

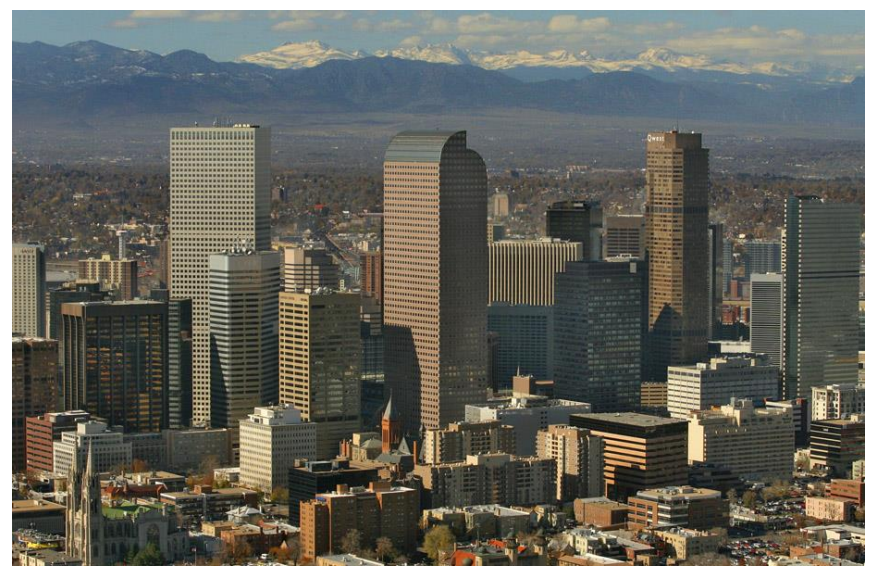
Measuring Genuine Progress

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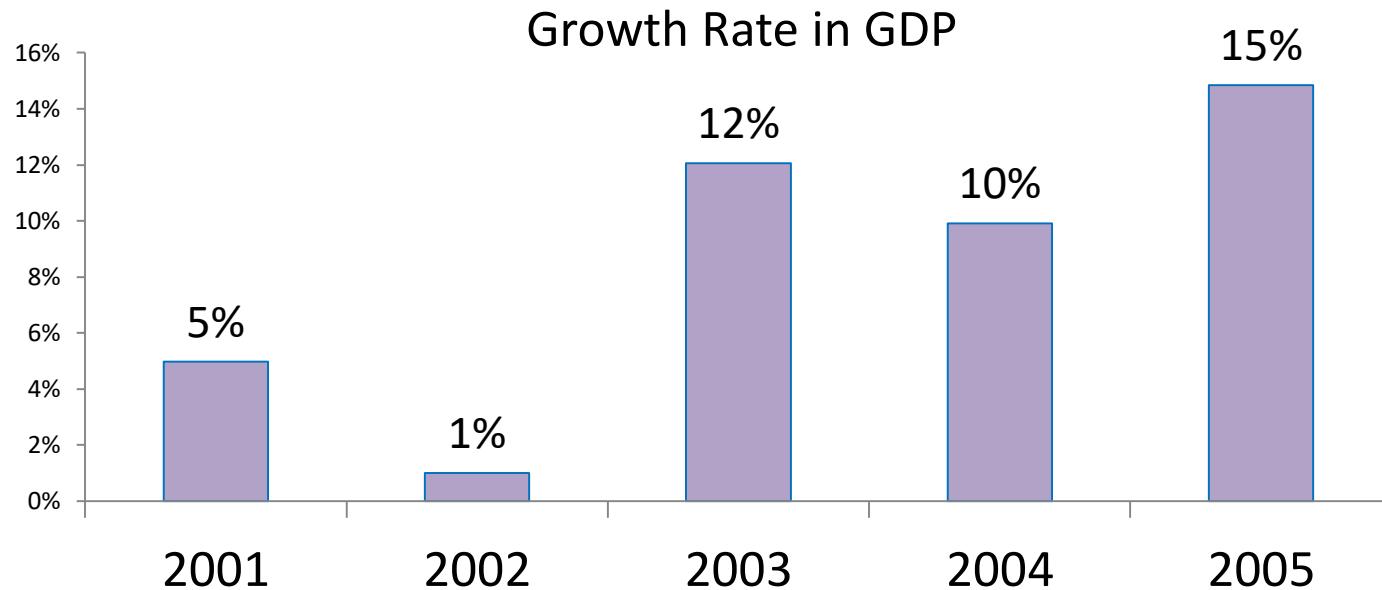
What factors do you consider when choosing housing?



Measuring Economic Progress

- Why do we do it all?
- How is it measured now?
- Does our current method (GDP) of tracking progress measure what we think it should?

