



COMMON
SENSE
Policy Roundtable

2011 ANNUAL REPORT

Common Sense Policy Roundtable
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Highlands Ranch, CO 80129

www.CommonSensePolicyRoundtable.com

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LETTER FROM THE BOARD

Earl L. Wright, Board Chair

Dear CSPR Supporter and Stakeholder,

In just 18 short months, the Common Sense Policy Roundtable (CSPR) has established itself as a dynamic and constructive presence in Colorado's most important public policy debates. Formed in the summer of 2010, CSPR has placed itself at the forefront of the important discussions about the future of the state's economy and the system of free enterprise it operates within.

Our eight-member board of directors are a diverse group of business, community, and industry leaders, who share the common goal of ensuring that Colorado is the best state in the nation to do business. We strongly believe that, by relying solely on the facts and not political rhetoric, Colorado can come up with common sense solutions to the most pressing issues that confront us, even during these challenging economic times.

Over the course of this past year, CSPR asserted itself in many of the leading public policy debates facing Colorado. In May, we released an economic study that examined the potential impact that the statewide tax measure, known as Proposition 103, would have on jobs and Colorado's economy. The report became a center-piece of the Proposition 103 debate, raising large questions about its impacts on the state's stumbling economy.

In October, we released a comprehensive analysis of the state's Medicaid system – an entitlement program that has grown at an aggressive pace, crowding out funding for the state's schools, colleges and universities, while increasing the pressure on politicians and interest groups to raise taxes. The analysis also surveyed successful reforms that have been implemented in other states. This study was just one of many that we conducted throughout the year.

In the following pages you will find the highlights of our achievements in 2011. From composing an issue paper on hydraulic fracturing to analyzing job growth and unemployment in Colorado, we continually educated citizens throughout the year on the most pressing economic issues facing our state. In addition, this fall at our second annual symposium, which was attended by more than a hundred legislative and business leaders, we presented our 2011 studies and discussed the findings from a host of industry roundtables we held with business leaders from across the state.

As we move forward, we see a lot of opportunity to build on this momentum. One goal for 2012 is to continue to pursue the development of an econometric model that will allow legislators and business leaders to get a more dynamic assessment of the impact that a particular public policy will have on jobs and the economy. We will also continue to provide a voice for job creators in the important legislative and political debates in the coming year.

With our partners, and others yet to come, we look forward to an even more productive 2012.

Sincerely,



Earl L. Wright
2011 Chair, Board of Directors

MISSION STATEMENT

Common Sense Policy Roundtable is a non-profit, free-enterprise think tank dedicated to the protection and promotion of Colorado's economy. CSPR actively follows tax and budget related legislation and initiatives.

DID YOU KNOW?

COLORADO JOBS TODAY:

- Unemployment in Colorado grew from: 87,026 in May 2007 to 236,575 in August 2011.¹
- Colorado has shed a record number of jobs: Reaching all time unemployment high in 2010 of over 250,000 Coloradans out of work.²
- In 2009 and 2010, we saw personal incomes in Colorado decline more sharply than at any time since 1958.³

THE COLORADO ECONOMY:

- Colorado has a highly educated workforce. 35.6% of Coloradans are college graduates, the second highest in the nation.⁴
- The manufacturing sector employs over 130,000 workers in Colorado, and Colorado exports to world markets reached nearly \$8 billion in 2008. High tech products make up about half of Colorado's total exports.⁵
- Colorado went from being the 10th best state for personal income growth in 2008 to a middling 35th in 2009. The decline was the first in Colorado since 2002.⁶

1. Colorado Department of Labor and Employment website, <http://www.colorado.gov/cs/Satellite/CDLE-Main/CDLE/1240336821467>, accessed 12/01/1011

