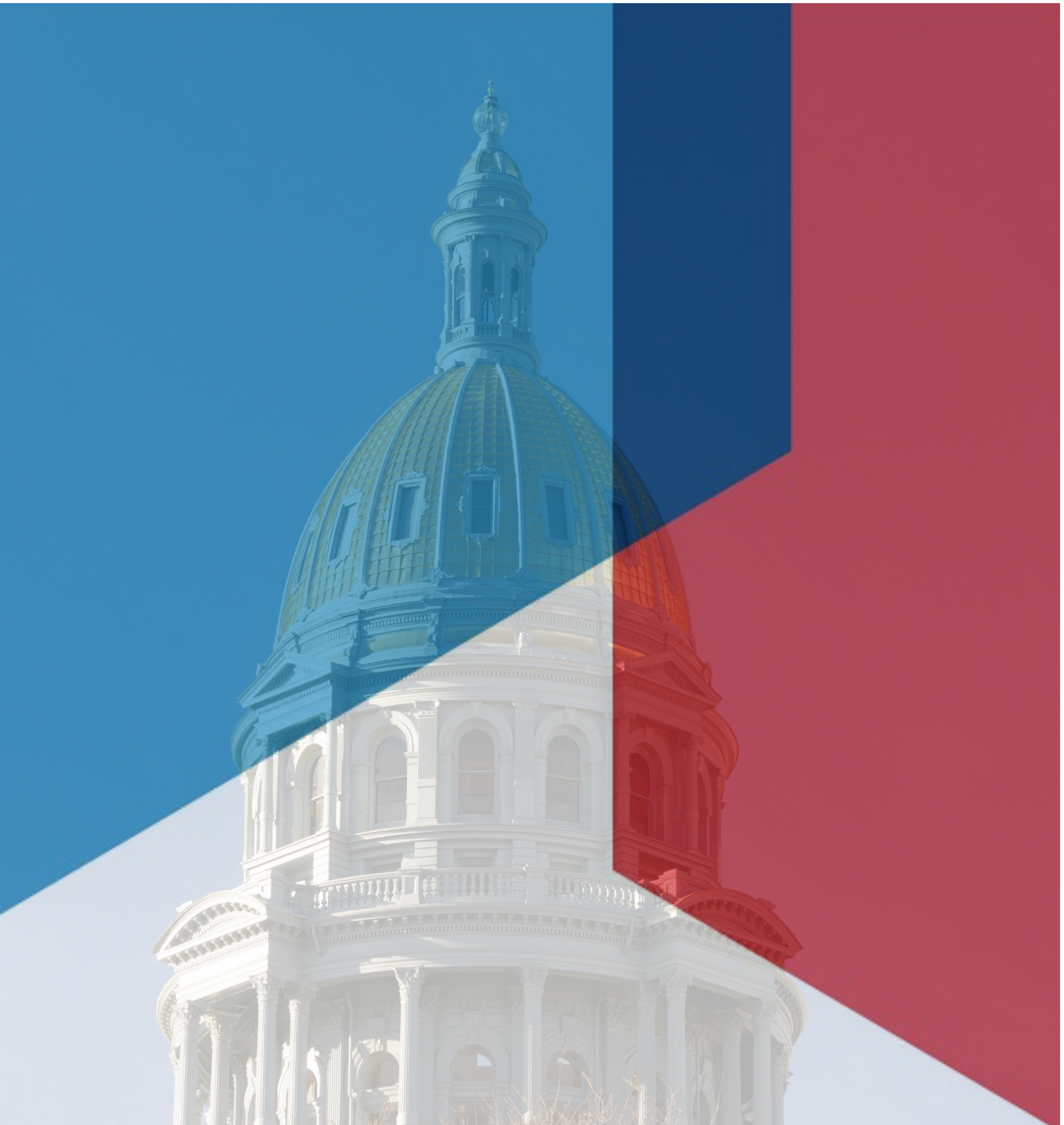

Free Enterprise Summit

December 14th, 2021

COMMON SENSE INSTITUTE

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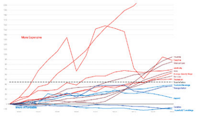
Earl L. Wright
Chairman of the Board

2021 YEAR IN REVIEW

We Deliver the Facts. That Drive Policy. And Impact Our World!

JANUARY



Colorado Prices in the 21st Century

Terry J. Stevinson Housing Affordability Fellows

Peter LiFari

Evelyn Lim

Five Things Lawmakers Should Consider Before the Next Round of the Public Option Debate

New Board Member

FEBRUARY

Colorado's Competitiveness: The Challenge of Economic Recovery Under More than $1.8 Billion in New Regulations, Taxes and Fees

coloradopolitics

New report adds up cost of new fees, taxes to Colorado businesses

*"Ahead of a Colorado Chamber of Commerce announcement on the impact of new taxes, the Denver-based **Common Sense Institute** added up the costs."*

Mike A. Leprino Free Enterprise Fellow

Brenda Bautsch Dickhoner Ph.D.

The She-Cession in Colorado: The Impact of COVID-19 on Women in the Workforce in 2020

MARCH

Understanding Costs and Impacts of Energy Performance Mandates for Buildings

Recent Trends in Health Insurance Costs: Early Results of Public Option in Washington State Compared to Colorado

APRIL

CSI on the proposed Public Option in Colorado Video

- 30 sec. research video
- Over 20k impressions

VP of Policy & Research, Chris Brown provides public testimony on HB21-1232

Eggs & the Economy

Leader Hugh McKean CO House District 51

Rep. Dylan Roberts CO House District 26

350 Podcast Listens

MAY

The State of Colorado's Unemployment Insurance Trust Fund

The She-Cession in Colorado: Supporting Working Moms

Kristen Blessman Colorado Women's Chamber of Commerce

Kristin Strohm Common Sense Institute

Nicole Riehl Executives Partnering to Invest in Children

The Revamped Public Option Bill

Already raised 90% of 2020 Revenue and Launched Legacy Giving Program

JUNE

From Conflict to Compassion: A CO Housing Development Blueprint For Transformational Change

Eggs & the Economy

Brenda Bautsch Dickhoner, Ph.D.

Evelyn Lim

Peter LiFari

Terry J. Stevinson Fellows

JULY

THE LINK PROJECT

The Link Project Launches

The Steep Price Tag of the 2021 Legislative Session

9,266 Facebook Followers

AUGUST

The Economic Footprint of Homelessness in Metro Denver

President & CEO Kristin serves as a panelist at COGA Energy Summit

6,380 Twitter Followers

SEPTEMBER

CSI Criminal Justice Fellows Named

George Brauchler

Mitch Morrissey

Eggs & the Economy

Michael Karlik Colorado Politics

Michael Fields CO Rising Action

Tony Lewis Donnell-Kay Fdn.

OCTOBER

Dollars and Data 2021

Homelessness Ecosystem Analysis Phase 2

841 Podcast Downloads

Launched Endowment

NOVEMBER

Prop. 119: Out of School Learning Enrichment Podcast featuring Michael Johnston and Doug Robinson

Terry J. Stevinson Fellows present at DU Scrivner Roundtable on Housing Affordability

8,685 E-Newsletter Subscribers

596 LinkedIn Followers

DECEMBER

The Colorado Crime Wave: An Economic Analysis of Crime and the Needs for Data Driven Solutions

Year-end Revenue is up 35% from 2021

Free Enterprise Summit

COMMON SENSE INSTITUTE

Kristin Strohm
President & CEO

CSI Board of Directors

COMMON SENSE INSTITUTE

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We believe sound fiscal and economic research is essential to uphold Colorado's economy, vitality, future, and individual opportunity.