Example: State Growth



1,836 preventable deaths
850,000 housing units damaged
600,000 job disruptions
Contamination of drinking water



What is missed by broadly adding up all transactions?



VS.

All spending is treated the same



What is missed by broadly adding up all transactions?



Doesn't recognize the value of things that weren't purchased

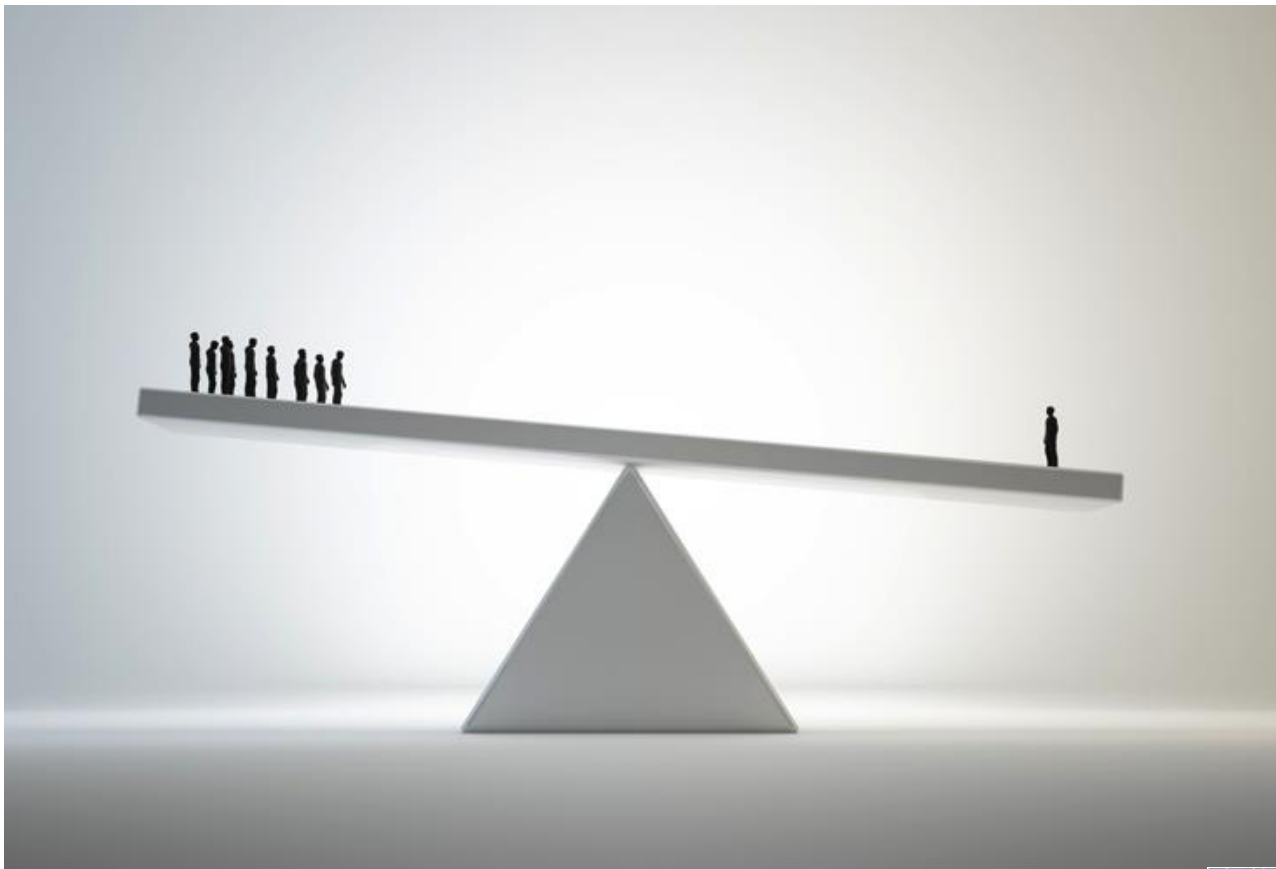
What is missed by broadly adding up all transactions?

Doesn't account for future costs or future benefits of current spending



What is missed by broadly adding up all transactions?

No mention of distribution of growth



Additional Measure of Economic Progress is Important for Lots of Interests

“There’s bipartisan incentive to fix GDP. The indicator fails economic conservatives (by failing to properly account for debt), progressives (by failing to account for inequality), environmentalists (by failing to account for pollution), businesspeople (by failing to account for entrepreneurship), and social conservatives (by failing to account for time spent with family). Nearly all players have a stake in seeing some improvement to the system.”

--“How to Build a GDP Measure for the Real Economy”
The Atlantic October 2013

Is there an Alternative to GDP?

