



COMMON
SENSE
Policy Roundtable

2013 ANNUAL REPORT

WWW.COMMONSENSEPOLICYROUNDTABLE.COM

9249 South Broadway Blvd, #200-148 • Highlands Ranch, CO 80129

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.



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LETTER FROM BOARD CHAIR

Dear CSPR Supporters and Stakeholders,

When we were formed in 2010, we pledged to have a constructive and engaging presence in Colorado's most important public policy debates. Our mission has been to cultivate jobs and the economy in Colorado and do this with intellectual integrity.

Last year, we promised to construct a dynamic econometric model unique to the state of Colorado. I'm pleased to say that was accomplished.

At the beginning of the year, we introduced a symposium of legislators to the dynamic model concept. Experts from Regional Economic Models, Inc. (REMI), explained the differences between current state legislative static model analysis and dynamic econometric modeling. The conclusion was that the current model analysis risked poor economic decisions and that a change to a dynamic economic model had to be made. We began thorough due diligence to verify REMI's competence.

More presentations to groups interested in economic development followed. The Metro Denver Economic Development Corporation and the Denver South Economic Development Partnership quickly joined us in this pursuit of unbiased and relevant research. Their monetary support, along with the Colorado Economic Development Commission provided the first econometric model for the State and its metro areas.

A unique feature of this consortium was the development of a partnership with University of Colorado's Business Research Division of the Leeds School of Business. The consortium meets bi-monthly to establish research priorities. Our first research project was to determine the economic impact of Amendment 66, a proposed tax increase for public education funding.

Conducting an economic study on the impact of a roughly \$1Billion annual tax increase was equivalent to stepping into a firestorm. We chose to be constructive as well as forthright about the economic impact of the ballot proposal. Beyond measuring the economic impacts of the tax increase, our study assessed the educational results needed to justify the tax increase. Our studies concluded that Amendment 66 would have a negative impact on Colorado's long-term private sector job and economic growth if specific educational outcomes were not achieved. Further information on our Amendment 66 studies is featured later in this report and on our website.

Another important issue in the November election was Douglas County School choice. We were tasked to find an

objective third-party with expertise in the area of School Choice to assess the situation. We identified and engaged the Honorable Peter C. Groff who authored the study "Douglas County School District: The Impact of a World-Class Education." The former State Senate President, Groff served in the Obama Administration's Education Department and is a nationally recognized expert on this topic. His report and various interviews with the press including live radio as well as TV, contributed to a more factual analysis on the School Choice issue, which had previously been dominated by emotional verbosity.

In 2013, we also began investigating two other significant statewide issues. First, what are the facts and possible solutions behind the PERA issue? From initial research, a resolution appears to be possible. Our second REMI dynamic research study will focus on the energy industry. What is the energy industry's economic contribution and its potential for responsible energy development? Both issues could have a significant impact on Colorado's future.

Beyond last year's initiatives, in 2014, we are committed to a study of the "Coming Colorado Financial Crisis and Alternatives to Avoiding It". The aging of Colorado's population along with new added Medicaid coverage is forcing Colorado into a significant budgetary deficit, forecasted to hit between 2018 and 2020. We strive to answer the questions of how big is the state deficit likely to be and what alternatives are available to close this fiscal gap, while minimizing the impact on jobs and economic growth. To avoid the potential fiscal crisis, Colorado must be proactive AND know the best possible choices.

In 2014, we will continue sponsoring community forums for bipartisan political debate, exchanging of ideas and studying results. CSPR has much to accomplish this coming year.

We are privileged to live in this wonderful state. We owe it to ourselves, our community, and our future generations to make rational and thoughtful decisions.

To our partners and stakeholders, we thank you for your support. For those who find our efforts and research of interest, join us.

Sincerely,



EARL L. WRIGHT
CSPR Board Chairman

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DYNAMIC MODEL LAUNCH



In July of 2013, we finalized a partnership to purchase and invest in a dynamic model built specifically for Colorado. The model was constructed by nationally renowned economic modeling firm REMI Inc. Our joint venture, along with the Denver South Economic Development Partnership, the Metro Denver Economic Development Corporation, and the Leeds School of Business at the University of Colorado Boulder is the first of its kind to measure the impact of major policy changes in the state of Colorado.

THE WALL STREET JOURNAL.

The REMI model has the ability to analyze complex public policy issues by considering thousands of dynamic variables in response to policy changes as opposed to traditional static models that take only input/output into account. The goal for REMI and our consortium is to aid Colorado decision makers in debating and weighing the impacts of the largest public policy decisions, as well as educate and inform voters and the business community.

