

CSI Economic Priorities and Gov. Jared Polis' 2025 State of the State Address

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Introduction

Colorado Governor Jared Polis gave his annual State of the State address today marking the beginning of the 2025 Colorado General Assembly session. In it, the Governor addressed some of the biggest issues facing Colorado, including transportation, housing, public safety, energy, education, and healthcare. Common Sense Institute (CSI) has been at the forefront of data analysis regarding each of these issues. The following brief summarizes CSI's research on the policy and economic issues raised in the Governor's address.

Issue Highlights and CSI Research

Transportation

Gov. Polis - "My administration has sought to partner with RTD and support RTD with new funding from new laws, but we continue to also push for better governance, more budget transparency and accountability, and ultimately, a district that is laser focused on getting more people where they need to go.

I believe we all share the goal of increasing ridership. Having an A+ transit agency for Colorado's largest metropolitan area is absolutely critical to meet the needs of a growing and dynamic state, but while we trust, we must also verify. Thank you to Senator Winter, Representatives Froelich and Lindstedt for continuing to lead this important effort.

We hear from local and regional partners around the state - in rural and urban communities - about the need to improve and add bus and train stations to ensure riders can safely and easily get where they need to go. We look forward to using innovative financing tools at the state level to help meet this need and encourage new stations to help local partners boost ridership.

Our housing and transit goals go hand in hand with our climate goals and our affordability goals. More, better, less expensive transit options, with housing closer to job centers and transit hubs, save money and mean less pollution and less congestion."

CSI Research: Report by CSI Urban Development Fellow Kellyⁱ Brough - [Fork in the Railroad](#)ⁱⁱ

RTD Budget

- RTD's budget has been climbing as its ridership has fallen. Between 2019 and 2022, ridership fell 46% while its operating budget increased 3%.
- FasTracks has completed 78 of the planned 119 miles of rail at the cost of \$72 million per mile.
- In 2014, the system's operating budget was \$477 million. That rose 35% by 2019 to \$644 million, then sank to \$570 million by 2021 largely in response to COVID-19 interruptions. RTD's budget has grown rapidly since then. By 2023, it had grown to \$856 million, and RTD has proposed a \$1 billion budget for 2024.
- From 2020 through 2022, 66% of RTD's revenue came from sales and use taxes in participating counties, amounting to \$275 per Denver metro area resident.

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- Operating assistance grants (primarily federal dollars) contribute another 25%.

RTD Ridership

- As of January 31, 2024, fares only recovered 4.4% of RTD's operating costs. In 2022 the state legislature eliminated a standard that required higher fare recovery ratios. Unless ridership increases, this lower level of fare recovery means there is a greater level of public subsidy expected to maintain RTD.
- RTD's budget has been climbing as its ridership has fallen.
- In 2022, RTD ridership was 54% of its 2019 level.
- Ridership had already decreased 5% from 2014 to 2019.
- RTD would have to nearly triple its ridership in order to recover 30% of its operating costs through rider fares, as it was officially required to do until 2021.

Crime around Transit

- According to the Colorado Bureau of Investigation, the number of crimes occurring at Colorado air/bus/train terminals has spiked.
- Between 2019 and 2023, violent crime rose by 53%, including a 300% rise in murder, an 86% rise in aggravated assault, a 32% rise in non-consensual sex assault, and a 32% rise in robbery.
- Property crimes also increased by 89% during the same timeframe, including an 89% rise in larceny, a 13% rise in burglary, a 48% rise in fraud, and a 202% rise in motor vehicle theft.
- Drug crime increased even more sharply. The number of drug violations at air/bus/train terminals rose by 248% between 2019 and 2023 and the number of drug equipment violations rose by 858%.

RTD on National Stage

- Among 23 U.S. public transportation systems spanning bus, light rail, and heavy rail, RTD ranked 17th in overall spending, 15th in the number of unlinked trips, 10th in the amount of operational expense per trip, 19th in use rate per service area population, 17th in number of miles transported, and 17th in spending per mile of rider travel in 2022.