The Genuine Progress Indicator

Adjusts GDP by factors in three areas

Economic

Social

Environmental

A team of economists from across the country has developed values for the 26 additional measures. States are applying those values to their own data to arrive at State GPI

GPI corrects for “irksome” spending



VS.



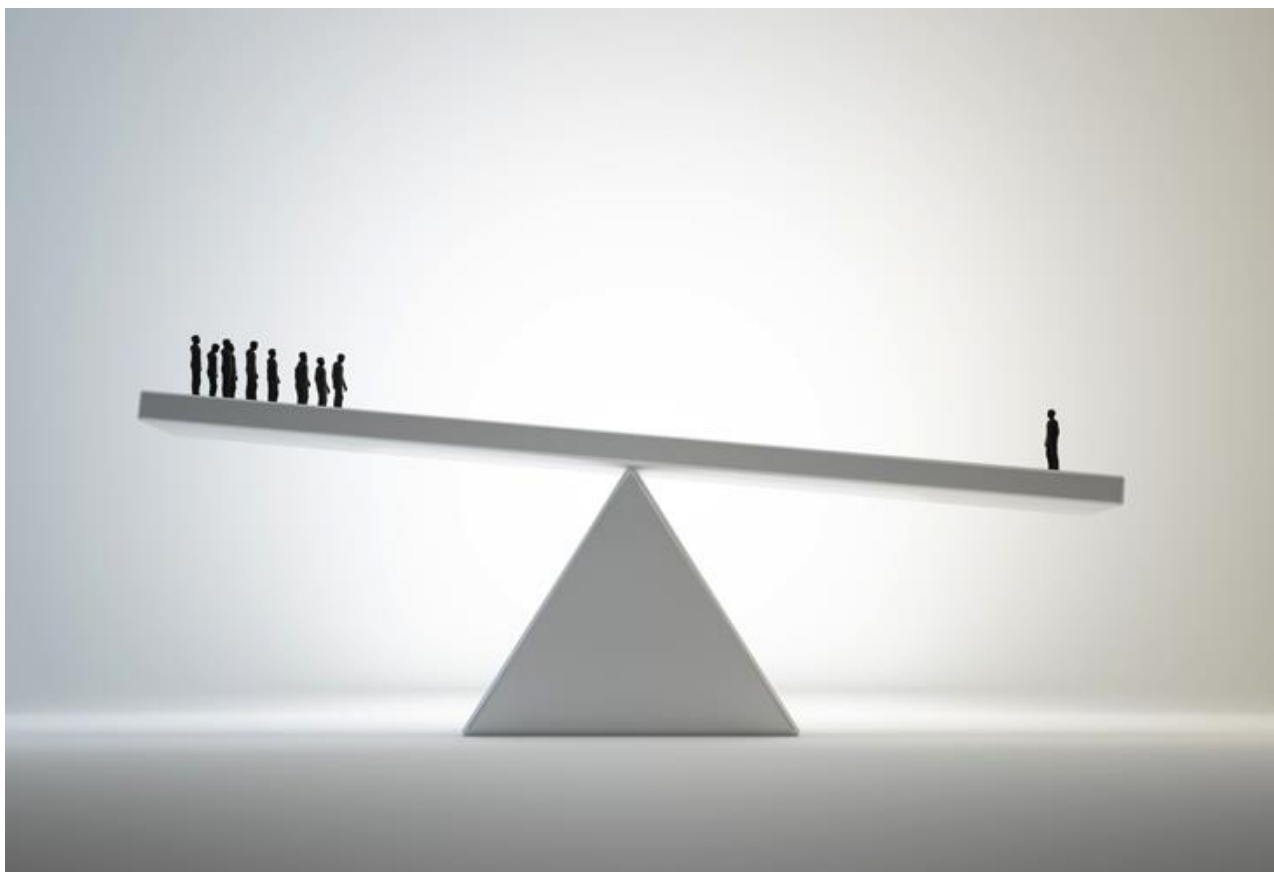
The GPI counts the value of things that weren't purchased?



