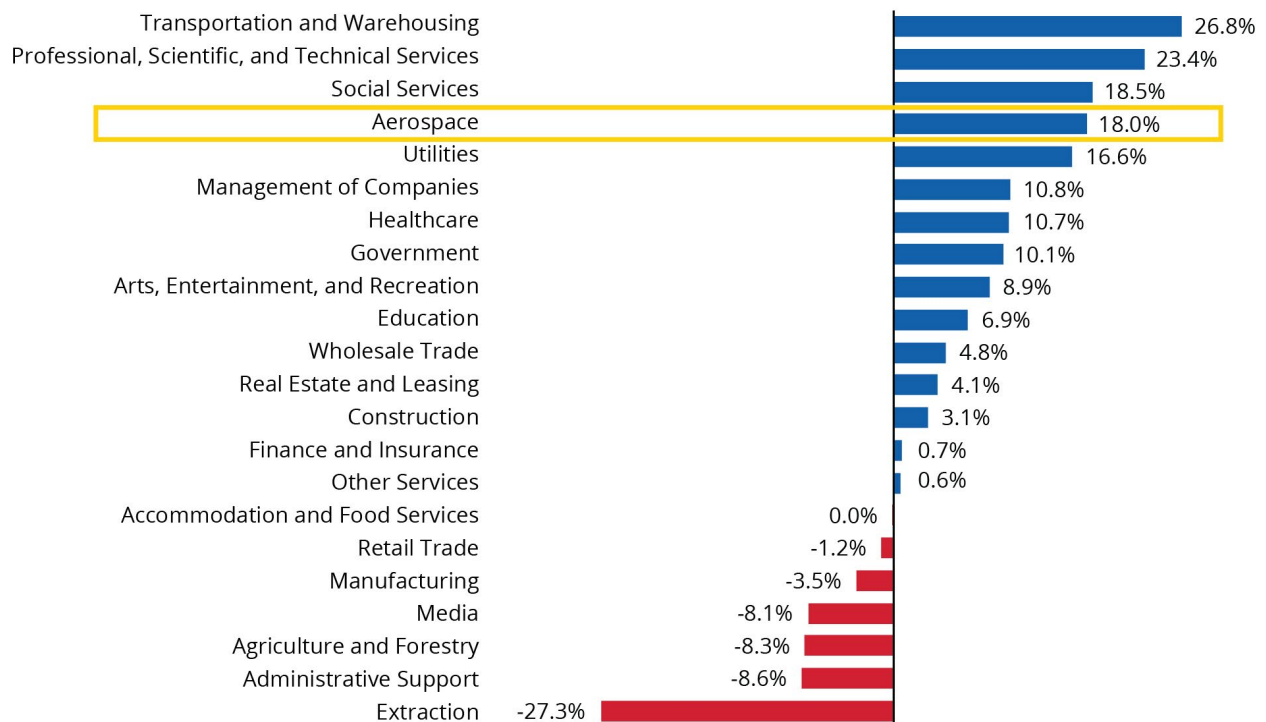
Net Jobs Change in Colorado by Industry, 2019-2025



Source: EL calculations based on Lightcast 2026.3

Note: Other industries do not include aerospace industries in their job counts. For example, Manufacturing represents the non-aerospace manufacturing job change.

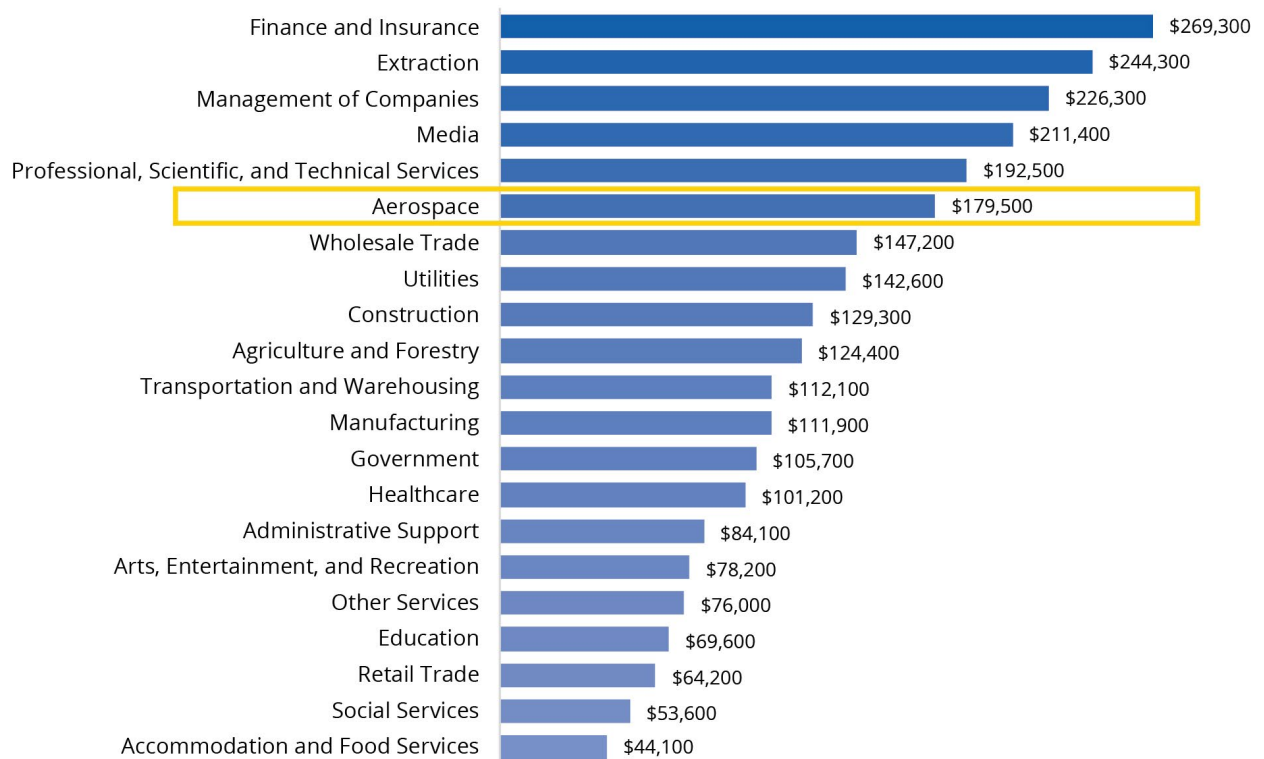
Percent Jobs Change in Colorado by Industry, 2019-2025



Source: EL calculations based on Lightcast 2026.3

In 2025, the average earnings per worker in the aerospace industry in Colorado was \$179,500 a year, higher than several other sectors in the state and nearly double the average earnings for workers across all industries. Higher wages enhance workers' purchasing power, improve quality of life, and can stimulate consumer spending, which supports broader economic growth. This "average earnings" metric includes wages and supplements such as benefits received by a worker to allow for comparison of total compensation across various jobs and industries. In Colorado, supplements averaged \$23,600 of aerospace workers total compensation.

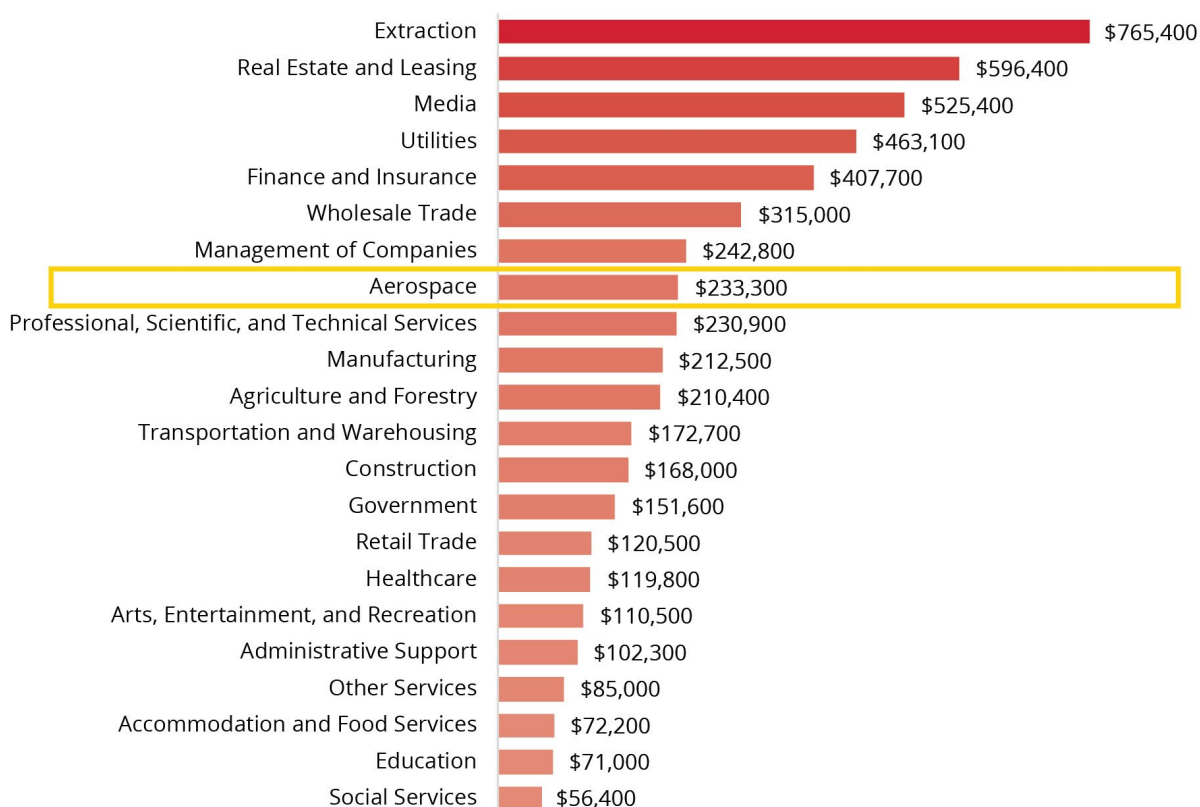
Colorado Average Earnings Per Worker by Industry, 2025



Source: EL calculations based on Lightcast 2026.3

Aerospace work is also very productive in terms of contributing to the state's GSP. The average aerospace worker added \$233,300 to GSP in 2025. This was one of the most productive industries in the state.

Colorado GSP Per Worker by Industry, 2025



Source: EL calculations based on Lightcast 2026.3

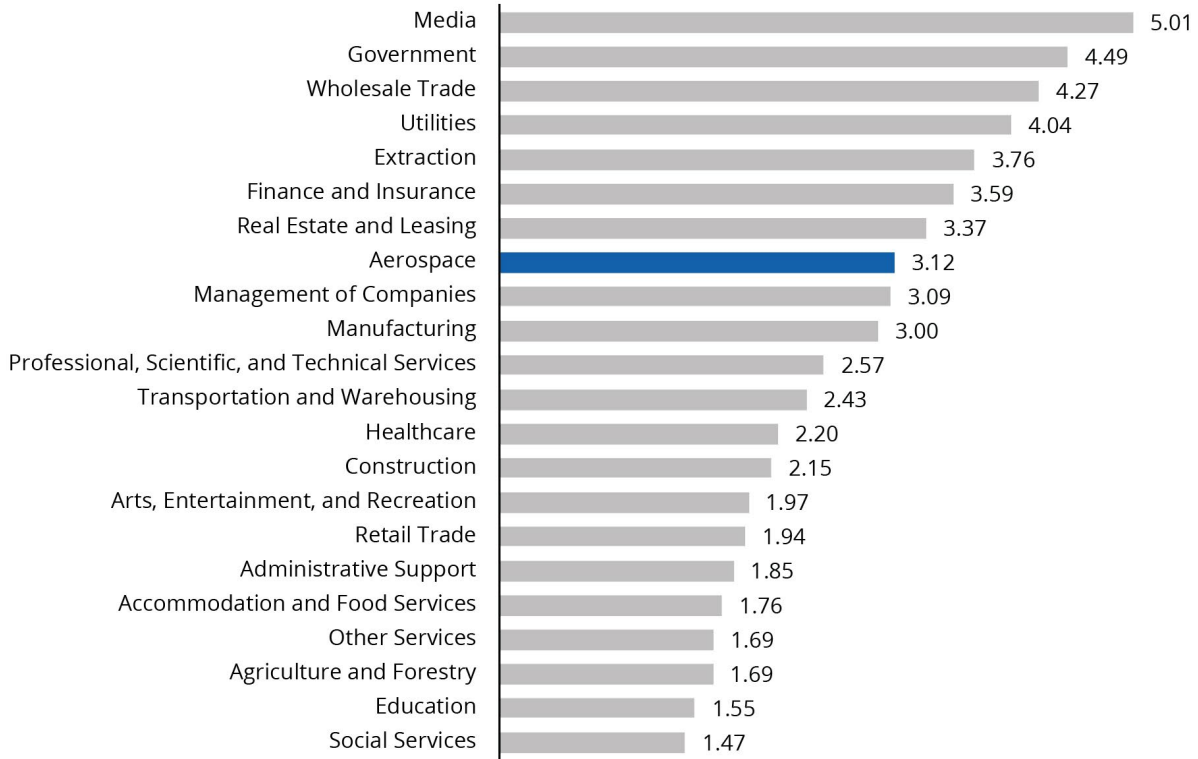
The one-year net change in aerospace employment was a decline of 171 jobs, a roughly 0.3 percent decline. This was consistent with (but not as severe as) many other industries in the state that also saw job declines during this time, including professional services, manufacturing, extraction, and media. Most of the industries experiencing job growth are service-based industries like healthcare, education, and social services which provide services to local customers rather than “traded sectors” like aerospace that produce goods and services for external customers and bring in new money to the economy.

Economic Impact and Supply Chain Analysis

The aerospace industry creates a profound ripple effect throughout the economy beyond its initial transactions. In addition to a company’s direct spending in the local economy, it also generates supply chain impacts. When a manufacturer pays a regional supplier and that company subsequently makes additional purchases from local suppliers, this stimulates further economic growth in the region. The high incomes earned by workers at aerospace companies also get spent within the local economy and trigger growth. This phenomenon in regional economies is referred to as the multiplier effect.

In 2025, when one job was added in the aerospace industry, another 2.12 jobs were added elsewhere in the economy. This amounts to a total job impact of 3.12 through both supply chain and income impacts, which is one of the largest across the Colorado economy.

Colorado Job Multiplier by Industry, 2025



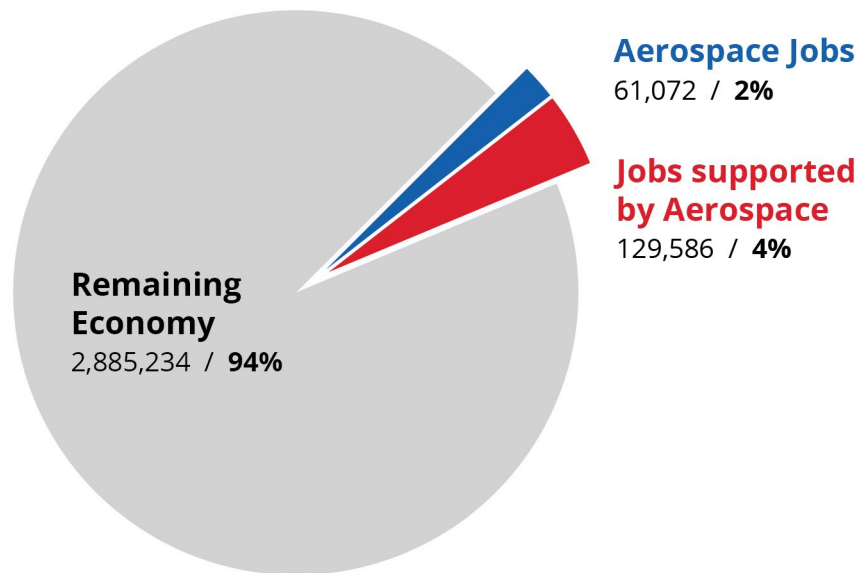
Source: EL calculations based on Lightcast 2026.3

Using this multiplier value, the 61,072 jobs in aerospace create an additional 129,590 jobs across Colorado. Over 70 percent of those additional jobs are created through the high wages earned by aerospace employees.

Another 34,162 additional jobs result from direct and indirect supply chain impacts which can include professional services such as management consulting, lawyers, environmental consulting, accounting, marketing, software, and logistics consulting.

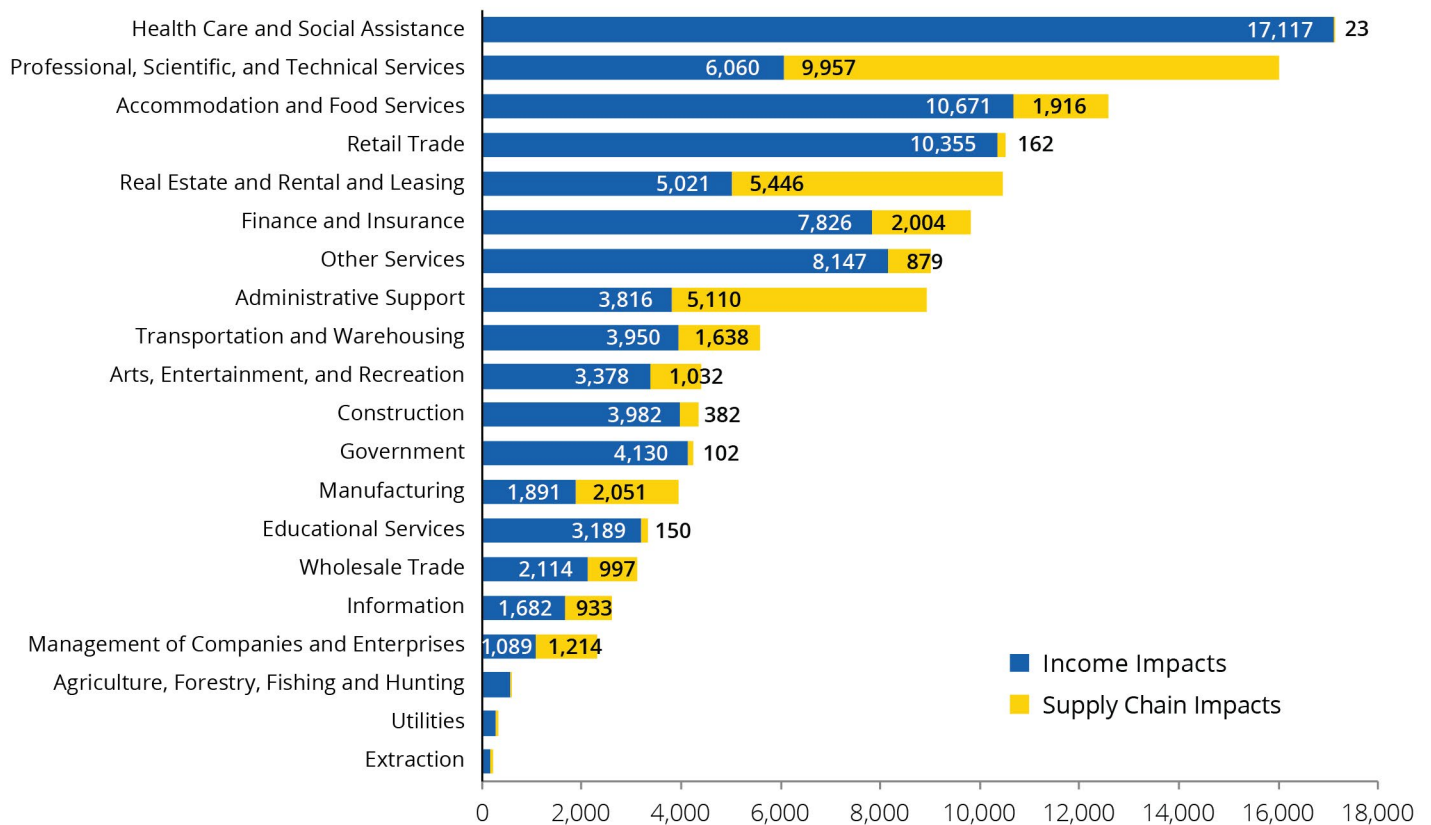
In 2025, core manufacturing aerospace companies in Colorado spent over \$1 billion with other manufacturers in their supply chain. While 47 percent of this spending went to other Colorado manufacturers and suppliers, approximately \$534 million was spent with suppliers outside the state for products and services including: structural metals, analytical instruments, coating and engraving, semiconductors, machine shops, fabricated metal products and plastic products.

Aerospace Contribution to Colorado's Economy, 2025



Source: EL calculations based on Lightcast 2026.3

Multiplier Effect Jobs Supported by Colorado's Aerospace Industry, 2025



Source: EL calculations based on Lightcast 2026.3

Aerospace Ecosystem Network

While this section focuses on the private activity of the space, aerospace, and defense industry, the sector is heavily influenced by federal activity in space research and military presence. Colorado has large military installations that play a role in supporting the space, aerospace, and defense private sector. The military in Colorado is heavily focused on Space Force, air domain operations, and missiles compared to other states with installations focused on ground or naval forces. Based on conversations with stakeholders in the industry and job postings data, Economic Leadership applied proportions to the labor market data for the federal government and universities to quantify the size of the ecosystem that supports private industry.

Aerospace Ecosystem Network Share of Employment by Industry, 2025		
NAICS Code	Industry Name	% of Jobs in Aerospace
901199	Federal Government, Civilian (excluding Military and Postal Service)	25%
901200	Federal Government, Military	60%
611310	Colleges, Universities, and Professional Schools	5%
902612	Colleges, Universities, and Professional Schools (State Government)	10%

Based on these proportions and the existing labor market data, it was estimated that the ecosystem network for aerospace in the state was roughly 50,210 workers across universities, government agencies, and the military.

Aerospace Ecosystem Employment by Industry, 2025	
Industry Name	2025 Jobs
Colleges, Universities, and Professional Schools	850
Colleges, Universities, and Professional Schools (State Government)	8,330
Federal Government, Civilian, Excluding Postal Service	11,480
Federal Government, Military	29,550
Total Ecosystem Network Jobs	50,210

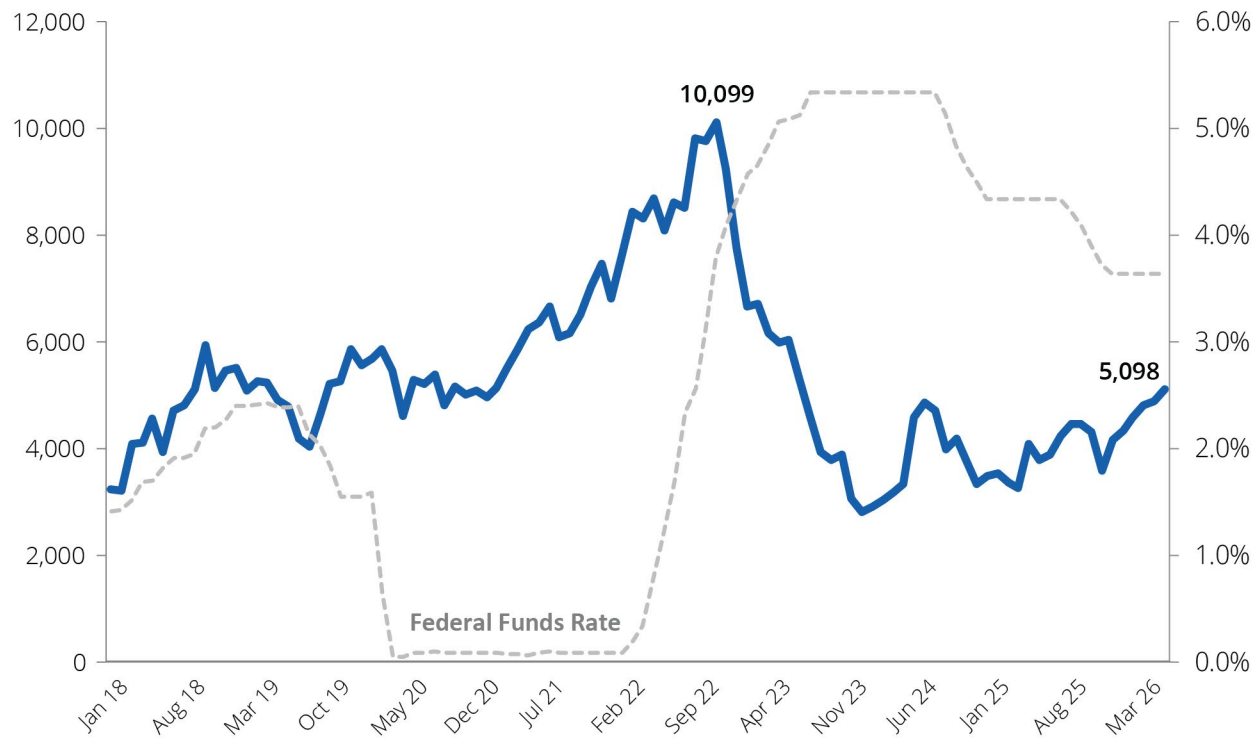
These workers, like those who work at the Laboratory for Atmospheric and Space Physics at CU-Boulder, help support the rest of the sector by improving innovation and training the workforce. The size and focus of these institutions are a major asset for the industry in Colorado.

Sustaining this ecosystem over time depends on a steady supply of qualified workers, which brings recruiting and hiring pressures into focus.

Workforce Demand

The aerospace economy requires well-educated engineers with deep technical knowledge and maintenance and production workers, offering a range of career pathways. A method for tracking the workforce demands of the aerospace economy is to evaluate online job postings. This provides insight into the jobs in top demand in the sector.

Monthly Unique Job Postings for Aerospace Jobs in Colorado



Source: EL calculations based on Lightcast 2026.3 and Federal Reserve Bank of St. Louis (2026)

Job postings for the past few years have trended slightly downward from highs in 2022. This is likely associated with the increase in interest rates which made capital investment more costly. While net jobs may not be growing, companies are still looking for talent, in part because they need to replace workers who are leaving or retiring. Colorado had the 5th highest level of aerospace job postings in the last two years. The U.S. war with Iran starting in the beginning of 2026 may have also increased demand for jobs in the sector.