We conducted our first joint REMI study as two parts, which analyzed the economic impacts of Amendment 66. The study received substantial media recognition both locally and nationally. The *Wall Street Journal* referenced the study in an article reviewing the tax increase and several lawmakers referenced the study in a debate on the PBS production, *Colorado State of Mind*.

REMI MODELING WITH A DYNAMIC MODEL

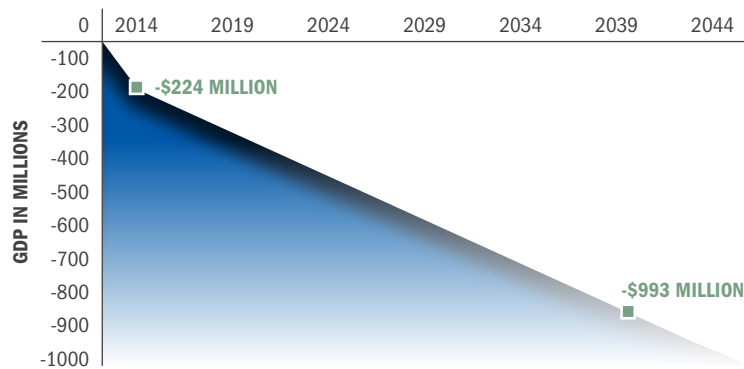
A dynamic economic model allows the user not only to review how many jobs are created but what types of jobs are introduced to the economy. This enables a region's policy makers and planners to be creative and strategic with their decisions.

- What industries are competitive in our region?
- How are local industries meeting local demand of goods and services?
- How do employment changes differ per industry?
- How does a change in the price of goods and services impact employment?
- How does one job created or lost have a multiplier impact?



Through a partnership with the Denver South EDP, Metro Denver EDC, and the Leeds School of Business, CSPR produced two REMI dynamic model studies on Amendment 66.

Amendment 66 was a proposed statewide ballot initiative that would have generated nearly \$1 billion for Colorado's education system by increasing income taxes.

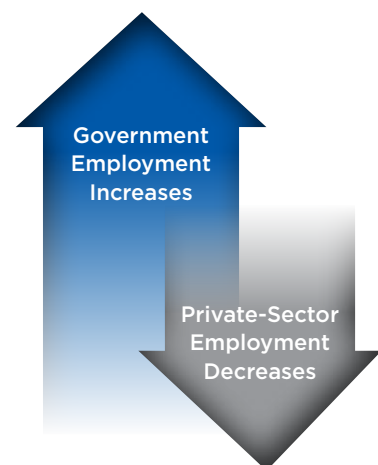
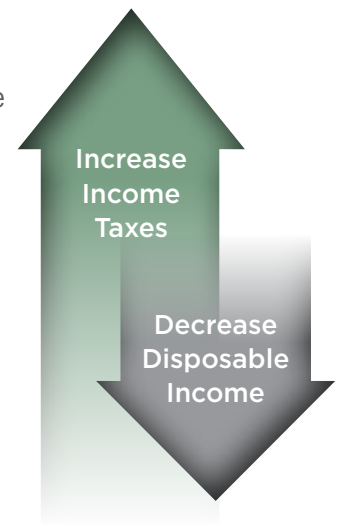


How would Amendment 66 affect COLORADO'S ECONOMY?

Colorado's economy would lose \$224 million in economic activity on average over the first 5 years and \$993 million from 2019-2040.

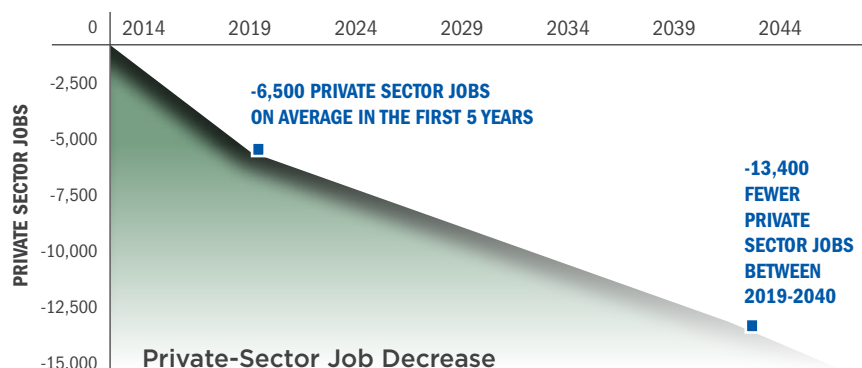
How would Amendment 66 affect COLORADO TAXPAYERS?