The GPI accounts for externalities and investments



The GPI accounts for Income Inequality



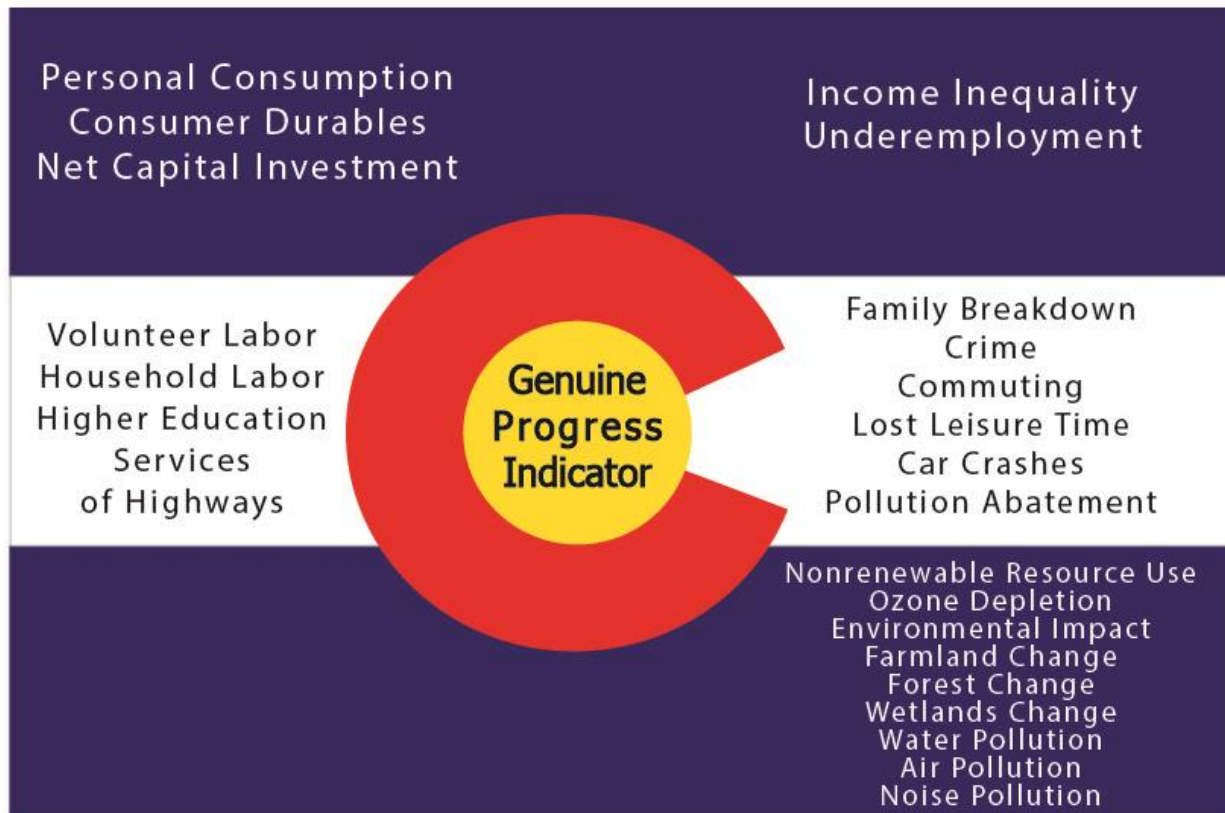
How is GPI Calculated?

- GPI starts with personal consumption expenditures. This is then adjusted for income inequality. With adjusted personal consumption as the baseline, GPI adds the monetary value of activities that add to economic well-being but are not counted in the standard GDP framework. These include things like household labor, volunteer labor and benefits of higher education. GPI then subtracts the monetary cost of the expenditures that we incur to protect the depletion of our natural and social capital like: the cost of auto accidents, costs of crime, lost leisure time and pollution.

Results of the Colorado Genuine Progress Indicator (CO-GPI)