From June 2024 to June 2026, there were 45,035 unique job postings for space, aerospace, and defense companies in Colorado. These jobs were posted by 350 different companies across the state. The major players like Lockheed Martin, Northrop Grumman, BAE Systems, and RTX are among the most active hirers. Other emerging companies like Blue Origin are hiring as well.

The top types of occupations that were in demand were also reviewed from the aggregate job postings data. The median advertised salary for these occupations was evaluated against the average wage for all workers in the occupation across all industries in the state. For example, the median advertised salary for an engineer at an aerospace company in Colorado was \$10,700 higher than the average for engineers in all industries in the state.

Computer, engineering, and business operations jobs had the highest number of unique job postings over the last two years. Aerospace companies also looked to fill several production and maintenance jobs that do not typically require the worker to have a bachelor's degree or higher. Each of the top occupations in demand had a wage premium associated with working in the aerospace industry.

Top 15 Occupations in Colorado's Aerospace Economy, June 2024 – June 2026				
Occupation	Unique Job Postings	Median Advertised Salary	Aerospace Wage Premium	% Requiring Bachelor's or Higher
Computer Occupations	15,790	\$129,300	+\$2,600	77%
Engineers	8,400	\$130,800	+\$10,700	85%
Business Operations Specialists	3,440	\$109,300	+\$17,200	62%
Other Management Occupations	2,350	\$164,600	+\$52,700	80%
Operations Specialties Managers	1,370	\$133,900	+\$39,500	74%
Financial Specialists	1,200	\$102,100	+\$7,600	88%
Mathematical Science Occupations	850	\$116,000	+\$1,800	82%
Advertising, Marketing, Promotions, Public Relations, and Sales Managers	800	\$152,300	+\$22,900	75%
Electrical and Electronic Equipment Mechanics, Installers, and Repairers	600	\$75,000	+\$5,900	16%
Other Production Occupations	520	\$68,400	+\$19,000	19%
Other Installation, Maintenance, and Repair Occupations	520	\$55,600	+\$2,600	8%
Drafters, Engineering Technicians, and Mapping Technicians	480	\$74,500	+\$3,300	26%
Top Executives	310	\$154,400	+\$21,900	75%
Material Recording, Scheduling, Dispatching, and Distributing Workers	310	\$91,900	+\$37,900	65%
Physical Scientists	695	\$121,600	+\$20,600	82%

Source: EL estimates based on Lightcast 2026.3

Defining the Space, Aerospace and Defense Skillsets Needed to Support Growth

To support the growth of Space, Aerospace and Defense firms in Colorado, several core skill areas are essential:

Advanced Technical & Manufacturing Mastery - The industry relies on the ability to work with specialized materials and high-precision equipment to create flight-ready components.

- Precision Machining: Expertise in CNC machining and the machining of advanced composites is a cornerstone of the field.
- Specialized Materials: Workers must be proficient with titanium, aluminum alloys, and carbon fiber composites.
- Modern Fabrication: Essential techniques include metal additive manufacturing (3D printing) for tooling and flight parts, as well as advanced joining methods like electron beam and friction stir welding.
- Testing: The ability to verify part integrity using ultrasonic, radiographic, or magnetic particle testing is critical to ensuring safety without damaging the hardware.

Digital, Automation, and Systems Engineering - Modern aerospace is increasingly built in part using digital environments to simulate and build complex systems before they ever reach the launchpad.

- Design and Simulation: Skills in Model-Based Engineering and the creation of Digital Twins allow for the prediction of structural and thermal performance.
- Precision Design: Expertise in designing for manufacturability ensures that complex engineering plans can be built efficiently.
- Robotics and Automation: Companies look for talent capable of programming and maintaining robotics used for high-precision tasks like drilling, fastening, and painting.

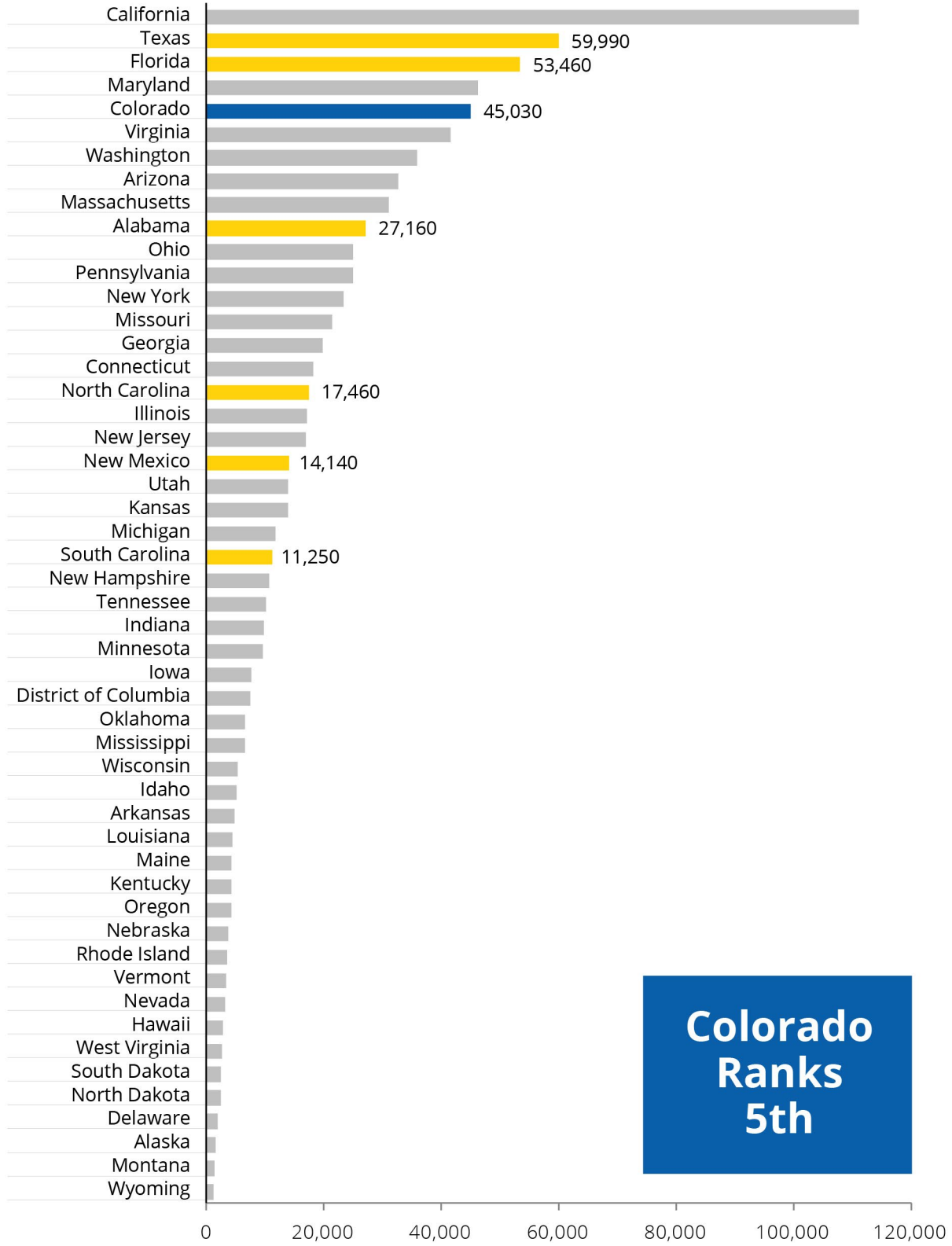
Quality, Compliance, and Regulatory Discipline - due to the high stakes of aerospace and defense missions, quality control and compliance are essential skills.

- Certification Standards: Proficiency in industry-standard quality frameworks is required for any business to compete.
- National Security Compliance: Knowledge of regulations such as ITAR (International Traffic in Arms Regulations) and EAR (Export Administration Regulations) is essential for attracting defense-related businesses.
- Traceability: The workforce must be disciplined in traceability and inspection protocols to ensure every single part can be tracked and verified.

Process Oriented and Other Human Skills - The specialized nature of aerospace requires a process-focused mindset and communication styles.

- Procedural Discipline: There is a high emphasis on attention to detail and the ability to follow strict regulatory procedures without deviation.
- Analytical Thinking: Workers must be skilled in root-cause analysis—the ability to diagnose why a part or system failed even when under intense regulatory pressure.
- Cross-Functional Communication: Because projects are so complex, the ability to communicate technical information across different departments is a highly valued human skill.

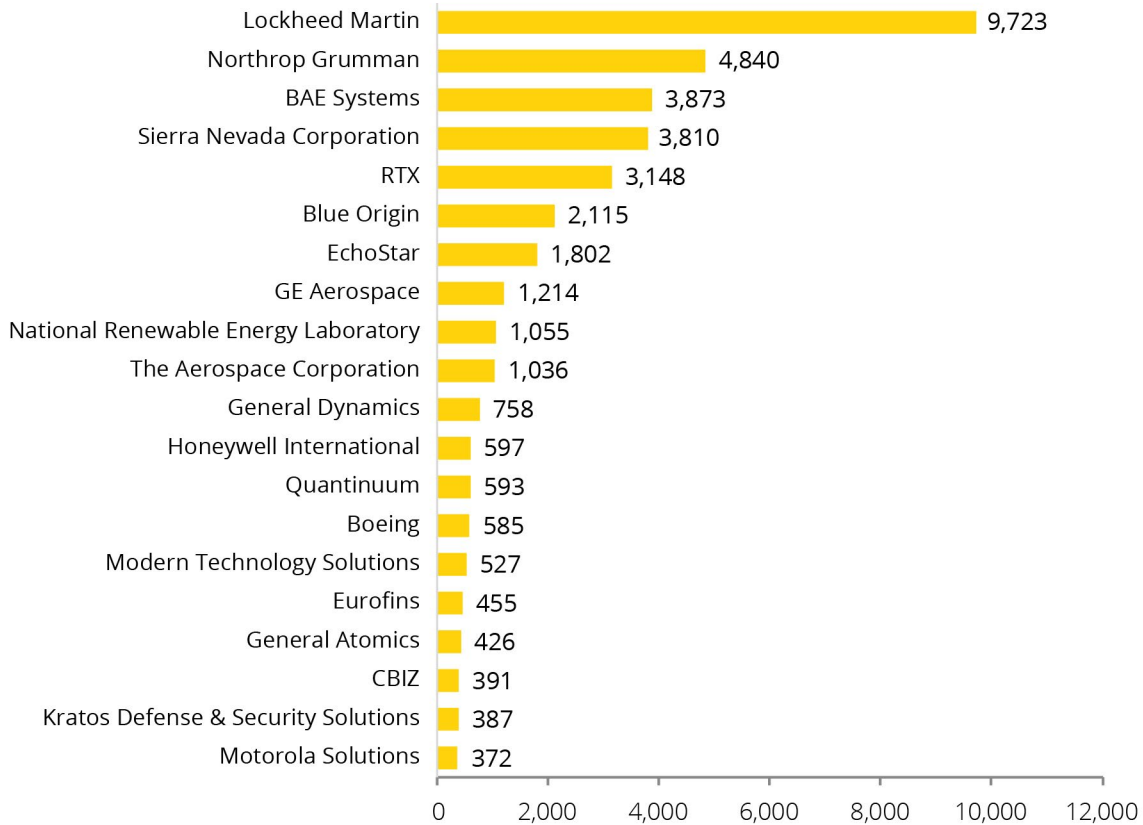
Unique Aerospace Job Postings, June 2024 - June 2026



**Colorado
Ranks
5th**

Source: EL calculations based on Lightcast 2026.3

Top Companies for Unique Colorado Aerospace Job Postings, June 2024 - June 2026



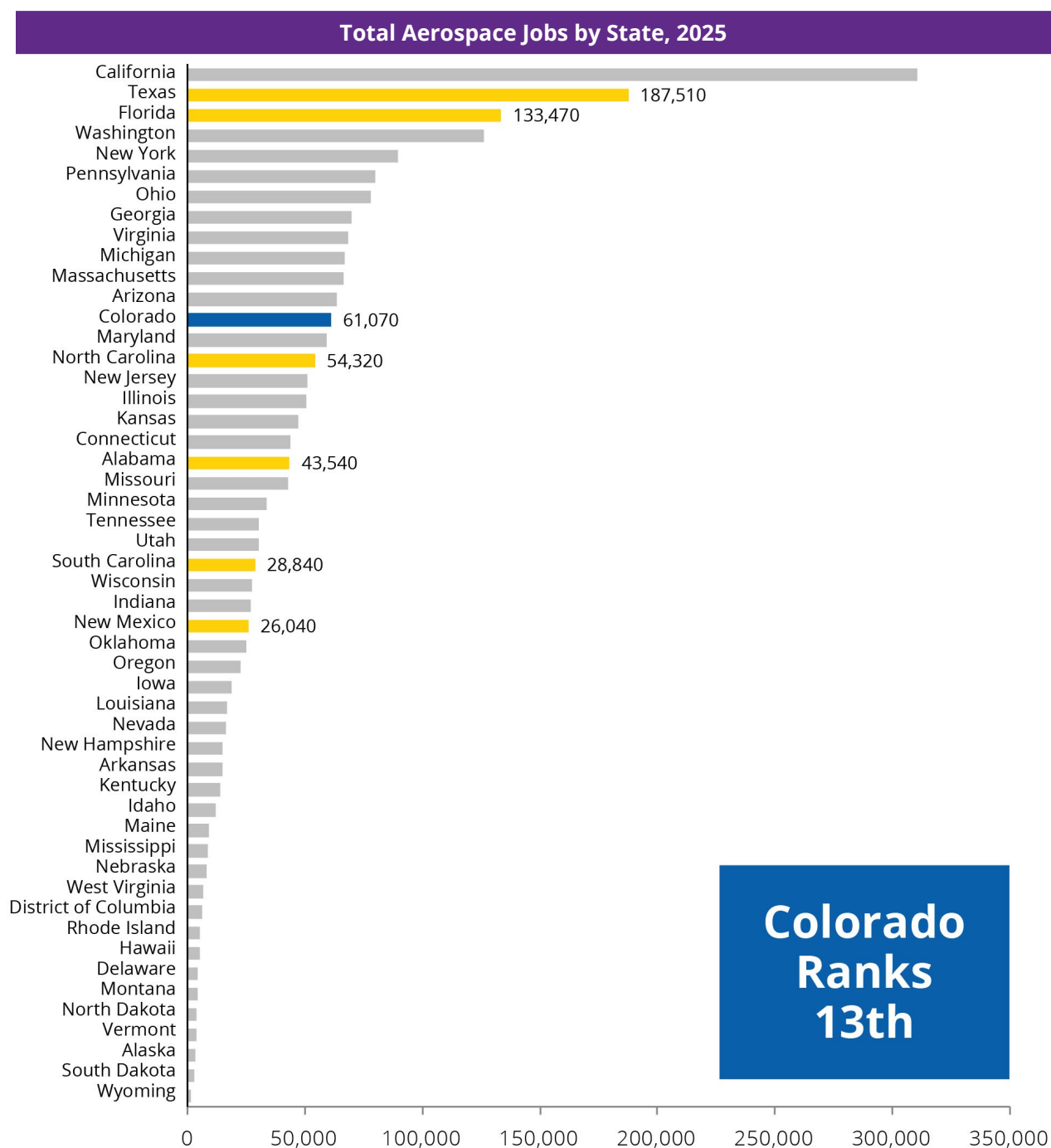
Source: EL calculations based on Lightcast 2026.3

When reviewing the top certifications and hard skills listed in online job postings for Colorado aerospace jobs, security credentials were in the highest demand. Many of the stakeholders discussed challenges finding workers who can acquire a security clearance. Other top needs include computer programming languages like Python, Linux, and C++. A demand for cybersecurity professionals was common in aerospace job postings.

Benchmarking Colorado's Aerospace Performance

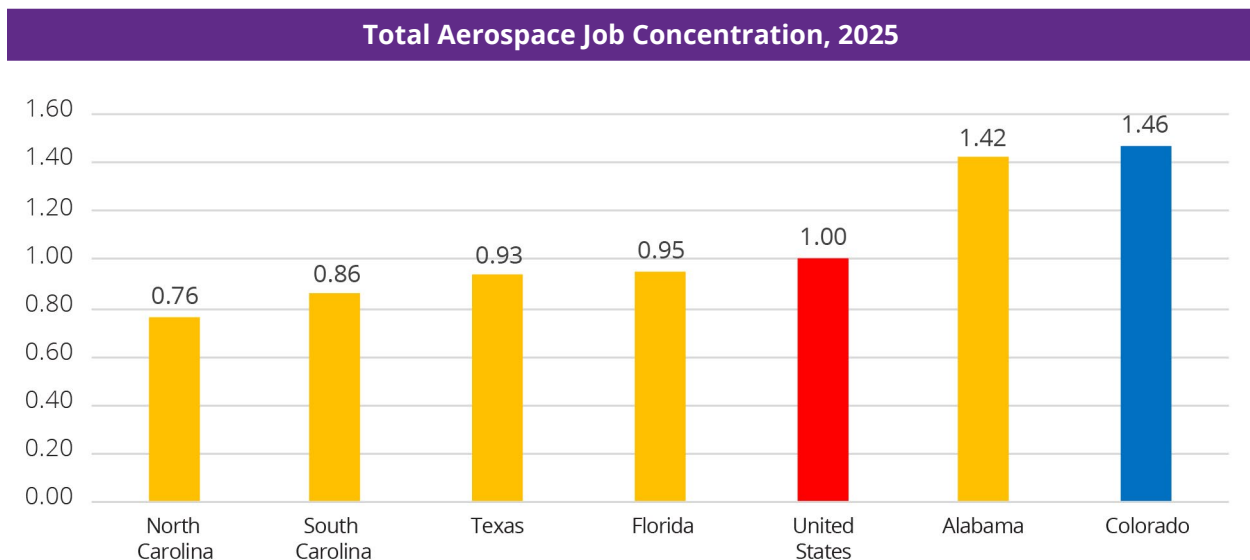
An important focus of the report is to compare Colorado with other states. This will help place the state's aerospace performance in context, identifying strengths and areas for attention. In addition to ranking Colorado against all 50 states (the District of Columbia is not included in the rankings), the performance of peer states featured in the top competitors and best practices sections of the report are highlighted. These peer states include Florida, Texas, Alabama, North Carolina, South Carolina, and New Mexico.

The first metric evaluated was the total size of the aerospace economy. Colorado's 61,072 workers in aerospace was the 13th largest in the country in 2025. This was also larger than four of the six peer states. Texas and Florida have larger head counts but also have much larger overall economies.

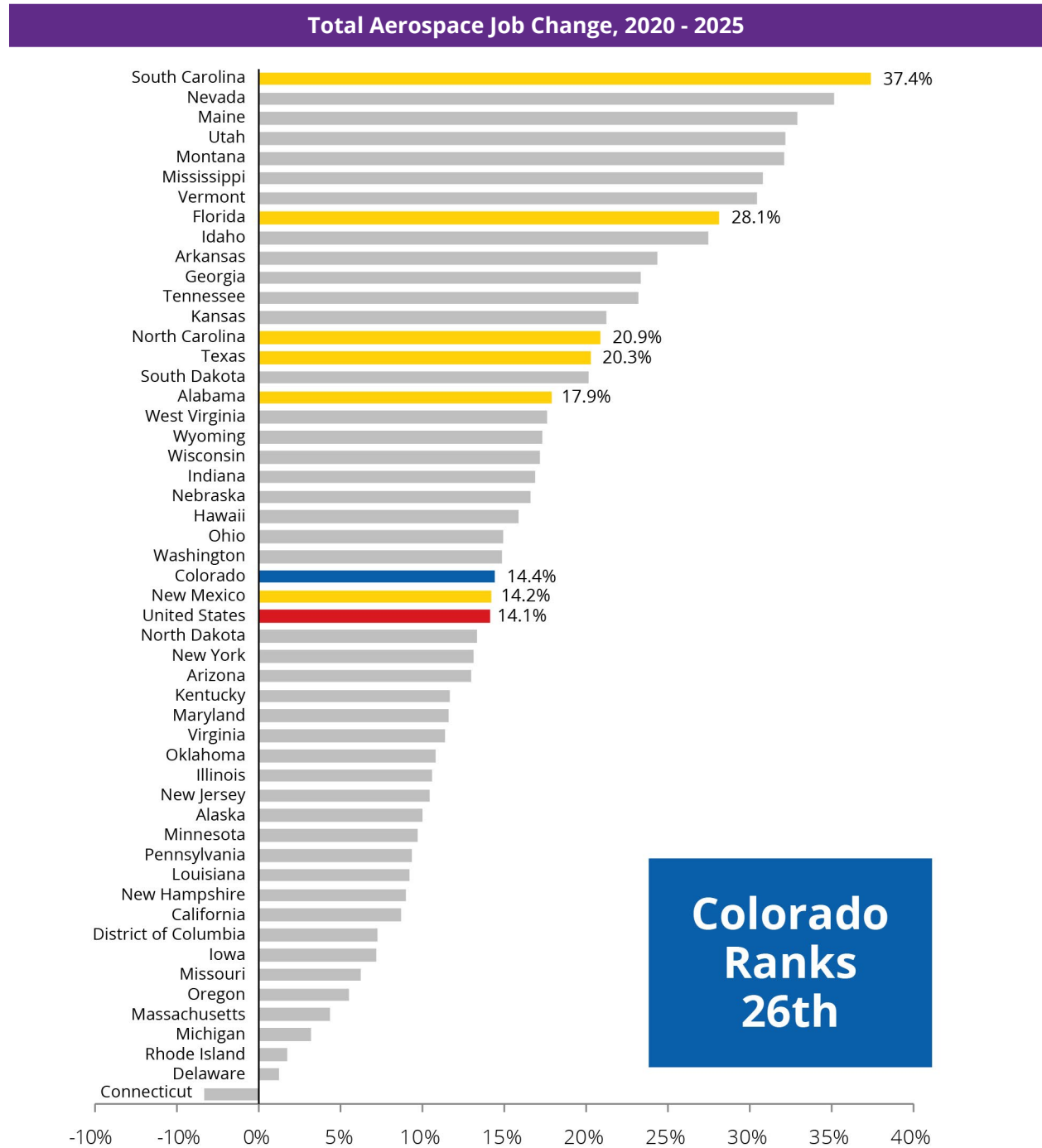


Another way to measure the size of the industry is through job concentration ratios. Job concentration ratios are calculated by dividing the share of aerospace jobs in Colorado's economy by the share of aerospace jobs in the national economy. The resulting ratio provides context on which states have higher job concentrations than the national average (greater than 1.00). Colorado had a job concentration ratio of 1.46 in 2025, indicating that aerospace is 46 percent more concentrated in the state than the average across the country and this was the highest concentration level among peer states.

Although this ranking can vary somewhat based on which industry sectors are included in the methodology, Colorado has historically been a national leader when it comes to concentration of employment in the aerospace industry. This is due to the diverse range of company sizes, a traditionally strong start up culture, growth minded mid-sized companies and the presence of larger prime contractors in the state.

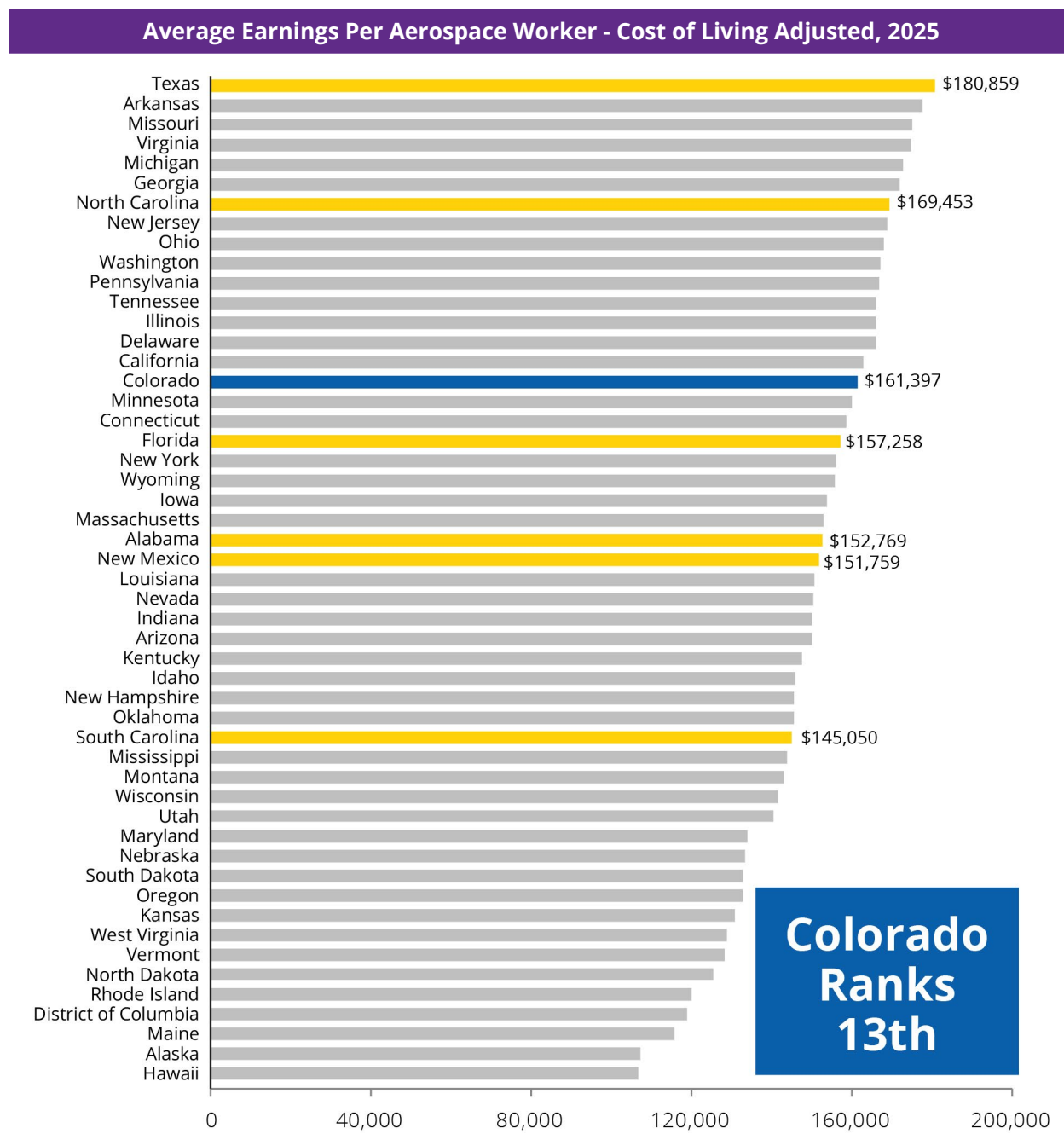


Looking at growth patterns for aerospace over the last five years, Colorado grew aerospace employment by over 14 percent from 2020 to 2025. This was the 26th fastest growth rate in the nation and just above the national average. Every other peer state except for New Mexico experienced higher rates of job growth during this same timeframe.