Colorado State Budget

Gov. Polis - "This year, we are navigating a return to tighter budget conditions thanks to lower inflation and increasing healthcare costs. The balanced budget I've put forth includes thoughtful proposals that pair meaningful cuts with new enterprises; the conversion of Pinnacle to better support workers for the future; and targeted, high-impact investments to improve public safety, fully fund our schools, and protect our social safety net."

CSI research: Report - [Colorado Budget Then and Now](#)ⁱⁱⁱ

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- Government spending has outpaced inflation and population growth in recent years - adjusted for inflation, total state government appropriations per Coloradan increased by 35% from FY05 to FY25, growing from \$5,140 to \$6,924. In FY26 alone it will increase by 8.9% or \$617 per Coloradan.
 - Health care has dominated budget growth in recent years while education's share has declined -
 - In the Governor's FY26 budget request, growth in the Department of Health Care Policy and Financing (HCPF) funding accounts for 98% of the total net increase in all appropriations. It accounts for 36% of GF growth.
 - In the last 20 years, (FY05-FY25) the HCPF budget increased by 429% from \$3 billion to \$15.9 billion and its share of the total budget rose from 22% to 37%. HCPF accounted for 43% of all new spending between FY24 and FY25.
 - Over this same time, education funding increased 128%, while its share of the budget fell from 25% to 18%.
 - Revenue subject to TABOR available to spend or save accounts for 46% of all spending. It is projected to grow by 3.3% annually, or from \$18B to \$20.6B, from FY24 to FY27. At the same time there is \$3.2B in projected TABOR surplus revenue available for refunds.
 - During the 2024 legislative session projected TABOR refunds were reduced by over \$3B.

Housing

Gov. Polis - "To unlock housing supply, we need to allow more housing Coloradans want. This includes condos, which often start at a lower price point, providing more affordable homeownership, and with it, the foundation for wealth building, and building a nest egg for financial security. And yet in Colorado, we've had a major decline in condo construction. Before 2008, condos made up nearly 20% of new home starts in Colorado, dropping to 5% now. In 2005 there were nearly 3,000 condos on the market under \$400,000, and last year, there were only 22."

CSI research:

Report - [Colorado Housing Competitiveness Index](#)^{iv}

- The index of the housing shortage as a share of the population increased from 55 in 2011 to 58 in 2023
- The index of the percentage of permits as a share of the housing deficit/surplus increased from 63 to 64
- The index of the hours required to pay the monthly mortgage declined from 60 to 52
- The index of the hours of work required to afford the monthly rent declined from 67 to 49

Report - [Housing Mismatch: Mortgage Capacity vs. Home Prices](#)^v

- More Coloradans have the capacity to afford more expensive owner-occupied housing in 2022 than in 2010. However, the market is oversupplying higher ranges of owner-occupied housing.
- 44% of Colorado households can afford mortgage payments on a home priced above \$500,000, yet those homes make up 54% of housing stock.

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- 42% of households cannot afford a home above \$300,000, yet only 16% of homes are valued at \$300,000 or less. In 2010, 65% could not afford a home over \$300,000 yet 66% of homes were under \$300,000.
 - The mismatch in household mortgage capacity and the value of owner-occupied housing has grown from 46.8% in 2010 to 60.2% in 2022. There are too few lower priced homes, and too many higher priced homes based on the share of households that have the mortgage capacity to purchase them.
 - In 2010, Colorado was ranked 20th in the nation for the size of the mismatch between household mortgage capacity and the value of owner-occupied housing. Colorado's ranking rose to 11th highest, tied with California.