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Economic Indicators \$

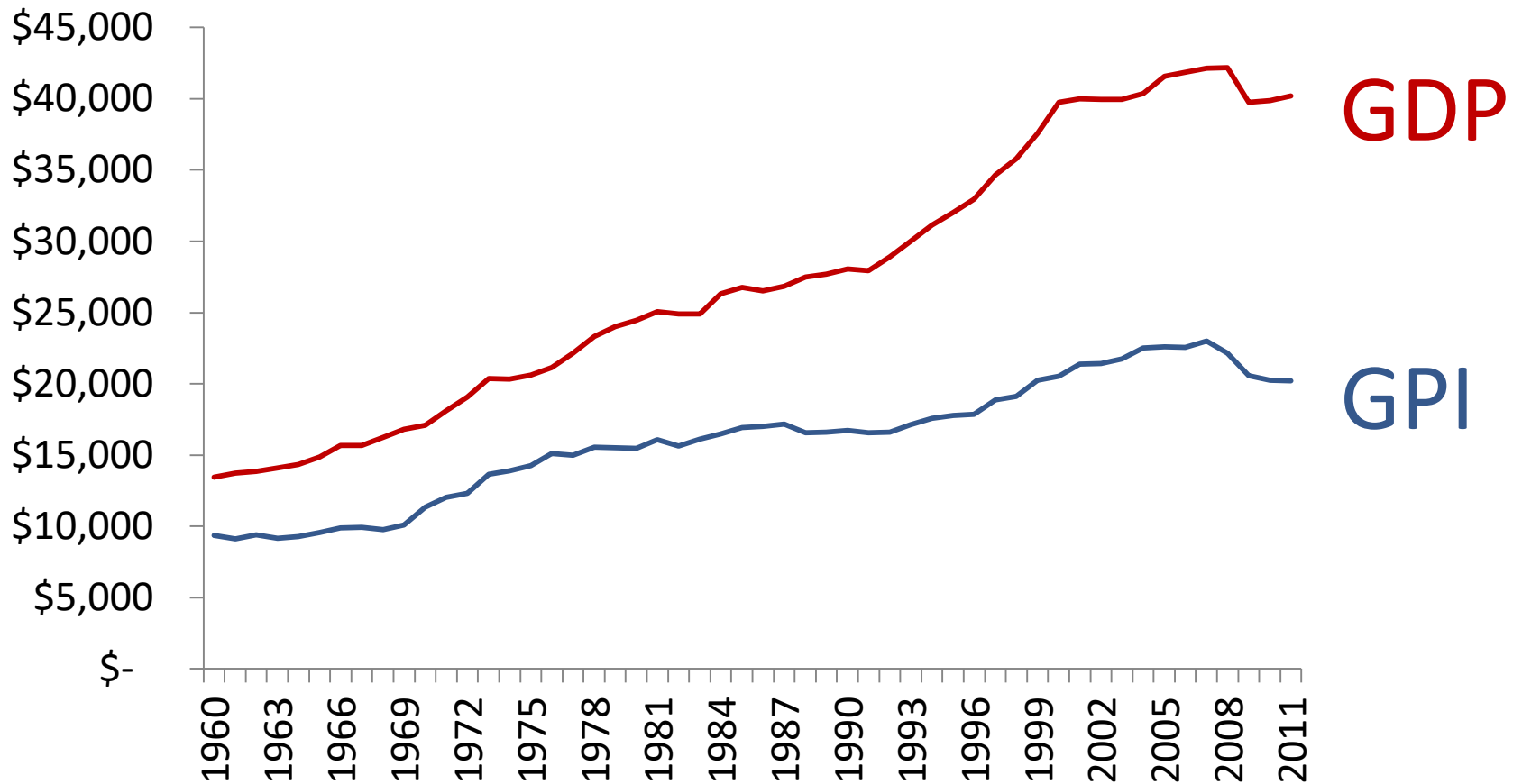
 Social Indicators

Environmental Indicators 

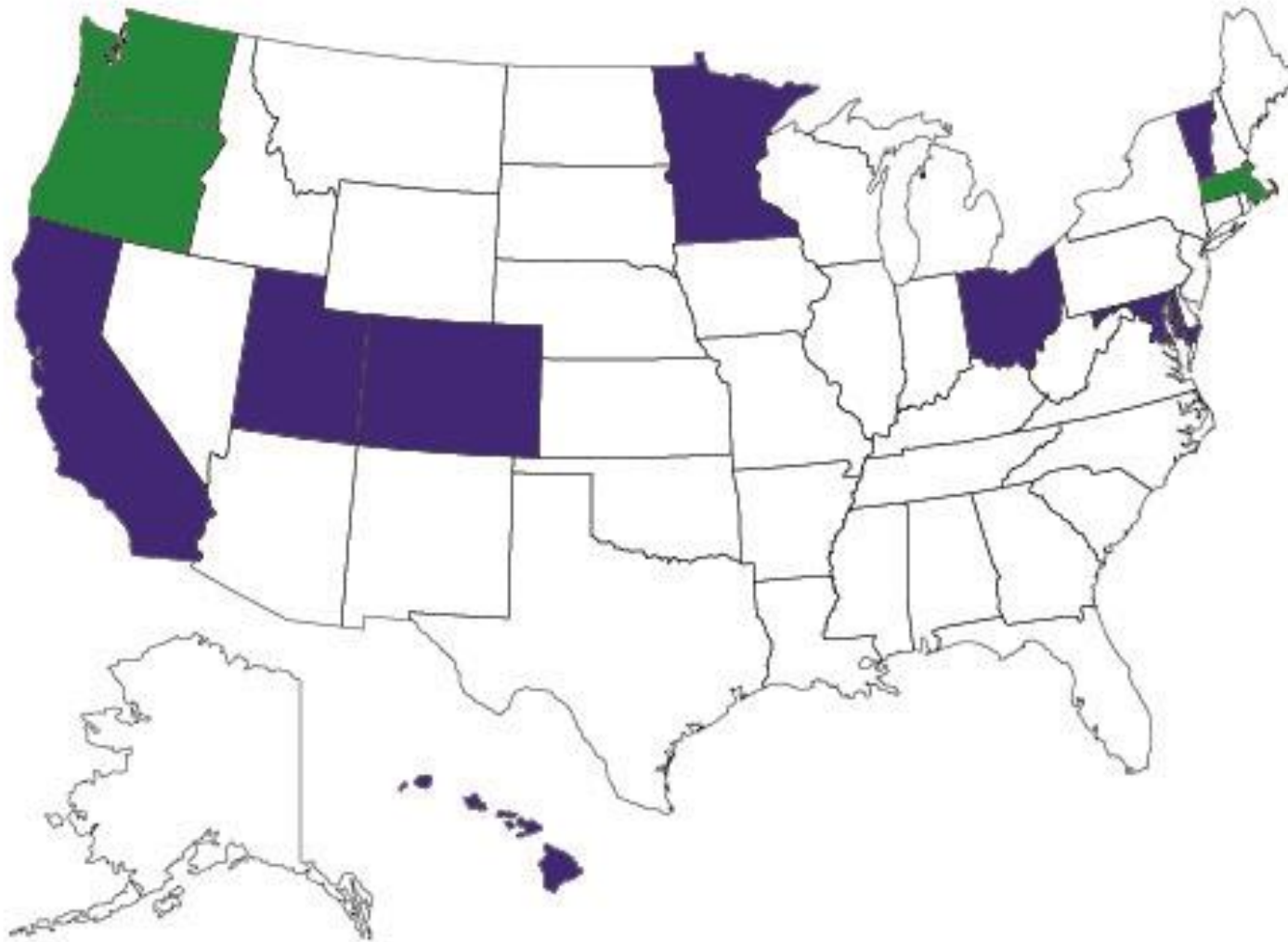
Colorado Results: GPI vs GDP

GDP grew by 300%

GPI grew by 215%



Gaining Momentum



Completed State GPI

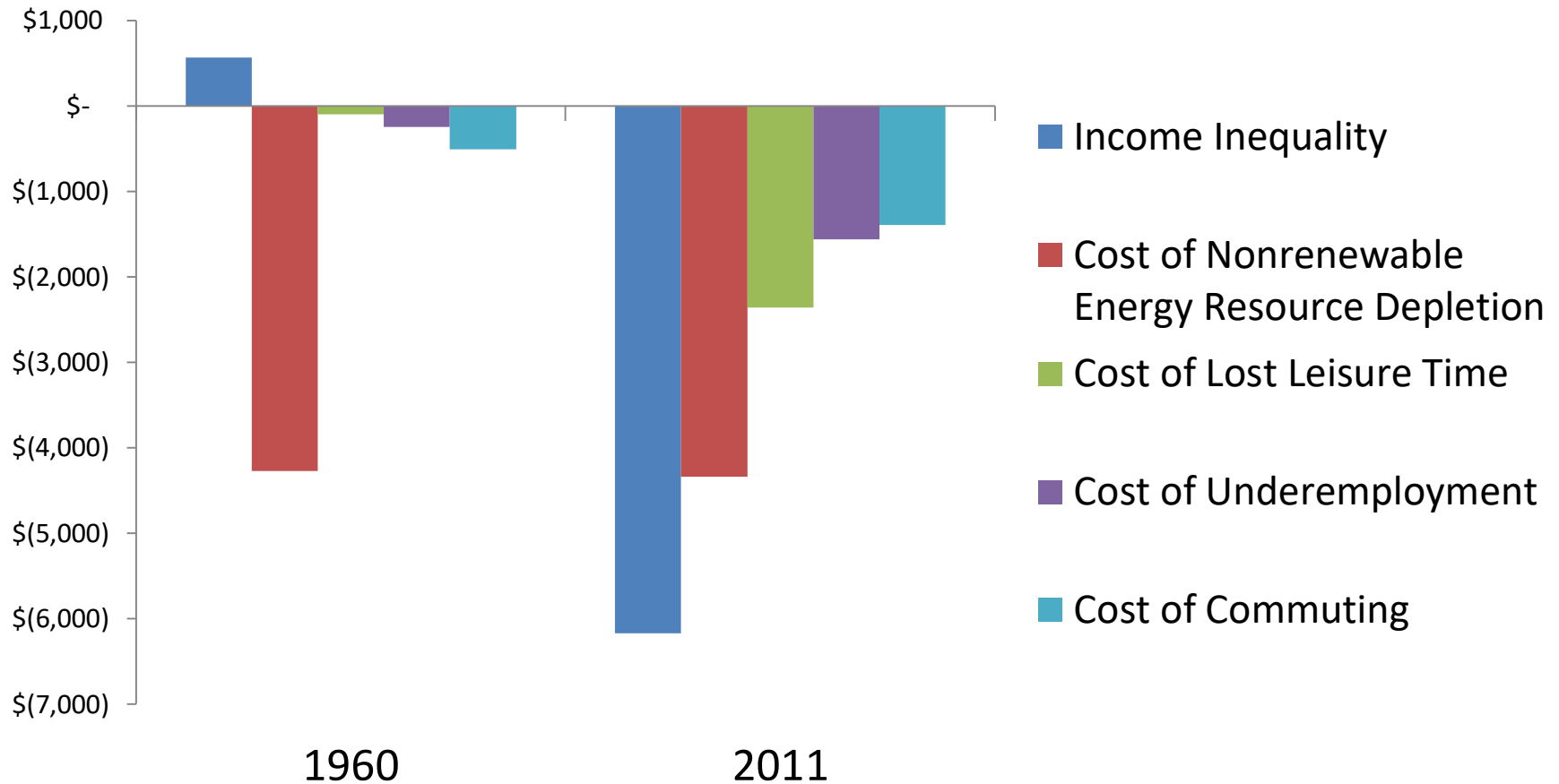


