



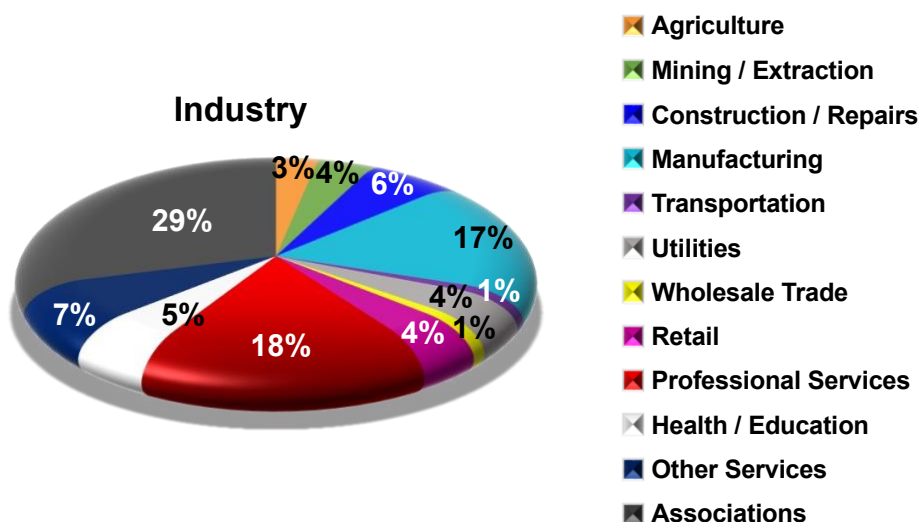
Survey of 150 Business Owners in the State of Colorado

Conducted by Cole, Hargrave Snodgrass & Associations on behalf of the Colorado Chamber of Commerce

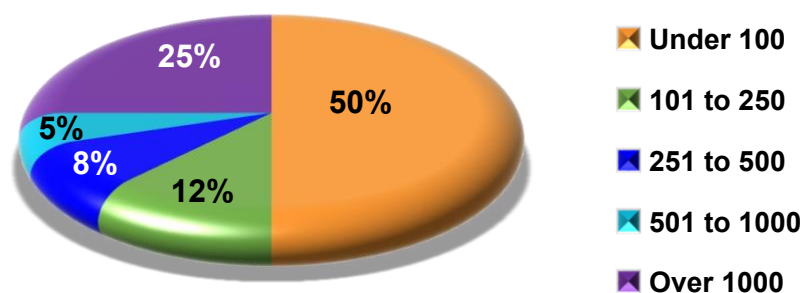
The Colorado Chamber of Commerce commissioned CHS & Associates to conduct a detailed poll of 150 businesses owners in Colorado to assess economic outlook, sentiments on major policy issues, and challenges facing the state business climate. CHS & Associates frequently conducts similar economic surveys in other states and has been working with state chambers to poll the business community for 20 years.

All survey respondents are current members of the Colorado Chamber of Commerce. The interviews were conducted between May 16 and June 17, 2022, with follow-up in August 2022.