The Rankings Book

Physical companion to the **Colorado Free Enterprise Report: 2022 Edition**

57 key indicators of Colorado's free enterprise climate

"The free enterprise system is the foundation of the Colorado economy and the Colorado way of life. When common sense policies govern our markets, people flourish and opportunity abounds."

Colorado has the…

Third-highest _housing price growth_

25th _regulatory policy score_

Largest _share of prime-age workers_

The Rankings Book

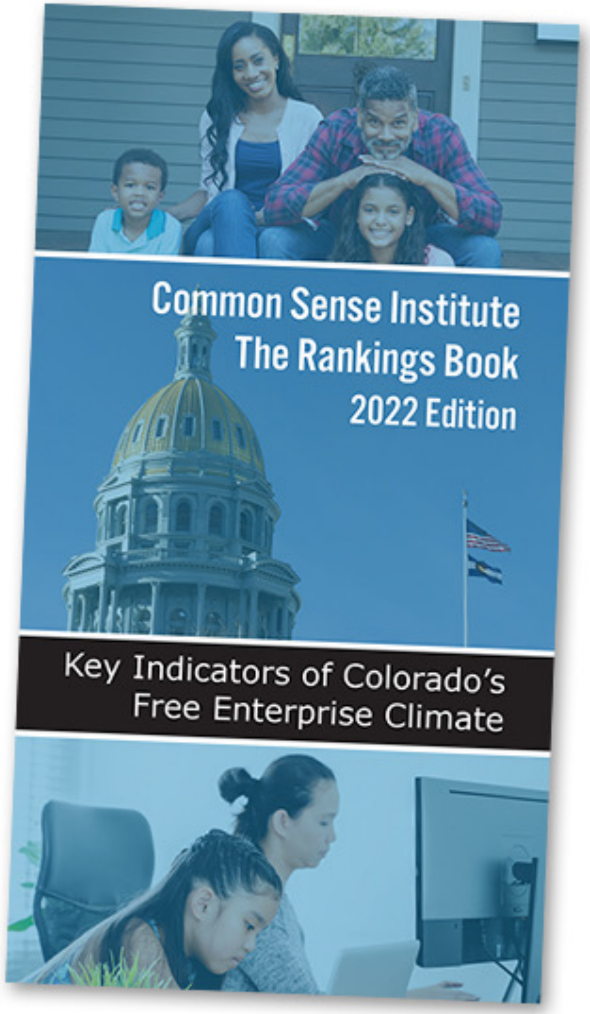

TABLE 55

Housing Price Appreciation *(2nd Quarter 2020)*

	Rank	25-year Annualized	5-year Annualized	Rank	1-year	Rank
1	California	5.5%	6.5%	21	11.9%	24
2	Washington	5.2%	9.5%	5	15.8%	5
3	Colorado	5.1%	8.1%	7	13.8%	12
4	Idaho	5.0%	13.3%	1	26.0%	1
5	Oregon	4.9%	7.8%	8	14.9%	7
6	Florida	4.8%	8.4%	6	14.0%	11
7	Arizona	4.8%	9.5%	3	18.7%	3
8	Massachusetts	4.7%	6.2%	22	11.3%	27
9	Montana	4.6%	7.4%	10	17.0%	4
10	Utah	4.6%	10.4%	2	20.5%	2
11	New Hampshire	4.6%	7.3%	12	14.6%	8
12	Texas	4.4%	6.8%	17	12.0%	21
13	Maine	4.4%	7.2%	13	15.3%	6
14	Rhode Island	4.3%	7.1%	14	14.2%	9
15	New York	4.2%	5.6%	29	9.9%	40
16	Wyoming	4.2%	4.5%	40	9.2%	42
17	North Dakota	4.2%	2.5%	50	5.5%	50
18	Hawaii	4.1%	4.1%	43	6.1%	48
19	Virginia	4.1%	4.9%	35	10.2%	38
20	Nevada	4.0%	9.5%	4	14.0%	10
21	Minnesota	4.0%	6.1%	25	11.1%	30
22	South Dakota	4.0%	6.1%	26	11.7%	25
23	Vermont	3.9%	4.9%	36	12.1%	19
24	New Jersey	3.8%	4.7%	39	11.1%	28
25	Maryland	3.8%	4.4%	42	10.1%	39
26	Tennessee	3.8%	7.7%	9	13.4%	13
27	South Carolina	3.6%	6.6%	19	11.5%	26
28	Georgia	3.5%	7.4%	11	12.6%	16
29	Pennsylvania	3.5%	5.3%	33	10.8%	34
30	Delaware	3.5%	4.8%	37	10.9%	32
31	North Carolina	3.4%	7.0%	15	12.5%	17
32	Alaska	3.4%	2.9%	49	6.8%	47
33	Louisiana	3.4%	3.3%	48	6.0%	49
34	Nebraska	3.4%	6.2%	23	11.0%	31
35	Kansas	3.4%	5.9%	27	11.9%	23
36	Oklahoma	3.3%	4.7%	38	9.4%	41
37	Missouri	3.3%	6.1%	24	12.0%	22
38	Wisconsin	3.2%	5.9%	28	10.9%	33
39	Kentucky	3.2%	5.6%	31	10.6%	36
40	Iowa	3.1%	4.4%	41	8.3%	43
41	New Mexico	3.0%	5.6%	30	11.1%	29
42	Connecticut	3.0%	4.0%	44	12.9%	14
43	Alabama	3.0%	5.6%	32	10.6%	35
44	Michigan	2.9%	6.9%	16	12.1%	18
45	Arkansas	2.9%	5.0%	34	10.5%	37
46	Indiana	2.9%	6.7%	18	12.6%	15
47	Mississippi	2.8%	4.0%	45	8.0%	44
48	West Virginia	2.7%	3.4%	47	7.4%	46
49	Ohio	2.6%	6.5%	20	12.0%	20
50	Illinois	2.5%	3.6%	46	7.9%	45
	Dist. of Columbia	6.8%	4.9%		8.5%	
	United States	**3.9%**	**6.4%**		**11.9%**	