2. A. Svaldi, "Colorado job losses worst in 65 years," Denver Post, July 24, 2009

3. A. Svaldi, "Hard times getting harder for Coloradans," Denver Post, July 19, 2009

4. Colorado Economic Development Databook, 2010 - 2011

5. Colorado Economic Development Databook, 2010 - 2011

6. N. Mullis, "Focus Colorado: Economic and Revenue Forecast," Colorado Legislative Council, June 21, 2010

Tax Policy and the Colorado Economy: The Effects on Employment and Migration

April 2011, Dr. Eric Fruits

EXECUTIVE SUMMARY AND KEY FINDINGS:

Colorado State Senator Rollie Heath proposed a 2011 statewide ballot measure, Proposition 103, aimed at raising corporate and personal income taxes from 4.63 percent to 5 percent and the state sales tax rate from 2.9 percent to 3 percent. The study indicated that if passed, Senator Heath's initiative would have a negative impact on future economic growth and lead to a reduction in employment. Ultimately, Coloradans rejected Proposition 103 in November 2011.

Proposition 103 would have:

- Reduced employment by 30,500 by 2017
- Resulted in 3,610 fewer tax filers in the state than in the absence of the tax increase

IMPACT PROPOSITION 103 WOULD HAVE HAD ON COLORADO EMPLOYMENT

YEAR	REDUCTION IN EMPLOYMENT	CUMULATIVE REDUCTION IN EMPLOYMENT
1st: 2012	5,500	5,500
2nd: 2013	14,300	19,800
3rd: 2014	19,300	39,100
4th: 2015	23,200	62,300
5th: 2016	26,900	89,200
6th: 2017	30,500	119,700

The Medicaid Crisis and the Urgent Need for Reform

October 2011, Common Sense Policy Roundtable

KEY FINDINGS:

- In 2001 Medicaid caseload was roughly 275,000. As of August 2011, Colorado's Department of Health Care Policy and Financing reported that caseload is now over 597,000, representing more than 1 in 10 Coloradans.
- The net budgetary effect of Medicaid's upward march is readily obvious when evaluating the state's spending bottom line. In fiscal year 2000-2001, total spending on Medicaid was just shy of \$2.3 billion. Ten years later, total Medicaid spending has soared to nearly \$4.9 billion.
- According to a study from the *University of Denver*, ten years ago education, corrections, and health care consumed about 54 cents of every General Fund dollar in Colorado. By 2009 that figure had grown to 76 cents, and is projected to grow to 91 cents in five years if the current spending trends continue. An ever-expanding Medicaid is a primary driver of this budget reality.
- Making matters worse, rapidly expanding Medicaid costs will be dramatically exacerbated by recently passed federal healthcare legislation. A requirement in the federal healthcare legislation requiring the state to cover everybody with an income under 133 percent of the federal poverty level, for example, will increase Colorado's Medicaid population by over 44 percent by 2014.
- Colorado is not alone in facing a Medicaid funding crisis. Other states have been working together across the political aisle, including Washington (Democrat Governor) and Rhode Island (Republican Governor), all have pursued broad-based federal waivers that provide the flexibility needed to achieve meaningful reform.

Achieving a truly meaningful reform of Medicaid will require innovative thinking and be dependent upon a good faith effort from both political parties to work together. The reforms sought should aim to ensure Medicaid is available for those who need it most and achieved through a system that curbs waste, abuse and excess.

Hydraulic Fracturing and Colorado's Economy

September 2011, Common Sense Policy Roundtable

KEY FINDINGS:

- Is the process of pumping pressurized water, sand and additives (99.5% water and sand, 0.5% highly diluted additives) into targeted sections of a shale formation to create millimeter-thick fractures that allow access to resources otherwise out of reach.
- Was essential to the development of the resources in the Wattenberg Field along the Front Range as well as the Piceance Basin in Western Colorado.
- In the two scientific studies completed to date, one by the Environmental Protection Agency and the other done by the Ground Water Protection Council, not a single recorded case of groundwater contamination was found.
- In Colorado, any type of ban on hydraulic fracturing, federal or state, would undoubtedly have an enormous impact on one of our major job producing industries.