Source: EL calculations based on Lightcast 2026.3

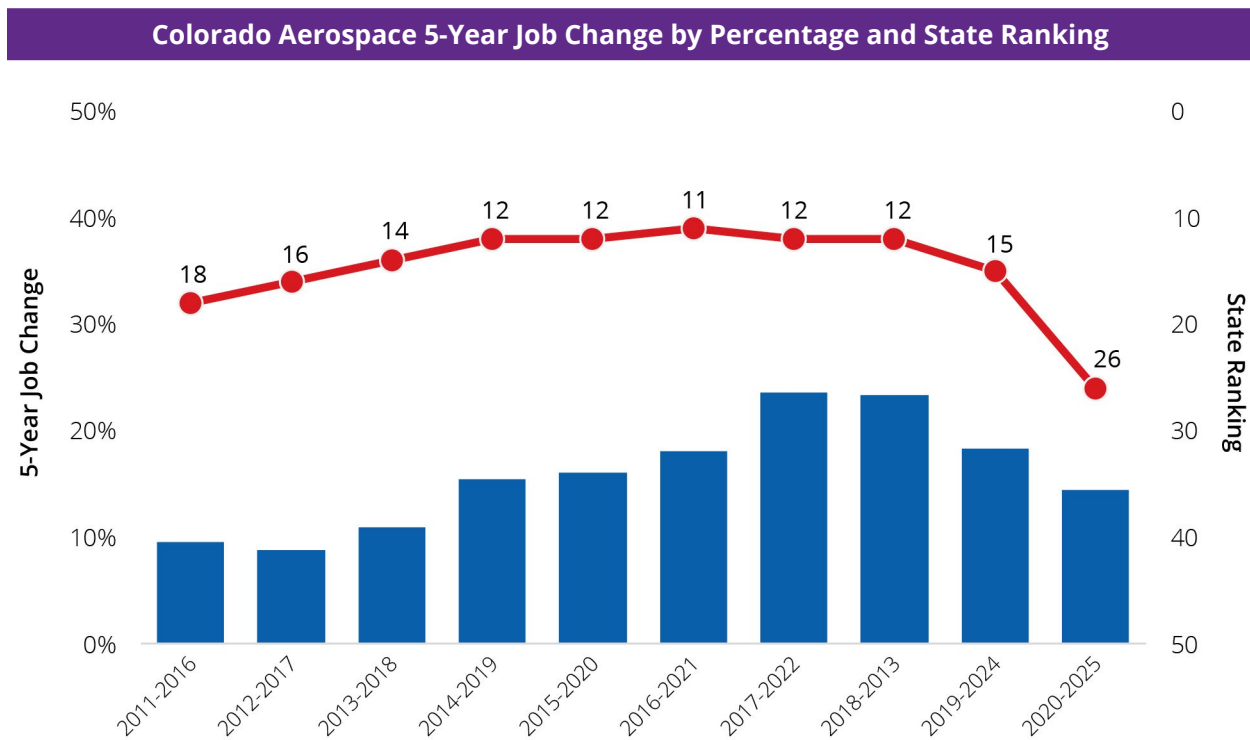
Wages are a key recruiting tool. Workers weigh their salary with the cost of living when comparing locations. Colorado has a cost-of-living (COL) score of 111.2 with a national average of 100, indicating essential items like housing, food, and transport are more costly in Colorado than other places in the nation. Even with this higher cost of living, when wages are adjusted, the average Colorado aerospace worker earns about \$161,400 which is the 13th highest average earnings level in the country. However, as the cost of living has risen, the effective wage is stronger in the peer states of Texas and North Carolina.



Source: EL calculations based on Lightcast 2026.3

Total Aerospace Industry		
Metric	Value	Colorado's Rank
Aerospace Employment (2025)	61,072	13
Job Change (2020-2025)	+14.4%	26
Cost of Living Adjusted Average Earnings Per Worker (2025)	\$161,400	16

Overall, the aerospace industry in Colorado scores well on several of the performance metrics. A more-recent slowing of job growth, however, has shifted the state out of the top 15 states for historical five-year growth rates.



Source: EL calculations based on Lightcast 2026.3

Satellite Operations

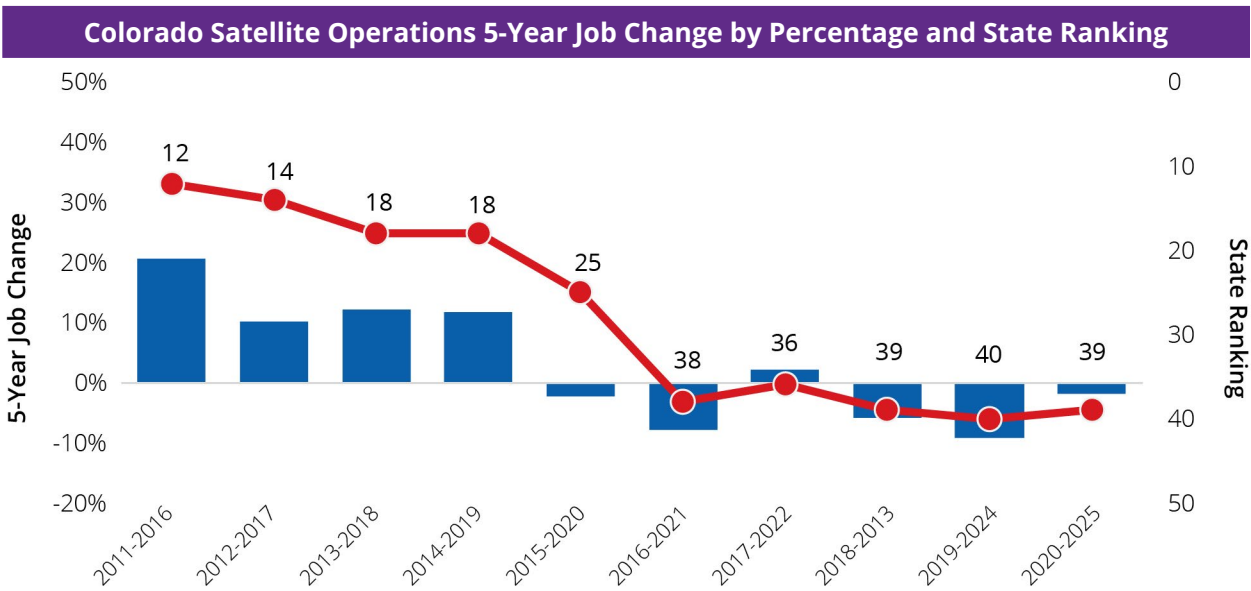
Next, the same performance metrics were evaluated for each sub-industry. This group of industries represents the telecommunications and geospatial services companies that work on satellite operations in space. In 2025, Boulder and Adams County had the highest share of satellite operations jobs.

Colorado Satellite Operations Jobs by Top Counties, 2025	
County	Employment, 2025
Boulder	520
Adams	440
Douglas	330
El Paso	<200
Jefferson	<200
Denver	<200

Source: EL estimates based on Lightcast 2026.3

Colorado ranks in the top 15 states for the overall size and concentration of satellite operations employment. Job change in recent years has been negative and Colorado ranked 39th in the five-year change rankings. However, the data from the most recent year showed net positive growth.

Satellite Operations Aerospace Subindustry		
Metric	Value	Rank
Satellite Operations Employment (2025)	3,372	5
Satellite Operations Employment Concentration (2025)	3.05	2
Job Change (2020-2025)	-1.9%	39
Job Change (2024-2025)	+0.8%	22
Cost of Living Adjusted Average Earnings Per Worker (2025)	\$158,300	18



Source: EL calculations based on Lightcast 2026.3

Research & Development

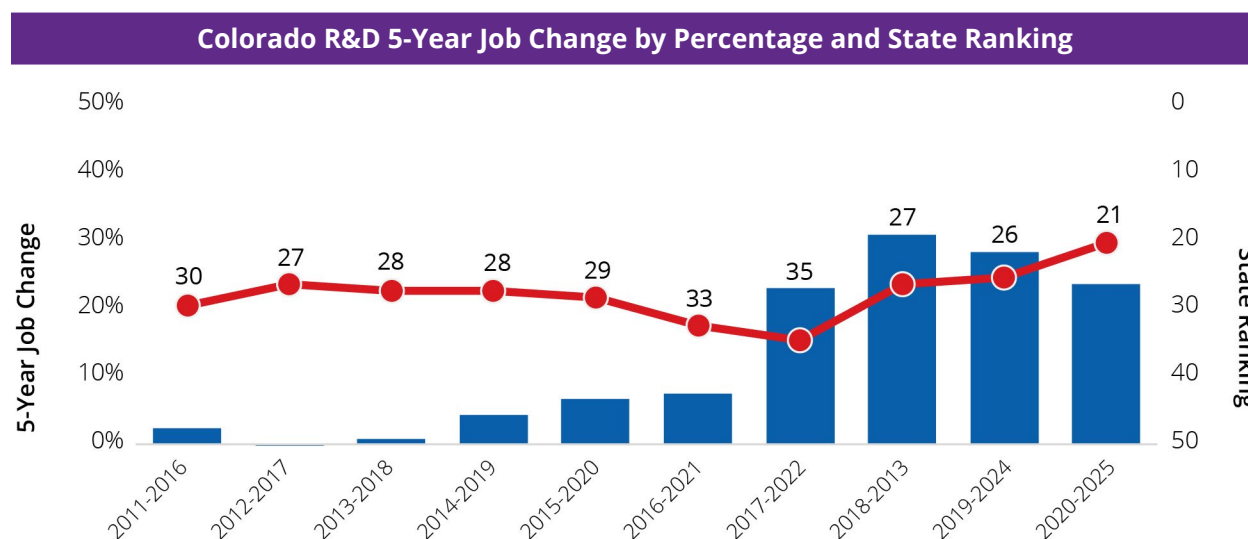
Colorado is home to several federally funded research labs and private innovation companies. A share of these jobs was attributed to the aerospace sector in the state. Most of the estimated jobs are located in Boulder, Jefferson, and El Paso counties.

Colorado R&D Jobs by Top Counties, 2025	
County	Employment, 2025
Boulder	3,290
Jefferson	2,650
El Paso	1,040
Larimer	730
Douglas	470
Arapahoe	410
Denver	400

Source: EL estimates based on Lightcast 2026.3

Growth has been very strong in R&D with an increase of more than 23 percent over the last five years. Colorado also ranked as the 7th most concentrated state for these aerospace-related R&D jobs.

Research & Development (R&D) Aerospace Subindustry		
Metric	Value	Rank
R&D Employment (2025)	9,936	16
R&D Employment Concentration (2025)	1.42	7
Job Change (2020-2025)	+23.1%	21
Job Change (2024-2025)	+0.8%	20
Cost of Living Adjusted Avg. Earnings Per Worker (2025)	\$167,900	19



Source: EL calculations based on Lightcast 2026.3

Support Services

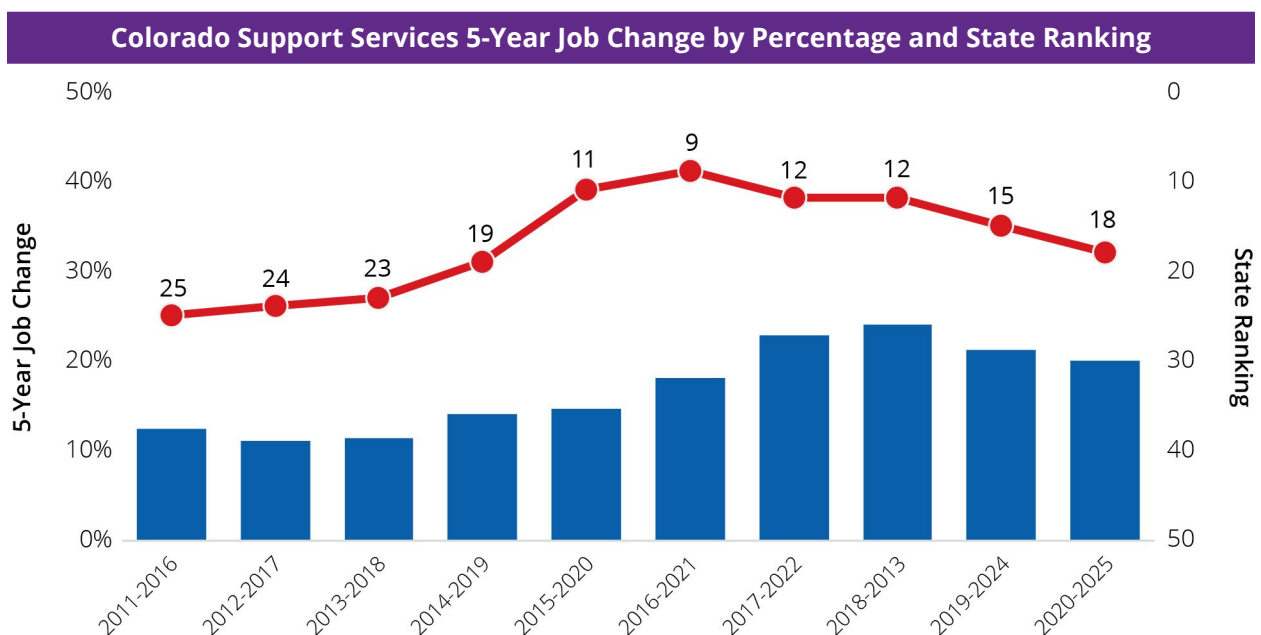
This sub-industry includes the engineering firms that work in the aerospace field and the corporate jobs associated with large aerospace employers in the state. This was the largest segment of the state's aerospace sector. Denver and Arapahoe Counties had the highest levels of these jobs

Colorado Support Services Jobs by Top Counties, 2025	
County	Employment, 2025
Denver	7,200
Arapahoe	6,810
El Paso	5,480
Jefferson	4,190
Boulder	2,430
Douglas	2,410
Larimer	1,540

Source: EL estimates based on Lightcast 2026.3

The size of the support services subindustry was the 10th largest in the country and the most concentrated across all states. Job growth and cost of living adjusted wages ranked in the middle of the pack.

Support Services Aerospace Subindustry		
Metric	Value	Rank
Support Services Employment (2025)	34,633	10
Support Services Employment Concentration (2025)	1.68	1
Job Change (2020-2025)	+20.0%	18
Job Change (2024-2025)	+0.9%	32
Cost of Living Adjusted Average Earnings Per Worker (2025)	\$156,700	23



Source: EL calculations based on Lightcast 2026.3

Core Manufacturing

This sub-industry represents the manufacturing of aircraft, missiles, and military vehicles that are traditionally associated with the sector. Jefferson, Boulder, and Arapahoe counties have the largest levels of jobs in core manufacturing.

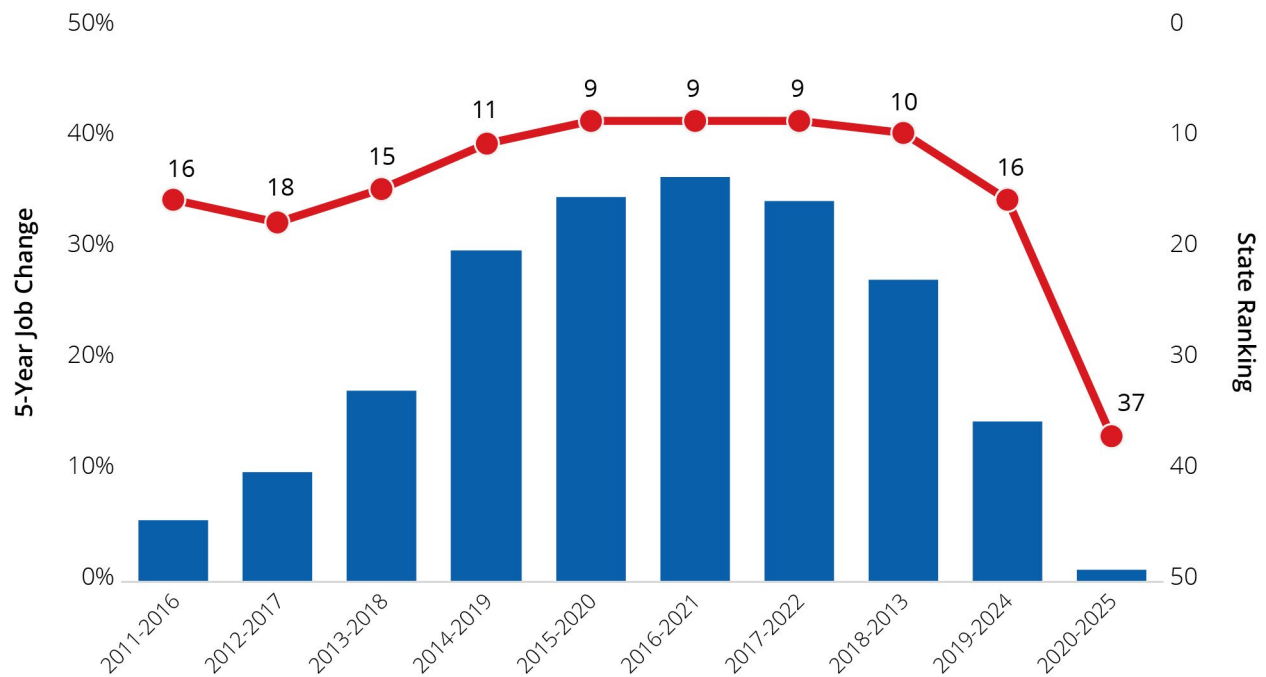
Colorado Core Manufacturing Jobs by Top Counties, 2025	
County	Employment, 2025
Jefferson	6,410
Boulder	3,010
Arapahoe	1,600
Larimer	580
Weld	370
Adams	300
Pueblo	<300
El Paso	<300

Source: EL estimates based on Lightcast 2026.3

As noted previously, in recent years net job change in core manufacturing has shifted negative. This has caused Colorado to plummet in the rankings after being a top state for many years. Wages for this subcategory were among the highest in the nation, even after accounting for the state’s higher cost of living.

Core Manufacturing Aerospace Subindustry		
Metric	Value	Rank
Core Aerospace Employment (2025)	13,130	17
Core Aerospace Employment Concentration (2025)	1.00	16
Job Change (2020-2025)	+1.1%	37
Job Change (2024-2025)	-4.3%	43
Cost of Living Adjusted Average Earnings Per Worker (2025)	\$168,900	5

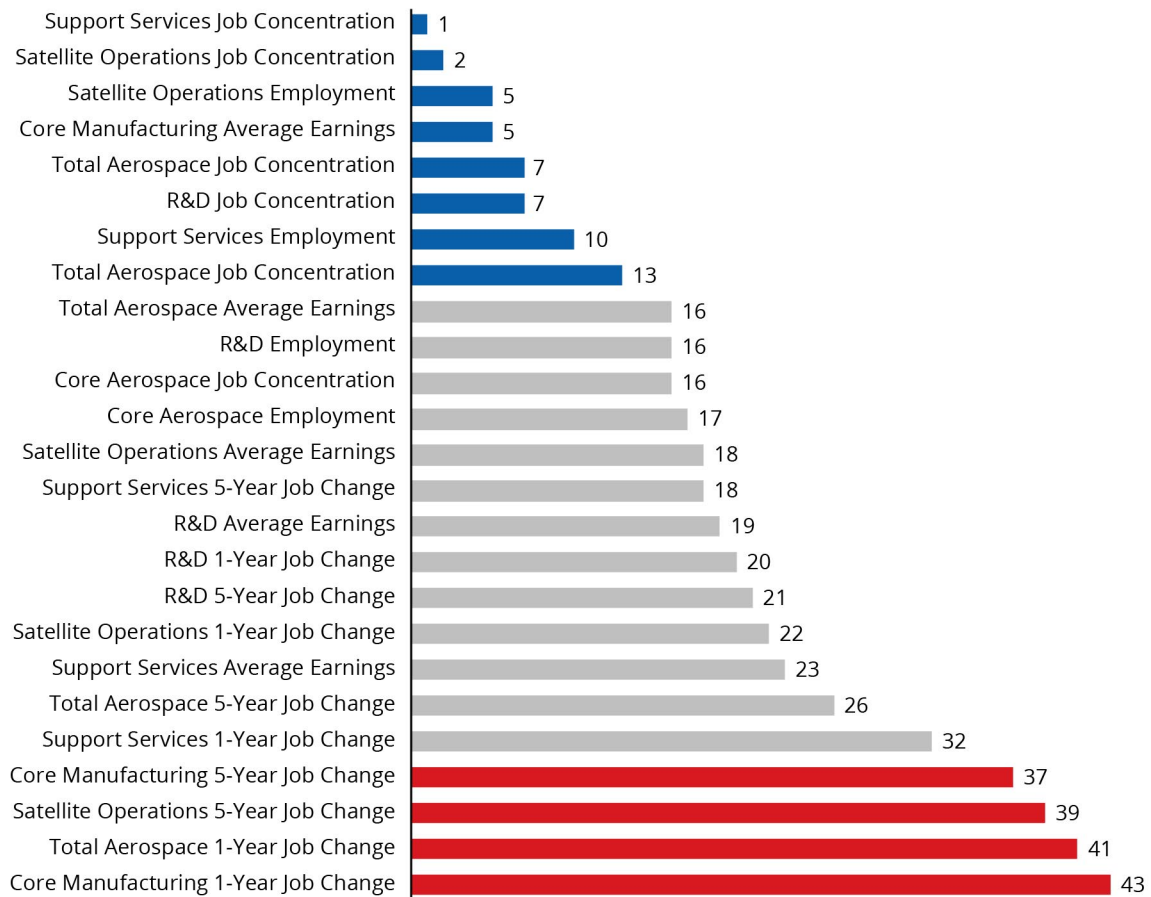
Colorado Core Manufacturing 5-Year Job Change by Percentage and State Ranking



Source: EL calculations based on Lightcast 2026.3

While job growth across the country was sluggish in core manufacturing from 2024 to 2025 (0.7 percent), several states in the Midwest and Southeast were able to add jobs during this timeframe. Many of these states, including Nebraska, Ohio, and North Carolina, are offering strong incentive packages to relocating or expanding companies.

Colorado Aerospace Industry Performance Metrics Rankings



Colorado's strong showing across most industry performance rankings does not happen in a vacuum. It rests on a set of underlying competitive drivers—including R&D funding, venture capital, tax competitiveness, cost of living, and workforce infrastructure—that state and local leaders can directly influence. The following scorecard turns from what the industry has achieved to the conditions that determine whether it continues to succeed.

State Comparison of Innovation Infrastructure

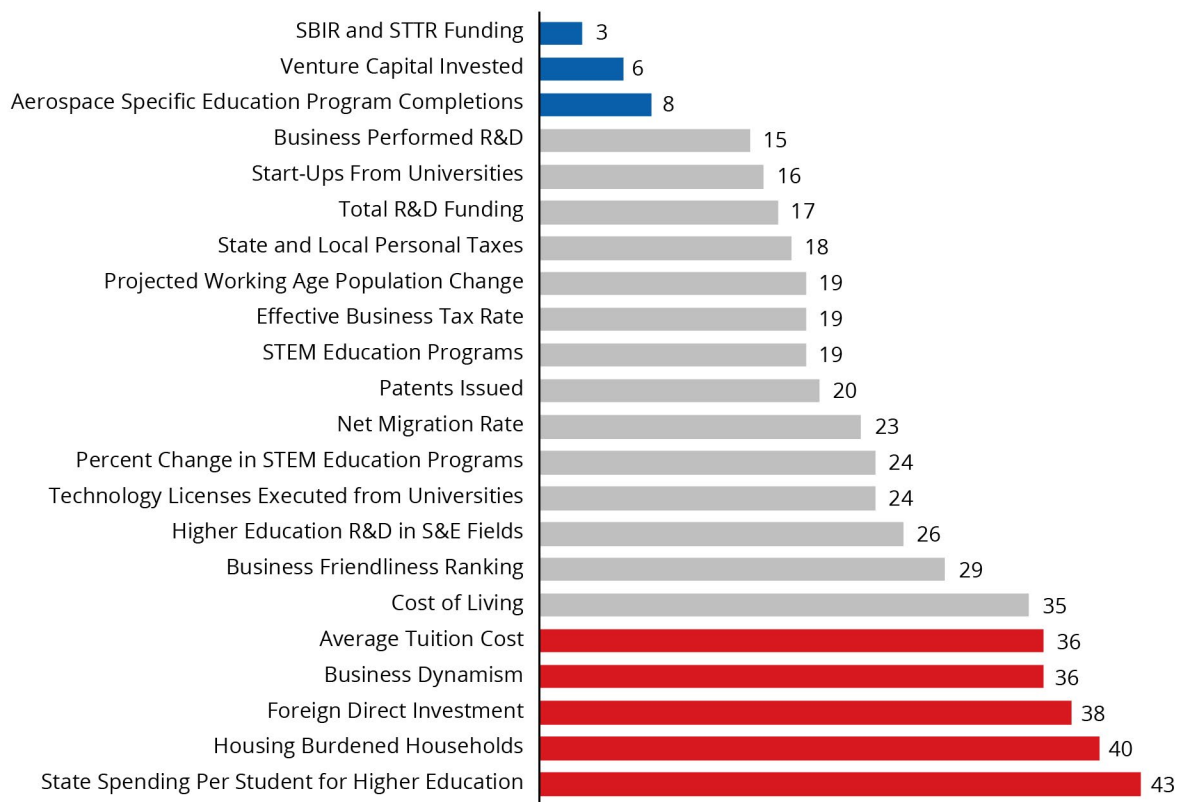
Similar to other parts of the economy, the aerospace sector requires solid infrastructure to flourish. Logistics firms must have good highways to conduct their business, agriculture needs good ports for export, and many manufacturers need robust water systems. The infrastructure required to support a thriving aerospace sector includes a:

- Skilled and educated labor force,
- Entrepreneurial ecosystem,
- Competitive regulatory environment, and an
- Innovation ecosystem that fosters collaboration between academia, private sector, and government.