GPI in progress



Colorado
Fiscal Institute

The Results: Growing Deductions to Economic Well-being



Income Inequality

A Lost Decade for Colorado's Low- and Middle-Income Households

-11.7%

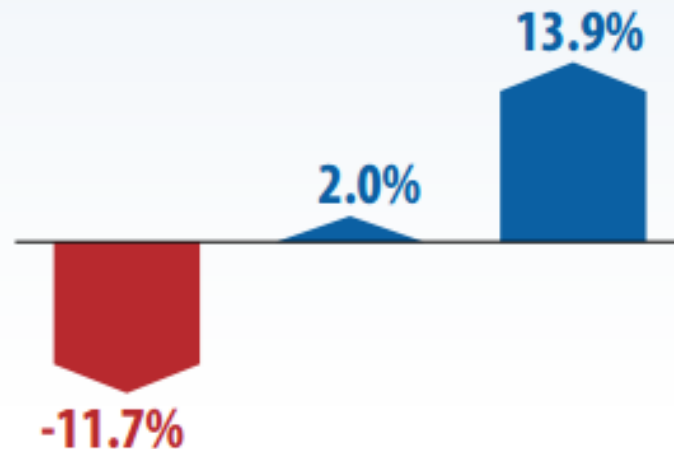
Change in income by household income group,
late 1990s to mid-2000s

Poorest
20%

Middle
20%

Richest
20%