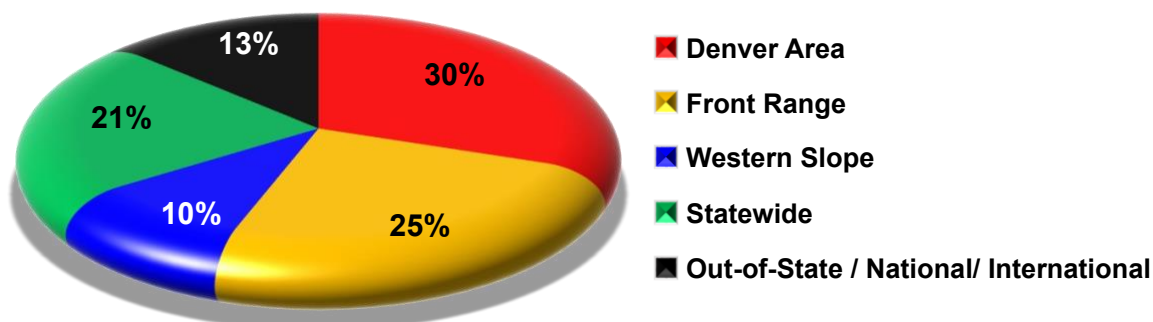
Survey Demographics



Employees



Focus of Primary Business



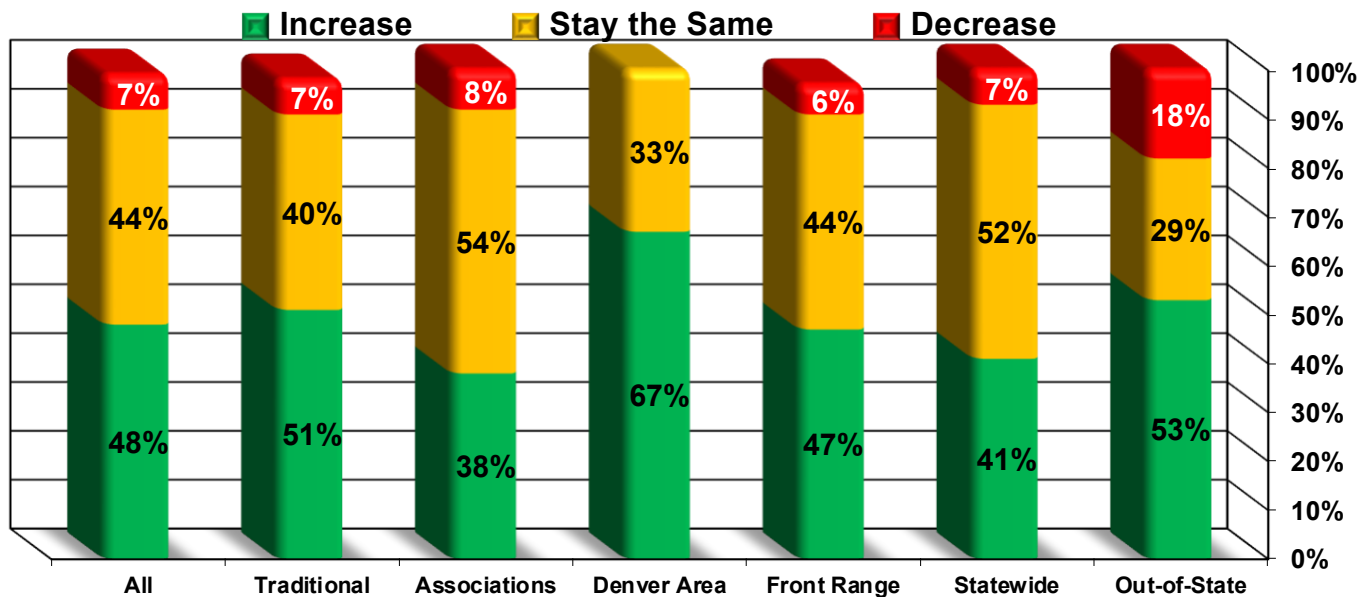
2022 Business Leaders Survey: Key Findings

Economic Outlook and Overall Sentiment:

It is clear from this study that the current economy has created a state of uncertainty for respondents who are split on whether the state’s economy is headed in the right direction (48%) or on the wrong track (52%). This correlates with what has happened to their workforce in the past year as 36% say they have increased the number of employees and 21% have reduced. We do see some optimism in that 48% expect to hire more in the coming year and only 7% expect to cut their workforce. Similarly, only 35% say they will make major investments in the next year and 22% say they will not make any.