Report - [Rising Housing Costs in Erie](#)^{vi}

- **Rising Costs Passed to Homebuyers:** Erie's proposed and enacted housing policies—including increased water tap fees, fire suppression mandates, and electric-ready building codes—are estimated to raise homebuyer costs by \$35,000 to \$60,000 per unit.
- **Up to 468 Fewer Homes Over Three Years:** The change in development costs directly impact approximately 10,000 housing units currently in the development review process. A 20% to 35% reduction in annual housing supply amounts to 267 to 468 fewer homes over three years.
- **Longer-Term Impacts on Housing Goals:** The increase in prices to future homebuyers and the decline in housing supply challenges Erie's recently approved Comprehensive Plan Update. Higher costs per unit further discourage smaller homes on smaller lots, making it harder to meet both total housing unit goals and the diversity of housing supply goals.
- **Reductions to Town Revenue:** While the proposed water tap fee increase aims to boost revenue, the projected reduction in homes would offset these gains. At a 35% supply loss, the town could see a net decline in revenue of \$278,400 annually, undermining fiscal goals and threatening the sustainability of long-term capital projects. One Erie homebuilder estimated that the loss of their planned 2,000 homes could cost the city \$100 million in fees.

Migrants

Gov. Polis - "I hope that President-elect Trump and Congress work together quickly to secure the border, stop human trafficking, and stop the illegal flow of guns and drugs, and we welcome more federal help to detain and deport dangerous criminals. I also hope that Congress finally provides legal pathways to citizenship for Dreamers and those who seek to come out of the shadows to help make Colorado greater. But, Colorado will not support efforts to deport American citizens, target those on pending legal status, or break up families, creating orphans of American children whose parents are alive and who came to this country to build a better life for their families."

CSI research: Report - [Updated Costs: Denver Migrants](#)^{vii}

- Daily arrivals of migrants slowed considerably through 2024 from over 5,000 per day in January 2024 to fewer than a dozen per-day in November. As of November 2, 2024,

there have been 45,000 total arrivals since December 2022, according to figures supplied by the city.

- School Districts
- Since December 2022, 16,197 migrant students enrolled in Denver metro schools.
- The total cost to Denver metro schools related to new migrant students is \$228 million annually, which would equate to 1-2% of the total state K-12 education budget for the 2024-25 academic year.
- Hospitals
- In the Denver metro area, hospitals spend about \$2,931 in uncompensated care per migrant patient.
- Emergency departments in the Denver metro area have delivered an estimated \$49 million in uncompensated care to migrants.
- City of Denver
- The City has spent \$79 million on all support services as of November 15, 2024. These include but are not limited to:
 - Facilities and hotels for temporary shelter
 - Housing assistance up to six months of rent

Crime

Gov. Polis - "But to make Colorado the frontrunner in public safety, there's more work ahead. This includes boosting Colorado's emergency dispatch system to ensure our brave and dedicated first responders can get where they're needed without delay. It includes working with Representative Armagost and Majority Leader Duran to strengthen the penalty for theft of a firearm, regardless of market value.

And while crime rates are down statewide, one area in need of improvement is preventing and reducing youth crime. That is why my budget calls for additional support to prevent crime from happening, expanded resources for youth, and increased bed capacity at the Division of Youth Services, so young adults who do enter the criminal justice system can get back on track and avoid becoming repeat offenders. Under my new proposal, youth offenders who are currently being sent all over the state will be able to stay closer to home and get the support they need faster."

CSI research: Report - [Colorado Crime Update: Colorado 8th in Violent Crime, 4th in Property Crime, 4th in Auto Theft](#)^{viii}

- Even though Colorado's violent crime rate came down in 2023 from a peak in 2022, it is still at an elevated rate equivalent to the average rate of violent crime during the mid-nineteen nineties (1994 and 1995)
- It again has the 8th-highest violent crime rate among U.S. states and the District of Columbia, the same ranking as in 2022.
- While Colorado's property crime rate came down in 2023 from a peak in 2022, it is still a top ten state with the nation's 4th-highest property crime rate.
- Colorado ranks 4th highest in the nation for auto theft, down from #1 in 2021.

