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# DENVER SPENDING IN THE LAST DECADE

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# ABOUT THE AUTHORS



## **DJ Summers, CSI Director of Communications and Research Operations**

He oversees CSI fellows and research staff, coordinates with partners, iterates and analyzes projects, and breaks down findings for the public, legislators, and commercial leaders.

Prior to CSI, DJ attended the University of Utah and Syracuse University. He worked as a journalist, investigator, and political researcher across the U.S. from Washington, D.C. to Alaska.

## **Emma Roberts, CSI KIP Intern**

Emma Roberts is a rising sophomore at University of Tennessee, Knoxville. She is majoring in Public Relations with a minor in Political Science. Her work experience as a Teaching Aide at Primrose School of Tallgrass in Aurora furthered her interest in communications as she was responsible for developing curriculum to groups ages 6 months to 12 years.

# ABOUT COMMON SENSE INSTITUTE

**Common Sense Institute** is a non-partisan research organization dedicated to the protection and promotion of our economy. As a leading voice for free enterprise, CSI's mission is to examine the fiscal impacts of policies and laws and educate voters on issues that impact their lives.

CSI's founders were a concerned group of business and community leaders who observed that divisive partisanship was overwhelming policy-making and believed that sound economic analysis could help people make fact-based and *common sense* decisions.

CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the Colorado economy and individual opportunity.

# TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. CSI's work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit of academic freedom. The CSI team's work is informed by data-driven research and evidence.

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# INTRODUCTION

Denver's revenue has expanded over the past decade. However, its spending has grown more rapidly.

Over the summer, the City of Denver has been a secondary focus of budget woes alongside the State of Colorado. The city has projected a two-year budget deficit between 2025 and 2026 amounting to \$250 million, resulting in layoffs across city departments that have yet to be announced. These actions preceded a proposal from the city for a \$950 million bond package, which was approved by the Denver City Council and will be submitted to voters in November 2025.

Through the past decade, Denver's population has rapidly expanded, which naturally grew both its economy and its budget. The expansion of both its revenues and its spending, though, exceeded the pace of population growth in that time.

Further, the city's spending has outpaced its revenues, both in real terms and per resident. Simply put, the City of Denver has been spending more money in total and more money per person than it has been collecting in taxes. As previous CSI reporting has shown, Denver's taxable sales have been shrinking. Taxable sales in 2024 dollars adjusted for inflation and population in Denver County fell 2.5% from \$21.8 billion in 2023 to \$21.3 billion in 2024.<sup>i</sup>

Through the past decade, Denver's population has rapidly expanded, which naturally grew both its economy and its budget.

## KEY FINDINGS

- Denver's real expenditures per resident grew 51% in the past decade.
- In the same time, real revenue per person grew only 30%.
- The City of Denver's real spending rose at a 67% faster rate than revenues between 2015 and 2024.
  - > Real revenue rose 40%.
  - > Real expenditures rose 60%.
- The number of jobs in the City of Denver has risen 20.6% between 2014 and 2023. This tracks with non-government jobs, which rose 20.1%.
- Between 2015 and 2024, Denver's capital outlay expenditures surged by over 1,174%, from \$45 million to \$575 million in inflation adjusted dollars. Airport construction and the renovation of 16th Street Mall, among other projects, were prioritized during this time.
  - > Between 2022 and 2024, the City of Denver spent \$1.3 billion on capital outlay, more than the \$1.1 billion in the years between 2015 and 2021.
  - > In 2015, capital outlay was 2% of Denver's spending. In 2024, it was 15% of spending.
- Community development expenditures grew at the second highest rate, jumping 484% from \$54.5 million to \$319 million.
  - > Community development grew from 2% of Denver's spending to 8%.
- Health expenditures grew 200%, from \$82 million to \$246 million
- Health spending grew from 3% of Denver's spending to 6%.
- All other spending categories shrank as a share of Denver spending.
  - > In 2015, public safety spending was more than a third of Denver's expenditures, or 34%. By 2024, public safety's share of city expenditures had shrunk to less than a quarter of total spending, or 24%.

# DENVER REVENUES AND EXPENDITURES

Both the City of Denver's revenues and its expenditures have grown significantly in the past decade, but its expenditures have risen at a faster rate. Denver's real spending rose at a 67% faster rate in the last decade than its revenues, according to comprehensive annual financial statements.<sup>ii</sup>

All figures will be presented in inflation adjusted 2024 dollars to show real growth.