Source: Federal Housing Finance Agency

Age Group by Percentage of Population *(2020)*

TABLE 2

				Prime Working Age		
	Rank	%<18	%18–24	%25–44	%45–64	%>64
1	Colorado	21.5%	9.1%	30.0%	24.3%	15.1%
2	Washington	21.7%	8.6%	29.2%	24.4%	16.2%
3	California	22.3%	9.2%	28.8%	24.6%	15.2%
4	Alaska	24.4%	9.2%	29.3%	23.9%	13.1%
5	New Hampshire	18.5%	9.0%	24.5%	28.8%	19.3%
6	Massachusetts	19.5%	9.9%	26.9%	26.3%	17.4%
7	Nevada	22.2%	8.1%	28.1%	25.0%	16.5%
8	Maryland	22.0%	8.6%	26.7%	26.4%	16.3%
9	New York	20.6%	8.9%	27.2%	25.8%	17.4%
10	New Jersey	21.8%	8.4%	25.8%	27.0%	17.0%
11	Virginia	21.7%	9.3%	27.0%	25.6%	16.3%
12	Oregon	20.3%	8.5%	28.0%	24.6%	18.6%
13	Rhode Island	19.1%	10.2%	26.1%	26.5%	18.2%
14	Georgia	23.3%	9.5%	27.1%	25.3%	14.7%
15	Illinois	22.1%	9.0%	26.8%	25.5%	16.6%
16	Connecticut	20.2%	9.5%	24.8%	27.4%	18.2%
17	Maine	18.4%	7.8%	23.8%	28.2%	21.8%
18	Tennessee	22.0%	8.9%	26.4%	25.6%	17.1%
19	Texas	25.3%	9.7%	28.4%	23.4%	13.2%
20	North Carolina	21.8%	9.4%	26.0%	25.8%	17.1%
21	Pennsylvania	20.5%	8.8%	25.4%	26.2%	19.1%
22	Minnesota	23.0%	8.7%	26.5%	25.0%	16.8%
23	Louisiana	23.3%	9.0%	26.8%	24.5%	16.4%
24	Kentucky	22.4%	9.2%	25.5%	25.7%	17.2%
25	Michigan	21.3%	9.3%	25.0%	26.2%	18.2%
26	Hawaii	21.0%	8.3%	26.9%	24.3%	19.6%
27	Ohio	22.0%	9.0%	25.4%	25.7%	17.9%
28	Wisconsin	21.6%	9.3%	25.1%	26.0%	18.0%
29	Florida	19.6%	8.0%	25.2%	25.9%	21.3%
30	Alabama	22.1%	9.1%	25.3%	25.7%	17.8%
31	Missouri	22.3%	9.1%	25.8%	25.1%	17.7%
32	South Carolina	21.4%	9.0%	25.3%	25.6%	18.7%
33	Vermont	18.2%	10.4%	23.7%	27.2%	20.6%
34	Delaware	20.7%	8.4%	24.9%	26.0%	20.0%
35	Indiana	23.2%	9.7%	25.7%	24.9%	16.5%
36	West Virginia	20.0%	8.6%	23.9%	26.6%	20.9%
37	Mississippi	23.4%	9.4%	25.4%	24.9%	16.9%
38	Wyoming	22.9%	9.0%	26.0%	24.3%	17.8%
39	Oklahoma	24.0%	9.6%	26.4%	23.6%	16.4%
40	Arkansas	23.1%	9.2%	25.5%	24.6%	17.7%
41	Montana	21.3%	9.1%	25.4%	24.5%	19.7%
42	Arizona	22.2%	9.5%	26.2%	23.6%	18.5%
43	New Mexico	22.4%	9.3%	25.9%	23.9%	18.5%
44	Idaho	24.7%	9.2%	26.0%	23.3%	16.7%
45	Kansas	23.9%	10.0%	25.6%	23.7%	16.8%
46	North Dakota	23.7%	10.9%	27.2%	22.1%	16.1%
47	Nebraska	24.5%	9.7%	25.9%	23.4%	16.5%
48	Iowa	22.9%	9.9%	25.0%	24.3%	17.9%
49	South Dakota	24.5%	9.3%	25.0%	23.6%	17.6%
50	Utah	28.6%	11.3%	28.6%	19.7%	11.7%
	Dist. of Columbia	18.2%	10.1%	39.0%	20.2%	12.6%
	United States	**22.1%**	**9.1%**	**26.8%**	**25.1%**	**16.9%**

Source: U.S. Census Bureau

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COLORADO BUSINESS ROUNDTABLE

DENVER SOUTH

RMMCA Rocky Mountain Mechanical Contractors Association

COMMON SENSE INSTITUTE

Chris Brown
Vice President of Policy & Research

Free Enterprise Report: 2022 Edition

Evaluation Criteria

Performance Rating

1 reflects the lowest performance and 5 reflects the highest performance.

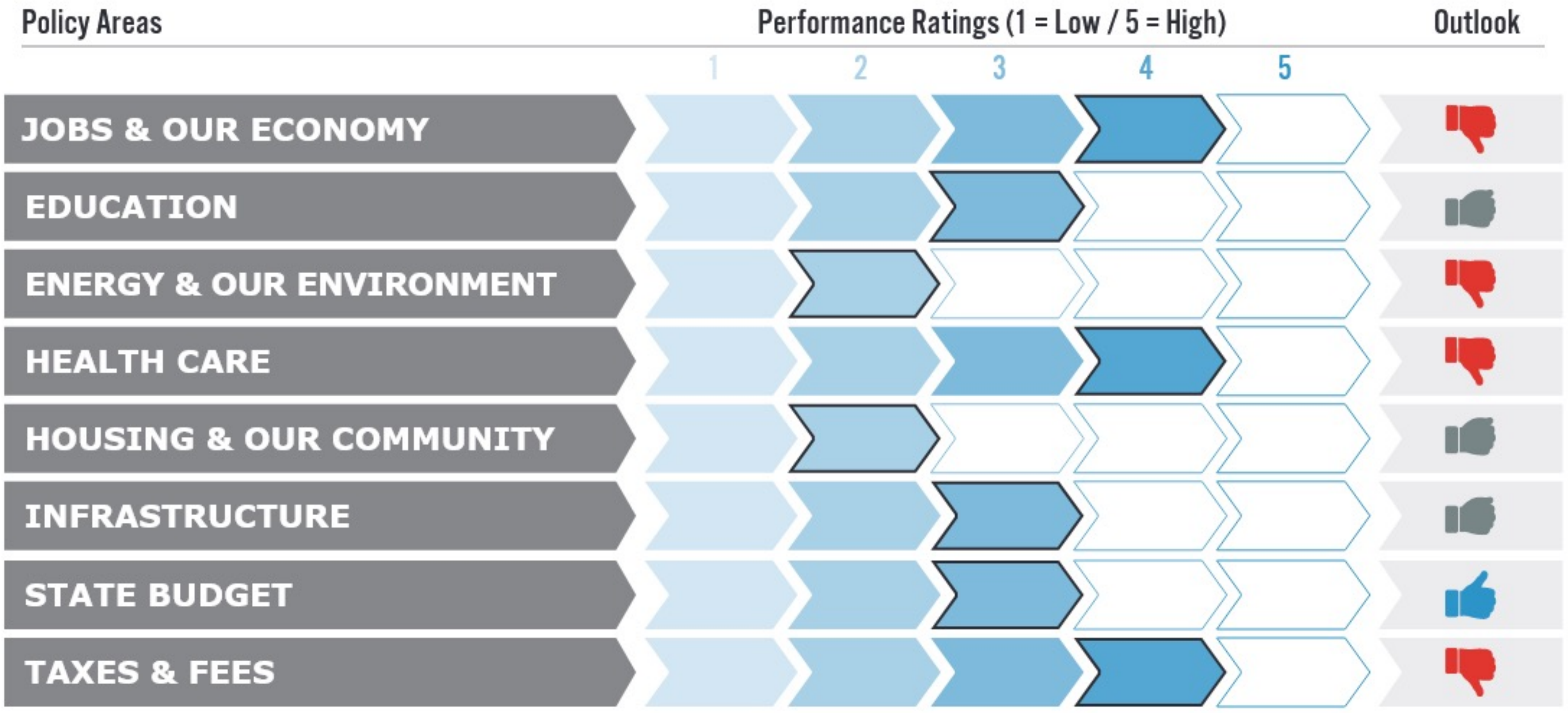
- **Economic Vitality**
  - Rankings
  - Key Indicators
- **Individual Opportunity**
  - Rankings
  - Key Indicators

Outlook Rating

These ratings indicate a negative, neutral, or positive outlook for the policy area in terms of where we project the performance to be in the future relative to current rating.