Amendment 66 is a two-tiered tax increase with negative implications for individual income earners, decreasing disposable income. Result = a loss in savings and consumption, which negatively affects Coloradans and small businesses.



What does Amendment 66 mean for COLORADO SMALL BUSINESSES?

Coloradans can expect to see 6,500 fewer private sector jobs on average in the first 5 years and 13,400 fewer between 2019-2040.



COLORADO EDUCATION

WHAT IF ... Colorado had the highest graduation rate in the nation?



From 75% now to Iowa's 88%

ECONOMIC IMPLICATIONS =

- ✓ Reduction in incarceration rates
- ✓ Reduction in social assistance
- ✓ Earnings realized from increased education levels

When coupling the tax increase with the educational benefits of higher high school graduation and college matriculation rates, the impact on the economy is net neutral to slightly positive.

BUT

Amendment 66 DOES NOT include ANY performance based metrics.

DOUGLAS COUNTY SCHOOL DISTRICT

BY: HON. PETER C. GROFF MCG2 CONSULTING



In the fall of 2013, CSPR commissioned Former Colorado Senate President and Obama appointee Peter C. Groff

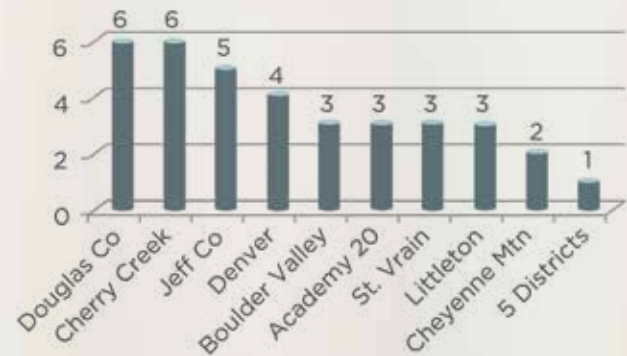
to study the economic impact and the condition of the Douglas County School District.

Groff concludes, “Douglas County is not only a state but also a national leader in student achievement, and the fact is it has earned these gains by boldly embracing school choice.”

He goes on to say, “Even though I originally hail from Denver and am proud of the improvements my hometown has achieved in transforming their educational system, Douglas County stands out as a school district that has truly innovated to boost educational outcomes for its students.”

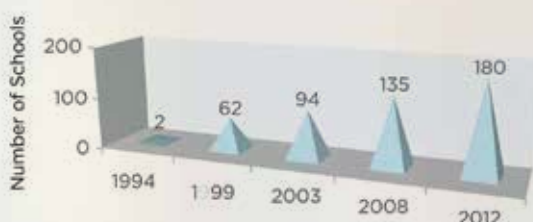
THE GROWTH OF CHARTER SCHOOLS IN COLORADO

Source: America's Best High Schools 13, Newsweek & The Daily Beast, May 2013



THE GROWTH OF CHARTER SCHOOLS IN COLORADO

Source: The State of Charter Schools, CO Dept. of Education, pg. 17 April 2013



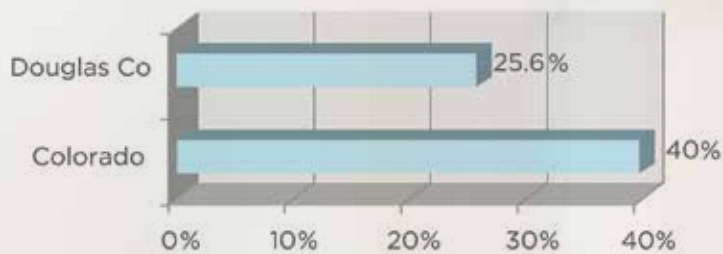
“Peter is a true education reformer, respected by leaders from both sides of the aisle. We were fortunate to have such a great thinker offer us even greater perspective on what is happening in Douglas County,” said Earl Wright, Chairman of the Common Sense Policy Roundtable.

THE IMPACT OF A WORLD CLASS EDUCATION

The study took a deep dive into the reforms Dr. Liz Fagen and the school board are undertaking and as they continue to strive to offer all students in Douglas County a world class education.

PERCENTAGE OF HIGH SCHOOL GRADUATES NEEDING REMEDIATION

Source: 2012 Legislative Report on Remedial Education, CO Dept. of Higher Education.