2015 was a banner year for Denver, standing out as the year of the largest population growth in both the city's and Colorado's recent memory. City finances reflect the subsequent boost to economic activity. In 2015, the city collected \$2.53 billion in revenues in 2024 dollars. That grew to \$3.54 billion by 2024, an increase of 40%.

In the same time, Denver's spending grew at a faster rate. In 2015, the city recorded \$2.42 billion in expenditures. That grew to \$3.87 billion in 2024, an increase of 60%.

Two years stand out for highest annual increase in spending. In 2017, real expenditures grew 12.2% from the previous year. In 2023, real expenditures grew 13.8% from the previous year. Denver used significant American Rescue Plan Act (ARPA) funds in its 2023 budget to address homelessness and housing stability.

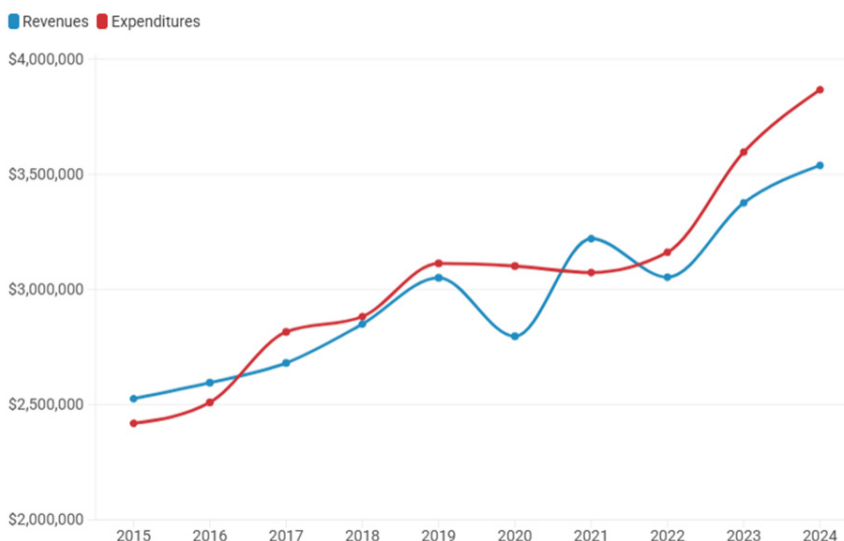
This increase in expenditures was a regular feature of annual financials in the last ten years. Denver's expenditures were larger than its revenues in seven of the last ten years. The exceptions were in 2015, 2016, and 2021. In 2021, the city's revenues were \$147 million more than its expenditures, largely due to the influx of ARPA funding from the federal government that began in 2021.

On average, the city's real revenue has grown 4.05% each year in since 2015.

**FIGURE 1.**

## City of Denver Revenues and Expenditures

(In Thousands, Inflation Adjusted to 2024 Dollars)



In the same time, its real expenditures have grown an average 5.47% each year. The annual growth rate was higher for expenditures in all but two years since 2016.

Though Denver has expanded its population in the last ten years, the increase in expenditures cannot be attributed to population growth. Denver's population grew 6.8% from 2015 to 2024, rising from 682,545 to a projected 729,019.<sup>iii</sup>

Between 2015 and 2024, real revenue per resident grew 31%. Real expenditures per resident, however, grew 50%.

This growth in finances overshot the growth in population substantially. In the same time period, the city's population grew 6.8%.

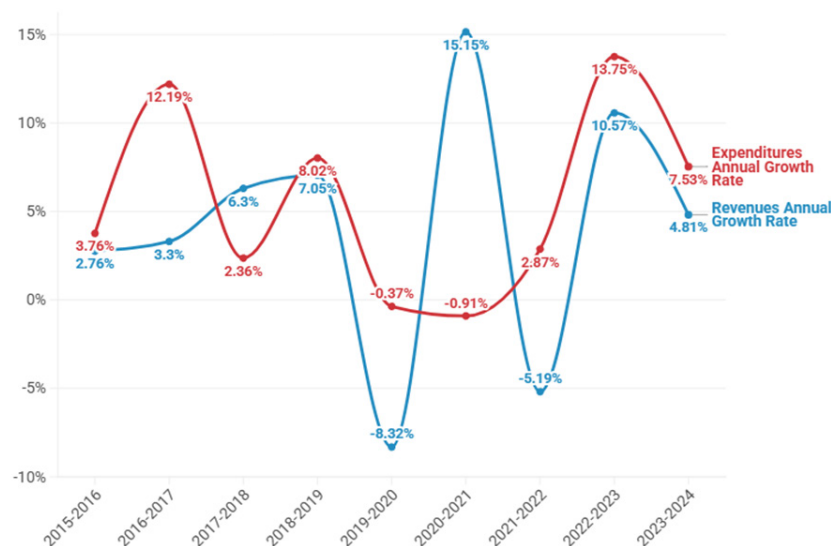
As such, spending and revenues have both risen per person.