- **Recent Policy**
- **Issues to Watch**

2021 Common Sense Institute
Free Enterprise Performance and Outlook



Jobs & Our Economy

Performance Rating 1 2 3 4 5 4 out of 5

- History strong economic growth
- High personal income and low poverty
- Long recovery post pandemic
- 8th highest childcare costs

Outlook: Negative

- Increased regulations, taxes, and fees
- Higher cost of doing business
- Lingering labor and supply shortages
- Pending paid family leave program

CSI Research: Jobs & Our Economy

Colorado **added 10,600 jobs in October.**

The CO unemployment rate decreased to **5.6%**, which is **still 2.9** percentage points above Jan. ’20

Total employment levels are down 2.2% relative to pre-pandemic levels.

Education

Performance Rating 1 2 3 4 5 3 out of 5

- 2nd most educationally demanding job market
- Low high school graduation rate
- Colorado's K–12 ecosystem promotes choice and competition better than many other states
- Lingering impacts of pandemic
- Rising cost of higher education

Outlook: Neutral

- Funding for K–12 education is at an all-time high and expected to grow
- Expanding educational opportunities outside of the traditional post-secondary path
- Cost of higher education trend to continue

CSI Research: Education

Energy & Our Environment

Performance Rating 1 2 3 4 5 2 out of 5

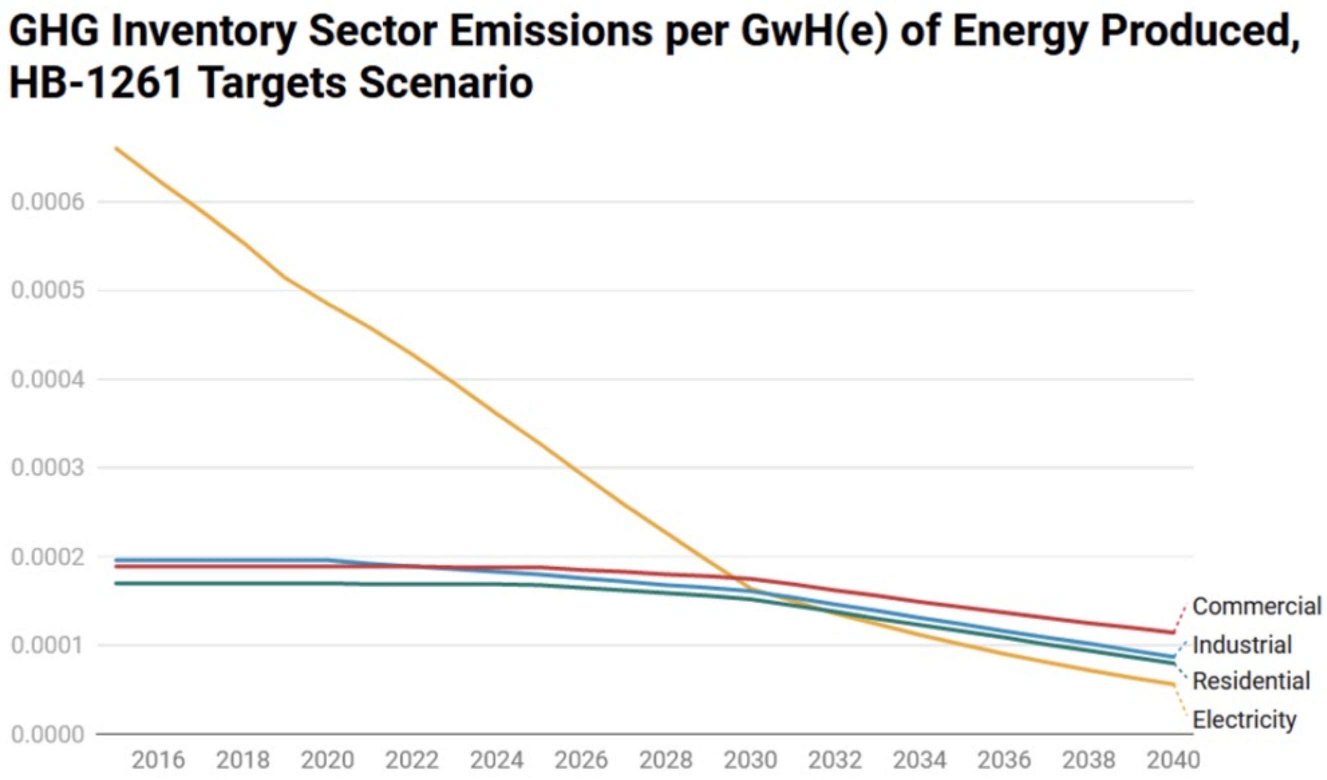
- Historically a top oil- and gas-producing states
- Energy production has fallen due to changing markets and new regulation
- 10,000 fewer energy jobs in the state now than there were last year
- Renewable energy production in the state is growing rapidly
- Air quality issues – largely externally driven

Outlook: Negative

- Uncertain economy-wide regulation given emission targets
- Impacts to energy prices
- Likely to see further regulation

CSI Research: Energy & Our Environment

"While state and local governments and utilities are seeking to decarbonize their building stock, it is challenging to set energy or emissions reduction targets without an understanding of how buildings are performing currently." – Colorado Greenhouse Gas Pollution Reduction Roadmap, 2021



Health Care

Performance Rating 1 2 3 4 5 4 out of 5

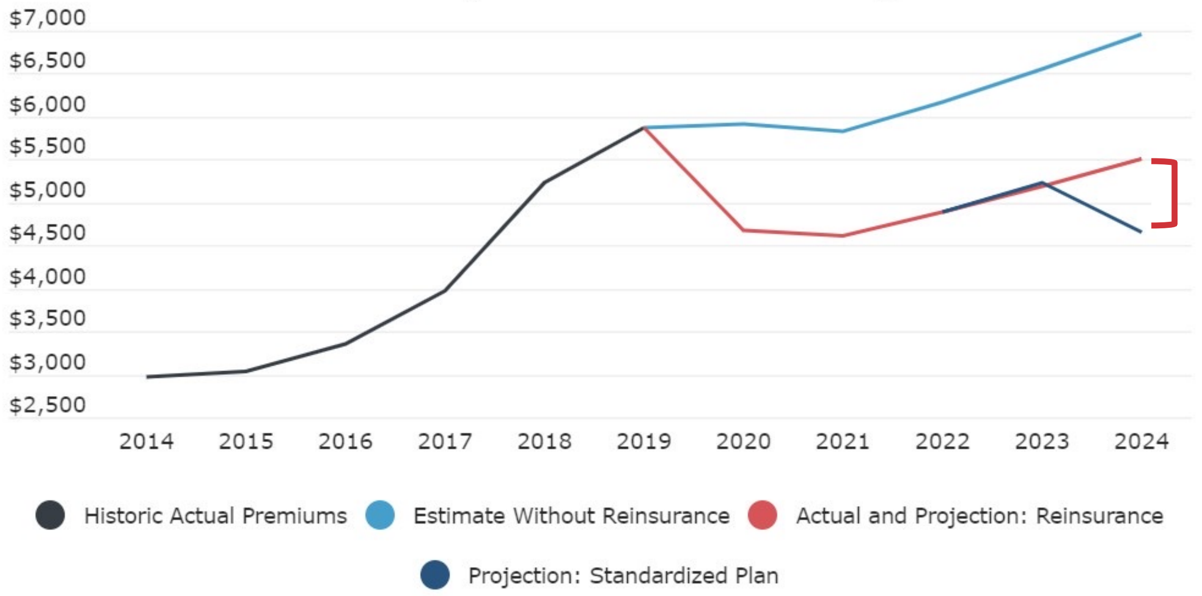
- Hospitals fared relatively well during pandemic
- High quality sector rankings
- High overall health
- Staff shortages