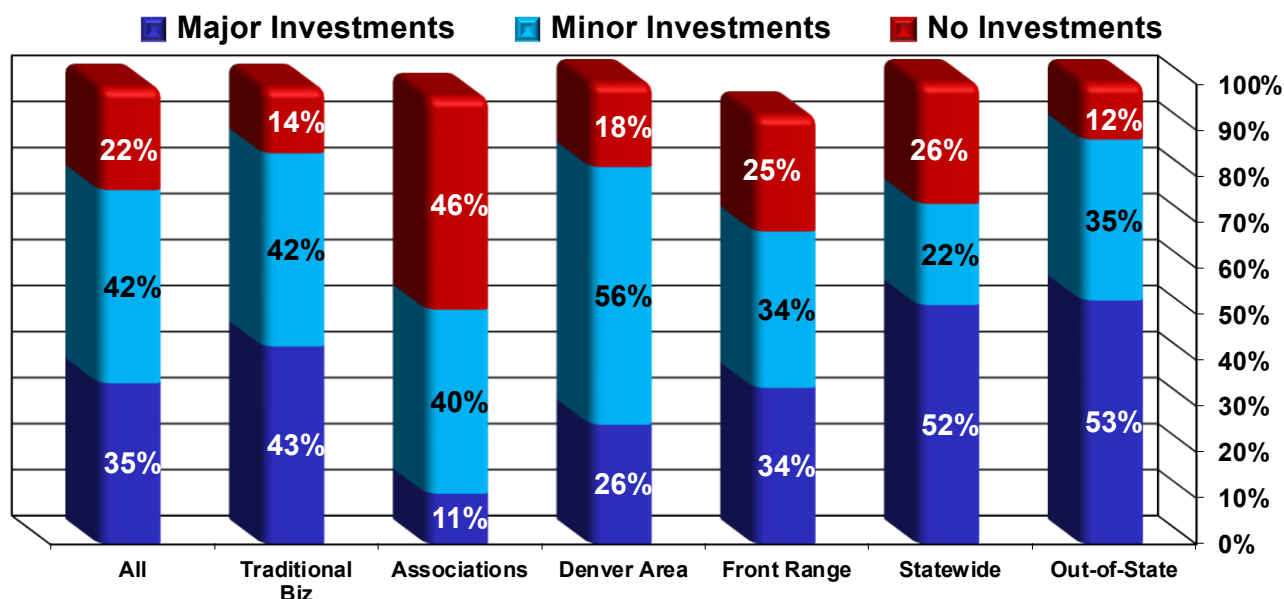
Workforce Size Over the Next Year

8% Increase Substantially; 39% Increase Moderately; 44% Stay the Same; 6% Decrease Moderately; 1% Decrease Substantially; 1% Undecided



Business Investments Over the Next Year

35% Major Investments; 42% Minor Investments; 22% No Investments; 2% Undecided



While 72% of respondents are either very (28%) or somewhat (44%) confident in the financial future of their company, the fact that 27% are nervous should be a concern. This concern is fairly consistent among companies in different sectors, but is of greater concern among those with fewer than 100 employees (68% confident / 31% nervous).

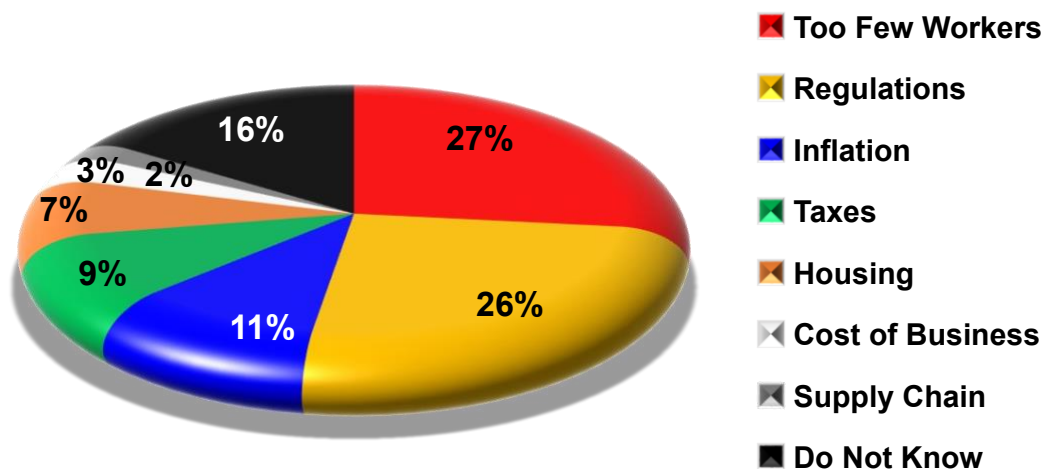
Top Business Issues – Regulatory Environment a Major Concern in Colorado:

Availability of workforce and excessive regulations are clearly the top two concerns of members. This is found throughout the course of the study. Since the pandemic, most states are seeing the workforce issue dominate, but it is the concern about the regulatory environment that currently sets Colorado apart.

On an open-ended question asking the top concern, 27% of respondents volunteer that their top concern is the availability of workers while almost as many (26%) mention regulations. The next most cited concern is inflation at 11%, followed by taxes at 9% and housing at 7%. Concern about the regulatory environment is particularly acute on the front range (41%) and among those businesses operating statewide (48%).

Most Important Issues for Colorado Businesses

Lack of workers and excessive regulations dominate the initial open-ended question. The regulatory burden is higher here than we see in most other states. Also of note, while only at 7%, housing does stand out more here than most other states where CHS has polled.