Report - [2023 New Record Year for Human Trafficking in Colorado](#)^{ix}

- In 2023, Colorado had the nation's 10th highest number of human trafficking reports, 84 in total.
- In the U.S., the total number of reported human trafficking incidents rose reached a 15-year peak in 2023, with 3,117, more than twice the number reported in 2019.^[i]
- Colorado had the nation's 10th highest rate of human trafficking reports per 100,000 at 1.44.
- Colorado reached a record amount of human trafficking in 2023, with 84 reported incidents.
- On average, there have been 74 reports of human trafficking in Colorado in 2021, 2022, and 2023. Between 2016 and 2020, there were an average 48 per year.
- Adams County is the location for the largest share of Colorado's human trafficking both over time (27%) and in 2023 (26%).
- El Paso and Denver counties rank second and third from 2008 to 2024, with 21% and 18%, respectively.
- In the record year 2023, Adams, Boulder, and Denver counties had the highest shares of human trafficking at 26%, 15%, and 18%, respectively.

Education

Gov. Polis - "Colorado is an outlier when it comes to school funding – with our current system funding based on students who were enrolled four years ago. We are talking about counting students that attended nearly half a decade ago! To fully fund our new school finance formula and ensure we never have to go back to a budget stabilization factor, we have to start funding students where they are in their schools today in ways tailored to individual needs...We need to clear the way for these students to get back on track by making it easier for high quality and innovative schools to start and operate in Colorado, supporting students whether in a traditional district or a charter school, and giving parents the ability to choose the best option for their kids."

CSI research: Report - [Districts and Data: Colorado Education Data and Trends](#)^x

- Colorado K-12 enrollment has dropped for four consecutive years.
 - After a steep drop of more than 30,000 students in one year during the pandemic (2021), public-school enrollment fell by another 5,053 students between 2022 and 2024. Before the pandemic, statewide enrollment had not declined in any single year since 1989.
- Public education funding keeps rising, even as enrollment drops.
 - Public education revenue is largely determined by the funded pupil count, rather than enrollment. The funded pupil count includes averages of prior-year trends, so it has not declined at the same speed as total enrollment. Between 2020 and 2023, the funded count fell by 1.9% while total enrollment dropped by 3.3%.
- Education spending continues to disproportionately prioritize administrative and non-instructional categories while student achievement remains largely flat.
 - Total education expenditure grew to \$17.65 billion in 2023, an all-time high. That is an increase of \$1.64 billion since 2022 (10.2%) and an increase of

\$4.68 billion (36%) since 2018. Instruction and support expenditure totaled \$13.37 billion in 2023, an increase of \$1.13 billion (9.3%) since 2022.

Report - [Administrative Growth in Colorado's Public School System](#)^{xi}

- Since 2021, the number of public-school administrators has grown 12.5%, while Colorado's student population has declined by 0.2%.
- The gap between student and administrative growth was more pronounced in some of Colorado's largest school districts since 2021.
- Denver County 1 increased its student population by 2% while administrative growth was 24%.
- Cherry Creek 5 lost over 5% of its students yet the number of administrators grew by 16%.
- St. Vrain Valley had the largest administrative growth, 30%, among 8 of the state's largest districts. Their student body grew by just 3%.
- Since 2021, the share of 9th, 10th, & 11th grade students who are proficient in math and reading & writing declined for each grade level.
- Teacher salaries as a share of total educational spending in Colorado has consistently declined from 30.2% in 2013 to 25.3% in 2023, as administrative positions continue to grow.

Healthcare

Gov. Polis - And we've learned through our nation-leading policies to increase hospital price transparency that Coloradans and employers are still paying far too much for hospital services.

While Coloradans with commercial insurance are paying nearly three times what Medicare pays for hospital services, our safety net providers such as Clinica Family Health and Wellness, Marillac Health in Grand Junction, Denver Health, and Pueblo Community Health Center are being left behind.

Now is the time for us, alongside Representative Brown and Senator Bridges, to take real action to deal with excessive hospital prices while also protecting our safety net."