Outlook: Negative

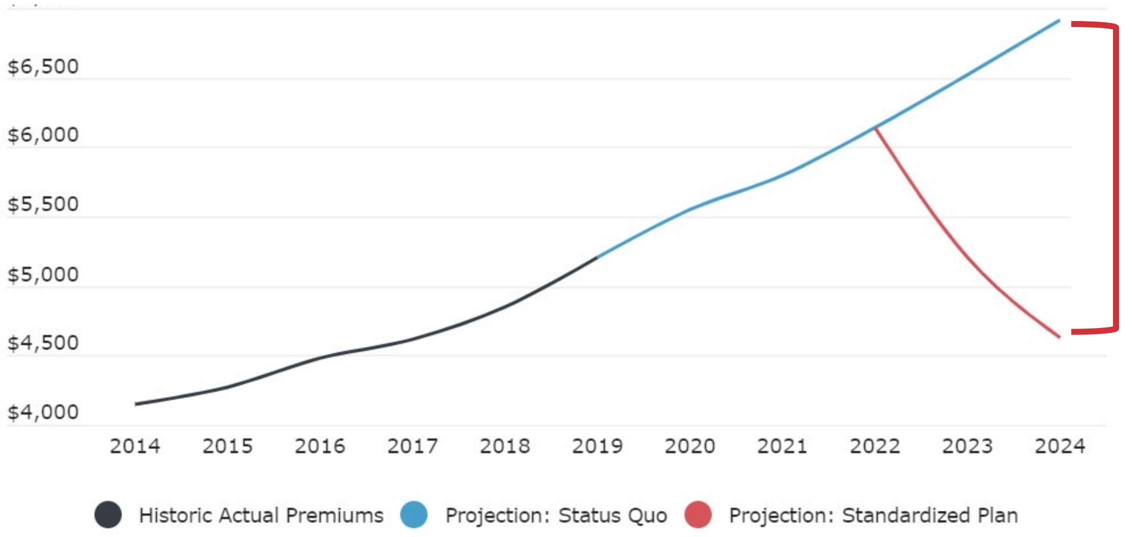
- Recent policy reforms focus on price controls
- Public option vs reinsurance
- Innovation

CSI Research: Health Care

Individual Market Premiums



Small Group Premiums With Reinsurance



Total revenue impact = (individual market revenue impact) – (small-group market revenue impact) → **-$830M to -$1B**

COMMON SENSE INSTITUTE

Housing & Our Community

Performance Rating 1 2 3 4 5 2 out of 5

Outlook: Neutral

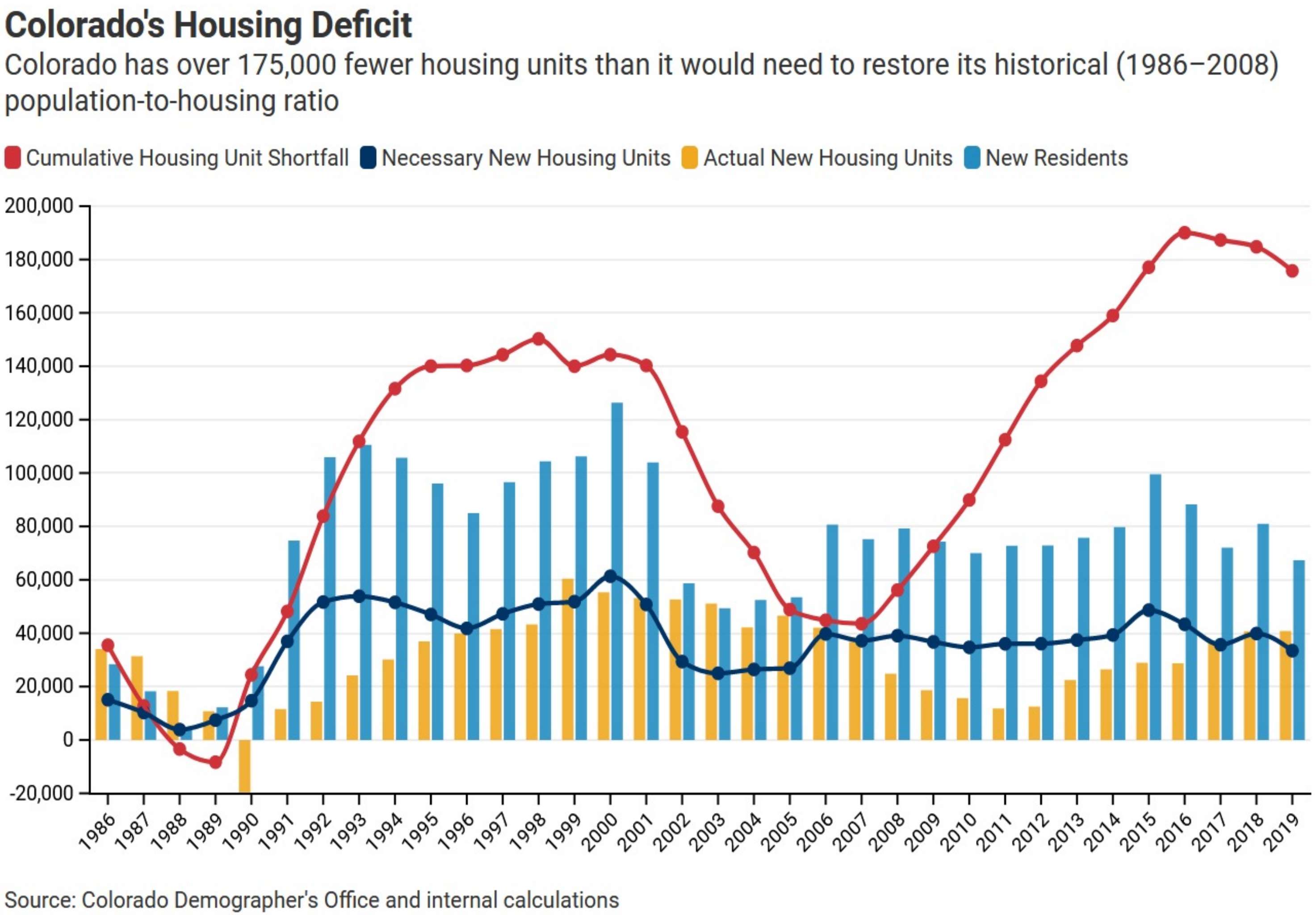
- Housing shortage of over 175,000 units in Colorado
- Low purchasing power for a single-family or two-bedroom home
- High housing costs
- Rising issue of homelessness
- Decades-high crime in 2020 cost Colorado over $27 billion