PRESS COVERAGE ON STUDY

THE
IDEA LOG *for* **OPINION**
blogs.denverpost.com/opinion

FOX 31
KDVR.COM
DENVER, CO



Support Against HB 1269 — April 2013

CSPR joined a group of concerned non-profits, economic development organizations, companies and individuals to help inform legislators on the negative impacts of HB 1269. We were proud to say this bill died late in session last year. HB 1269 threatened to make drastic changes to the regulatory body for the energy industry yet again. In the Bill, the Colorado Oil and Gas Conservation Commission would disallow any oil and gas industry representation and the most onerous section of this Bill was the portion that would have allowed State environmental regulations to supersede private property mineral rights

A VOTE FOR **HB 1269** ISN'T JUST A VOTE:

- **Against Energy Jobs**
- **Against Domestic Energy Security**
- **Against More Energy Revenue for Our Schools, Roads and Fire Districts**

Colorado's business community has spoken



**HB 1269 is a Vote Against Business —
It's too extreme for Colorado.**

This message paid for by The Colorado Oil & Gas Association

Vital For Colorado — October 2013

In an effort to bring attention to the broader benefits of sensible energy development in Colorado, a broad coalition of business and economic development leaders have come together to form Vital for Colorado. The Common Sense Policy Roundtable is proud to have signed on as a partner of Vital for Colorado and bring concrete information to Colorado residents on energy issues.



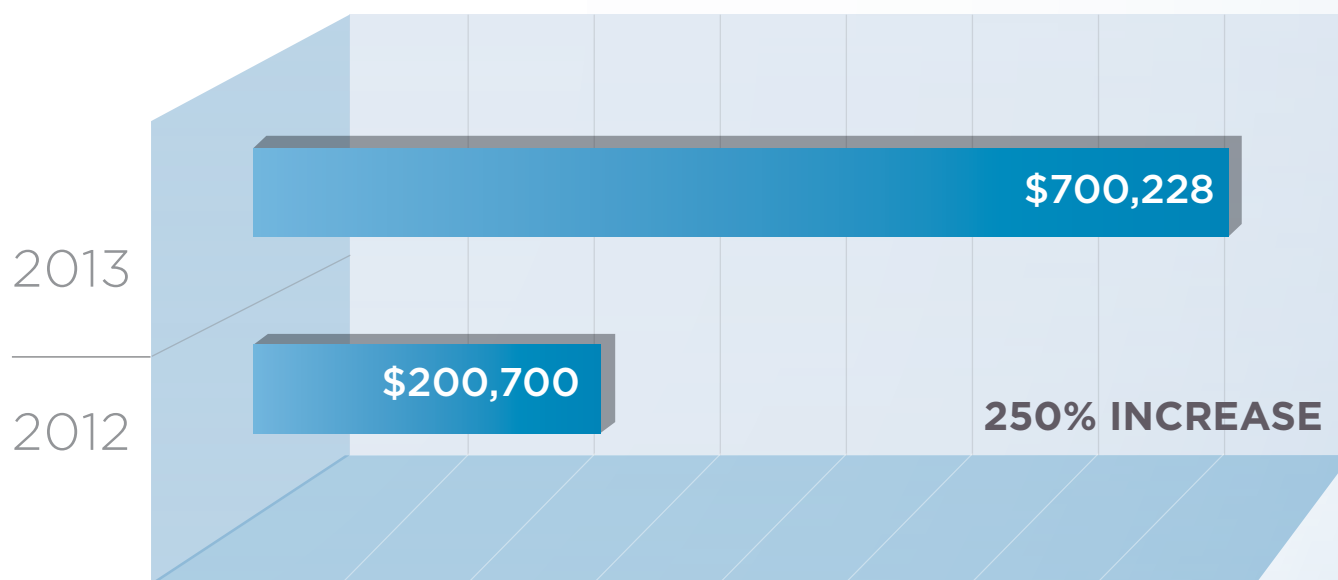
2013 Organization Revenue & Expenses

TOTAL REVENUE: \$700,228

EXPENSES:

| | |
|------------------------|------------------|
| Overhead | \$60,000 |
| General Operating | \$9,429 |
| Education and Outreach | \$326,942 |
| Research | \$81,730 |
| REMI Funding | \$210,967 |

NET INCOME: \$11,160



STUDY: Amendment 66 would hit economy

**DENVER
BUSINESS JOURNAL**

October 18, 2013

The passage of Amendment 66, a statewide school tax measure on the Nov. 5 ballot, would be a drag on Colorado economy, according to a study by the Business Research Division of the Leeds School of Business at University of Colorado Boulder.