The average drop in incomes among the bottom 20 percent of households over the last decade.



Colorado ranks 30th among states in levels of income inequality.

Non-renewable Resource Depletion

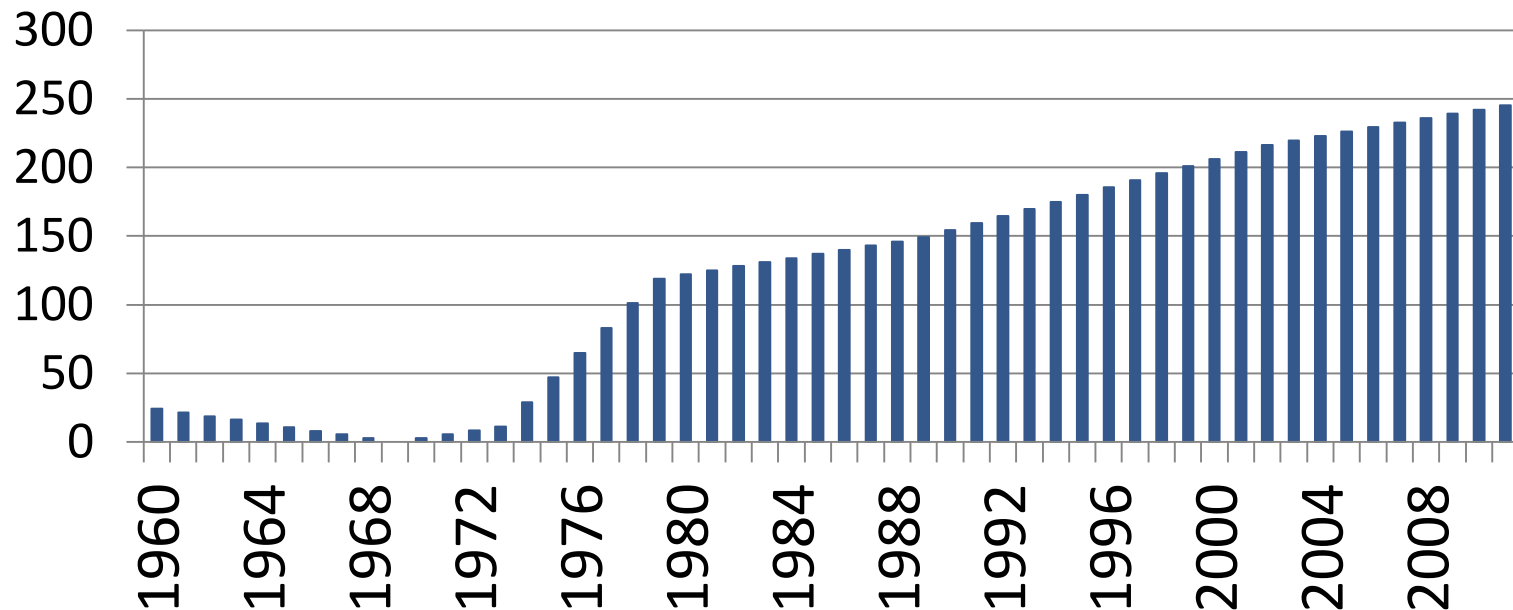
- Coal consumption per capita has grown by 87%
- Natural gas consumption per capita has fallen by 15%
- Oil consumption per capita has grown by 3%