- No transformative solution to improve supply
- Upward pressure on property tax bills
- Federal COVID-19 relief funding for affordable housing and homelessness
- No comprehensive reforms to improve criminal justice system

CSI Research: Housing & Our Community

+54,190

New housing units needed annually over the next 5 years



CSI Research: Housing & Our Community

City of Denver Homelessness Spending: $434.6 Million

$41,679–$104,201 Per Person Experiencing Homelessness

$19,202 Per-pupil spending on K–12 education

$21,156 Average yearly rent for an apartment

$44,806 Per-capita individual income

$68,592 Median household income

Sources: CDE, https://www.rentcafe.com/average-rent-market-trends/us/co/denver/, https://www.census.gov/quickfacts/fact/table/denvercountycolorado/INC110219, https://www.census.gov/quickfacts/fact/table/denvercountycolorado/INC110219

COMMON SENSE INSTITUTE

CSI Research: Housing & Our Community

- The **cost of crime** totaled more than **$27 billion** in 2020.
  - While costs are disproportionately felt by victims, this number represents an **average cost per Coloradan of $4,762** a year.
  - Total costs equal **77%** of the size of the **state budget** ($35 billion).
  - Colorado had the **highest increase in its property crime rate** between 2011 and 2020 of all states.
  - Colorado had the **highest motor vehicle theft rate** of all states in 2020.

COMMON SENSE INSTITUTE

Infrastructure

Performance Rating 1 2 3 4 5 3 out of 5

Outlook: Neutral

- "Chronic underinvestment"
- High-performing power grid and internet infrastructure
- 37th-most spending on roadways
- Road quality and commuting time

- 2021 legislative will increase fees and overall spending
- The state’s Zero Emission Vehicle rule
- Market supporting electric charging stations and EV adoption
- New capacity in question

CSI Research: Infrastructure

Phase 1: Stabilization - The Immediate Short Term

This period is defined as the remaining period before reliable treatments and/or vaccines for COVID-19 are available, and recovery from the recession occurs. **We recommend assessing the post-recession status quo for both revenue availability and system needs.**

Phase 2: Rehabilitation - The Pressing Short Term

Based on the assessments in Phase 1, new calculations of the maintenance deficit should be recompiled. The most up-to-date estimates (setting aside the current recession) indicate there is a **$300 million deficit annually** for what is needed to keep the system largely in the condition it currently is now.

Phase 3: Transformation - The Medium Term

Under current Colorado law, CDOT will receive an additional $500 million a year in funding for capacity expansions through FY 2023. This meansthat the progress towards completing the over $9 billion in backlog of identified capacity projects will stop when the last of the projects funded via this program is completed.

Submitted comment to the Colorado Department of Transportation regarding changes to the Statewide Transportation Plan

COMMON SENSE INSTITUTE

State Budget

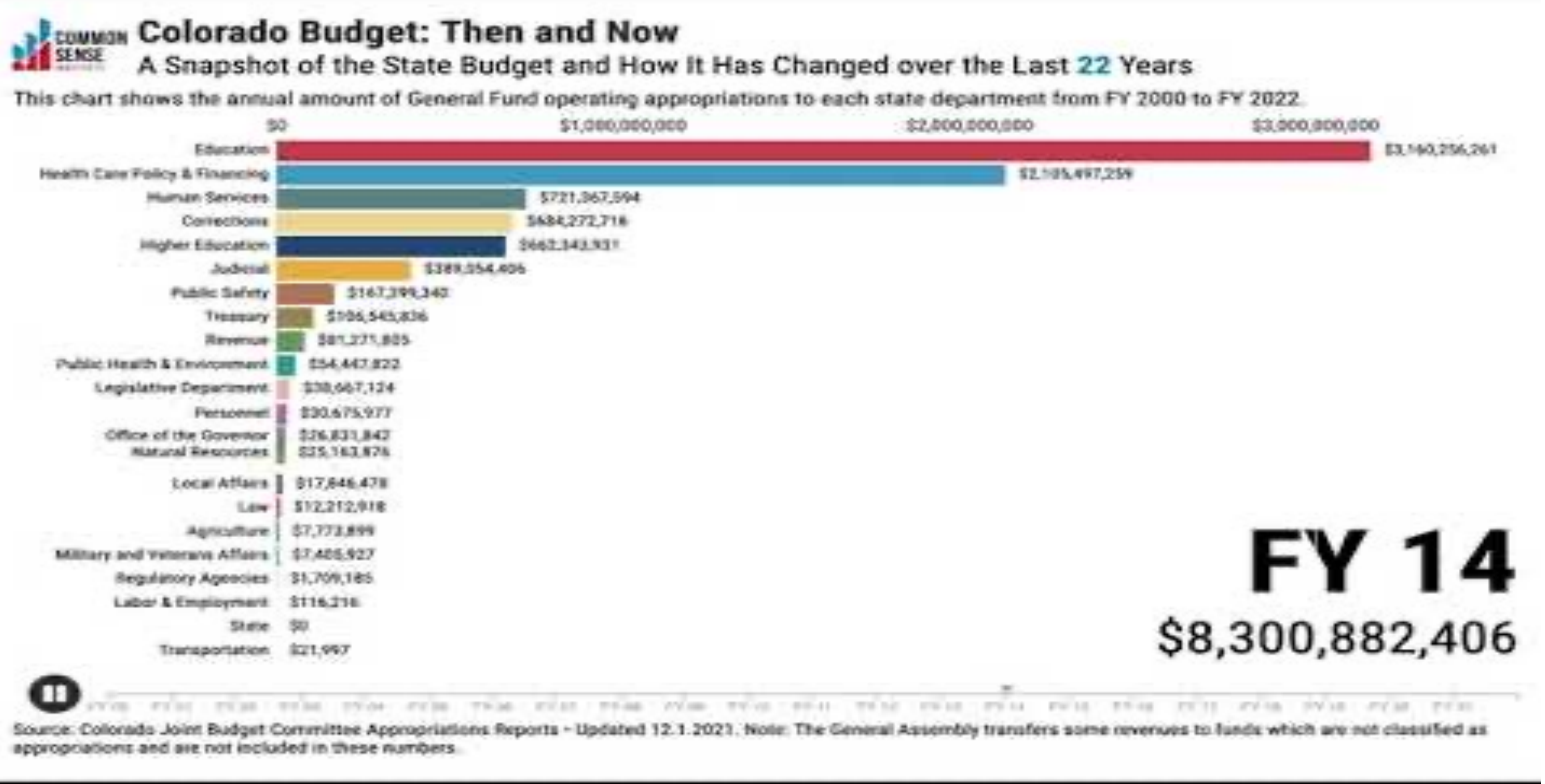
Performance Rating 1 2 3 4 5 3 out of 5

- Quick recovery from pandemic
- 58.7% of budget on education and Medicaid in 2020
- Middling amount of debt per capita
- Recent PERA reforms
- UI Loan to federal government

Outlook: Positive

- Proposed UI repayment
- Record increases in budget
- Substantial reserve
- Increase in state department budgets
- TABOR refunds