REFORM: Former Dem Senate President Praises DougCo School District

COLORADOPEAKPOLITICS

October 27, 2013

... Douglas County School District has put badly-behaving union thugs in time-out to the benefit of its students, and it's now receiving praise from Democratic former state Senate President Peter Groff, who now runs MCG2 Consulting out of Virginia.

\$1 Billion Tax Hike Drags On Economy Through 2040, According To CU Study

The Colorado Observer

Colorado News, Analysis and Commentary from a Fresh Perspective

October 11, 2013

... The liberal University of Colorado recently published a study that found Amendment 66, the education tax increase that accompanies changes to school funding formulas, offers three years of marginal public sector job growth at the expense of 26 years of decreased private sector hiring.

Rocky Mountain High Taxes Democrats and unions try to kill Colorado's flat tax.

THE WALL STREET JOURNAL.

October 23, 2013

The Colorado Tax Increase for Education, or Amendment 66, follows the well-trod union script of claiming to raise taxes in the name of better schools ... A new study by the University of Colorado Leeds School of Business found close to zero relationship between changes in per pupil spending on Colorado schools and changes in test scores and graduation rates.

Douglas County School a leader in Education

THE DENVER POST

By Peter Groff (Guest Commentary)

October 30, 2013

In the summer of 1981, U.S. Secretary of Education T.H. Bell formed the 18-member National Commission of Excellence in Education to author a report on the quality of education in America.

TAX HIKE STUDY: Amendment 66 Will Kill Jobs, Personal Income, Can't Promise Improvements

COLORADOPEAKPOLITICS

October 11, 2013

... A new pair of studies by CU's Leeds School of Business finds Amendment 66, the billion dollar tax increase on the ballot this November, would be a major drag on the Colorado economy, kill private sector jobs, and reduce personal income by almost \$2,000.

CSPR IN THE NEWS

Country's biggest school board race to be decided Tuesday in Douglas County



November 3, 2013

By Eli Stokols

Amendment 66: Battle over Colorado school tax draws big money, heavy hitters

The Gazette

Garrison Wells

October 20, 2013

... A study released Oct. 9 by the University of Colorado's Leeds School of Business says the amendment "will slow economic growth, reduce personal income and cut private-sector jobs."...

Peter Groff Weighs in on Dougco Reforms

COLORADOPEAKPOLITICS

October 27, 2013

... Groff's seven-page review of Dougco, titled "The Impact of a World Class Education," covers largely familiar ground about Colorado education reform and Dougco's efforts to expand parent choice (including a voucher plan), create new evaluation systems for district personnel and change academic standards so that they meet international benchmarks.

Capitol and Capital — Amendment 66

**TALKRADIO
630KHOW**

The Michael Brown Show

November 4, 2013

School tax measure would be a drag on Colorado's economy, CU Leeds study finds

**DENVER
BUSINESS JOURNAL**
denverbusinessjournal.com

Heather Draper

October 9, 2013

... The report was conducted by the Business Research Division of the Leeds School of Business at University of Colorado Boulder. It states that the tax proposal would successfully generate revenue for schools, but that those education revenue increases would come at a wider economic cost.