Most Important Issues to Profitability and Growth

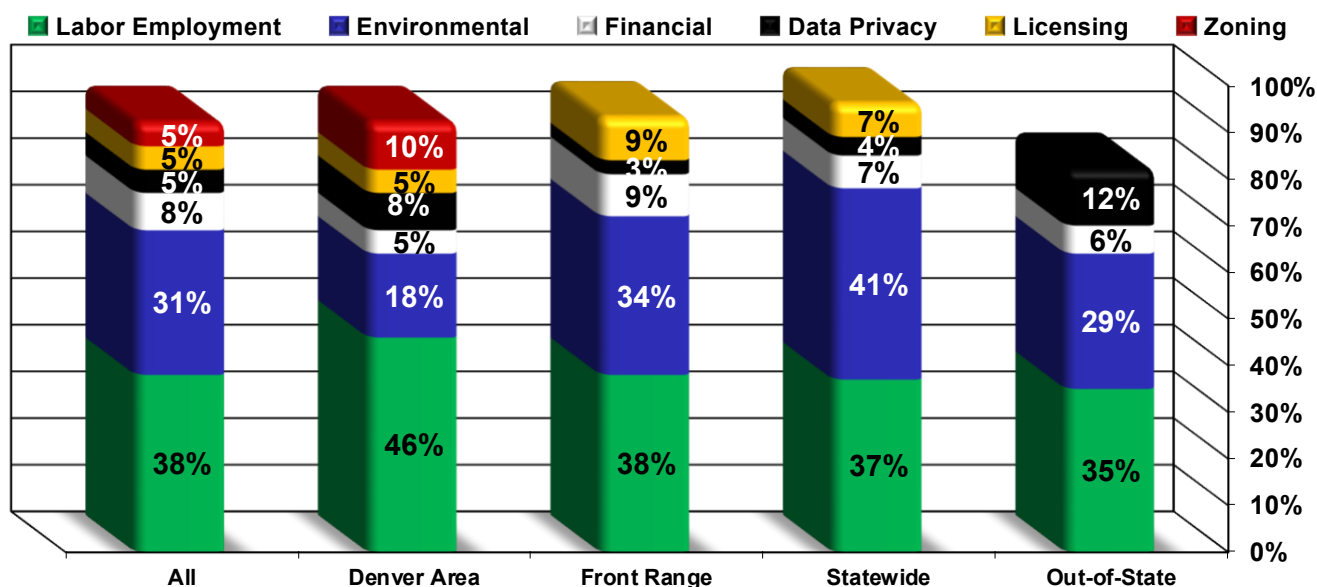
When respondents are asked to pick the most important out of ten issues, we again see workforce issues and regulation jump to the top. 59% select employee recruitment and retention as one of their top two issues while 51% mention regulations. It is not unusual to see government regulations and mandates outside of the top five in other states.

Mentioned in the Top Two	First Mention	Second Mention
Employee recruitment / retention	25%	34%
Government regulations / mandates	25%	26%
Fuel / energy costs	16%	7%
Supply chain certainty	11%	15%
Taxes	8%	6%
Healthcare costs	7%	7%
Economic incentives	3%	1%
Unemployment costs	2%	2%
Workers' compensation costs	1%	1%
Legal costs / frivolous lawsuits	1%	2%
Undecided	1%	

Regarding regulations, labor and employment (38%) and environmental (31%) regulations are far and away the top concerns. Manufacturers are particularly concerned about labor and employment issues while those with more than 250 employees and business associations show greater concern for environmental regulations.

Most Concerning Regulatory Burden

38% Labor / Employment; 31% Environmental Regulations; 8% Financial Services; 5% Data Privacy; 5% Licensing Requirements; 5% Zoning; 4% Other; 5% Undecided



Environmental concerns are very high – especially outside of Denver. In a follow-up study, we went back to those answering labor/employment to get more specifics. 75% of those are focused on regulations like paid family and medical leave, while 13% cited workplace safety, and 8% expressed concern about COVID mandates and restrictions.

Colorado's Workforce – Labor Shortage, Workforce Quality and Higher Education:

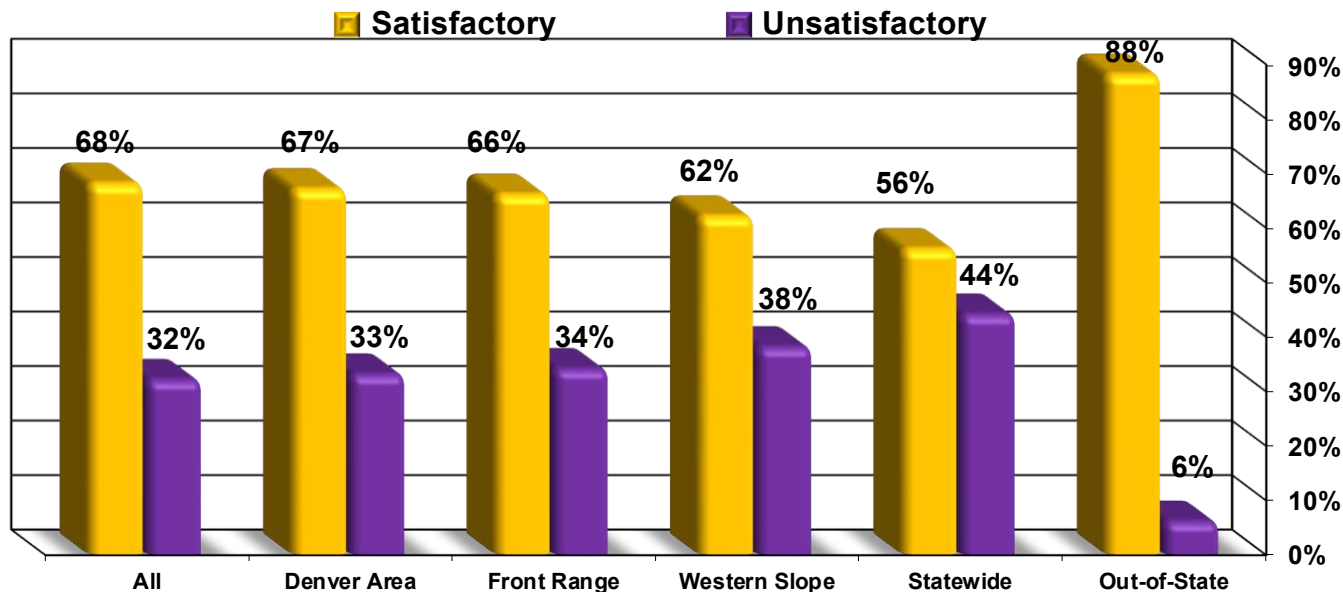
Colorado businesses are already dealing with the workforce shortage with 76% saying they have increased employee compensation in the last year. This is even higher among those with a multi-state presence (88%). More than half (54%) have plans to increase compensation in the coming year with only 1% saying they will decrease. Among manufacturers, 70% intend to increase pay in the coming year.

While the overall satisfaction with the workforce 68% is solid compared to what other states are experiencing, only 18% of respondents say they are “very satisfied” with the workforce

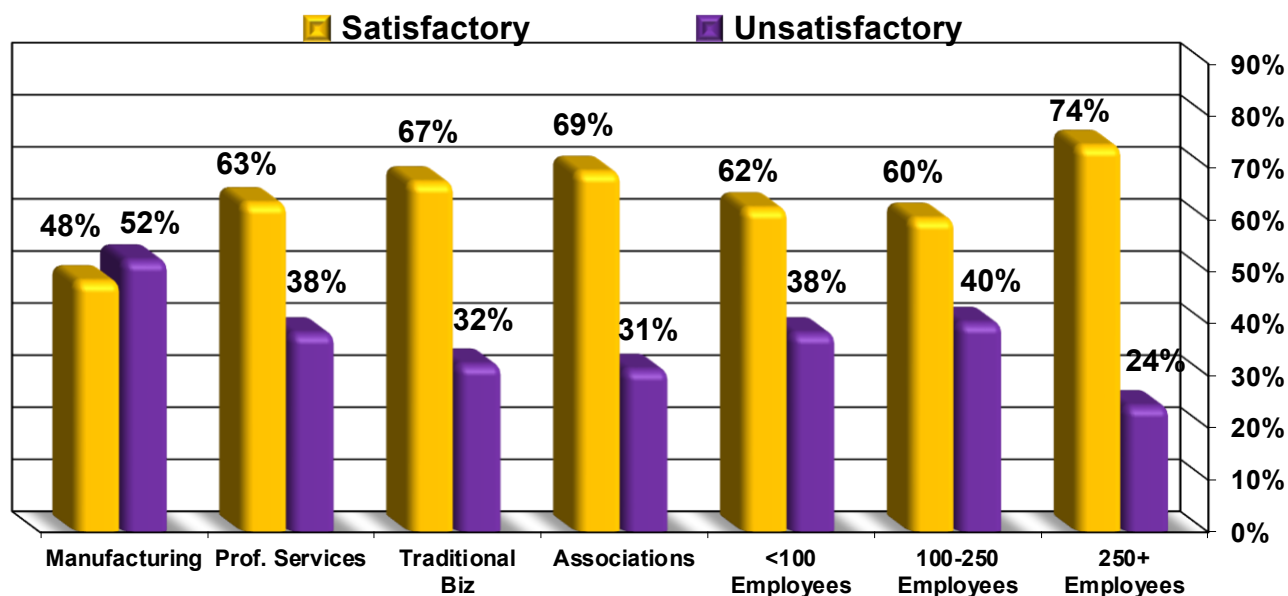
while 49% are “somewhat satisfied” and 31% rating it as unsatisfactory. We do see that those with a presence outside of the state (88% satisfied) more pleased than those whose primary operations that are solely in the state.