CSI Research: State Budget



COMMON SENSE INSTITUTE

Taxes & Fees

Performance Rating 1 2 3 4 5 4 out of 5

Outlook: Negative

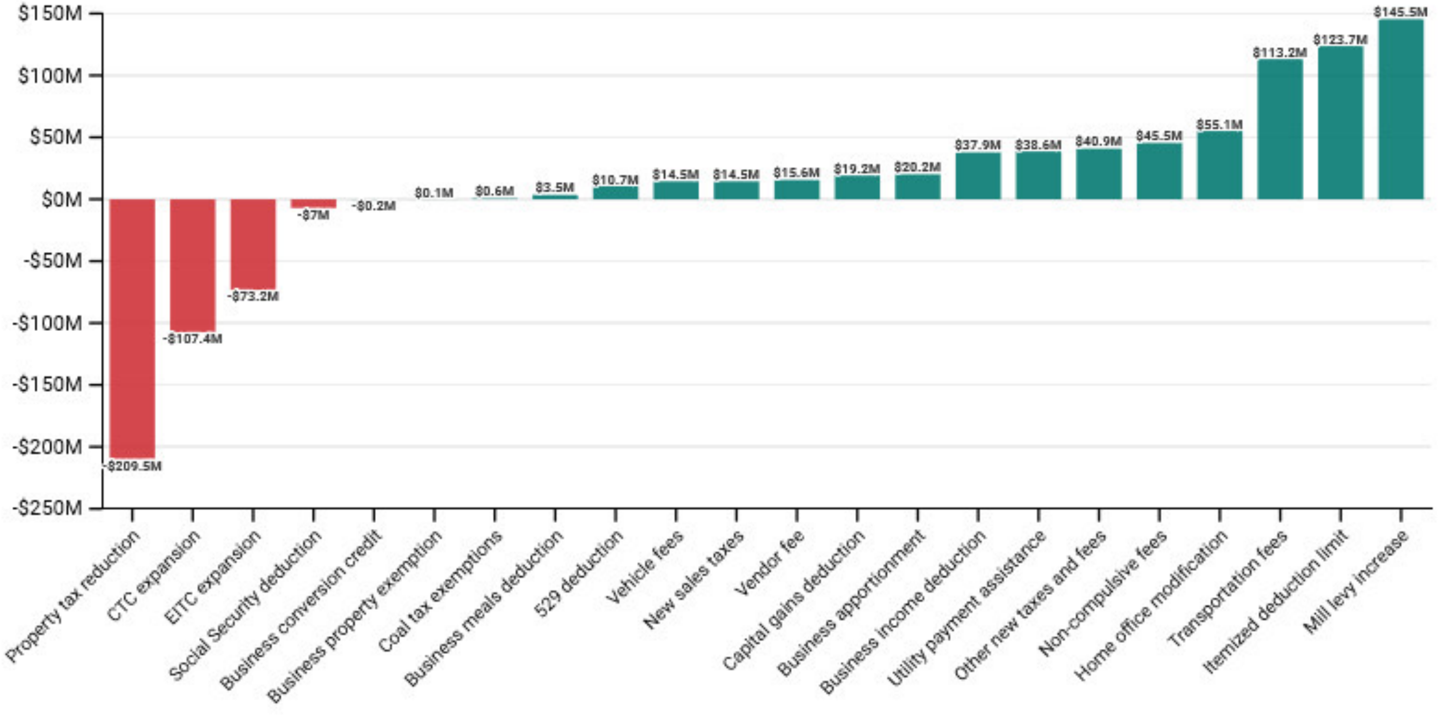
- 21st-best business tax climate and 10th-best corporate tax climate
- 5.95% of income on taxes and fees in 2019
- Rising fees per capita
- Increasing UI taxes

- Billions in new taxes and fees
- Property tax burden
- Tax cut vs increase
- TABOR and Prop 117 are unique among states

CSI Research: Taxes & Fees

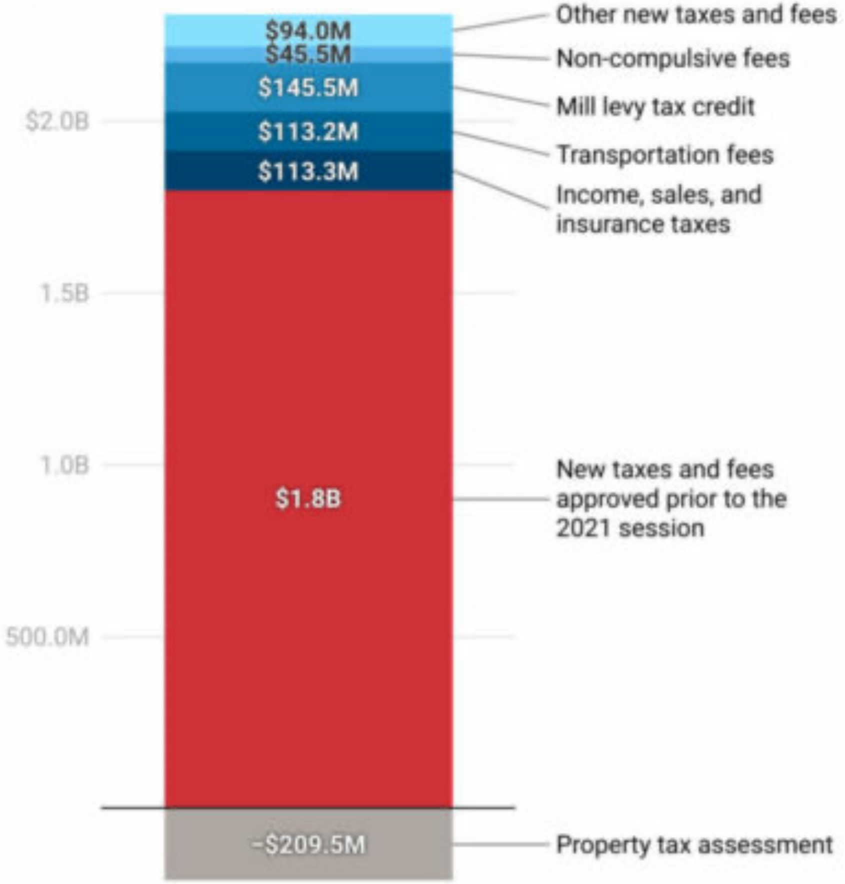
Figure 1: Tax and Fee Changes from the 2021 Legislative Session

The direct state-revenue changes passed during the 2021 session, in total, will cost Coloradans $302 million.