Using this framework, the innovation infrastructure of Colorado was evaluated by comparing factors such as research funding, patents, STEM education, and university technology transfer. This section compares indicators that reflect a state's competitiveness and assesses Colorado's position amongst other peer states.

Overall, Colorado was ranked for 22 performance metrics for innovation infrastructure. The state ranked in the top 15 for three metrics, including aerospace education programs and venture capital funding. Colorado ranked in the bottom 15 for five metrics. Several of these factors were related to the rise in cost of living in the state.

Colorado Innovation Infrastructure Performance Metrics Rankings



R&D funding helps companies and universities develop new technologies that can be commercialized and spur further aerospace growth. When total obligations (including federal, state, and private funding sources) are evaluated across all states, Colorado invested about \$14.8 billion in R&D during 2023. When this level of funding is standardized by the size of each state’s economy Colorado ranks in 17th place. When the R&D funding rates are broken down by funding source, Colorado performed in the top 15 states for federal, business-led, and nonprofit R&D funding.

R&D Funding as a Percentage of GSP, 2023	
Funding Source	CO Ranking
Federal	10th
Business	15th
Academic	24th
Nonprofit	10th
State	23rd
TOTAL Research and Development	17th

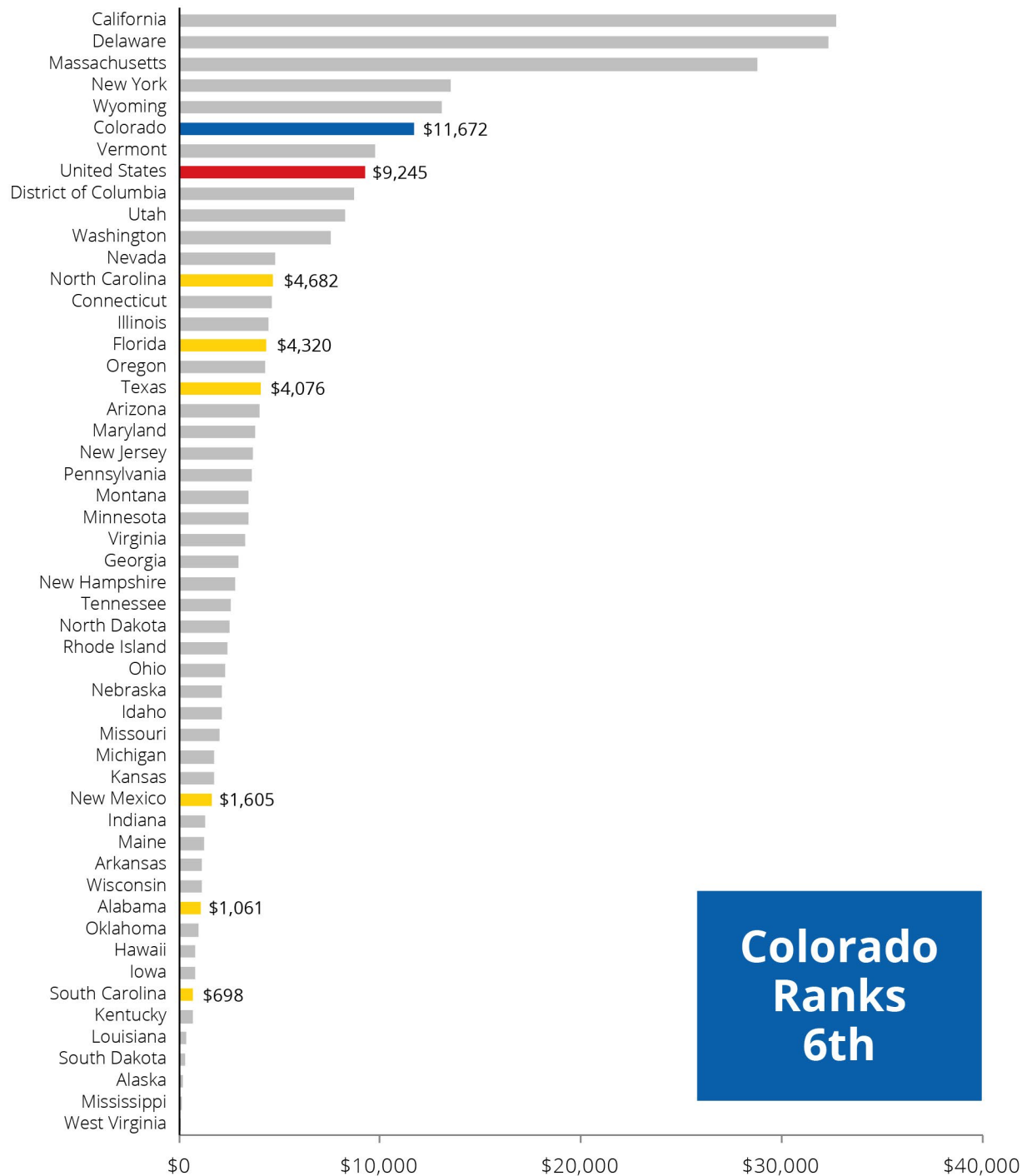
Source: EL calculations based on NSF (2026) and BEA (2026)

Venture capital is often an essential tool for start-up companies to grow and bring products to the market. Data released quarterly from the National Venture Capital Association (NVCA) offers insights into the states that are able to capture venture capital funding. California, New York, and Massachusetts remain top states in terms of overall funding as well as funding per GSP. When standardized across the size of each state’s economy, Colorado ranks 6th in the nation for venture funding.

While the standardized ranking is strong for Colorado, the sheer value of venture capital funding is heavily weighted toward the coasts. For example, California saw about \$727 billion in venture capital funding from 2020 to 2025. This was about 20 times the level in Colorado for the same timeframe, about \$33 billion.

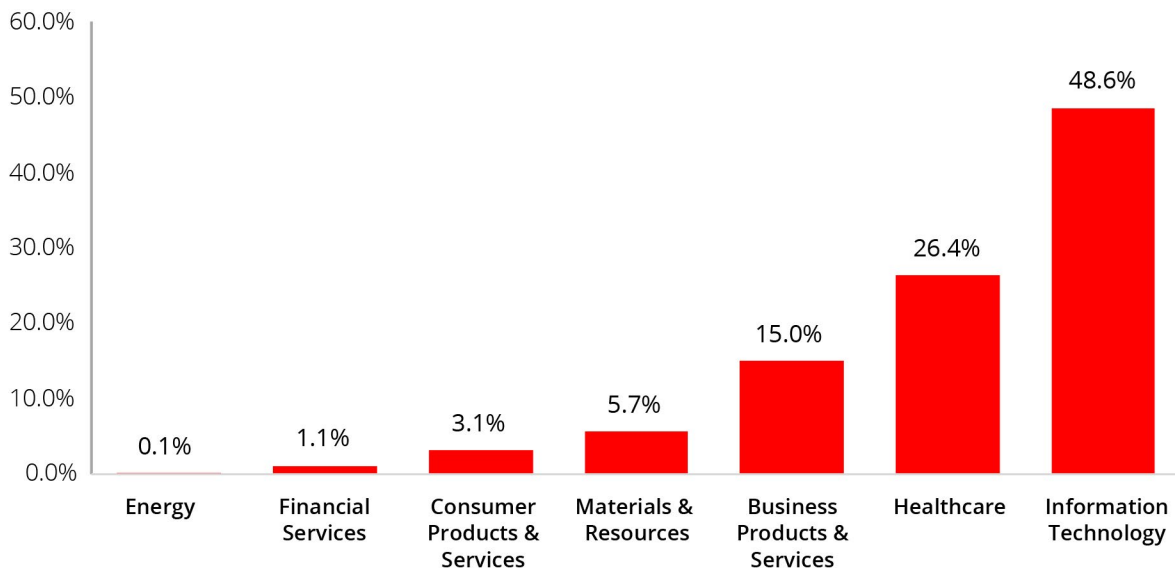
In addition, most of the venture capital funding occurring in the state is focused on healthcare and information technology. While some of the tech focused venture capital may include aerospace firms or aerospace related technology, it does not appear that the venture capital landscape is as focused on aerospace development.

Venture Capital Invested Per \$1 million GSP, 2020-2025



Source: EL calculations based on NVCA (2026) and BEA (2026)

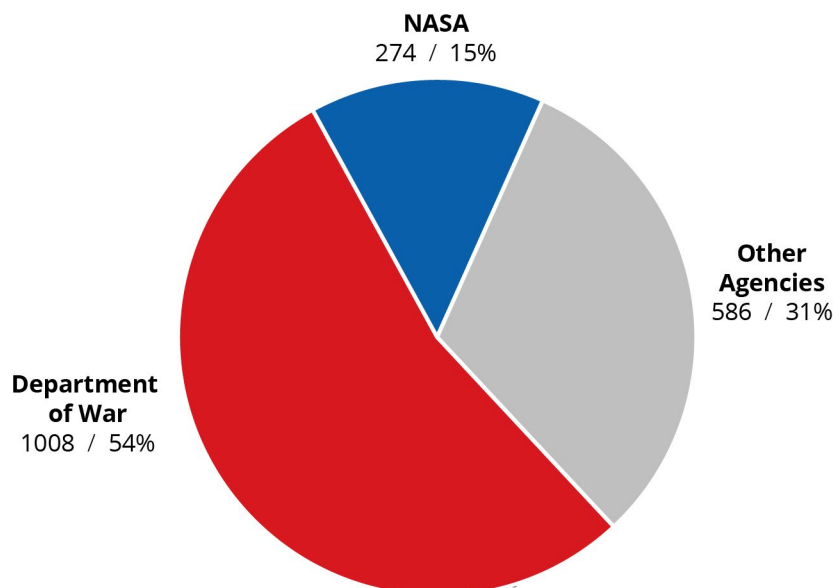
Colorado Venture Capital Investment by Sector, 2025



Source: NVCA (2026)

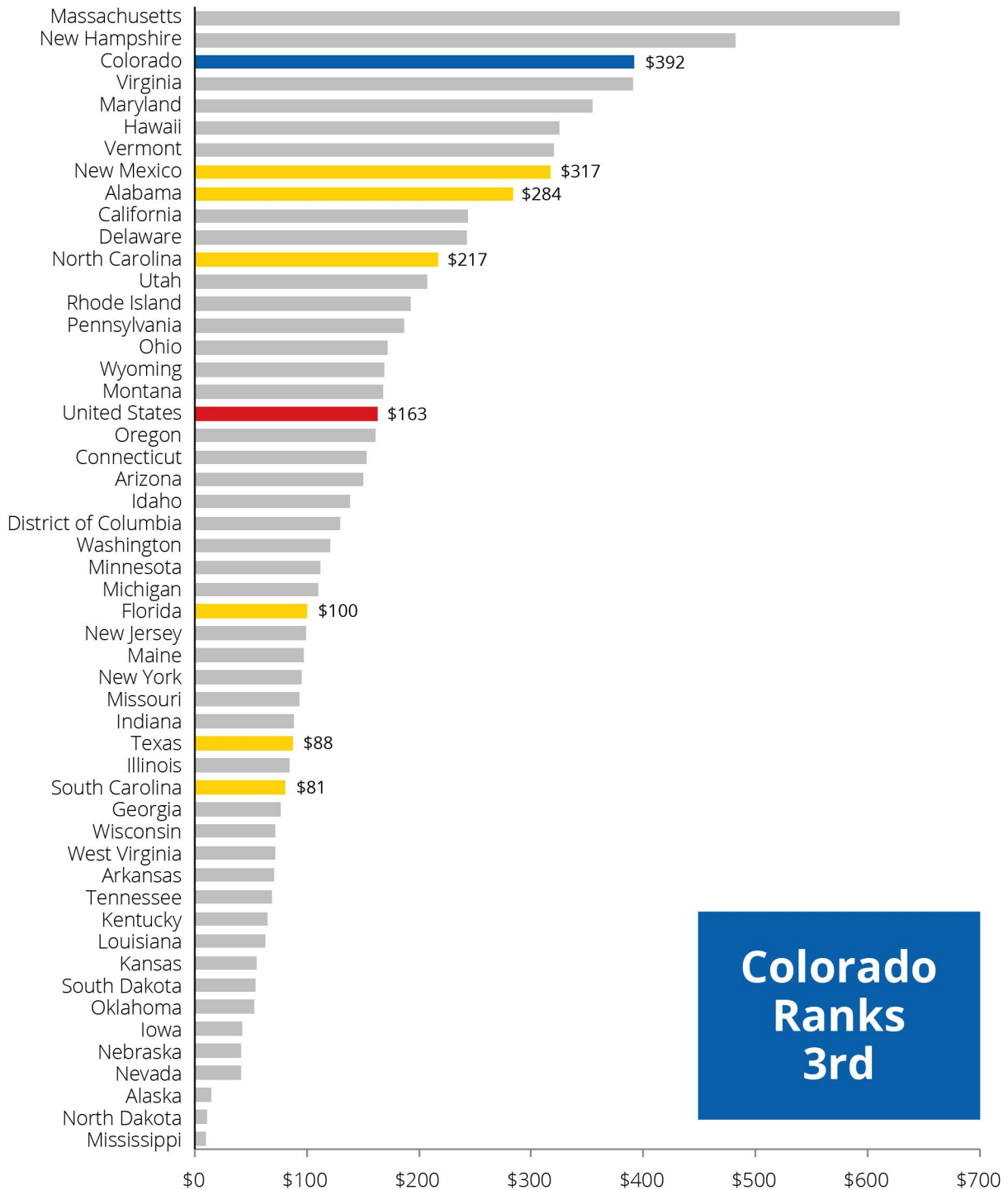
One option for new companies seeking funding for high-tech R&D is the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. These initiatives support and encourage American innovation by investing in small businesses during their concept and prototype development phases with the goal of reaching commercialization. SBIR/STTR awards can provide critical early-stage funding for high-reward concepts. Helping local startups to apply for and secure these funds can be especially impactful. Colorado has the 3rd highest SBIR/STTR funding rate per \$1 million in GSP over the last five years. Most of these awards are aerospace or defense related as about 69 percent of the awards come from the Department of War or NASA.

Colorado SBIR and STTR Awards by Federal Agency, 2020-2025



Source: EL calculations based on SBIR (2026)

SBIR and STTR Funding Per \$1 million of GSP, 2020-2025



Source: EL calculations based on SBIR (2026) and BEA (2026)

**Colorado
Ranks
3rd**

A friendly business climate is crucial in states where the aerospace sector is prominent, as supportive policies and incentives can attract high-growth firms, skilled talent, and venture capital. By fostering a competitive regulatory and tax environment, the state enhances its appeal as a hub for innovation and manufacturing.

Colorado was scored as the 29th most favorable state in terms of business friendliness by CNBC in the annual Top States for Business in America Rankings. Several of Colorado’s neighbors and competitors for aerospace companies (like Utah) ranked in the top ten for business friendliness. The state was also ranked has having the 19th lowest effective business tax rate. Another popular ranking set for competitiveness is the Tax Foundation’s annual state tax rankings. This group ranks Colorado 33rd overall in tax burden. The state’s best ranking is 20th for corporate taxes which aids in competitiveness for aerospace investments.



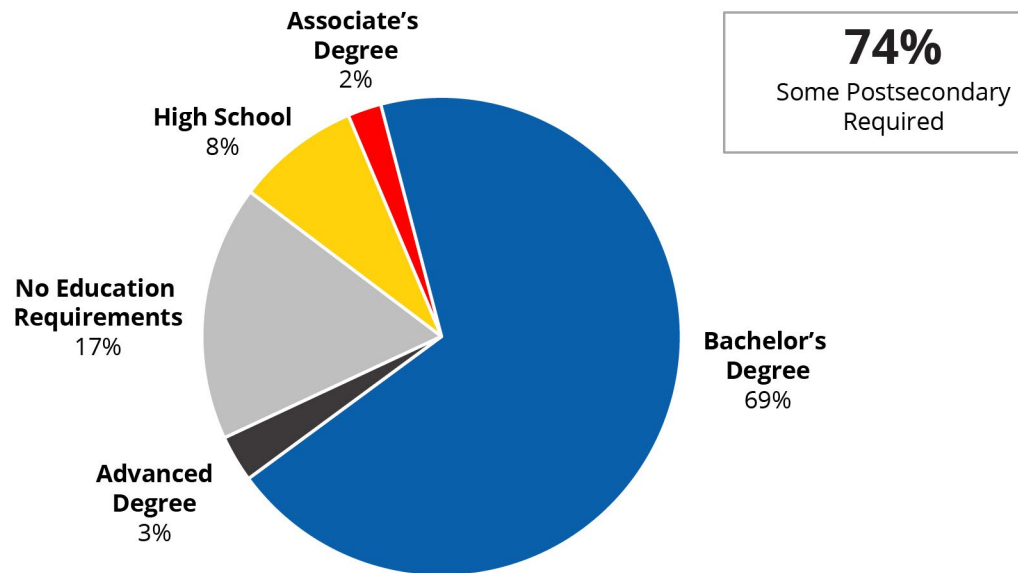
Source: CNBC America's Top States for Business 2026.
Washington & Montana tied for 40th

Tax Foundation Rankings of Colorado’s Tax Competitiveness, 2026	
Category	Rank
Overall	33rd
Corporate Taxes	20th
Individual Income Taxes	21st
Sales Taxes	39th
Property Taxes	34th
Unemployment Insurance Taxes	40th

One of the essential components of infrastructure for a thriving aerospace industry is a skilled labor force. While there are many jobs in aerospace that focus on production or maintenance that do not require a college degree, about 74 percent of all job postings in the last two years required some postsecondary training. Trends in postsecondary completions (degrees or certifications) in aerospace specific programs were evaluated. Over the last two decades, the number of completers in these fields has risen steadily. In 2024, 888 degrees and certificates were awarded in aerospace specific programs. This was the 8th highest number of completions across all states.

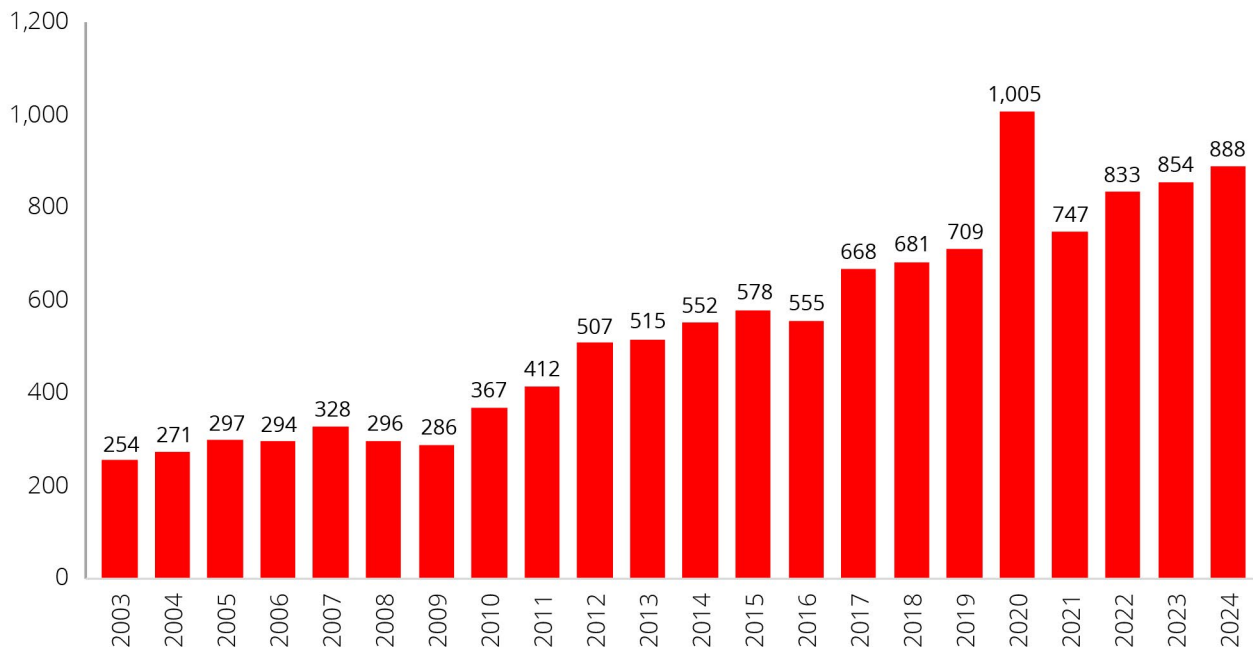
Minimum Education Level Required in Colorado Aerospace Job Postings

June 2024 - June 2026



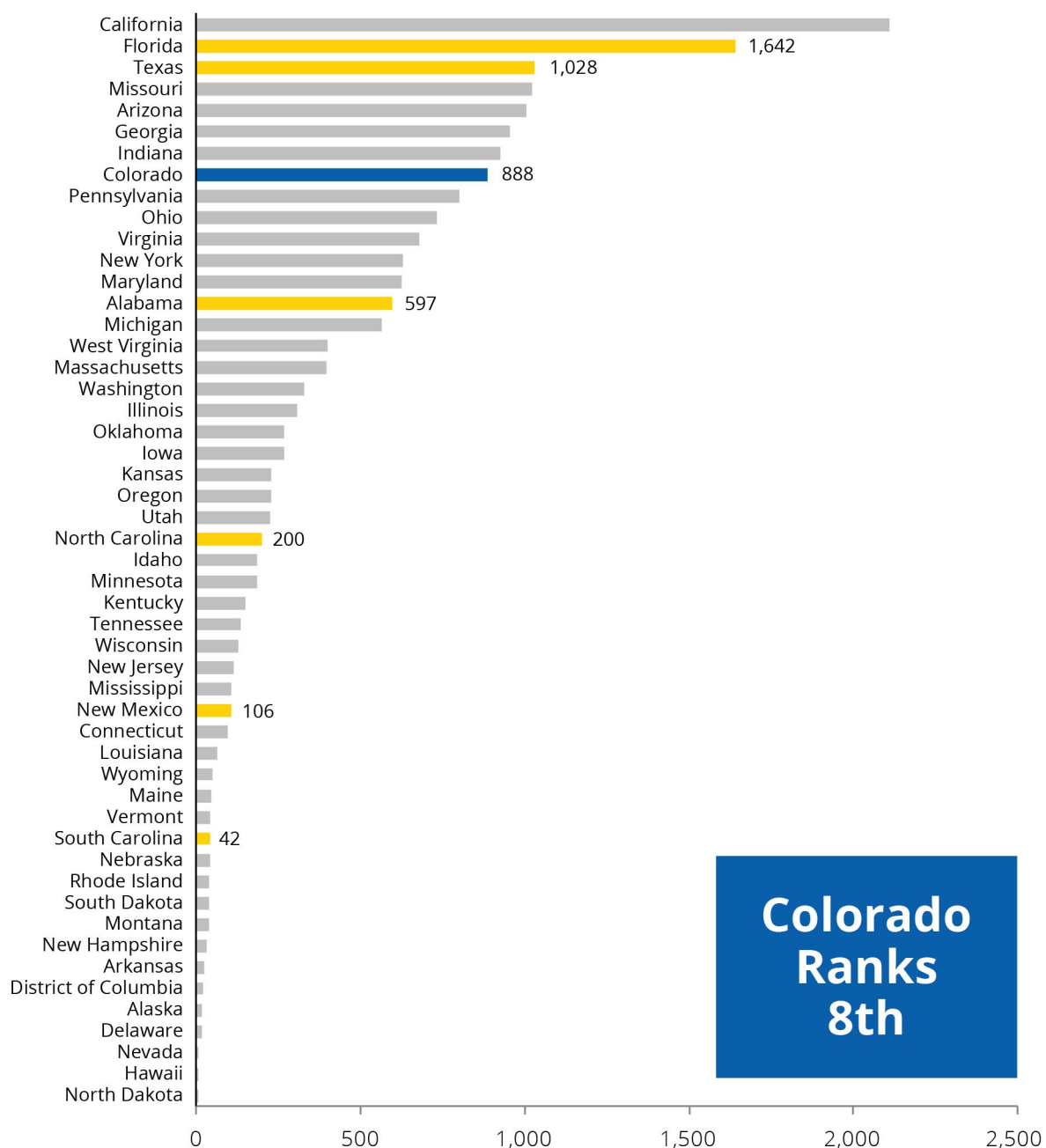
Source: EL calculations based on Lightcast 2026.3

Colorado Program Completions in Aerospace Specific Fields



Source: Lightcast 2026.3

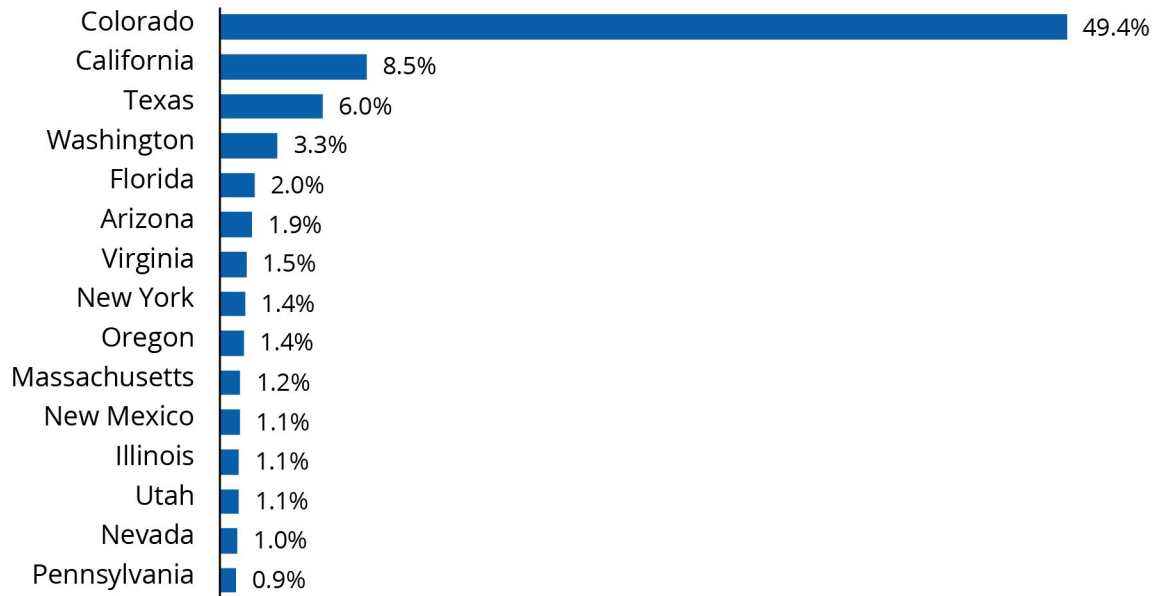
Program Completions in Aerospace Specific Fields, 2024



Source: EL calculations based on Lightcast 2026.3

When online professional profiles for individuals who had received an aerospace degree, award, or certificate from a Colorado postsecondary institution were reviewed, almost half of these profiles listed their current location as Colorado. About 8.5 percent were currently working in California and another 6.0 percent were working in Texas. While this analysis of online profiles is not a total accounting of all the aerospace graduates coming out from Colorado schools, it does provide some indication that a significant portion of those educated in Colorado do stay and work in the state. This highlights how supporting local postsecondary institutions can help expand the local labor pool.