The growth in electricity consumption in Colorado has greatly outpaced the amount of electricity produced by renewable sources. Since 1960 total electricity consumed in Colorado has grown by a factor of 10 (increased 1000 percent). Over the same period, electricity from hydroelectric energy sources has only increased by a factor of 1.15 (increased 115 percent).

Lost Leisure Time

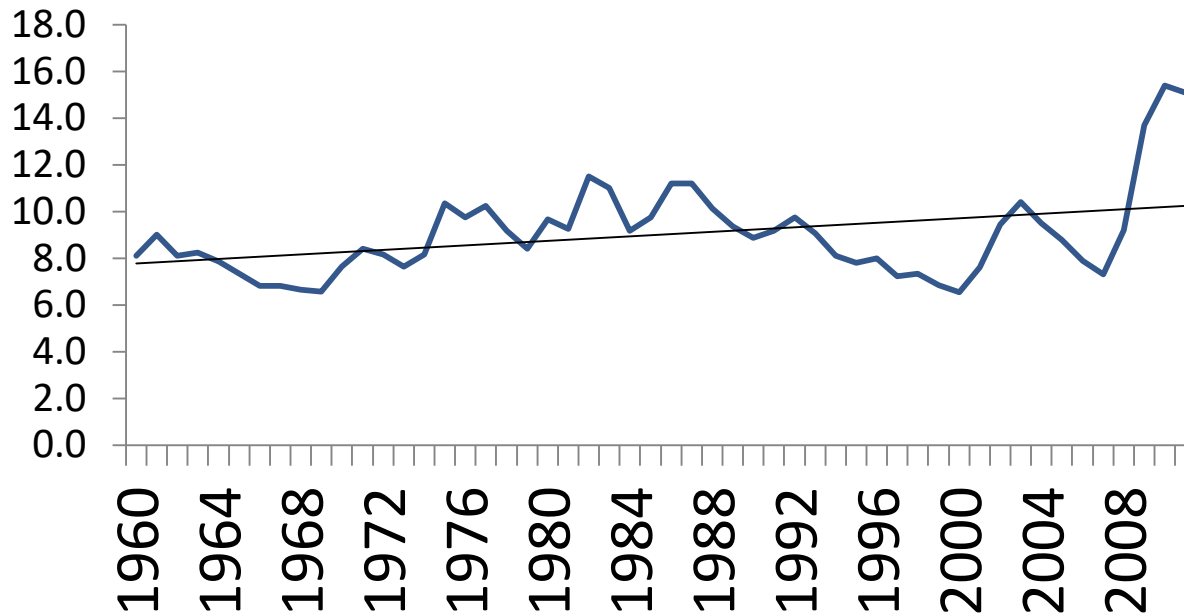
The average full-time worker in Colorado works 245 more hours a year than they did in the mid 1960s. That's more than 6 work weeks.

Lost Leisure per Unconstrained Worker (hours)



Underemployment

Underemployment Rate in Colorado



The upward trend in the underemployment rate indicates that more and more workers in Colorado cannot achieve their desired amount of work.

More than 400,000 Colorado workers were unemployed or underemployed in 2011.

The Cost of Commuting

- There are more than 2 million cars driven to work in Colorado each work day.
- It takes the average commuter 25 minutes to get to work. That's 7 minutes more each way than in 1960.
- The average worker drives 30 miles round trip. That's 7 miles more than in 1960.