Satisfaction with Workforce

*18% Very Satisfactory; 49% Somewhat Satisfactory;
25% Somewhat Unsatisfactory; 6% Very Unsatisfactory; 1% Undecided*



Manufacturers are particularly concerned about the quality of the workforce – 48% satisfied / 52% unsatisfied.



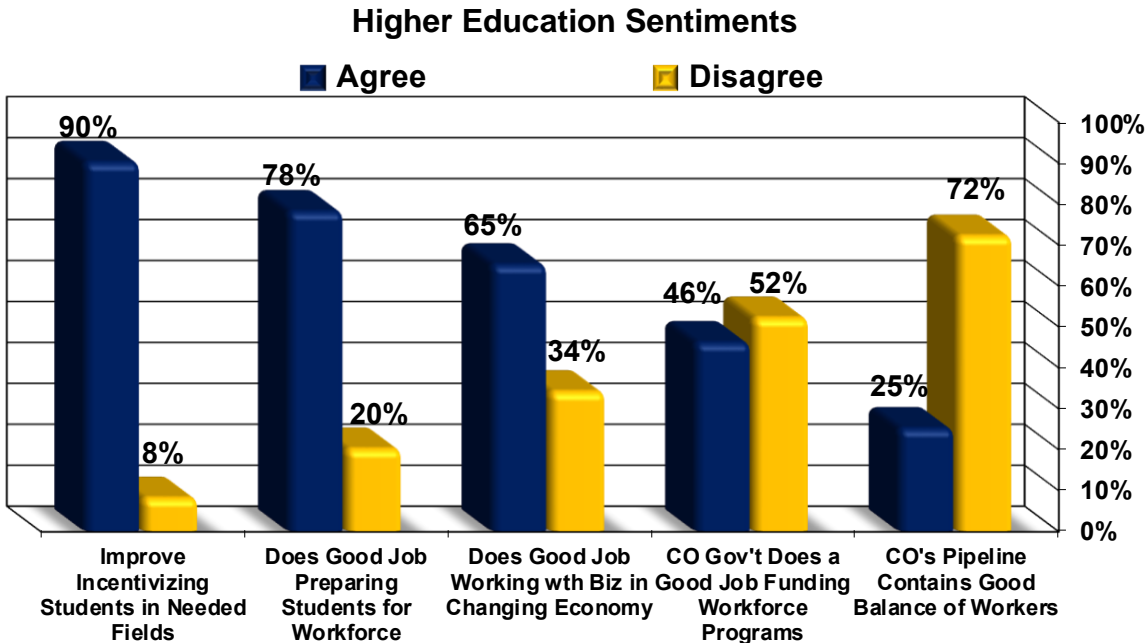
The top issue with the workforce is simply that there are not enough applicants according to those not rating the workforce “very satisfactory.” This accounts for 54% of the responses. We do see other issues like poor work ethic and inability to pass a drug test also mentioned.

Fully two-thirds of members currently have openings they are unable to fill. This exceeds 80% among those operating statewide or in multiple states. If you back-out the local chambers, 74% of the traditional businesses have openings they are unable to fill – 83% among manufacturers. Among those companies with more than 250 employees, 78% currently have difficult-to-fill openings.

When asked to select from a list, technical skills (37%), professional experience (26%), and soft skills go to the top (23%). What is interesting is that having employees with degrees did not register. Compared to what we see elsewhere, the ability to pass a drug test (3%) is a lower concern in Colorado. Manufacturers do look different than other businesses in that 92% of them are looking for technical (57%) or soft (35%) skills.

Fully 90% of respondents believe that the university system needs to do a better job of incentivizing students to study in fields with a greater workforce need – 50% say they strongly agree. The only pushback comes a little from manufacturers (78% agree / 22% disagree) where it is expected, there is a belief that college degrees are not desired.