Current Location of Aerospace Program Completers from CO Schools



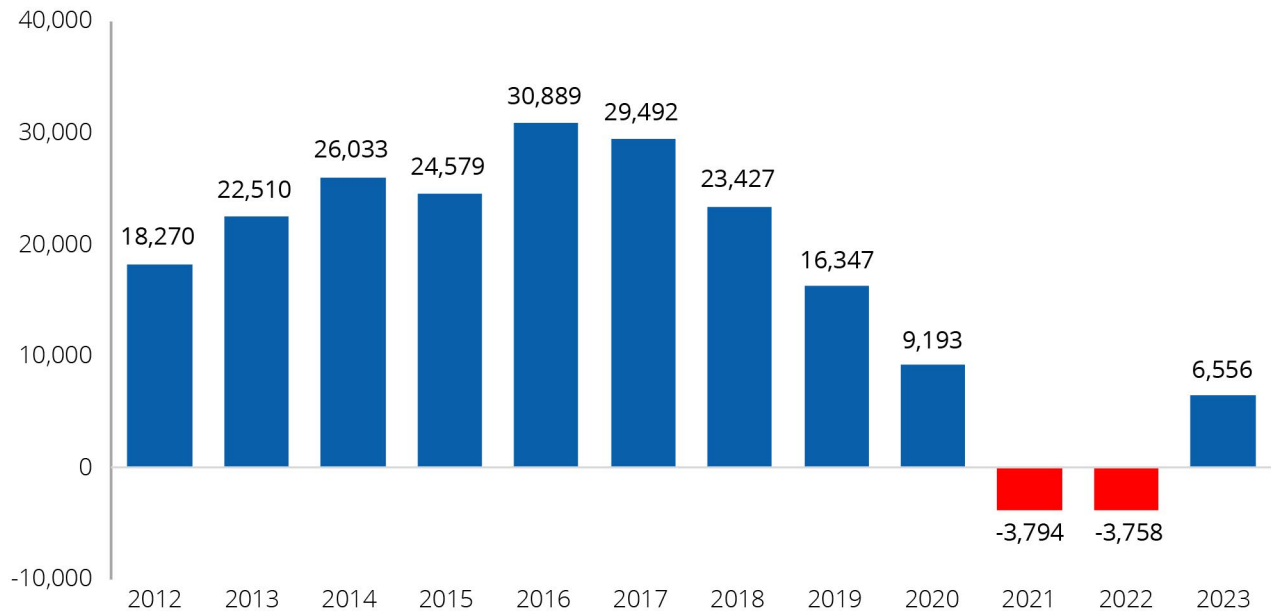
Source: EL calculations based on Lightcast 2026.3

Note: This data comes from online profiles of individuals who have updated their profile since 2020.

As workforce continues to be a key challenge in the aerospace industry, specific data that influences the size of the talent pool for the state were measured. Migration into the state can increase the size of the workforce. As mentioned previously in this report, Colorado's migration has slowed in recent years. Migration patterns in recent years have followed trends in state taxation. States with the lowest income taxes tended to gain the most new residents. Colorado's average taxes per person during this timeframe ranked in the middle of the pack at 18th. Colorado had the 23rd highest migration rate in 2024.

Data from IRS tax records provide information on domestic taxpayer moves from state to state. This data reveals show a sharp increase in net domestic migration in 2012 through 2017, meaning more people moved to the state than left. Beginning in 2018 the trend began to decline and in 2021 and 2022 more people were leaving the state than moving in. The following year returned to a net positive but still below those experienced during the 2010s population boom. One area of migration where Colorado has continued to excel is the recruitment of younger, college educated people to the state.

Colorado Net Domestic Taxpayer Migration



Source: Lightcast 2026.3

Note: Based on IRS data on individuals who file federal taxes.

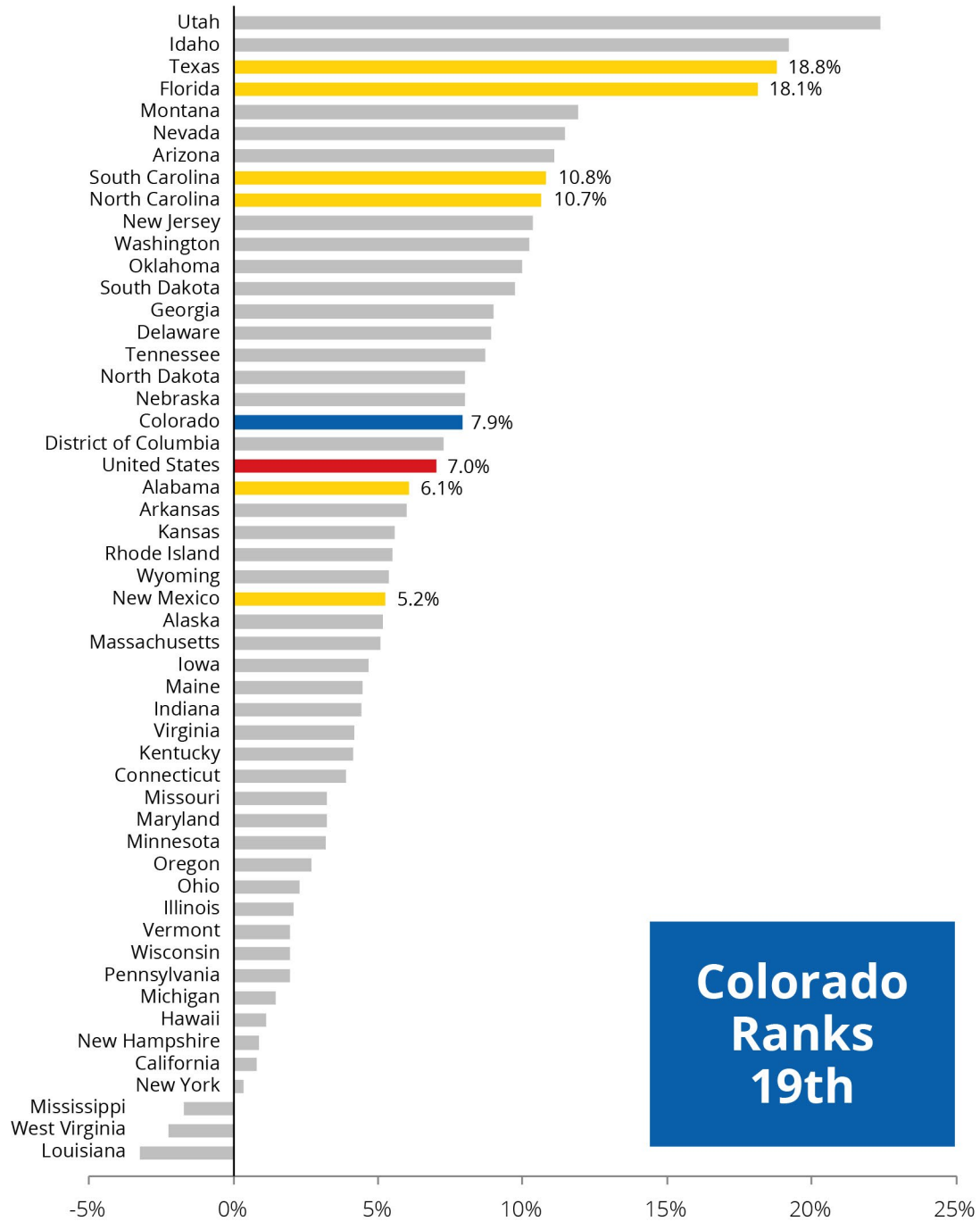
Migration is only a part of the workforce size equation. Fortunately, Colorado's working age population is predicted to grow in the next ten years at a rate of 7.9 percent. This is the 19th highest rate in the nation and above the national average. A few states in the country are expected to see declines in their working age population during this time. Several peer states have higher population projections in the coming years which may improve their competitiveness in the aerospace talent wars.

The attractive quality of life in Colorado has brought many new people to the area in recent years. One downside of this growth is the impact to cost of living. While the state retains some cost advantages compared with the highest-cost states (including many in the Northeast), 34 states had lower costs of living in 2025, including all of the peer states. Managing the rising cost of living will be a challenge for Colorado in the coming years.

Housing prices specifically rose sharply in the Mountain West in recent years, making affording rent or mortgages more difficult. This is one of the biggest contributors to Colorado's high costs. In 2020, almost 23 percent of households were considered housing burdened (paying more than 30 percent of household income on housing). By 2024, this rate increased to 35 percent. This is higher than the national average, and Colorado dropped to 40th in the rankings. The lack of affordable housing was one of the biggest threats to the aerospace workforce mentioned in interviews with stakeholders.

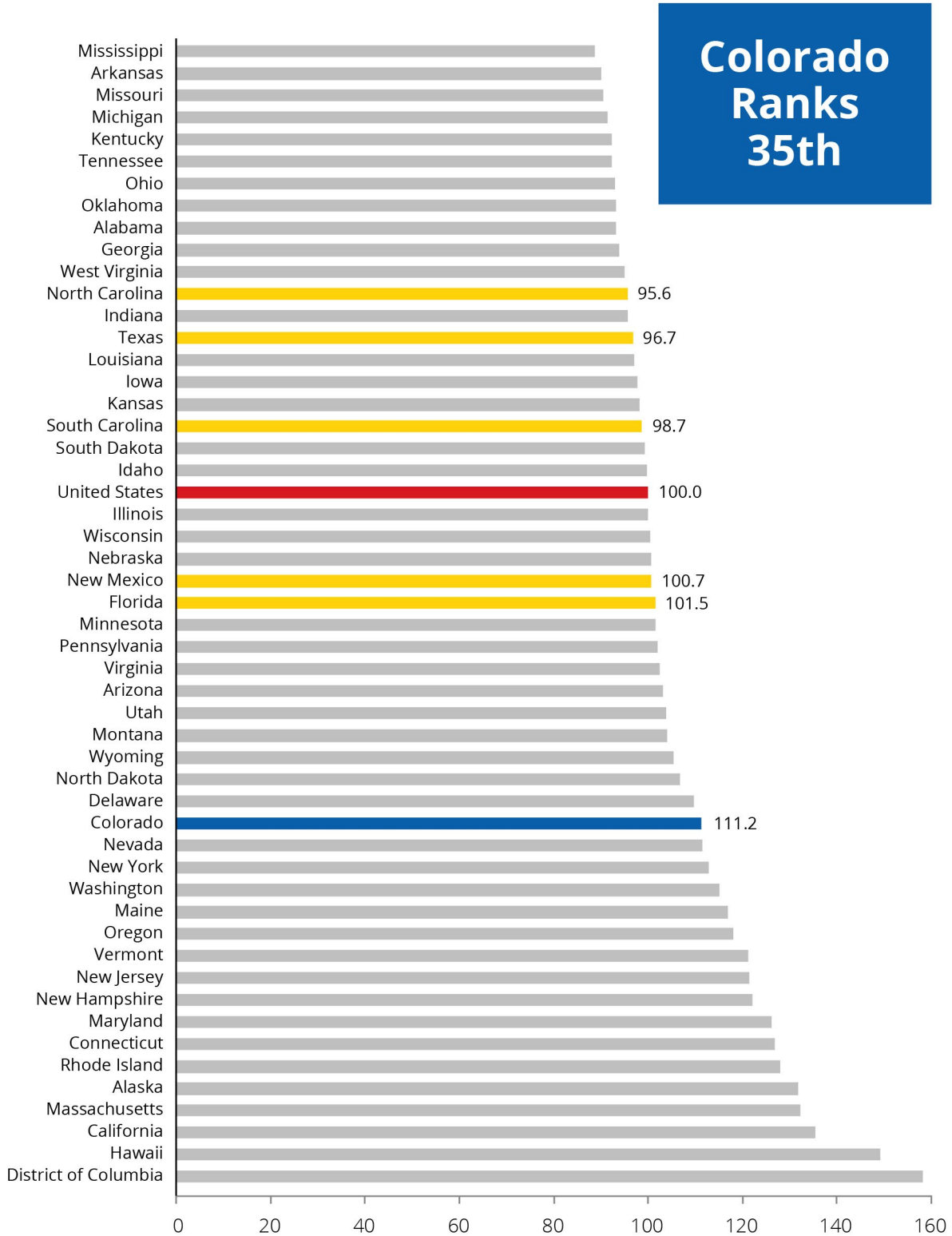
Colorado home prices had been rising relative to the national average before the pandemic. After the pandemic, this trend became even more pronounced. With recent cuts in rates from the Federal Reserve in the fall of 2024 and local efforts to improve the supply of housing, the typical cost of a home in Colorado has decreased slightly in recent months.

Projected Working Age (25 to 54) Population Change, 2026 - 2036



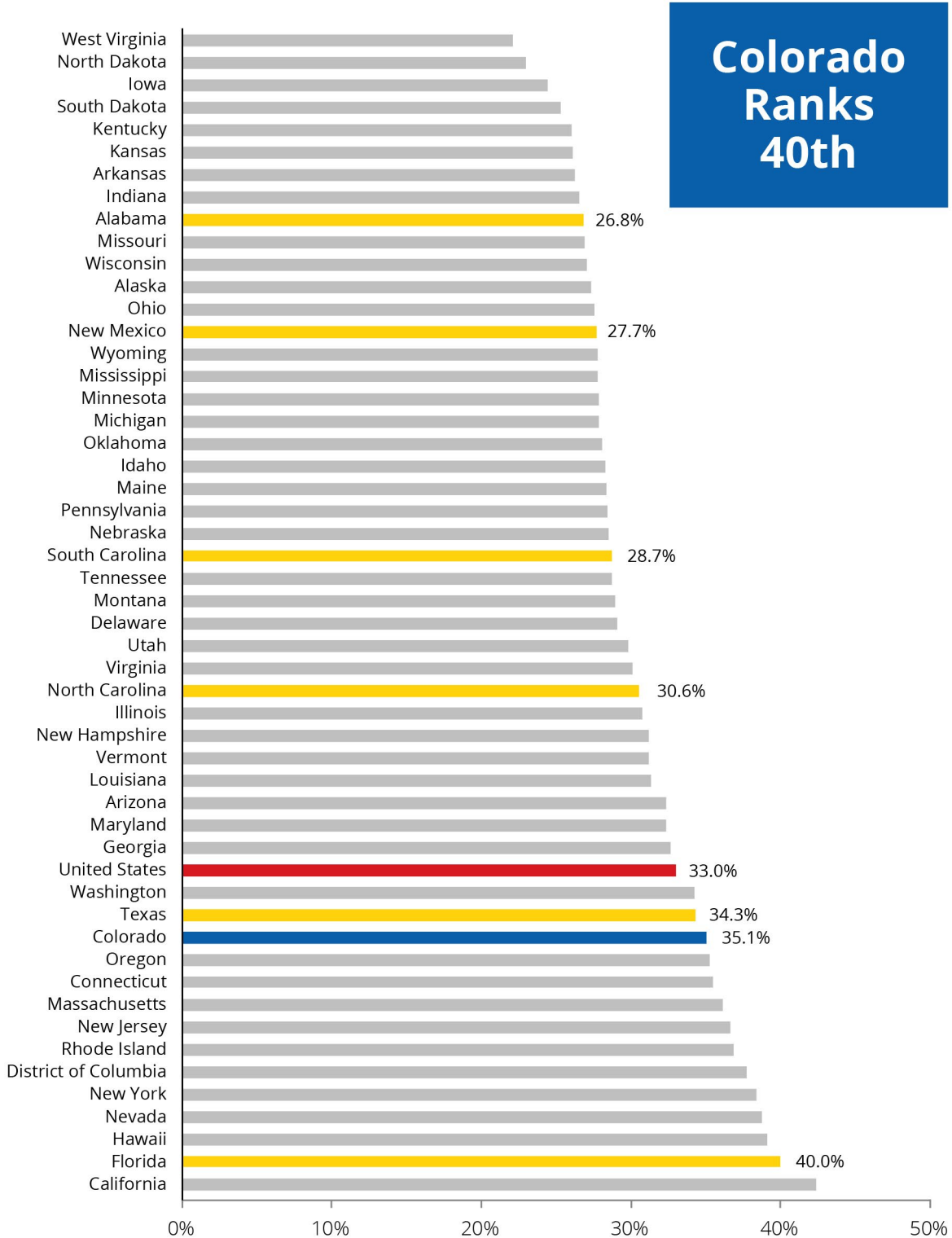
Source: EL calculations based on Lightcast 2026.3

Cost of Living Index, 2025

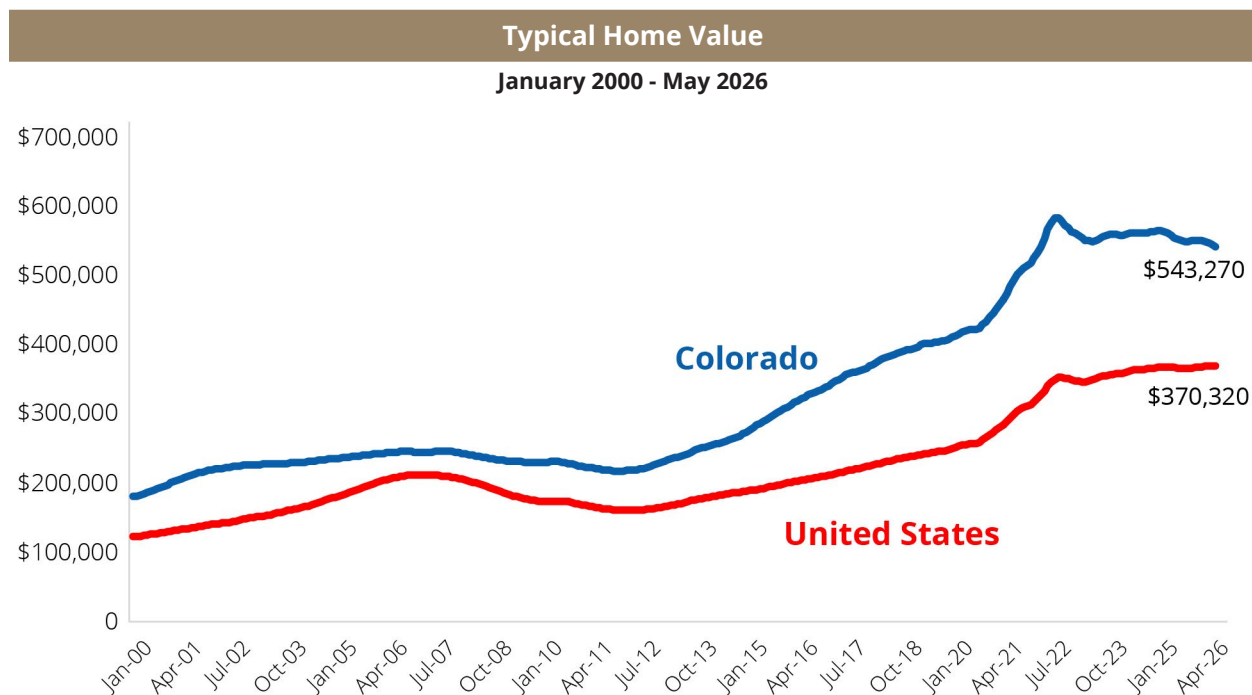


Source: EL calculations based on Lightcast 2026.3

Share of Housing Burdened Households, 2024



Source: EL calculations based on U.S. Census Bureau



Source: Zillow (2026)

The cost of energy is becoming an increasingly important factor for business and worker location decisions. Colorado's energy prices ranked in the middle of the pack, with industrial users having the 34th lowest rate.

Colorado Average Electricity Price by End User, 2024		
End User Category	Price (Cents per KWH)	CO Rank
Residential	14.92	27th
Commercial	11.71	27th
Industrial	8.62	34th

Source: Energy Information Agency (2025)

Aggregate scorecards and national rankings establish where Colorado stands in the abstract. The next section makes that competition concrete, profiling the specific states most aggressively pursuing the same companies, talent, and investment Colorado is trying to keep and grow.

Top State Competition in the Aerospace & Defense Sector

Recent gains in the Colorado aerospace industry have been strong, with 26 percent aerospace employment growth in five years.ⁱ From 2024 to 2026 the state had the nation's 4th highest density of aerospace and defense (A&D) job postings as a share of all job postings.ⁱⁱ It ranked 7th in aerospace employment concentration as of 2025.

Colorado also ranks high in the educational attainment of its population, especially in STEM disciplines. Colorado is a leader in several industry subsectors. Those for which the state has an employment concentration greater than four times the national average are:

- Geophysical Surveying and Mapping Services
- Guided Missile and Space Vehicle Manufacturing
- Satellite Telecommunications
- All Other Telecommunications

But regardless of its many positives and areas of strength, Colorado faces extremely tough competition to capture jobs, private investment, and federal investment in aerospace and defense. As detailed below, this competition comes from long-time "legacy" A&D leaders as well as states that may be less well known for A&D but are making impressive strides in the sector. These up-and-coming states offer big-picture advantages such as lower costs of doing business, large available sites with good infrastructure, and low taxes. In addition, they are stepping up in areas critical to A&D success like specialized workforce training in engineering and other STEM fields. A summary of top state competitors follows.

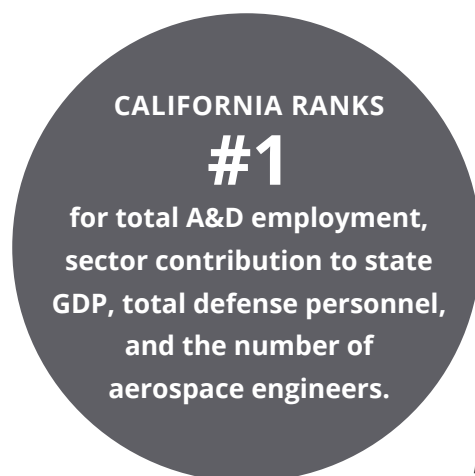
Leading Competitors

California

California—and Southern California in particular—can be viewed as the king of legacy centers for the aerospace and defense sector in America. Southern California has hosted the growth and development of major players in the industry over the last 100 years, from Lockheed and Douglas Aircraft to SpaceX and Rocket Lab. The state was #1 nationally in aerospace and defense contribution to state GDP in 2023 at \$70.5 billion, and also tops in total sector employment.ⁱⁱⁱ California leads the U.S. in the number of aerospace engineers.^{iv} Looking just at the defense side of the equation, it ranked 2nd in total defense spending in 2024^v and has the largest number of defense personnel of any state.

California's current areas of A&D industry focus are: a) aircraft, b) shipbuilding, and c) space, defense, and satellites. In the rapidly evolving area of space tech, the state claims to host one-third of all U.S. space tech firms, companies that received 70 percent of all space tech venture capital funding in America in recent years.^{vi}

In addition to its many aerospace companies and large defense installations, key assets in California include four NASA research centers and two of the country's top-ranked universities for aerospace engineering—Caltech and Stanford.



State support for the sector comes in the form of a Space Flight property tax exemption, R&D tax credit, and the CalCompetes tax credit with an allocation of \$923 million available for FY2025-26. The state notes that it provided \$80 million in California Competes income tax credits to aerospace and defense firms from 2022 to 2024. As an indication of California's commitment to strongly competing for jobs and businesses, the CalCompetes tax credit was recently reauthorized and extended through 2033.

Despite the long history of California as an A&D powerhouse, the high cost of doing business and hiring talent there has dampened its attractiveness for the industry. The state had only a modest gain in sector employment from 2020-2025, below the U.S. average and ranking 42nd nationally^{vii} It did not make national lists of the top 10 most competitive states for aerospace in 2022 (study by AeroDynamic Advisory) or the top locations for aerospace manufacturing attractiveness in 2024 (PwC). Especially for A&D-related manufacturing, the aggressiveness of lower-cost states in providing ready sites, ample infrastructure, available talent, and incentives will make it difficult for California to retain its competitive position.