ACHIEVEMENTS

CSPR 2011 Annual Symposium

Over 100 business, industry and elected leaders attended the second annual symposium where the Medicaid study was released; key findings of the economic impact study on proposition 103 were discussed; and a plan to create a dynamic model that will more accurately weigh the impact of public policies on Colorado's economy was outlined.

Industry Roundtables

Being aware of specific public policies that are inhibiting economic growth and discovering best practices being applied in other states is critical to strengthening Colorado's future economic wellbeing. In 2011, industry roundtables were held to determine how CSPR could team with business leaders to help educate elected leaders on the potential impacts that policies may have on job creators in various sectors of our economy. The 2011 industry roundtables included:

- Construction and Real Estate
- Banking and Finance
- Energy

Presentation to House Majority Caucus

CSPR was invited by the Colorado House Majority Caucus to present the key findings of our economic analysis of Proposition 103 and discuss the potential of creating a dynamic model that would be available for legislators.

Dialogue with Governor Hickenlooper and State Legislators

CSPR actively monitors legislation that could potentially impact jobs and economic growth. This past year when proposals were being discussed CSPR would weigh in by sending letters and meeting with our elected leaders clearly detailing our concerns or support for various legislative proposals.

HEADLINES



A job-killing stab at funding education

By: Earl Wright, Buz Koelbel, Terry Stevinson
Common Sense Policy Roundtable
Sunday, June 12, 2011

"The study indicated that Senator Heath's tax increases would in fact have a damaging impact on employment in Colorado and slow the state's recovery from the recent recession. According to the study, Senator Heath's measures would reduce employment by 5,500 in the first full year. The reduction in growth rates over time indicate that if the initiative passed it would reduce employment by 30,500 by 2017..."

The Voice of the Rocky Mountain Empire

THE DENVER POST

An opportunity for an open, thoughtful budget process

By Earl Wright and Buz Koelbel
Common Sense Policy Roundtable
February 5, 2011

"We call on both parties to work together in a forthright and constructive manner to address the morass that is Colorado's budget. An honest beginning will be to set realistic state revenue estimates, and not to project unrealistic and optimistic revenue estimates."



November 8th 2011

"The next big blow to Prop 103 came in the form of a study commissioned by the free-market Common Sense Policy Roundtable (CSPR), which showed that if Rollie's proposed \$3 Billion tax hike passed it could kill up to 119,700 jobs. This study, more than anything, defined the terms of the debate early on, with supporters unable to come up with a competing "study" claiming no job loss until the week before the election."



2011 FINANCIALS

REVENUES

Board Dues	\$165,000
Memberships	\$10,000
Donations	\$7,000
TOTAL REVENUE	\$182,000

EXPENSES

Accounting	\$2,210
Banking	\$42
Events	\$1,965
Legal	\$26,761
Overhead	\$46,000
Postage	\$213
Print Materials	\$2,291
Research	\$53,000
Promotion	\$1,165
TOTAL EXPENSE	\$133,646

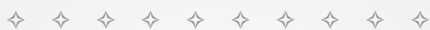
NET INCOME	\$48,355
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KEY INDICATORS OF GROWTH

- ▶ Revenue increased 50%
(\$90,000 in 2010 to \$182,000 in 2011)
- ▶ Number of NEW donors increased by over 35%
- ▶ Common Sense Policy Roundtable Forum was officially granted 501(c)(3) status in October of 2011



THANK YOU TO OUR 2011 PARTNERS!



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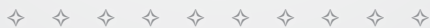
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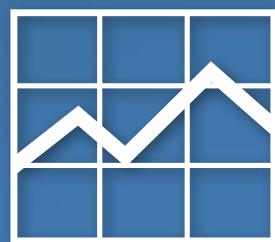
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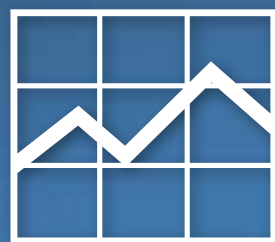
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