LOOKING FORWARD

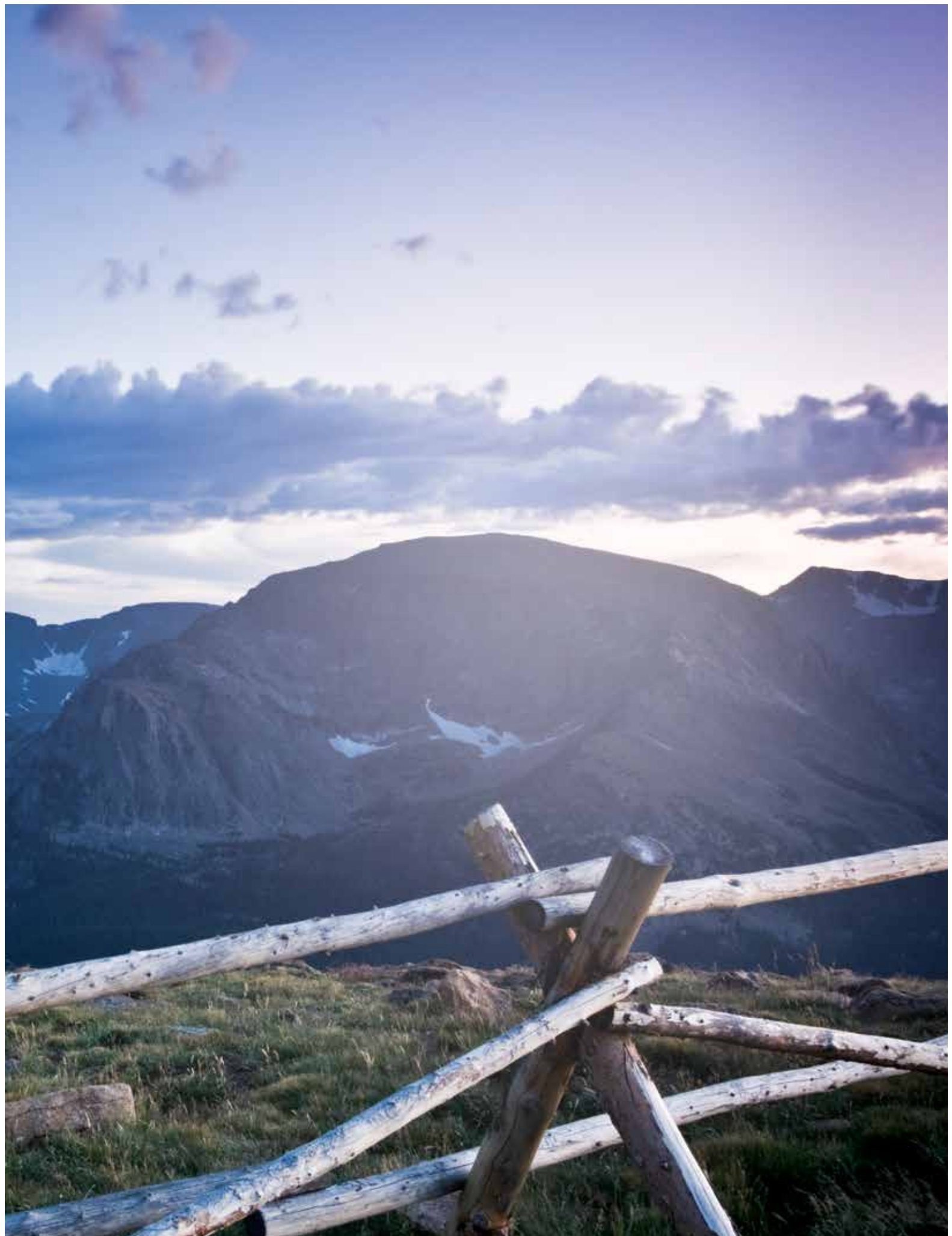
Building off of our work in 2013, the Common Sense Policy Roundtable is excited to embark on various public policy endeavors in 2014. We have arranged for two major studies using the REMI Model. We have already begun to an energy study using REMI that should be released early in 2014. Colorado has abundant natural resources that literally and figuratively fuel the Colorado economy. The estimated value of oil, gas, and carbon dioxide totals more than \$11.9 billion in 2013, representing year-over-year growth driven by gains in both production and price. The industry accounted for more than 29,000 direct drilling, extraction, and support activities in 2012 in Colorado, represented by nearly 1,400 firms. The industry pays higher-than-average wages in Colorado, and is the source of a public revenue stream that impacts federal, state, and local coffers.

A recent movement has established to quell or cease oil and gas development in the state. Longmont City Council moved to impose a fracking moratorium, which is currently in litigation after be challenged by both the State and the Colorado Oil and Gas Association. In 2013, voters in Boulder, Fort Collins, and Lafayette approved fracking bans, and a ban is pending recount in Broomfield. There is an indication that such a ban could be presented to voters in 2014. Our study will serve to understand the economic impacts of such a ban.

The second will evaluate the economic condition and infrastructure needs of the state regarding the financial crisis that is looming for Colorado. The aging of Colorado's population along with new added Medicaid coverage is forcing Colorado into a significant budgetary deficit, forecasted to hit between 2018 and 2020. Our study will aim to determine the anticipated size of the state deficit what policy alternatives are available to help close any fiscal gap and even explore the creation of a reserve or rainy day fund for down economic times.

Beyond the fiscal crisis and fracking issue, the Common Sense Policy Roundtable is positioned to address other public policy concerns as they arise in Colorado. The REMI model is intended to be a central resource for policy makers, stakeholders and the Colorado community.

We look forward to working with you to better Colorado's economy in 2014 and beyond.





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