Texas

Texas can qualify as a chief competitor through both its historical legacy (NASA's Johnson Space Center in Houston opened in 1961) and current aggressiveness, as it lured SpaceX to relocate in 2024. Other private space-focused firms in the state include Blue Origin and Firefly Aerospace. The scope of Texas' A&D leadership is broad:

- 1st in attractiveness for aerospace manufacturing (2024)^{viii}
- 2nd in aerospace sector competitiveness (2022)^{ix}
- 3rd in total defense spending (2024)
- 3rd in contribution to state GDP from aerospace and defense (2023)
- 3rd in total A&D employment (2023)

The state is certainly not resting due to its past success. Universities there are creating new innovation centers on campus and in conjunction with NASA. Texas A&M is leading construction of a 400,000 square foot Space Institute near Johnson Space Center, with the help of \$200 million in state funding through the newly-established Texas Space Commission. Texas A&M is also completing a five-year, \$100 million contract with the U.S. Department of Defense to improve hypersonic flight capabilities. Meanwhile, the University of Texas at El Paso is building an \$80 million Advanced Manufacturing and Aerospace Center on its campus.

Another \$150 million allocated to the **Texas Space Commission** in 2024 funds a new **Space Exploration & Aeronautics Research Fund (SEARF)**. SEARF provides grants to businesses, government entities, universities, and nonprofits for space-related projects in the areas of 1) Emerging Technology, 2) R&D, 3) Workforce Training, 4) Materials Curation, and 5) Infrastructure. Of this initial allocation, \$135 million in grants have already been awarded.

Financial inducements available in Texas include its JETI Act (Jobs, Energy, Technology, and Innovation) incentives established in 2023 to reward high levels of capital investment in tech projects. Texas also has an R&D tax credit as well as state sales and use tax exemptions for manufacturing.

Florida

Like Texas, Florida has enjoyed a booming economy in recent years with substantial job and population growth. This is driven in part by a moderate cost of living and a low-tax environment with no personal income tax. In the 2026 state tax competitiveness rankings from the Tax Foundation, Florida ranks 5th best compared with Colorado's rank of 33rd.

The home of the Kennedy Space Center is also a longtime major player in aerospace and defense. Florida's key strengths lie in MRO (maintenance, repair, and overhaul), flight training, and aerospace components manufacturing. State economic developers claim that Florida has the most MRO operations in America and the 3rd highest number of aircraft manufacturing establishments.^x Florida was named 2nd best for aerospace manufacturing attractiveness by PwC in 2024, and ranks in the top 10 for each of these metrics:

- Total A&D employment
- A&D job increase from 2020-2025
- State contribution to GDP from A&D
- Total defense spending

Florida can tout a workforce with strong STEM skills, as 35 percent of higher education degrees are in science and engineering. Combining the areas of aerospace, electrical, electronics, mechanical, and industrial engineering, state universities award about 3,500 bachelor's degrees and 1,300 graduate degrees in those fields annually.^{xi} The **Florida University Space Research Consortium** is comprised of Florida State, South Florida, Florida A&M, Florida International, and Florida Tech.

To match talent with A&D employers, Florida Commerce and the independent public corporation Space Florida have partnered on an online **Talent Pipeline Portal** for aerospace and defense career advancement. Florida Commerce's commitment to the sector is further underscored by the creation of its **Office of Military and Defense** in 2023. The office operates three grant programs that assist military communities across the state.

Florida has increased efforts to connect aerospace-related startups with venture capital. Space Florida works with the member-driven Florida Venture Forum to award funding for seed, early, or growth stage aerospace firms. More than \$800 million has been invested at capital accelerator events hosted by the Florida Venture Forum since 2015. Also, the state operates a sovereign wealth-like fund called the Florida Opportunity Fund with six investment areas, one of which is SpaceTech, Aerospace & Defense.

Florida also designated space as a mode of transportation in 1999, recognizing it in the same manner as other long-established modalities such as roads, rail, airports, and seaports. This designation lets the Florida Department of Transportation (FDOT) dollars flow to spaceport infrastructure through the Spaceport Improvement Program (SIP), run jointly with Space Florida. Cumulative FDOT investment in space infrastructure has reached \$541 million since 2019, and the program has funded 48 capital infrastructure projects.

Washington

Another aerospace behemoth is the state of Washington. The home of Boeing and 1,500 industry supply chain firms was rated #1 in the U.S. for competitiveness in the aerospace sector (2022) and ranked 2nd in total A&D employment as of 2023. The state's aerospace supply chain is the largest in the United States. Washington is also among the top 10 for aerospace manufacturing attractiveness and the percentage of A&D job postings as a share of all job postings.

In addition to leadership in manufacturing aircraft and their components, Washington offers particular expertise in satellite technology and the production of low Earth orbit satellites. Other areas of focus in Washington are supersonic and hypersonic flight, sustainable aviation fuels (SAF), and uncrewed aircraft systems (UAS) or drones. Companies there are working on the next generation of uncrewed aircraft systems to advance Urban Air Mobility. These are highly automated aircraft to transport cargo and passengers at lower altitudes in urban areas.

Washington is home to many specialized entities that support the state's A&D cluster. Notable examples include:

- **Washington Aerospace Training & Research Center** at Edmonds College in Everett. This center offers five short-term training certificate programs for aerospace-related manufacturing and assembly jobs.
- **The Center of Excellence in Aerospace & Advanced Manufacturing**, a workforce development resource established in 2004 at Everett Community College.
- **The Joint Center for Aerospace Technology Innovation (JCATI)**, funded by the state legislature since 2012. JCATI provides grants that facilitate short-term partnerships between industry and public university engineering programs to solve technology roadblocks. JCATI has allocated \$18 million for 199 projects since it was established.
- **The American Aerospace Materials Manufacturing Center** in Spokane, announced by the U.S. EDA in 2023 and recipient of \$48 million in federal funds in 2025. This center will be a testbed for the development of new composite aerospace materials.

Connecticut

The small state of Connecticut makes a big imprint on the nation's aerospace and defense sector, with A&D's economic impact on state GDP being the 5th highest in America at \$25 billion in 2023. Connecticut is known for manufacturing jet engines, helicopters, and submarines (including the world's first nuclear submarine). It ranks 7th highest in total defense spending and 6th in defense spending as a share of state GDP. Connecticut also rated 8th in the density of A&D job postings compared with all postings in the state from 2024-2026.

A major resource for manufacturers in the state – including those in aerospace, space, defense, and shipbuilding – is the **Connecticut Center for Advanced Technology, or CCAT**. The nonprofit applied technology center in East Hartford was founded in 2004 and now has a staff of 50. CCAT serves to validate, demonstrate, and assist with the adoption of leading-edge manufacturing technologies, also providing relevant workforce training for existing and new employees. CCAT helps

companies to successfully integrate Industry 4.0 technologies such as digital twinning, generative design, and autonomous manufacturing.

Concerns for this critical legacy sector in Connecticut include being the only state in America with net job losses from 2020 to 2025 and being omitted from top 10 lists highlighting aerospace competitiveness (AeroDynamic Advisory, 2022) and aerospace manufacturing attractiveness (PwC, 2024).

Arizona

Though perhaps not as well known for aerospace and defense activity as the legacy names in this report, Arizona is very much a heavyweight competitor. It ranks among the top 5 states in each of these metrics:

- Total A&E employment (2023)
- Overall aerospace competitiveness (2022)
- Aerospace manufacturing attractiveness (2024)
- A&D economic impact on state GDP (2023)

In addition, Arizona is among the top 10 states for total defense spending. Among A&D subsectors, the state is a national leader in guided missile and space vehicle manufacturing. Overall, the state claims more than 60 company expansions related to A&D in the past five years, representing \$2.8 billion in investment and 12,500 new jobs.

In the summer of 2025, the **Arizona Office of Defense Innovation (ODI)** was launched as a public-private partnership between the Arizona Commerce Authority and the Southwest Mission Acceleration Center, a defense innovation organization based in Phoenix. The goal of the ODI is to coordinate efforts between the U.S. Department of Defense (DoD), state agencies, defense contractors, academic researchers, and entrepreneurs. ODI's three primary focus areas are 1) supporting the A&D industry in Arizona, 2) facilitating expansion of DoD activity in the state, and 3) expediting deployment of new "dual use" technologies that have both civilian and defense applications.

Also in 2025, Arizona established a **Future48 Workforce Accelerator** in Mesa to prepare students for careers in aerospace and defense manufacturing. The A&D Future48 is a partnership between the local community college, the governor's office, Arizona Commerce Authority, Boeing and Honeywell. The accelerator received \$6 million from the Commerce Authority and is expected to open this fall focusing on skill areas like electrical assembly, wiring, and aviation mechanics. Arizona has other workforce accelerators supporting semiconductor and battery manufacturing.

Virginia

Given that it is adjacent to the nation's capital and home to the Pentagon, it is no surprise that defense is an extremely important part of Virginia's economy. Virginia leads the U.S. in total defense spending and is 2nd in defense spending as a share of state GDP. Defense makes up nearly 10 percent of Virginia's GDP. The Commonwealth of Virginia also holds top 10 rankings for total A&D employment, A&D economic contribution to GDP, aerospace competitiveness, and attractiveness for

aerospace manufacturing. A negative industry trend is that the state fell below the U.S. average in A&D percentage employment gains from 2020 to 2025.

In addition to the dense cluster of defense contractors across northern Virginia, the Hampton Roads region in the southeastern corner of the state hosts a huge military presence with 16 bases including the largest navy base in the United States. Huntington Ingalls is Virginia's largest industrial employer and the nation's largest private military shipbuilding and repair facility. The Hampton Roads region is also home to hundreds of submarine and aircraft carrier builders and supply chain firms.

The **National Institute of Aerospace (NIA)** was established in 2002 in Hampton in southeastern Virginia. Member universities of the nonprofit research center come from Virginia, North Carolina, Maryland, and Georgia. One of NIA's initiatives is its Center for Integrative STEM Education focusing on K-12 STEM resources. Major A&D innovation assets also include NASA's Langley Research Center and the Virginia Modeling, Analysis, and Simulation Center at Old Dominion University.

An increasing focus of A&D innovation in Virginia is the subsector of unmanned aerial systems or drones.

Other Strong Competitors

Maryland

The state with the nation's highest concentration of aerospace engineers^{xii} and the greatest density of A&D job postings (2024-2026) is also a top 5 state in defense spending.

The home of NASA's Goddard Space Flight Center (and missions including the Hubble Space Telescope and James Webb Space Telescope) emphasizes research on satellites and other space technology, unmanned aerial vehicles, and cybersecurity expertise. Also supporting telescope innovation is the Space Telescope Science Institute in Baltimore.

The state legislature established the **Maryland Aerospace and Technology Commission (MATC)** in 2024, housed within the state Department of Commerce. One area of focus for the MATC is to identify and court sources of funding for space technology companies.

Alabama

The big news for aerospace and defense in Alabama was the federal government's decision in 2025 to move the U.S. Space Command headquarters to Redstone Arsenal in Huntsville, potentially adding 1,400 jobs over a five-year period. However, the state had already been on the rise as an A&D powerhouse. Alabama has top 5 rankings for the number of aerospace engineers, the percentage of all job postings that are in the A&D sector, and in overall aerospace competitiveness. It places among the top 10 for A&D contribution to state GDP, total A&D employment, and total defense spending.

In addition to a huge cluster of activity around Huntsville, Airbus builds passenger jets in Mobile. Alabama's recent Catalyst state economic development strategy names eight key industry categories including defense and mobility—the latter combining aerospace with automotive.

To meet the rising demand for talent, Alabama launched the Department of Workforce in October 2025 to consolidate fragmented workforce programs. The new office provides a single “front door” for business training needs and will address specific issues such as young people disconnected from work and school.

Alabama has also ramped up education and training efforts around aerospace and aviation. The Alabama School of Cyber Technology & Engineering in Huntsville is a free, public residential high school, the nation’s first to integrate cyber technology and engineering across all disciplines. Work internships are mandatory for all students. The state community college system offers aerospace-related programs—several in career pathways certified by the FAA—at eight campus locations across Alabama. Recently, these programs enrolled about 1,500 students.

AEROSPACE & AVIATION PROGRAMS AT ALABAMA COMMUNITY COLLEGES:

- Advanced Composites • Aerospace Technology
- Aerospace Welding • Aircraft Structural Assembly
- Aviation Maintenance • Aviation Technology • Avionics
- Flight Simulation & Drone Technology
- Robotics & Machining Technology • Pilot Training

North Carolina

North Carolina demonstrated its attractiveness for aerospace manufacturing in recent years when it was chosen as the airplane manufacturing location for Colorado-based Boom Supersonic and California startup JetZero. The two announcements indicate combined capital investment of more than \$5 billion and over 16,000 jobs. North Carolina is indeed ranked among the top 10 states for aerospace manufacturing attractiveness and for overall aerospace competitiveness.

The state’s strengths in aerospace and defense include the nation’s fourth-largest active-duty military population, and a university network that awards more than 2,400 aerospace degrees annually. In addition to aircraft manufacturing, subsectors of focus are engine manufacturing, MRO (maintenance, repair, and overhaul), advanced materials, and avionics.

To meet the talent demand for aerospace manufacturing and related career paths, **Guilford Technical Community College (GTCC)** in the Greensboro area is building a new, 70,000 square foot aviation training center scheduled to open in 2027. The facility will expand GTCC’s training capacity by 40 percent.

On the defense side, **NC State University** has a Defense Industry Initiatives team to strengthen collaborations between local defense contractors and the military. In 2026 the university proposed a new defense and security institute to help it land more defense-related R&D funding.

Utah

Up-and-coming Utah was 4th in the United States in aerospace and defense percentage employment gains from 2020 to 2025, growing sector jobs by more than 32 percent. Utah also places within the top 10 for aerospace competitiveness, aerospace manufacturing attractiveness, and density of A&D job postings.

One of the state's greatest aerospace assets is **Utah State University**. The school's mechanical and aerospace engineering department has ongoing research programs in a host of A&D related areas such as:

- Advanced Materials and Structures
- Guidance, Navigation, and Control
- Material Science
- Aeronautics
- Heat Transfer
- Astronautics

Utah State's AeroLab creates new software that speeds up the design process for supersonic and hypersonic vehicles.

Utah also promotes entrepreneurship and risk-taking broadly through many measures that ease regulation and promote innovation. These are discussed in the Best Practices section.

Ohio

Ohio has become increasingly aggressive in recent years with measures to expand its A&D sector. The state was already home to major assets like GE Aerospace headquarters and Wright-Patterson Air Force Base. It was ranked 3rd best in aerospace competitiveness in AeroDynamic Advisory's 2022 study, and 7th best by PwC in 2024 for aerospace manufacturing attractiveness.

The **Ohio Aerospace Institute** was founded in 1989 and entered into a strategic arrangement in 2023 to increase its impact in collaborative aerospace research, public-private partnerships, education and workforce development. Partners include 10 Ohio universities, NASA's Glenn Research Center, Wright-Patterson, and aerospace firms. For workforce development, the Strategic Ohio Council for Higher Education operates an Aerospace Professional Development Center to increase skill levels among current A&D employees, workers transitioning from other fields, recent college grads, and high school students interested in STEM careers.

Additional efforts to boost A&D innovation in Ohio:

- The **Ohio Federal Research Network (OFRN)** which awards funds to accelerate aerospace, defense, and advanced technology innovation. Since 2015 OFRN has granted \$72 million to support cutting-edge R&D in these areas. Research projects funded in late 2025 dealt with hypersonics, aerospace power systems, quantum technologies, commercial space, and advanced materials.
- The new **Youngstown Innovation Hub for Aerospace and Defense**, announced in 2025 with \$62 million in funding secured. The Youngstown Innovation Hub will build on the additive manufacturing expertise developed by America Makes, opened in Youngstown in 2012 as the U.S. Department of Defense's center for additive manufacturing innovation.

Ohio scored a major victory in 2025 with Anduril Industries' announcement of the Arsenal-1 campus to be built in central Ohio. The \$900 million investment will produce autonomous defense systems and could provide 4,000 jobs.

South Carolina

South Carolina is on the A&D map due to a Boeing 787 assembly plant and a Lockheed Martin F-16 production facility. The state ranked 1st in America for percentage sector employment growth from 2020-2025, growing A&D jobs by more than 37 percent.

Industry support assets include **SC Aerospace**, an initiative of the South Carolina Council on Competitiveness. SC Aerospace brings together public, private, education, and nonprofit leaders and its 2023 strategic plan outlines ways to connect, support, and grow the industry in South Carolina.

An innovative education initiative in the state is offering aerospace engineering curricula in several public high schools across South Carolina. This will be discussed further in Best Practices.

New Mexico

Due to national research laboratories and military installations, New Mexico leads the U.S. in federal R&D funding as a share of state GDP. It also hosts two important space launchpads. The aerospace and defense sector here is led by guided missile and space vehicle manufacturing, the state's largest and fastest-growing subsector. From 2024 to 2026 New Mexico ranked 3rd in the density of A&D job postings as a share of all postings.

Other states of note for growing their aerospace and defense sectors include **Indiana** and **Georgia**. Indiana ranked 4th and Georgia 5th in PwC's 2024 ranking of state attractiveness for aerospace manufacturing, and both were among the top 10 in the 2022 study of overall aerospace sector competitiveness.

The rankings referenced throughout this competitive analysis are included in the appendix of this report.

The data above establishes where Colorado stands: a genuinely large industry, with high wages and strong growth, that nonetheless faces mounting competitive pressure from numerous states. But rankings and economic impact figures only capture part of the picture. To understand how these dynamics are being felt on the ground, Economic Leadership conducted a series of focus groups, interviews, and surveys with over 50 Colorado aerospace and defense stakeholders, including CEOs, small business owners, and others building this industry day to day. Their perspectives, summarized below, advance the story beyond the quantitative measures and highlight real areas of concern for Colorado policymakers and leaders.

Colorado Aerospace and Defense Stakeholder Input Summary

A series of focus groups, interviews, and surveys were held with stakeholders across Colorado to understand their perspectives on the current state of Colorado's aerospace and defense industry. Three focus groups were held in Denver, Colorado Springs, and a virtual session and a few individual interviews were conducted with key industry leaders who were unable to attend the group sessions.

Input was collected from over 50 stakeholders, including CEOs of major aerospace firms, small business owners, and economic development professionals throughout the state. Participants were asked to identify the state's primary competitive strengths, the specific challenges hindering their growth, the effectiveness of state incentives, and to provide recommendations on strategies and tactics needed to improve the business climate.

In general, stakeholders believe that while the state remains a globally significant hub for aerospace and defense, the industry is being taken for granted or forgotten by key leaders and at best is coasting on momentum. Business leaders warned that the state's historical advantages are dissipating and that the state's climate as a great place to do business has eroded. Many were concerned enough to express that without a strategic shift, Colorado risks losing businesses and much of its advantages within a two-to-three-year window.

"If this doesn't happen in the next two to three years, it's gone. It's now, or we will just get picked apart slowly by every other state that is going after these high-paying jobs." — A business leader emphasizing the closing window of opportunity

Survey Findings

While the survey received a limited number of responses (12), several consistent themes emerged from participants across Colorado's aerospace and defense ecosystem.

Overall, respondents viewed Colorado's competitiveness as middle of the pack. No one rated the state's aerospace and defense ecosystem as either very strong or very weak, suggesting that while Colorado has many advantages, there is room to improve.

Respondents identified Colorado's highly skilled workforce, strong military presence and assets, and established aerospace and defense industry cluster as the state's biggest strengths. Compared to other states, Colorado was also seen as stronger in the quality and availability of its workforce and industry collaboration.

The biggest concerns centered on Colorado's regulatory and policy environment, cost of doing business, housing affordability, and competition from other states. Respondents also felt Colorado trails many competing states when it comes to its business climate, tax environment, and available incentives. Alabama and Texas were most often identified as Colorado's biggest competitors.

“Other states identify aviation and aerospace as one of their primary industries to grow and follow that up with funding and resources. Colorado is so fragmented... Other states bring everyone together large, eye-drawing booths and consolidate resources.” — A survey respondent opportunity

On the workforce side, respondents said cost of living and wage pressure are the biggest challenges facing employers. They also felt that relocation incentives and military transition programs would have the greatest impact on strengthening Colorado’s workforce pipeline.

Looking ahead, respondents said state incentives, a dedicated industry navigator, and regulatory/navigation assistance would be the most helpful resources for their organizations. They encouraged the Alliance to focus on reducing regulatory barriers to growth and keeping elected officials informed about Colorado’s aerospace and defense companies and major programs across the state. More broadly, respondents saw policy coordination, industry advocacy, and building relationships with federal partners as the Alliance’s most important long-term roles.

Key Challenges Identified by Stakeholders

Stakeholder’s concerns generally fell into six key themes that are outlined below.

1. Leadership Vacuum and the Sentiment of Being “Forgotten”

Stakeholders consistently pointed to a lack of visible, unified state-level leadership as a primary concern. Many described a state government that is less intentional and coordinated than its peer competitors.

“Aerospace just doesn’t seem high on the radar for most legislators. In spite of massive efforts by some really qualified and skilled people to get it there, I think you’ve got an attention issue and you’ve got some budget issues.” — A focus group participant with deep experience in state-level advocacy

- **Systemic Disconnection:** Beyond the need for executive advocacy from the Governor, participants noted a profound lack of awareness among state legislators regarding the industry’s economic value. One participant in an economic development role observed that while aerospace is a high-return sector, it is rarely “on the radar” for most legislators, leading to “own goal” policies such as restrictive AI legislation that are perceived as risk-averse rather than innovation-enabling.
- **Regional Isolation:** In Colorado Springs, some stakeholders reported a sense of being “invisible or excluded” from state-level decision-making, feeling that the state government does not consistently support the defense mission with the same urgency as some other commercial sectors.
- **Retention vs. Recruitment:** Some established Colorado companies expressed frustration that state support is heavily tilted toward recruiting new, sometimes unproven, venture-backed startups. These leaders feel that the resources could be better utilized helping existing firms grow and expand in the state. Instead, some existing firms felt that their long-term growth and job creation impacts were unrecognized at the same time they were forced to compete for labor against inbound companies receiving state tax breaks.

2. Operational and Regulatory Friction

Stakeholders described systemic operational friction that actively impedes the industry's need for speed. In a market where “whoever can move fastest wins,” Colorado’s bureaucracy is seen as a major liability.

“In 18 months we’ve built 100 satellites. We don’t have time to wait for somebody to actually build a building for 18 months. We need move-in ready sites where we can move in tomorrow because whoever can move fastest wins.” — An executive from a satellite manufacturing firm

- **Bureaucratic Delays:** One manufacturer noted they are one year behind on a critical project due to unnecessary delays from local fire inspectors and county-level bureaucracy. Other leaders observed that while peer states can turn around permits in six days, Colorado often takes six months.
- **Infrastructure Deficits:** The industry faces a critical shortage of “move-in ready” facilities. Leaders explained that they do not have 18 months to wait for construction; they need facilities that can be finished out in a single quarter.
- **Classified Space Access:** For small businesses, the lack of shared SCIF (Sensitive Compartmented Information Facility) space is a barrier to entering the national security market. Without state-supported classified infrastructure or advocates to speed up security clearances, small firms are unable to bid on rapidly expanding federal contracts.

“I have other states where they have a priority industry ‘concierge level service’ for getting things through. It is amazing how quickly they can move—I’ve got states that’ll get things done in six days that take six months in others.” — A focus group attendee discussing site selection

3. Cost of Living and the Loss of the “Lifestyle Premium”

The belief that Colorado’s quality of life could offset lower wages is no longer a viable business strategy. One focus group attendee described this historical advantage as a “Denver discount,” where people would accept a 30% pay cut just to live in the state.

- **Affordability Crisis:** Multiple stakeholders confirmed that this “discount” has vanished. High housing costs are now the single biggest factor hindering recruitment, as mid-career technicians and young graduates find it nearly impossible to purchase homes.
- **Site Selection Reality:** When evaluating locations based on facility costs, labor costs, and cost of living, Colorado now frequently scores as a lower-ranked option in comparison matrices.

“It used to be 10 years ago you could talk to a recruit from LA and say, ‘Yeah, the salary looks small, but you can actually afford to buy a house with it.’ That is just no longer the case. There’s not that big of a difference anymore.” — A leader of a Colorado-based aerospace business

4. Lack of Marketing as a Strategic Hub

There is a consensus that Colorado fails to market itself effectively, relying too heavily on its natural beauty to attract business. One stakeholder said the state “does not market ourselves worth a hoot” and others commented that it lacks a cohesive aerospace and defense brand.

- **Absence of a “Front Door”:** Unlike competitor states, Colorado has no centralized, state-managed “front door” or digital identity that explains its aerospace assets or provides a clear point of contact for investors.
- **Trade Show Visibility:** At major events like the Space Symposium, participants noted that while other states (and even individual cities) had high-profile booths and aggressive recruitment teams, Colorado’s presence is often fragmented or very minimal.

“We rely on the Rocky Mountains and the climate to sell itself. We don’t market ourselves worth a hoot. Other states are bringing their Lieutenant Governors to walk the floors of trade shows for three days to seek us out—not the other way around.” — A stakeholder discussing recruitment experiences at industry symposiums

5. Aggressive Peer Competition

While Colorado remains passive, peer states are actively “hunting” its businesses according to many of the Colorado-based business leaders.

- **The Executive Recruitment Model:** Governors in states like Texas and Oklahoma are utilizing direct CEO engagement and “check-writing events” to lure firms away.
- **Loss of Homegrown Talent:** An existing Colorado-based company chose to expand and build a test facility in Oklahoma after being recruited by that state’s Lieutenant Governor during a symposium held within Colorado. This relocation was secured with a \$20 million grant, an incentive level Colorado many business leaders believe the state is currently unable or unwilling to match.

“The governor of Texas 15 years ago put a cell phone in an envelope and sent it to the Fortune 500 with one number on it—his. There is a reason why all these businesses are moving to Texas right now; they are aggressively pursuing them while we are ‘clueless’ on what our own state is doing.” — A participant discussing the need for high-level executive advocacy

6. Workforce Fragility and the “Brain Drain”

While Colorado’s talent pool is a primary strength, it is increasingly fragile due to competition and the high cost of living.

- **Imminent “Brain Drain”:** Stakeholders warned that if the state does not retain high-paying jobs, the “best and brightest” graduates from Colorado schools will be forced to leave for more affordable regions.
- **Technician Shortage:** Many stakeholders reported a significant gap in the pipeline for middle-skill roles—such as technicians, machinists, and cyber operators—which are critical for the state’s manufacturing base.