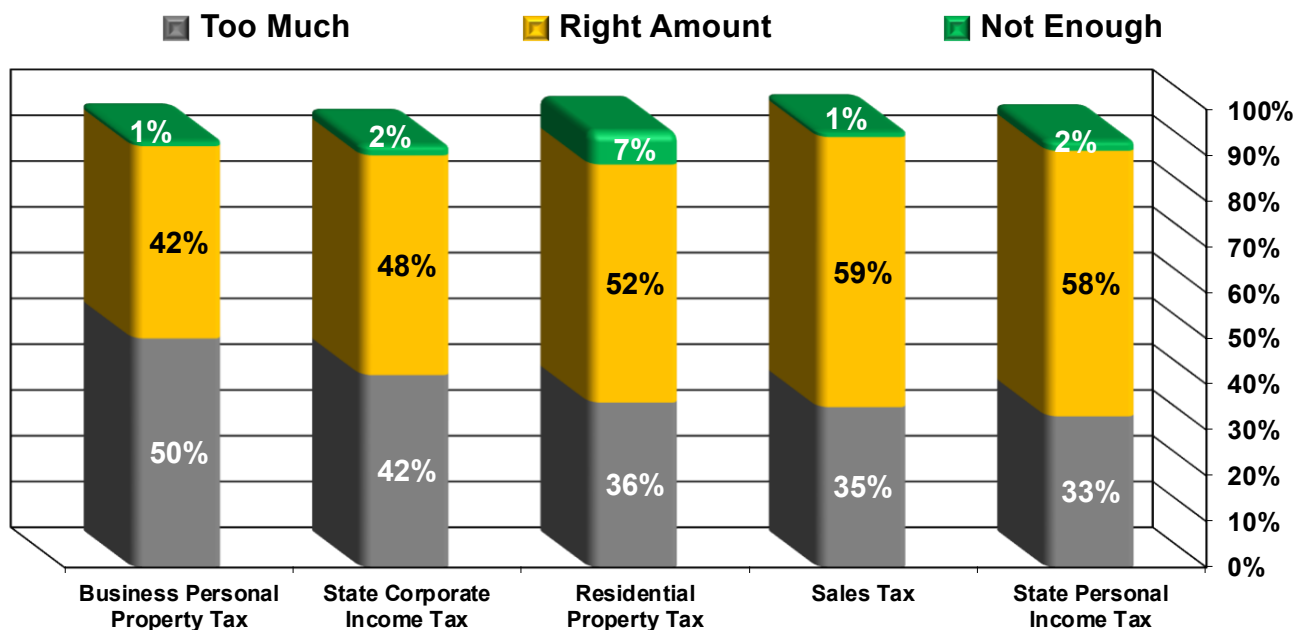
Concern about the higher education system is also seen as only 8% strongly agree that higher education in Colorado does a good job of working with businesses to meet the needs of a changing economy. Granted, another 56% “Somewhat agree”. Notable is that 59% of those operating on a statewide level disagree with this statement and we see disagreement from 46% of those with more than 250 employees. This is the opposite of what is seen in most states where larger employers tend to give better marks to higher ed.



Other Policy Issues:

Especially compared to what we see in other states, tax sensitivity is not high in the Colorado business community at this time. Only 9% mention taxes as a top concern and no tax exceeds 50% “too much” when they are individually tested. Still there is no appetite for an increase in taxes.