Source: CO Legislative Council Fiscal Notes

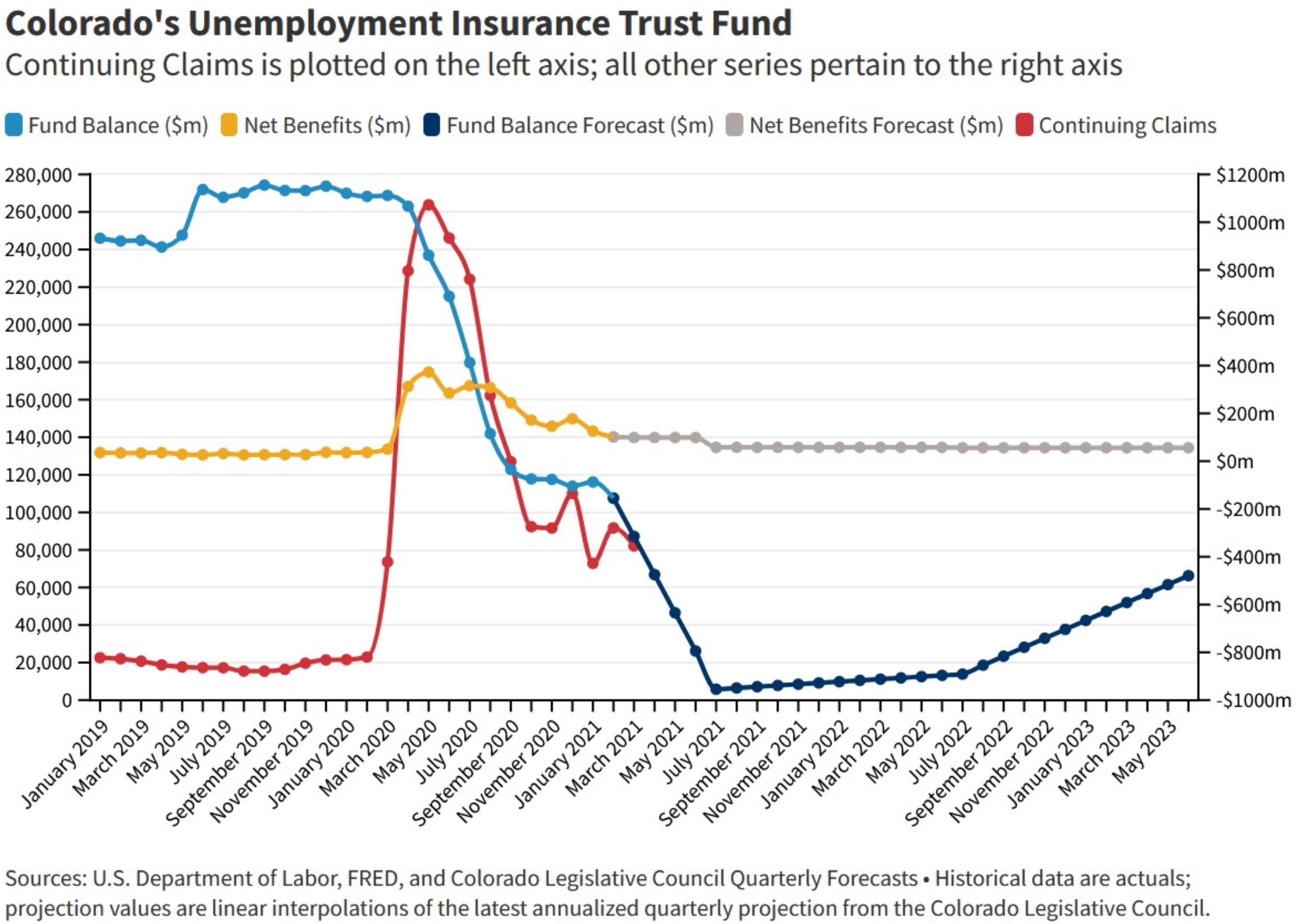
$2.1 Billion in New Taxes and Fees



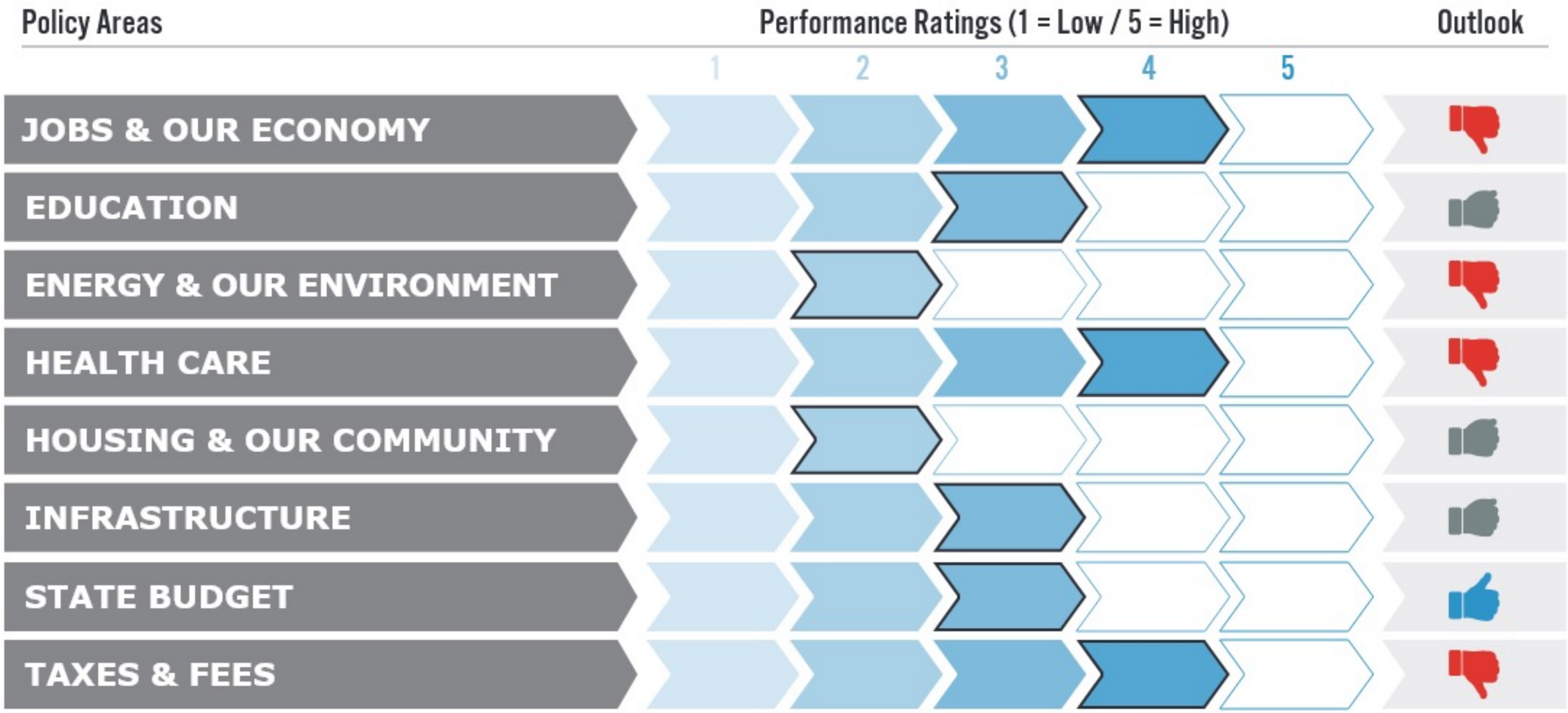
Created with Datawrapper

CSI Research: Taxes and Fees

Without Governor's proposed investment UI taxes are projected to increase by over **$500 million, or 84%**, within the next two years.



2021 Common Sense Institute
Free Enterprise Performance and Outlook



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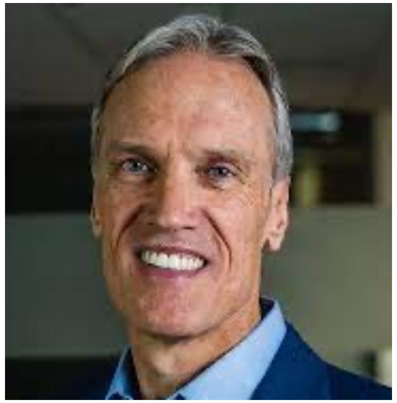

Tom Brook
Denver South

Debbie Brown
Colorado Business Roundtable

Dave Davia
Rocky Mountain MCA

Loren Furman
Colorado Chamber of Commerce

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