“In this highly competitive market, especially where software and space intersect, we’re just stealing from each other rather than really generating a new workforce that is staying in Colorado.” — A focus group participant discussing workforce growth

In summary, the consensus remains that Colorado is taking one of its most successful industries for granted. Stakeholders urged the state to move from a position of passive “momentum” to one of bold, coordinated advocacy before the current window of opportunity closes. A failure to address operational friction and the leadership vacuum will likely result in the industry being “picked apart slowly” by more aggressive states.

Key Strengths Identified by Stakeholders

In addition to the concerns raised by stakeholders, many remain “bullish” on the long-term potential of the aerospace and defense sectors in Colorado. They recognize that the state possesses a world-class foundation that many other states are still struggling to build.

The following section outlines the core assets and strategic strengths that continue to make Colorado a premier global destination for the industry.

1. A Globally Significant and “End-to-End” Ecosystem

Stakeholders emphasized that Colorado remains one of the most significant aerospace and defense hubs in the world. Several noted that the state offers a rare “end-to-end” ecosystem that spans the entire lifecycle of a mission ranging from research and development and early-stage startups to prime contractors, mission operations, and major federal customers. This density allows companies to work across supply chains locally, fostering a culture of collaboration rather than isolated competition.

2. Unparalleled Mission Density and Federal Presence

The concentration of national security missions is a primary anchor for the state. Colorado Springs, in particular, hosts a unique density of Space Force commands, military installations, and defense agencies. This mission density creates an environment of rapid knowledge transfer and deep domain expertise that is difficult to replicate elsewhere. Furthermore, the presence of the “end customer” (the government) within the state is a significant strategic advantage for business development and mission alignment.

3. A High-Performance Talent and Innovation Pipeline

Colorado's workforce remains its greatest asset according to many of the participants. They noted that the state consistently ranks at the top for educational attainment and innovation intensity, particularly in its leadership in SBIR/STTR participation.

- **World-Class Universities:** Institutions like the Colorado School of Mines, CU Boulder, and CSU are recognized as premier engines for aerospace engineering and STEM talent.
- **Diverse Workforce Assets:** Beyond traditional engineering, the state has a deep bench of software developers, cyber professionals, and mission operators. Additionally, it was noted that the large population of veterans and military spouses represents a highly capable, underutilized talent pool that is already familiar with the defense mission.

4. A Dynamic and Collaborative Industry Culture

The state's aerospace community is characterized by a "positive social aspect" and a collaborative "think tank" environment.

- **Connectivity:** Stakeholders pointed to the frequent happy hours, meetups, and industry events that facilitate dynamic collaboration and allow talent to rotate easily between companies as projects evolve.
- **Mentorship:** New companies in the ecosystem report receiving strong informal support and mentorship from established peers and local institutions, particularly in regions like Colorado Springs.

5. Quality of Life as a Recruitment Magnet

Despite cost-of-living concerns, the state's lifestyle remains a powerful tool for attracting top-tier talent. Participants noted that "the state sells itself" and that customers and employees alike enjoy visiting and living in Colorado. For many firms, particularly those in mountain regions like Durango, the natural beauty and outdoor recreation continue to make recruitment of highly technical expertise easier than in many other parts of the country.

6. Massive Economic Momentum

The sheer scale of the industry provides a strong buffer for future growth. Informal estimates provided by one stakeholder suggests that federal aerospace and defense contracting in Colorado brings in approximately \$25 billion annually, and when military base spending and personnel are included, the industry contributes nearly \$80 billion to the state's economy. With a proposed 80% growth for Space Force in the federal budget, Colorado is strategically positioned to capture a "giant wave" of new space activity.

Nearly every challenge raised by Colorado stakeholders, including a perceived leadership vacuum, regulatory friction, an eroding cost advantage, weak marketing, aggressive recruitment by peer states, and a fragile talent pipeline, has already been addressed, in some form, by one or more competitor states. The section that follows catalogs those responses: the specific programs, offices, incentives, and legislative tools other states have used to tackle the same problems Colorado's own industry is now describing.

Best Practices to Support the Aerospace and Defense Sector

Targeted Workforce Development

To attract more young people into A&D careers and begin to develop their skills, some states are bringing aerospace curricula into high schools. **South Carolina** offers aerospace engineering courses in at least six high schools in various parts of the state. The high school course offerings are:

- Fundamentals of Aerospace Technology
- Advanced Aerospace Technology
- Aeronautics Engineering Applications
- Astronautics Engineering Applications.

Advanced STEM curricula is also available at South Carolina's Governor's School for Science & Mathematics.

Florida provides a Space Florida Academy curriculum that any school district can adopt, and about 40 districts are now using it in their high school CTE programs. Designers consulted with A&D employers in Florida for two years to develop a Master Credentials List reflecting the industry's most desired skillsets. Coursework is available in Aviation/ Aerospace, Advanced Manufacturing, and four other related fields.

At the community college level, examples of close coordination with industry to provide the A&D talent needed include: a) Edmonds College in **Washington** offering five short-term certificate programs for aerospace manufacturing and assembly jobs; b) **Arizona's** new Future48 Workforce Accelerator for A&D training, developed in cooperation with Boeing and Honeywell; and c) **Alabama's** extensive aerospace and aviation offerings at community colleges across the state.

Alabama has also built a successful partnership for apprenticeships with Lockheed Martin. In north Alabama, Lockheed Martin offers an Advanced Manufacturing Technician Apprenticeship Program as well as a Manufacturing Basic Skills pre-apprenticeship.

A&D Focus Within Economic Development Organizations

States are following the adage that it is difficult to succeed in an area on which you are not focusing. While many economic development offices include A&D on their list of industry targets, a few have recently taken the additional step of dedicating staff and resources to an aerospace and/or defense group within the organization. Examples:

- **Florida's Office of Military & Defense**, established within Florida Commerce in July 2023. In addition to focusing economic development efforts, the office fights to maintain military installations in the state and oversees grant programs that benefit military communities.
- **The Maryland Aerospace and Technology Commission (MATC)** in the Department of Commerce, created in 2024 to promote innovation in commercial aerospace and space exploration and bring more space technology funding to Maryland. MATC is also tasked with designating special aerospace and technology zones across the state.

- **Michigan's Office of Defense and Aerospace Innovation (ODAI)**, part of the Michigan Economic Development Corporation. ODAI was launched in 2024 and in 2026 released a five-year Defense and Aerospace Strategic Plan.
- **The Arizona Office of Defense Innovation (ODI)**, established by the state legislature in 2025. Arizona ODI is part of the Arizona Commerce Authority but is a public-private effort in partnership with a nonprofit innovation center and industry leaders.

Creating Special Purpose Entities

In addition to focused economic development efforts within a state agency, several states have created an entirely new entity to support and grow their aerospace and defense industry. The Texas legislature founded the **Texas Space Commission** in 2023. The organization has a board comprised of private sector and university leaders and a staff of about 16. The Space Commission administers \$150 million in innovation grant funds via its Space Exploration & Aeronautics Research Fund (SEARF).

Other special purpose entities include the **State of Washington's JCATI, the Joint Center for Aerospace Technology Innovation**. Started in 2012, JCATI funds partnerships between A&D companies and university engineering departments to move new technologies from mid-stage development to market readiness. JCATI has so far provided \$18 million in funds for 199 projects and is authorized through July 2030.

The **Ohio Aerospace Institute** began in 1989 as a collaboration between the state, ten Ohio universities, industry, NASA's Glenn Research Center, and the research laboratory at Wright-Patterson Air Force Base. In 2023 the Cleveland-based nonprofit formed a new affiliation with Parallax Advanced Research which has expertise in technology transfer, applied research, and prototyping.

In July 2026 the Ohio legislature and governor established the **Ohio Defense and Space Commission**. Its activities will include helping existing Ohio A&D industries to expand, recruiting international A&D firms to the state, and working for favorable outcomes from federal military base realignment actions.

Michigan's A&D Strategic Plan

The state's new plan focuses on three efforts to elevate Michigan as part of its *Reimagine the Arsenal of Democracy* campaign:

- 1. Fostering business growth** via better support for retention, expansion, attraction, and dual-use technologies.
- 2. Amplifying state advantages** such as a huge manufacturing base, skilled workforce and leading universities.
- 3. Setting conditions to advance innovation** – accelerating applied research, expanding testing and evaluation capability.

State Leaders Investing to Build on A&D Strengths

For a state's existing aerospace and defense sector to grow, it is critical for top leadership (especially the governor and legislators) to understand and appreciate the sector's economic importance and not take it for granted. Leaders must be willing to make the investments that will allow A&D to thrive and expand. Two recent examples:

- Early in 2026, **Virginia** Governor Spanberger announced a \$500 million investment by Italian firm Avio to produce solid rocket motors in southern Virginia for use in defense, commercial space, and other applications. Avio's U.S. operations are based in Arlington, VA and although the new facility will be located 200 miles from Arlington, state leaders were able to keep the planned 860,000 square foot manufacturing plant in Virginia. Vice Admiral (Ret.) James Syring, the CEO of Avio USA, cited the state's business-friendly climate, Talent Accelerator workforce program, and custom incentives. Avio could receive up to \$98 million in incentives and benefit from customized workforce training via the Talent Accelerator, named best state training program by Area Development in 2025.
- In **Michigan**, Governor Whitmer and a bipartisan group of legislators secured \$152 million in a supplemental state budget item for runway and taxiway upgrades at Selfridge Air National Guard Base. This funding was secured in late May 2026 ahead of a June 1 deadline to make sure that Michigan's role as host for the new F15-EX fighter mission stays on track. The new F15-EX aircraft are expected to begin arriving in 2028.

Fostering an Innovation Environment

States that encourage research, innovation, and risk-taking will be more attractive to aerospace and defense firms that offer high growth potential. There are many ways to accomplish this. One state routinely praised for fostering an environment that promotes innovation across industries is **Utah**. Among the steps that Utah has taken are:

- Establishing what is called a "regulatory sandbox" in which companies are exempt from state regulations for one year while the business determines if an innovation has market potential. Utah initially provided this sandbox for the financial services, legal services, and insurance industries, and in 2021 opened it up to all business sectors. The sandbox is a tool offered through the Utah **Office of Regulatory Relief**.
- Creating the state **Nucleus Fund** (formerly the Utah Innovation Fund) to invest early-stage venture capital in "deep tech" Utah firms that commercialize innovations born in Utah universities. Aerospace and defense is one of the Nucleus Fund's target sectors.

In 2023, Utah was ranked #1 (just ahead of Colorado) in the Innovation Intelligence Index developed by the Indiana Business Research Center.^{xiii}

Another tool to promote business innovation is the creation of business courts, as done in states such as **Delaware** and **Texas**. The **Texas Business Courts** were established by the legislature in 2024, a "sophisticated legal alternative" for "streamlining dispute resolution and facilitating more predictable outcomes."^{xiv} Judges in the Texas Business Courts generally have significant business and commercial experience.

Business research and development tax credits can have a significant impact on research expenditures. Colorado offers a three percent R&D tax credit, while many competitors provide a credit of five, 10, or 15 percent as shown in the accompanying table. Some states also make the tax credits refundable (paid to the company) for new and small firms that don't have enough income tax liability.

State Tax Credit	
State	R&D Tax Credit (% of expenditures)
Colorado	3%
Texas	5%
Florida	10%
Virginia	10%
Maryland	10%
California	15%

Source: State R&D Tax Credit web page. BDO USA.

Offering a Competitive Cost of Doing Business

Big-picture factors like the overall cost of doing business (including tax burden) and cost of living can elevate or eliminate states early in the site selection process for A&D firms considering new or expanded operations. In CNBC's Top States for Business in 2026, Colorado ranked 38th best for the cost of doing business. Several competitors rated among the top 15.

Cost of Doing Business Rankings, 2026			
State	Rank	State	Rank
Ohio	1	Colorado	38
Indiana	2	Connecticut	40
Texas	5	Maryland	44
Georgia	11	California	46
Florida	15	Washington	47

Source: CNBC Top States for Business, 2026

Looking specifically at tax competitiveness across all major tax categories, Colorado is 33rd overall in the Tax Foundation's 2026 evaluation. Aerospace and defense competitors ranking among the top 15 states are Florida (5), Texas (7), North Carolina (13), Arizona (14), and Utah (15).^{xv}

Certain states offer a specific tax advantage for the A&D sector. Since 2008, **Oklahoma's** Aerospace Industry Engineer Workforce Tax Credit has benefited both engineer employees and the companies that hire them.

Coordinating Governance Through State Legislation

Innovation in A&D is more difficult when there are conflicting state and local policies and a lack of coordinated support for the industry. Targeted state legislation can create a more consistent, supportive playing field that promotes innovation. For example, several states have teamed with the Association for Uncrewed Vehicle Systems International (AUVSI) to craft meaningful legislation related to drones (unmanned aircraft systems or UAS) and advanced air mobility (AAM).

- SB 1531, enacted in **Oklahoma** in 2026, expands the role of the Oklahoma Department of Aerospace and Aeronautics to be the central authority for UAS and AAM policy in the state. The department is charged with aiding infrastructure planning, coordinating rules, and helping to create centers of excellence.
- **Arizona's** HB 2875 in 2026 reinforced a state preemption to avoid conflicting local rules regarding drones.
- HB 1093 in **Florida** authorized the state Department of Transportation to fund up to 100 percent of "vertiport" project costs and establish consistent statewide standards for AAM development.

Providing Ready Sites

To capture A&D manufacturing investments it is imperative for states to have large sites available with all necessary infrastructure. In **North Carolina**, designated, ready industrial sites at Greensboro's Piedmont Triad International Airport led Boom Supersonic to locate its Overture Superfactory and JetZero to place its aircraft manufacturing facility there as well. **Ohio's** 500-acre site near Columbus' Rickenbacker Airport helped land a planned 5,000,000 square foot defense manufacturing facility for California-based Anduril Industries.

In recent years, many states have significantly ramped up their industrial site development and funding programs.

Georgia—with its **GRAD (Georgia Ready for Accelerated Development)** certified sites program—is a longtime leader for this and currently offers over 60 certified locations. Ohio jumped in with an announced \$750 million allocation in 2024 to create the **All Ohio Future Fund**. After \$350 million was distributed, remaining funds were transferred to other uses in 2025, including \$200 million directed to brownfields remediation.

Alabama's Site Evaluation & Economic Development Strategy (SEEDS) Act provided \$30 million in its first round of funding in 2024 and \$23.5 million in the second round. Required local matches are small for less populous counties in Alabama. Since 2017, **Mississippi** has provided more than \$125 million in state grants (which must be matched by local funds) through the **Site Development Grant Program**.

Emphasizing the Basics

When **North Carolina** explains how it landed major A&D investments such as JetZero's new airplane production facility, it cites basic attributes that benefit most businesses. EDPNC, the state's public-private economic development partnership, asserts that these were the key factors:

- A quality, shovel-ready site
- A workforce with good advanced manufacturing skills
- Affordable business climate
- Competitive incentives

Offering Incentives for A&D Manufacturing

They may rightly be viewed as a necessary evil, but significant state (and local) incentives are usually needed to land or keep large A&D manufacturing projects. The U.S. has witnessed many “mega” high tech manufacturing announcements since 2020, especially in the recent manufacturing boom following the COVID-related shutdowns. Incentive components to attract these projects run the gamut from workforce training funds, tax exemptions or rebates, and land subsidies, to road and utility improvements. Recent examples of state plus local incentive packages to attract or retain manufacturing facilities include:

- North Carolina: Boom Supersonic (2022), estimated value \$199 million
- Alabama: Airbus (2023), estimated value \$117 million
- Georgia: Lockheed Martin (2021), estimated value \$100 million
- Connecticut: Sikorsky (2022), estimated value \$75 million^{xvi}

Creating Multi-State Coalitions

A final best practice is to promote and support the sector on a regional level, combining with neighboring states that also have a strong A&D industry. Florida and Alabama created the nonprofit **Aerospace Alliance** in 2009—along with partners in areas of Mississippi and Louisiana—to position the region as “a premier global hub for aerospace and aviation innovation.” The Alliance works to promote the region and attract new A&D investment, to improve the workforce pipeline, and ensure that the aerospace and defense sector in these states is known for excellence and innovation.

Recommendations for Colorado's Aerospace and Defense Industry

The following recommendations are grouped into four priority areas based on the data, competitive analysis, and stakeholder input presented throughout this report.

Reinforce Colorado's Commitment to the Aerospace and Defense Industry

1. Establish a Coordinated Brand for Aerospace and Defense Marketing.

Stakeholders were candid that Colorado markets itself poorly relative to competitors, relying on natural advantages rather than active promotion, and that the state lacks visible coordination at events like the Space Symposium. Florida's Space Florida brand, used consistently across recruitment and workforce materials and with a curriculum adopted by roughly 40 school districts, shows what a coordinated identity can do. This front door function should sit with the office recommended above rather than be built as a separate initiative.

2. Increase Direct Gubernatorial and Federal Delegation Engagement in Proactive Promotion of the Industry and in Pursuing Major Recruitment and Retention Deals.

Stakeholders pointed to peer state governors personally closing deals and Members of Congress from other states who proactively promote their states for Federal opportunities, contrasting that with an absence of comparable executive involvement in Colorado. Virginia Governor Spanberger's public role in securing a \$500 million investment from Avio, and Michigan Governor Whitmer's bipartisan push for a \$152 million package, both demonstrate the visibility and speed that direct executive engagement can add to major wins. This should extend to retention conversations with existing Colorado companies, not only new recruitment targets.

3. Study Whether to Create a Governor's Office or Special Purpose Entity for Aerospace and Defense.

Stakeholders consistently described a leadership vacuum and a sense that the industry is taken for granted despite its scale. Florida's Office of Military and Defense, Maryland's Aerospace and Technology Commission, Michigan's Office of Defense and Aerospace Innovation, and Arizona's Office of Defense Innovation all show a common pattern: a single, visible entity with the authority to coordinate strategy across agencies, serve as a front-door for business investment/expansion and speak for the industry. Colorado currently has one dedicated position within OEDIT, which is not sufficient for an industry of this magnitude in the state. This entity should also function as a concierge for priority projects, giving companies a single point of contact to expedite permitting and navigate other state agencies rather than leaving each company to find its own way through the system. A single coordinating entity would address all of these concerns at once.

4. Tailor Statewide Aerospace and Defense Strategy to the Strengths of Each Metro and Rural Region.

The industry's own data shows meaningfully different profiles across the state's aerospace hubs, from satellite operations and research concentrations in some counties to national security missions and manufacturing in others. For example, some non-metro regions may be better suited for development of advanced manufacturing facilities given the higher cost of land and labor in larger metro areas. A single statewide playbook risks underserving regions whose strengths do not match it. The coordinating entity recommended above should build strategy that recognizes and invests in these distinct regional profiles rather than applying one approach everywhere.

Improve Colorado's Competitiveness for Aerospace and Defense Attraction and Investment

1. Streamline and Coordinate State and Local Permitting for Aerospace and Defense Facilities and Projects.

One manufacturer reported being a full year behind on a critical project due to unclear or conflicting permitting requirements, a concern stakeholders described as systemic rather than isolated. Some competitor states can turn around permits in as little as six days, compared to six months in Colorado. Oklahoma's SB 1531 and Arizona's HB 2875 both expand state authority to preempt conflicting local rules that slow down development timelines, and empowering the coordinating entity recommended earlier to serve as a concierge for priority projects, expediting permits and interfacing with other agencies directly, would close this gap without creating an entirely separate program.

Pennsylvania's Permit Fast Track Program assigns dedicated staff to shepherd priority projects through a public, milestone tracked dashboard, and Idaho's 'zero based regulation' reforms require every state rule to expire automatically unless an agency actively justifies keeping it, two approaches Colorado's coordinating entity could adapt as it takes on this concierge role.

At the local level, fast-tracked permitting and real-time inspection models should be considered to eliminate costly delays in the permitting and approval process. Douglas County's Rapid Response Program that expedites the permitting process for qualified businesses was cited by stakeholders as an example they hope to see replicated elsewhere in the state. Because permitting friction affects every capital-intensive industry, not just aerospace, this recommendation carries broader political support than a sector specific fix would.

2. Establish a Regulatory Sandbox for Emerging Aerospace and Defense Technologies.

Emerging companies working in areas like autonomous systems or novel manufacturing methods often face regulatory uncertainty that slows commercialization. Utah's regulatory sandbox exempts qualifying companies from select state regulations during a defined testing period. It pairs with the state's Nucleus Fund providing tech-related venture capital. A similar approach tailored to aerospace and defense technologies would give Colorado companies room to pilot innovations without waiting on rulemaking to catch up.

3. Fund a Move-In Ready Sites Program for Aerospace and Defense Manufacturing.

Industry leaders described a critical shortage of move-in ready facilities as one of the state's clearest infrastructure gaps. Colorado has no statewide capital program dedicated to site development and readiness. Alabama's Site Evaluation and Economic Development Strategy Act committed \$30 million in its first year specifically to industrial site development and readiness, giving that state a coordinated tool that Colorado lacks. A dedicated statewide program would let Colorado respond quickly and consistently across all of its aerospace hubs when a company needs to move fast and also help develop advanced manufacturing-ready sites throughout the state.

4. Expand Shared Access to Classified Facilities for Small Aerospace and Defense Businesses.

Small businesses in particular described the absence of shared secure facilities as a real barrier, since building a private Sensitive Compartmented Information Facility (SCIF) is often out of reach financially for a small firm. Denver metro, Colorado Springs, and other aerospace clusters each have their own concentration of small defense contractors who need secure facility access close to where they already operate. The state should support the development of multiple shared facilities sited across these key regions, paired with dedicated government advocates who can help speed up the security clearance process itself, since access to a secure facility does little good without cleared personnel to use it. Coordinating both through the coordinating office recommended above would let small companies anywhere in the state's aerospace ecosystem compete for classified work without each having to build their own secure infrastructure or navigate the clearance process alone.

5. Develop a Dedicated Aerospace and Defense Co-Location Hub or Hubs in Colorado's Larger Metro Areas.

Beyond individual site readiness, stakeholders raised the idea of a dedicated co-location hub, a defined district where aerospace and defense companies cluster together the way technology firms have clustered around hubs like the Denver Tech Center. A hub of this kind fosters collaboration, shared infrastructure, and visibility in a way that scattered individual facilities cannot. Rather than designating a single location, Colorado should evaluate developing a hub or hubs in whichever larger metro areas have the density of aerospace activity and available land to support this kind of anchor project.

Compete Better for Aerospace and Defense Companies

1. Expand the State's Incentive Toolkit to Compete for Major Aerospace and Defense Deals.

The state's Job Growth Incentive Tax Credit and Strategic Fund is a tool that has been used recently to keep aerospace and defense companies growing in Colorado rather than choosing a competitor state (including a \$26 million tax credit package in April 2026 for a company weighing Colorado against Alabama, Florida, and Pennsylvania, and a \$35 million package in December 2025 for a Colorado based defense company's expansion). However, a limitation is that the state's primary tool is a tax credit paid out over several years as jobs materialize, rather than the immediate cash or grant funding some competitor states can offer for upfront costs like site preparation or relocation.

Aerospace also has a different cost structure than most industries the state supports in which a more modest grant can move the needle for a small business. Effective aerospace incentives typically need to reach well into six figures given the scale of the industry's capital needs, though the return on that investment for the state also tends to be high. The Strategic Fund's own appropriated dollars have historically been small relative to the size of deals now being pursued, a constraint tied to how the program is funded through the state's general fund.

Colorado should expand its toolkit to include a more flexible, upfront funding option alongside the existing tax credit, potentially including low-cost loans or the new federal tax-exempt bonding authority now available for spaceport and space infrastructure projects, sized to match what competitor states are able to offer on the deals Colorado is actually losing or nearly losing today.

2. Strengthen Support for Retention and Expansion of Existing Aerospace and Defense Businesses.

Stakeholders were direct about a tension in current practice: state efforts appear tilted toward attracting new, often venture backed companies while established, longstanding firms report receiving little support despite years of job creation. Any new incentive tool, including the fund recommended above, should include explicit eligibility and criteria for expansions and retentions of existing Colorado companies, not just new arrivals.

Support for existing businesses does not have to be primarily financial. The coordinating entity recommended above could assign account managers to the state's established aerospace and defense employers, hold regular roundtables to surface problems before they become departures, act as a concierge helping existing companies navigate permitting and other state agencies, and publicly recognize long standing firms the way the state currently celebrates new arrivals. Showing existing employers they are valued is often less about subsidies and more about making sure someone at the state is paying attention to them.

3. Pursue Regional Coalitions with Neighboring States to Expand, Not Just Compete for, Aerospace and Defense Investment.

Florida and Alabama's Aerospace Alliance, formed with partners in Mississippi and Louisiana, positions the whole region as a unified hub rather than having each state fight the others for the same projects. A similar Mountain West coalition could strengthen Colorado's position with large primes and federal partners evaluating a region's total capacity.

4. Adopt a Targeted Aerospace and Defense Tax Credit to Match Competitor State Incentives.

Colorado currently ranks thirty third overall in tax competitiveness and has no tax credit incentive specific to this sector, even as competitor states build tools aimed directly at it. Colorado has effectively used the Advanced Industries Acceleration Grant Program, established in 2013, to provide grants (export assistance, early-stage capital retention, infrastructure funding) to advanced industries including aerospace, and includes an advanced industries investment tax credit.

Aerospace and defense companies, particularly startups, often take decades to reach profitability and accumulate meaningful tax liability, which means a standard, non-refundable tax credit can end up having little practical value to the companies it is meant to help. Any targeted aerospace and

defense tax credit Colorado adopts should be designed with refundability or transferability in mind, and should avoid restrictive eligibility rules, such as headquarters or small business requirements, that limit which companies can actually use it. Oklahoma's Aerospace Industry Engineer Workforce Tax Credit, in place since 2008, is a clear example of a targeted tool aimed at exactly the kind of talent Colorado is trying to keep.