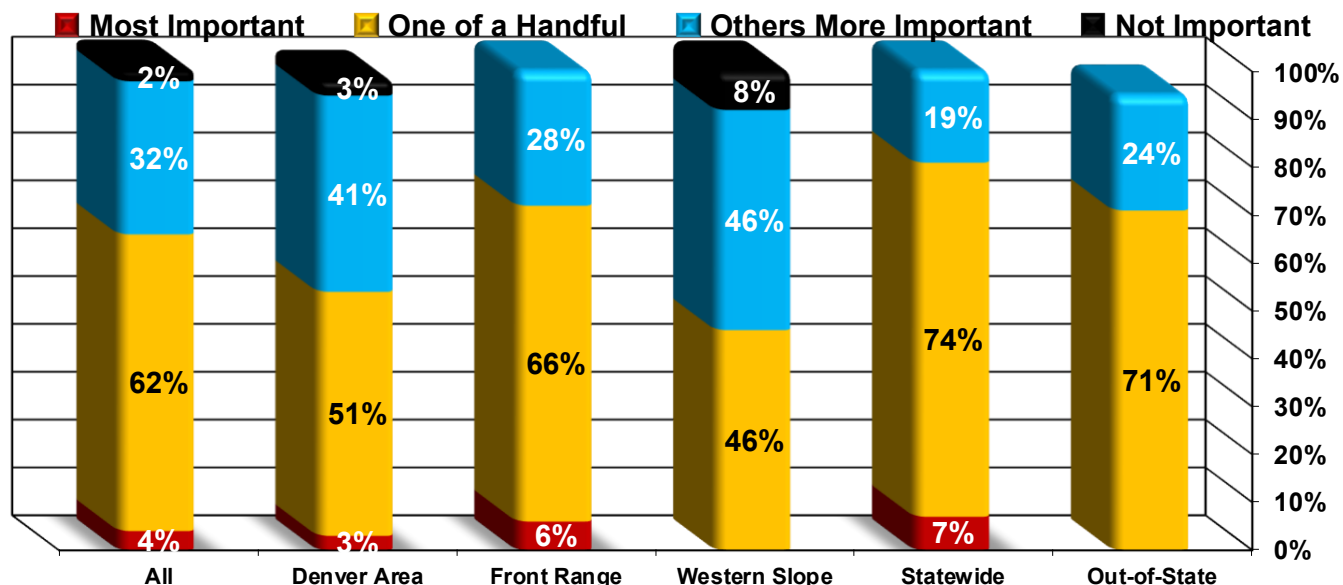
Amount Paid in Taxes Comparison



Currently 45% say that TABOR is necessary while 32% want it amended and 20% want it fully repealed. Manufacturers (57% necessary) and mid-sized companies (73% necessary) are the most likely to want TABOR to stay as it is, while one third of those in professional services want it fully repealed.

Importance of Legal Reform and Reducing Costs

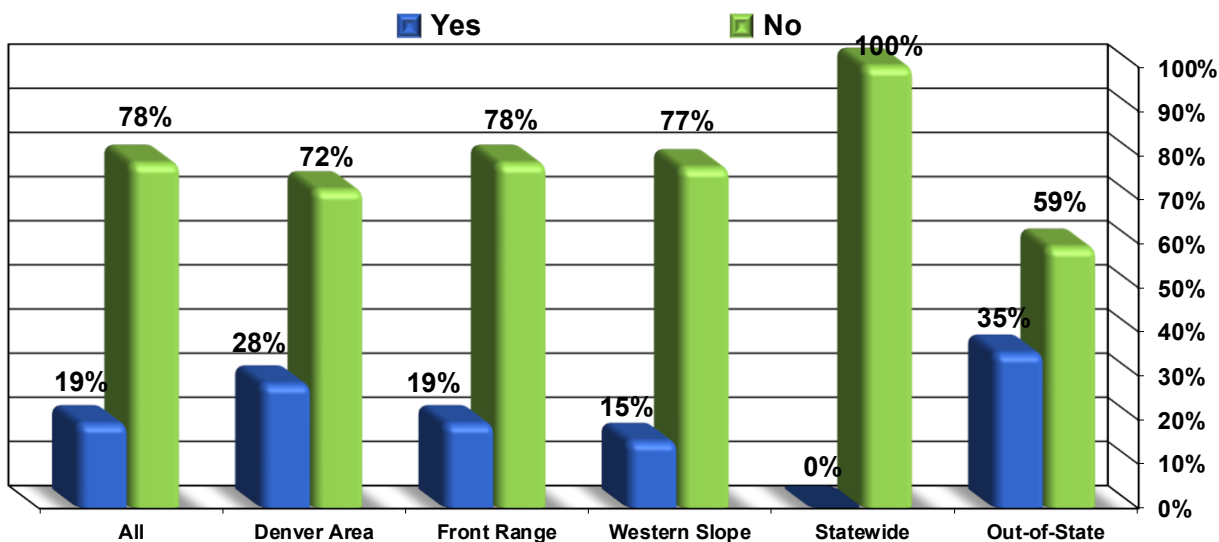
Seldom do we see legal reform as the most important issue, but with 62% putting it on par with the top five or so issues, concern in Colorado is high.



While it did not make one of the top concerns, we do see dissatisfaction with the state's infrastructure. This is primarily a concern with transportation infrastructure, though there are other pockets of concern. For example, among manufacturers, 22% cite natural gas pipeline infrastructure as a concern and 21% of those in professional services mention broadband. Still all of those trail roads, bridges, and highways.

Is Colorado's Infrastructure System Adequately Funded?

19% Yes; 78% No; 2% Undecided



Most Needed Infrastructure

Highways, bridges, and streets are far and away the top infrastructure concern. Nothing else comes remotely close.

	First	Second
Highways, Bridges, Streets and Roads	43%	45%
Electrical Grid	12%	10%
Public Transportation	11%	10%
Broadband	11%	12%
Water and Sewage	10%	8%
Green Energy Investments	7%	2%
Natural Gas Pipelines	3%	12%
Airports	2%	2%