CSI research: Report - [Colorado's Ranking on Maternal Healthcare: Costs and Options](#)^{xii}

- Between 2016-20, 174 women in Colorado died from a pregnancy associated cause. The tragic human loss also carries an economic impact. The average loss of life over these 4 years equates to \$574 million per year, and \$2.3 billion in total. UHealth reported over a half a billion dollars in uncompensated care in fiscal year 2023.
- In 2019, the total medical and societal cost of preterm births covered by Colorado Medicaid exceeded \$235 million. In 2021, Colorado hospitals provided \$264 million in charity care.
 - o This includes an estimated \$190 million in medical costs alone.
- CSI examined 13 maternity outcomes and indicators. Colorado outperforms other U.S. states in six, is in line with the average in four, and underperforms in three.

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- Between 2019-22, Colorado had the 9th highest rate of low weight births in the U.S, and the 8th lowest rate of mothers receiving adequate prenatal care. These poor results lead to negative outcomes for both mother and child while also harming Colorado’s economy.
 - Colorado does excel in certain maternal healthcare rankings including infant mortality, health risks during pregnancy, and food sufficiency for children aged 0-5.

Report - [Diagnosis of Colorado’s Healthcare Industry](#)^{xiii}

- Colorado’s healthcare system generates **\$148 billion** of economic output and supports over **744,000 Colorado jobs**—nearly 1 in 5 statewide. CSI’s Free Enterprise Healthcare Competitiveness Index ranks Colorado **13th in the country** for its healthcare system’s performance.^{xiv}

Report - [Do Colorado Option Plans Deliver on the Promise of Consumer Savings?](#)^{xv}

- The Colorado Option Plan is in its second year and will impose further premium reduction requirements next year. In a 2021 report, CSI analyzed the impacts of implementing top-down government price caps without lowering service delivery costs. CSI’s economic modeling estimated that payments to doctors, nurses, hospitals, and other healthcare providers would have been cut an estimated \$830 million to \$1 billion by 2024 without reducing costs. The impact on access and affordability could cut between 4,300 and 5,400 jobs across all sectors. It will be important to monitor the Colorado Option Plan’s impact on providers before pursuing strict enforcement as hitting rate targets grows more difficult. Already four carriers have left the individual market, the small-group market, or both.

To learn more about CSI’s research on all of these topics, please check out our reports here at www.commonsenseinstitute.org

ⁱⁱ <https://www.commonsenseinstitute.org/colorado/research/infrastructure/fork-in-the-railroad>

ⁱⁱⁱ [https://www.commonsenseinstitute.org/ResearchUploads/COLORADOBUDGET_PPT_November_2024%20\(1\).pdf](https://www.commonsenseinstitute.org/ResearchUploads/COLORADOBUDGET_PPT_November_2024%20(1).pdf)

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- iv <https://www.commonsestituteus.org/colorado/research/housing-and-our-community/colorado-housing-competitiveness-index>
- v <https://www.commonsestituteus.org/colorado/research/housing-and-our-community/housing-mismatch-mortgage-capacity-vs-home-prices>
- vi <https://www.commonsestituteus.org/colorado/research/housing-and-our-community/rising-housing-costs>
- vii <https://www.commonsestituteus.org/colorado/research/housing-and-our-community/updated-costs-denver-migrants>
- viii <https://www.commonsestituteus.org/colorado/research/crime-and-public-safety/colorado-crime-update-colorado-8th-in-violent-crime-4th-in-property-crime-4th-in-auto-theft>
- ix <https://www.commonsestituteus.org/colorado/research/crime-and-public-safety/human-trafficking-in-colorado-2023-new-record-year-for-trafficking-crimes>
- x <https://www.commonsestituteus.org/colorado/research/education/districts-and-data-2024-edition>
- xi <https://www.commonsestituteus.org/colorado/research/education/administrative-growth-in-colorados-public-school-system>
- xii <https://www.commonsestituteus.org/colorado/research/healthcare/colorados-ranking-on-maternal-healthcare-costs-and-options>
- xiii <https://commonsenseinstitute.co.org/diagnosis-of-colorados-healthcare-industry/>
- xiv <https://commonsenseinstitute.co.org/diagnosis-of-colorados-healthcare-industry/>
- xv <https://commonsenseinstitute.co.org/do-final-colorado-option-rates-deliver-on-the-promise-of-consumer-savings/>