Build, Attract, and Retain Aerospace and Defense Talent

1. Expand Dual Enrollment and Apprenticeship Pipelines for Aerospace and Defense Technicians.

Stakeholders identified a significant and specific gap in the pipeline for middle skill roles, distinct from the state's strength in engineering talent. South Carolina's high school aerospace engineering curricula and Alabama's apprentice and pre-apprentice partnerships with Lockheed Martin both show how early exposure and structured pathways build the technician workforce this industry needs. Colorado should build a comparable statewide curriculum and provide state funding to incentivize companies to participate rather than leaving this pipeline to individual school districts.

2. Address Housing Affordability in Key Aerospace and Defense Employment Hubs.

Stakeholders confirmed that the lifestyle premium Colorado once used to justify lower wages has largely disappeared, with housing costs now factoring directly into company site selection decisions. The state's own data shows housing costs rising faster than the national average across the Front Range counties where most aerospace jobs are concentrated. Targeted housing supply and affordability measures in these specific hub counties, potentially paired with employer assisted housing programs, would address the issue where it is concentrated rather than as a generic statewide housing initiative.

3. Strengthen Middle Skill and Community College Partnerships with Aerospace and Defense Employers.

Beyond building the pipeline of new entrants, the existing workforce needs continuing access to training in the specific technical skills this industry increasingly demands, including precision machining, additive manufacturing, and systems engineering fundamentals. Community colleges are the natural venue for this kind of employer aligned training, provided they have the funding and equipment to keep pace with how the technology is changing. This is a distinct investment from the K-12 pipeline work above and should be funded separately.

4. Monitor and Respond to Aerospace and Defense Talent Migration and Brain Drain Risk.

Stakeholders warned that if the state fails to retain its highest paying jobs, the surrounding talent pool will eventually follow those jobs elsewhere. Attacking issues of housing costs, helping employers with upskilling and retention programs, and demonstrating clear career pathways for younger residents are all tactics for better talent retention. The IRS migration data cited in this report already provides a foundation for tracking where Colorado's workforce is moving to and from. Turning that into an ongoing early warning system, paired with proactive outreach to companies and workers showing signs of flight risk, would let the state respond before losses become permanent.

5. Prepare Colorado's Workforce and Firms for an Anticipated Surge in National Security and Radar Technology Contracts.

Stakeholders anticipate a significant increase in national security and radar technology work in the coming years and cautioned that Colorado needs credentialed workers ready to capture these contracts as they materialize rather than scrambling once demand arrives. Building this pipeline means investing state resources now in security clearance sponsorship and processing capacity alongside the technical training already recommended above so that workforce readiness does not become the bottleneck once facilities and funding are in place. The state should also provide incentives and assistance to help existing Colorado companies obtain Cybersecurity Maturity Model Certification (CMMC) which is required to win or keep future Department of War contracts. This recommendation should accompany the recommendation to expand shared access to classified facilities for small aerospace and defense businesses, since credentialed workers and secure facilities are both necessary to capture this opportunity.

Conclusion

Colorado's aerospace and defense industry is not a story of decline, it is a story of a genuine national leader facing real and accelerating competition. The state supports over 61,000 jobs and contributes more than \$14 billion to gross state product, with a job multiplier effect that ripples across the broader economy. Yet the industry's job growth has slowed during recent years at the same time competitor states are actively investing in the same companies, talent, and infrastructure Colorado has long taken for granted.

The evidence in this report points in the same direction from every angle. The rankings show other states improving their competitive positioning and aggressively pursuing opportunities. The stakeholder interviews describe that same dynamic in lived experience, a leadership vacuum, rising costs, and aggressive peer state recruitment. And the state's own recent incentive deals, several of them decided against direct competition from Alabama, Florida, and Pennsylvania, show these are not hypothetical threats.

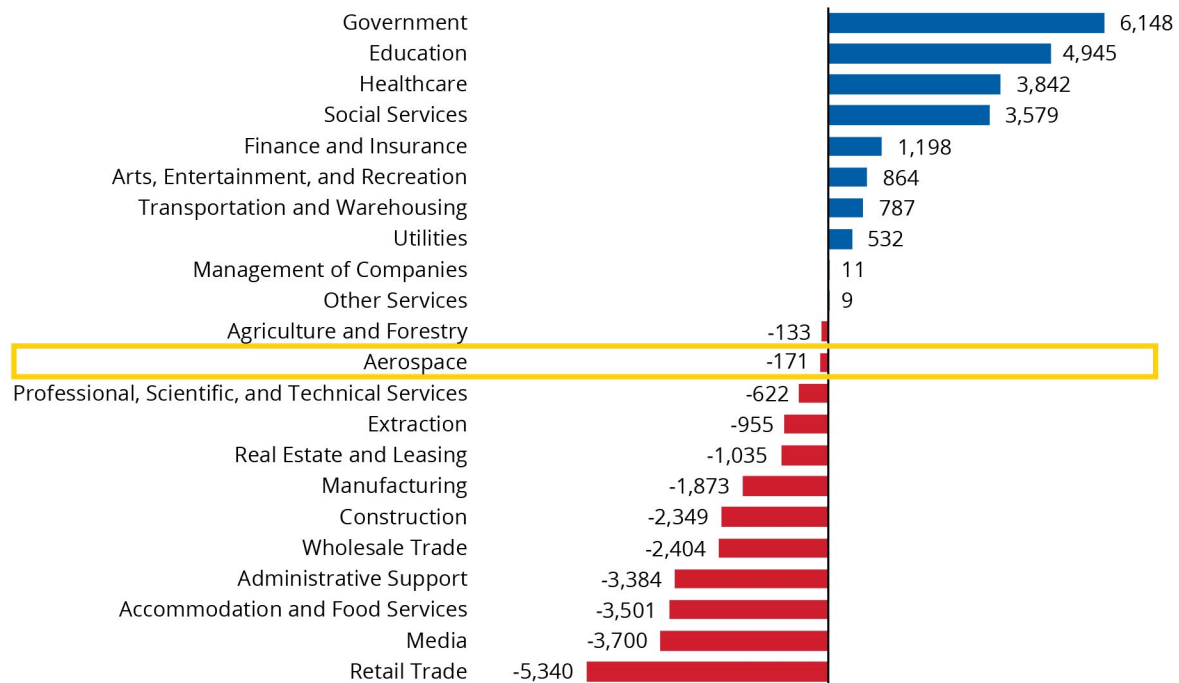
The overarching sentiment among stakeholders is that Colorado is not starting from zero, it is starting from a position of world class strength. If state leadership can address the operational friction and leadership gaps identified in this report, Colorado is uniquely well positioned to lead in commercial space, dual-use technology, and AI integration for decades to come. If the state does not promptly address these issues and fully champion the industry, Colorado risks losing some of its most distinctive strengths and assets in the near term.

The 18 recommendations in this report are not a request to invent something new. Nearly every one of them is already working in a competitor state today. The choice in front of Colorado is not whether the playbook exists, it is whether the state moves quickly enough to use it.

This report was written and researched by Kat Saunders, Mike Malone, Skylar Casey, and Greg Payne of Economic Leadership LLC between February and August 2026.

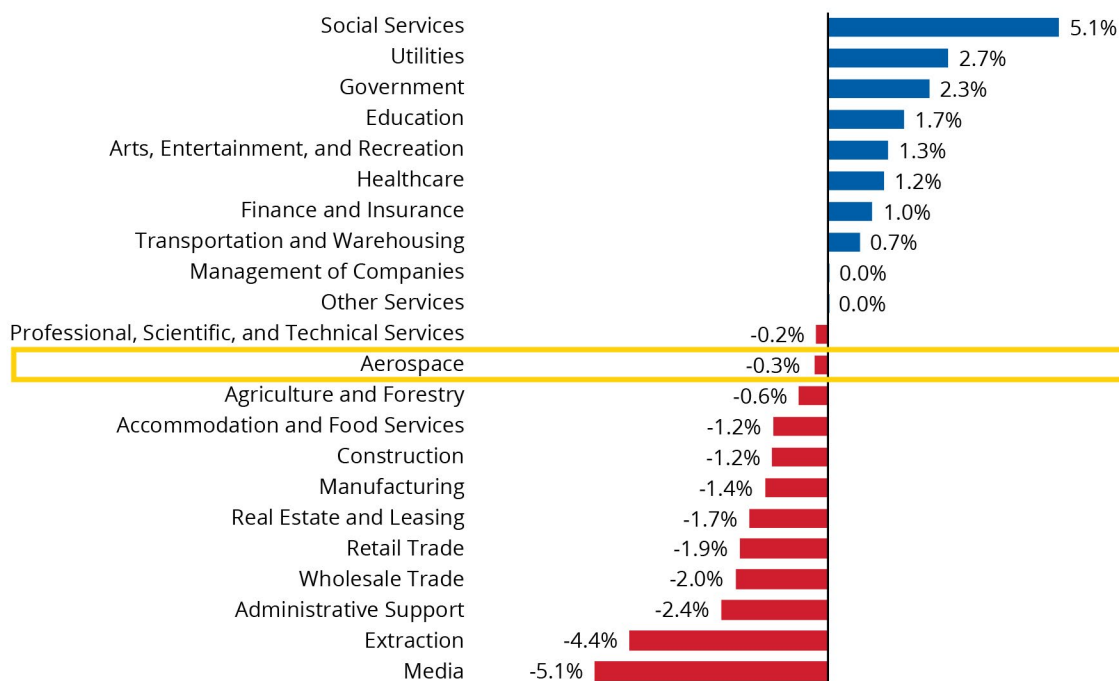
APPENDIX: ADDITIONAL DATA

Net Jobs Change in Colorado by Industry, 2024-2025



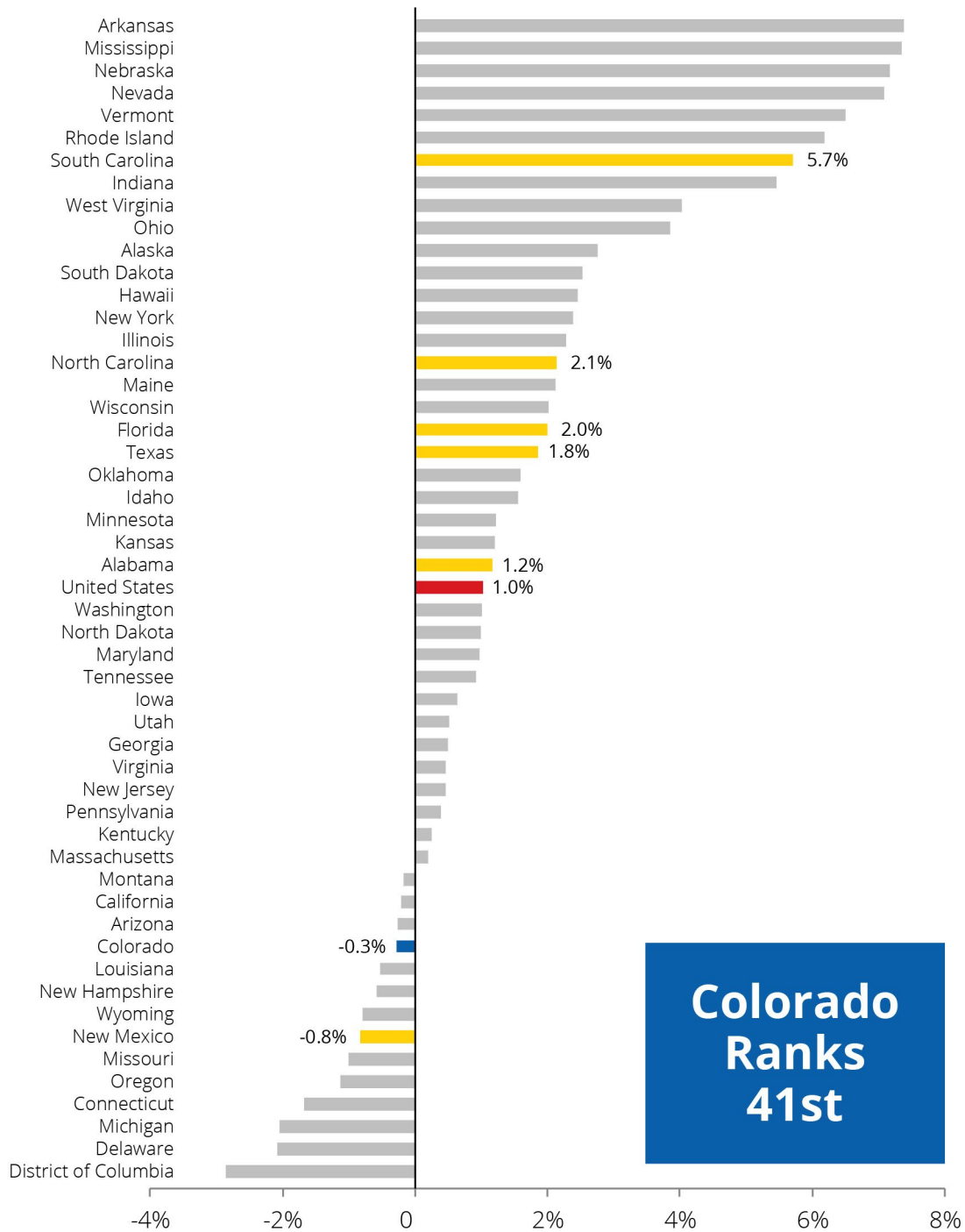
Source: EL calculations based on Lightcast 2026.3

Percent Change in Colorado by Industry, 2024-2025



Source: EL calculations based on Lightcast 2026.3

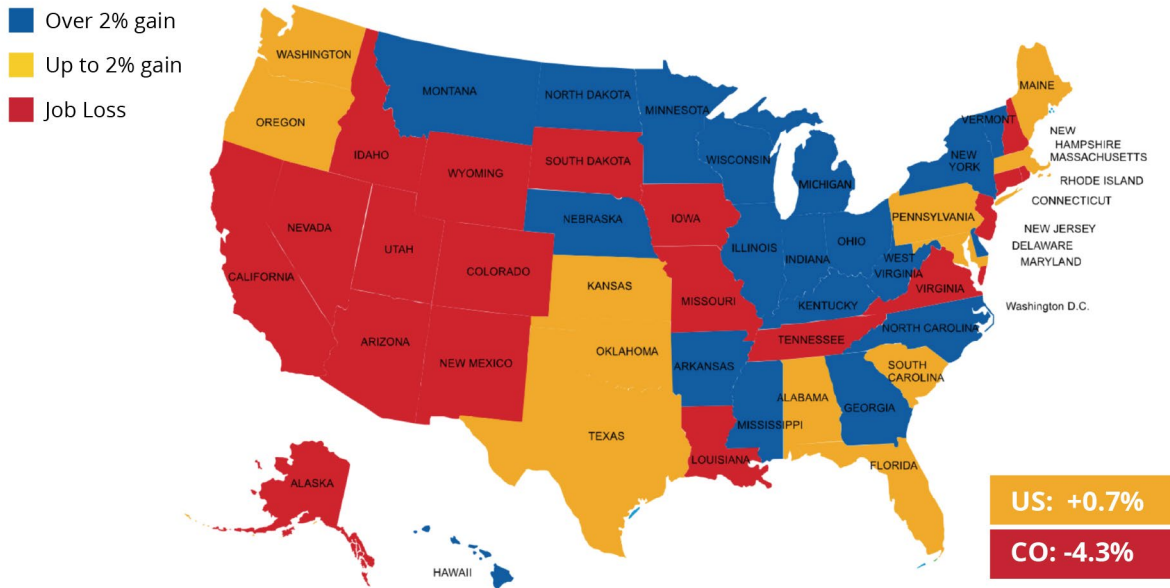
Total Aerospace Job Change, 2024-2025



Source: EL calculations based on Lightcast 2026.3

**Colorado
Ranks
41st**

Percent Change in Core Manufacturing Jobs, 2024-2025



Source: EL calculations based on Lightcast 2026.3

Net Migration of 25 to 29 Year Olds with Bachelor's Degree or Higher, 1982-2024

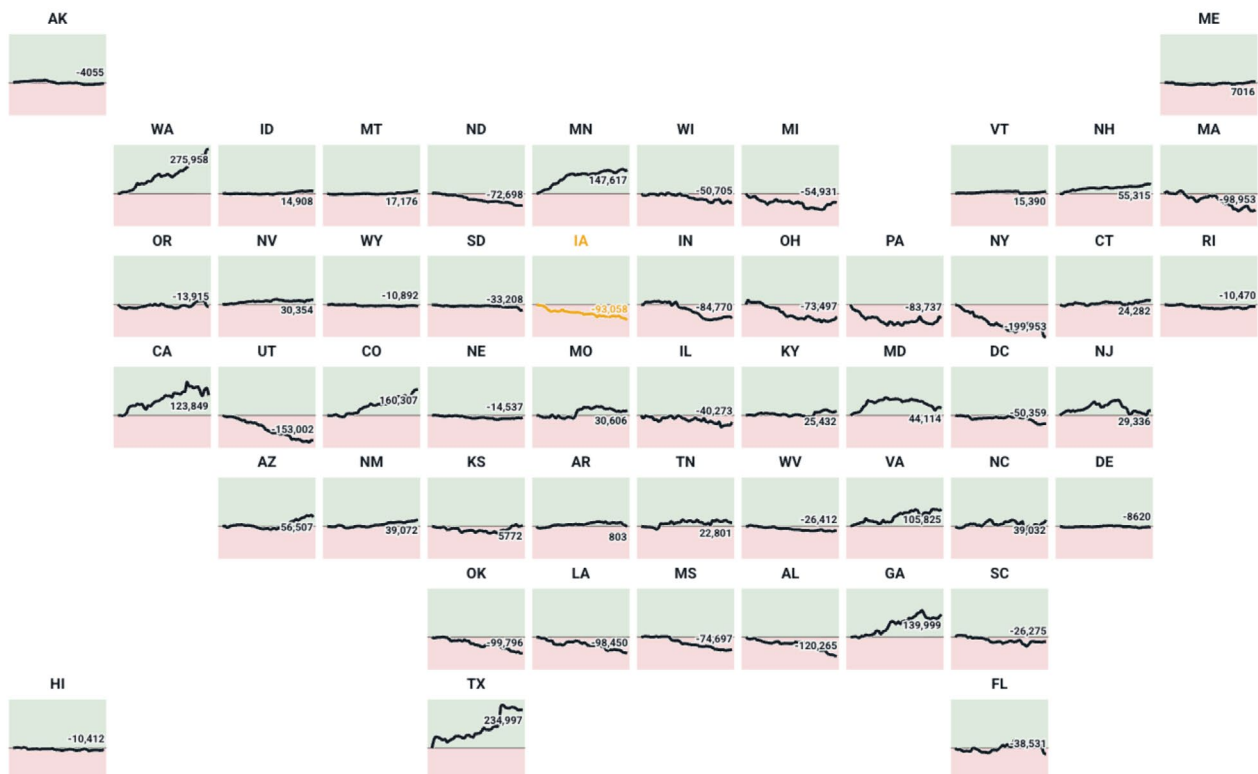
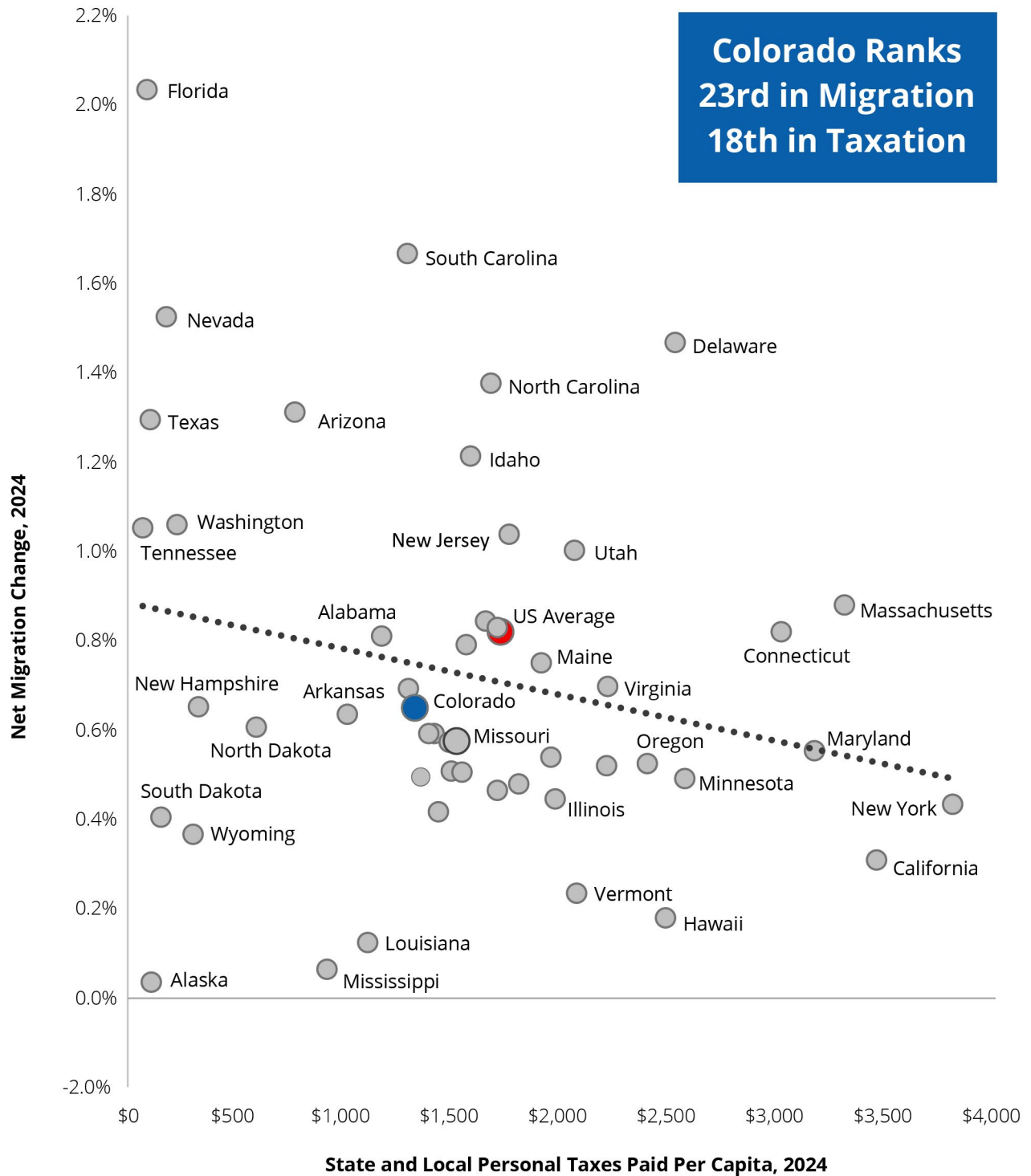


Figure 2. Cumulative Net Flows of 25- to 29-Year-Olds, Bachelor's Degree of Higher, 1982 to 2024.

Net Migration vs. State and Local Personal Taxation, 2024



Source: EL calculations based on US Census Bureau (2025) and BEA (2025)

Note: The tax per capita value includes state and local taxes on income, personal property, motor vehicle licenses, and other taxes on personal licenses by US residents. The figure does not include federal taxes or sales, residential property, or production activity taxes.

State Aerospace and Defense Rankings

Top 10 for Aerospace Manufacturing Attractiveness, 2024

1. Texas
2. Florida
3. Arizona
4. Indiana
5. Georgia
6. Utah
7. Ohio
8. North Carolina
9. Washington
10. Virginia

Source: PwC

A&D Contribution to State GDP, 2023

1. California
2. Washington
3. Texas
4. Arizona
5. Connecticut
6. Florida
7. Ohio
8. Virginia
9. Georgia
10. Alabama

Source: Aerospace Industries Association

Top 10 for A&D Employment, 2023

1. California
2. Washington
3. Texas
4. Arizona
5. Florida
6. Connecticut
7. Virginia
8. Ohio
9. Georgia
10. Alabama

Source: Aerospace Industries Association

Top 10 for Total Defense Spending, FY 2024

1. Virginia
2. California
3. Texas
4. Florida
5. Maryland
6. Pennsylvania
7. Connecticut
8. Arizona
9. Alabama
10. Massachusetts

Source: U.S. Department of Defense

Top 10 Most Competitive States for Aerospace, 2022

1. Washington
2. Texas
3. Ohio
4. Arizona
5. Alabama
6. Georgia
7. North Carolina
8. Utah
9. Virginia
10. Indiana

Source: AeroDynamic Advisory

Top 10 for Defense Spending as % of State GDP, FY 2024

1. Hawaii
2. Virginia
3. Alaska
4. District of Columbia
5. Maryland
6. Connecticut
7. Alabama
8. Kentucky
9. Maine
10. Mississippi

Source: U.S. Department of Defense

- i "Five Ways Colorado's Aerospace Industry is Out of This World." Colorado Office of Economic Development and International Trade. November 22, 2024.
- ii Economic Leadership calculations based on Lightcast 2026.3.
- iii Aerospace Industries Association website. State Data. 2023.
- iv State Economic Blueprint. California Jobs First. February 2025.
- v Defense Spending by State. U.S. Department of Defense. Fiscal Year 2024.
- vi State Economic Blueprint. California Jobs First. February 2025.
- vii Economic Leadership calculations based on Lightcast 2026.3.
- viii 2024 Aerospace Manufacturing Attractiveness Rankings. PwC. 2024.
- ix Aerospace Competitive Economics Study 2022. AeroDynamic Advisory. September 2022.
- x Aviation & Aerospace Industry Sector Brief. SelectFlorida website.
- xi Ibid.
- xii Bureau of Labor Statistics, Occupational Employment, May 2023.
- xiii Innovation Intelligence, 2023 release. StatsAmerica.org. Website accessed February 2026.
- xiv Michelle Pector, Jared Wilkerson, and Heidi Rasmussen. "Texas Soars into the Future: Driving Innovation and Growth in the Space Industry." Morgan Lewis. January 29, 2025.
- xv 2026 State Tax Competitiveness Index. The Tax Foundation. 2026.
- xvi Good Jobs First Subsidy Tracker. Website accessed March 2026.