In 2015, the city's spending per resident was 4.2% lower than its revenue collection per resident. Denver collected \$3,700 in 2024 dollars per resident in revenues in 2015 but spent \$3,544 per resident.

By 2024, that had changed. Spending per resident was 9.3% *higher* than revenue per resident. The City of Denver collected \$4,854 per resident in revenue but spent \$5,304 per resident.

FIGURE 2.

## City of Denver Annual Revenues and Expenditures Growth Rates



Source: City of Denver Annual Financial Reports

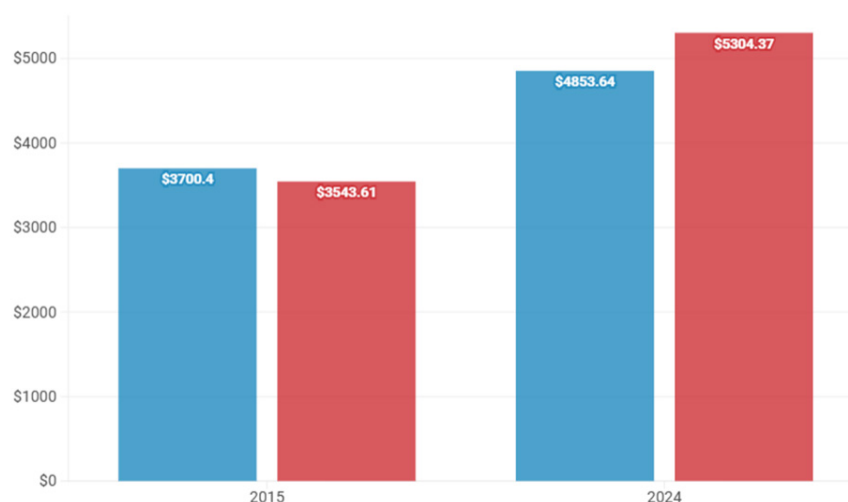


FIGURE 3.

## Denver Revenue and Expenditures Per Resident

Inflation Adjusted to 2024 Dollars

■ Revenue Per Resident ■ Expenditures Per Resident



Source: City of Denver Comprehensive Annual Financial Reports



## DENVER JOBS

Though spending has increased at a faster rate than revenue collection and population growth, Denver's spending is not directly the result of an increase in the number of jobs in the Denver city government. Growth in City of Denver jobs matches the growth of non-government, non-farm payroll jobs in Denver County.

The number of jobs in the City of Denver has risen 20.55% between 2014 and 2023, an increase of 2,113 individual jobs. This tracks generally with the increase in non-government jobs in the same years, which rose 20.14% over the same period from 498,297 to 598,675 jobs.<sup>iv</sup>

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# DEPARTMENTAL SPENDING

Denver's spending has grown in certain areas more than others. Capital expenditures, which include construction projects, have grown most, followed by community development, and health.

Between 2015 and 2024, Denver's capital outlay expenditures surged by over 1,174%, from \$45 million to \$575 million in inflation adjusted dollars. Between 2022 and 2024, the City of Denver spent \$1.3 billion on capital outlay, more than the \$1.1 billion in the years between 2015 and 2021.

Community development expenditures grew at the second highest rate, jumping 484% in the last decade from \$54.5 million to \$319 million. Health expenditures grew 200%, from \$82 million to \$246 million

More moderate increases were seen in general government (53%), cultural activities (45%), and principal retirement (37%).

Parks and recreation spending rose 27%, public safety spending rose 17%, and human services spending rose 12%. Public works rose by about 10%, while interest payments barely increased by 4%. The only notable decline was in economic opportunity spending, which dropped 20%.

