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Faulty policies make costly Colorado costlier

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Life is far more costly in the post-pandemic landscape than it was back in 2019. That's the unfortunate reality we live with today.



Note

But why? And why haven't prices come back down?

An expansive new report from the nonpartisan Common Sense Institute — “The Inflation Hangover: How the Post-Pandemic Price Surge Reshaped Affordability in America” — digs deep into the causes and where Colorado now falls into the mix.

Government-mandated shutdowns and global uncertainty stalled most sectors of the economy. GDP dropped nearly 30% in the second quarter of 2020 alone, among the sharpest economic collapses in modern history.

Federal spending kicked into high gear, injecting trillions of dollars into the economy and engorging the federal debt by \$5.5 trillion. Meanwhile, the Federal Reserve pushed interest rates to zero and expanded its balance sheet by \$3 trillion through “quantitative easing.”

“This combination — a rapidly recovering economy, extraordinary fiscal transfers, near-zero interest rates, and lingering supply constraints — created the conditions for the fastest inflation in more than 40 years,” CSI reports.

Since the era of profligate fiscal and monetary policies came to an end, inflation has slowed to 2.4% by January. But the cost of living hasn't fallen. Slower inflation simply means it's at a higher baseline — sticking consumers with “a materially more expensive economy than the one that existed prior to the inflationary shock.”

Unfortunately, prices aren't coming down.

The Colorado picture is especially bleak. CSI pegs necessary household income at \$20,800 more in 2025 just to cover the rising costs of housing and utilities, groceries, insurance, gas and child care — \$5,400 more than the national average of \$15,400.

That ranks us the ninth least affordable among the 50 states.

Note

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In Colorado, expenses are 37% higher than pre-pandemic — outpacing a 35.8% increase in household earnings. *Note*

Shelter and utilities shot up 40% between 2019 and 2025, the 13th largest increase. That phenomenon is accelerated by Colorado's own energy policies mandating coal plant closures and high renewable energy standards — policies that push electricity prices 50% higher than the national average, as U.S. Energy Secretary Chris Wright pointed out last week. *Note*

Xcel Energy's Clean Energy Plan — designed to comply with those policies — will cost an estimated \$12 billion. *Note*

According to CSI, car insurance rates have surged 51.8%, the ninth fastest in the nation — again driven by state policy. Colorado remains a top-five state for auto thefts after legislators weakened penalties, driving the state to #1 for a few years — only to subside slightly after modest reforms. *Note*

When auto theft is a more likely occurrence, insurance companies raise rates. *Note*

Colorado's child care costs also rank ninth fastest rising — surging 56.4% and forcing families to conjure up an additional \$2,500 per month just to match 2019 affordability levels. *Note*

Government's direct impact is squeezing families, too. Colorado households now have the 10th largest tax burden — federal and state combined — in the entire country, even with a flat 4.1% state income tax rate. *Note*

Rather than relief, Coloradans face a campaign to hike income taxes on November's ballot by \$4.1 billion annually through reverting to a graduated income tax system, compounding the affordability crisis government helped create.

A higher cost-of-living baseline is now baked in — the result of years of reckless government engineering. What went up won't come down.

The question now is how much higher Colorado lawmakers will push it. THE GAZETTE EDITORIAL BOARD

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“Who has a harder fight than he who is striving to overcome himself.” Thomas a Kempis, German clergyman