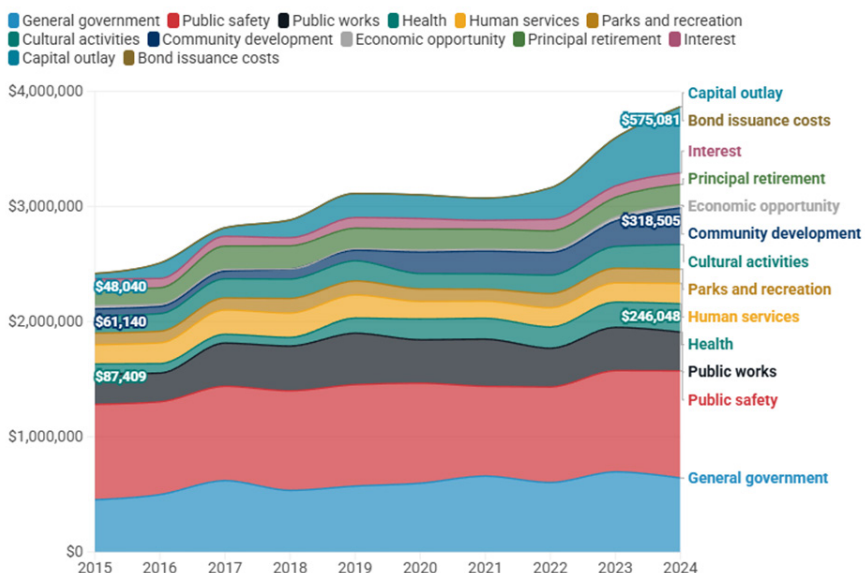
The composition of Denver's spending has shifted as capital outlay, community development, and health spending grew.

Only three categories have increased in their share of Denver's spending: capital outlay, community development, and health. In 2015, capital outlay was 2% of Denver's spending. In 2024, it was 15% of spending. Community development grew from 2% of Denver's spending to 8%, and health spending from 3% to 6%.

**FIGURE 4.**

## City of Denver Expenditures by Department

(In Thousands, Adjusted to 2024 Dollars)



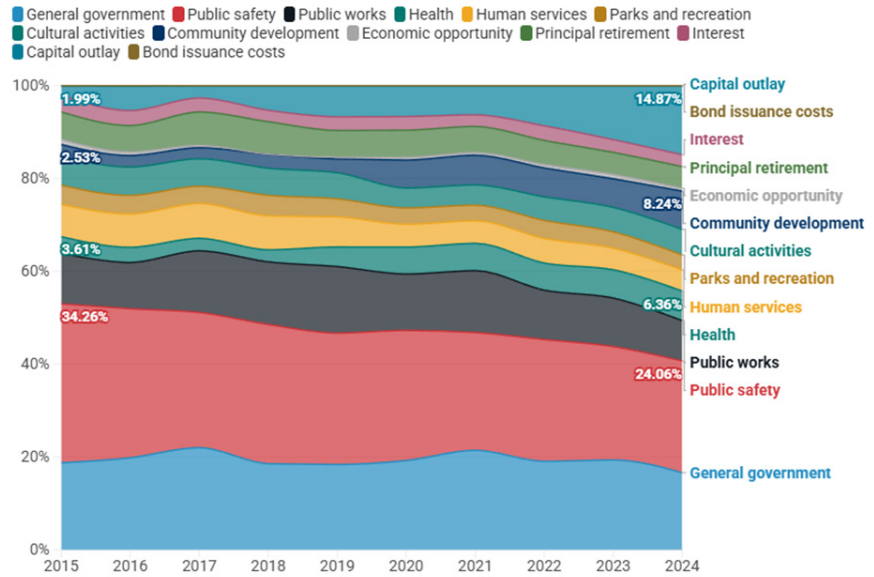
All other spending categories shrank as a share of Denver spending. In 2015, public safety spending was more than a third of Denver's expenditures, or 34%. By 2024, public safety's share of city expenditures had shrunk to less than a quarter of total spending, or 24%.

This shift suggests that capital investment and community development priorities have expanded considerably compared to traditional service delivery and infrastructure maintenance.

FIGURE 5.

### City of Denver Expenditures by Department Share

(In Thousands, Adjusted to 2024 Dollars)



Source: City of Denver Annual Financial Reports



## BOTTOM LINE

Denver's current budgetary concerns follow a decade of consistent spending over its revenues. Revenues grew, but spending has expanded more rapidly, outpacing growth in population and inflation.

Much of the increase in spending related to growth in three spending areas: capital outlay, community development, and health. Spending on these three items grew several times their levels from ten years ago. Each now represents a much larger share of Denver's total spending, while other programs have shrunk, most notably public safety.

# REFERENCES

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