



# COMMON SENSE

*Policy Roundtable*

**2014**  
ANNUAL  
REPORT



[www.CommonSensePolicyRoundtable.com](http://www.CommonSensePolicyRoundtable.com)

Common Sense Policy Roundtable  
4950 South Yosemite Street F2 #314  
Greenwood Village, CO 80111

## Mission

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 jobs and economic development legislation and public policy initiatives.

## Vision

To educate and inform all Coloradans with non-biased and factual information on job creation and economic growth, by using the REMI dynamic econometric model.

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# LETTER FROM BOARD CHAIR EARL WRIGHT

Dear Stakeholder,

Common Sense Policy Roundtable (CSPR) continues to create economic impact studies separating facts from fiction. CSPR's goal is to be the go-to fiscal policy think tank for Colorado's economic future. Where appropriate, CSPR is, and will be, the objective and factual resource Colorado's citizens and public policy makers can look to when considering important economic issues influencing Colorado's economy today and in the future.

In 2014, CSPR was tasked to provide information in a major economic public policy debate facing the state - hydraulic fracturing. Public policy discussions ranged from a complete statewide fracking ban to various drilling setback scenarios. Our charge was to present reliable economic research about the potential changes in Colorado's energy policies. The facts and figures we provided using the REMI dynamic econometric model became the centrally cited data used in the debate.

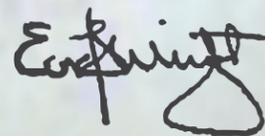
The information used astonished seasoned researchers and media outlets by illustrating the integrated financial impact the energy industry has on Colorado's economy including; the state's overall employment and real estate values; the state budget; and local school district finances. We've included in this annual report additional highlights showcasing our work on this important topic, and I strongly encourage you to read the exhaustive report we produced with our research partners at the University of Colorado's Leeds School of Business.

This leads us to another major 2014 success for CSPR. We have vastly broadened public awareness of our research and studies. The annual report shows how our Facebook site, website and public reports are becoming used by a broad range of Coloradans. We are particularly pleased to see the diversity of users on our sites. In addition, we are excited to watch our mission materialize as national, regional and local news medias are quoting our research.

As we look at 2015 and beyond Colorado's fracking debate, we are heading for a possible financial crisis in our state budget. Two potential concerns CSPR is poised to provide insight into include: 1) Rapidly increasing Medicaid expenses as Colorado's population ages and 2) a pension deficit in PERA. Others have documented the budgetary issues associated with our state's aging population. However, no one has provided thoughtful options regarding revenue sources and possible budget alternatives that will continue to support job growth and expand our economy. This is a tough challenge to tackle, but with our REMI research modeling capabilities and strategic partnerships, CSPR is ready to take the lead.

We are also prepared to provide objective analysis to address the PERA issue. Many have pointed out the huge pension deficit of \$29B in PERA. Putting this in perspective, PERA's deficit equals more than the Governor's proposed state budget for 2015 of \$24.1B. Broader public support will be needed to resolve this matter; however, CSPR is ready to help put a spotlight on this issue, and will continue looking at alternatives and examples from other states to help find a resolution.

Sincerely,



Earl L. Wright  
Board Chair

# BOARD OF DIRECTORS



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# REMI PARTNERSHIP TAKES OFF

CSPR, along with our partners, Metro Denver EDC and Denver South EDP, released three REMI studies conducted by the CU Leeds School of Business in 2014.

## PUBLIC OUTREACH

1

Published in March 2014, *Hydraulic Fracturing Ban: The Economic Impact of a Statewide Fracking Ban in Colorado*, was the main source widely cited in all debates surrounding the potential fracking ballot initiatives.



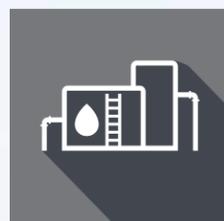
2

5,000 Oil & Gas Jobs Would Create Nearly **20,000 New Jobs For Colorado.**



3

Impact of a 2,000-foot setback from structures on oil and gas well locations would result in as many as **49,000 fewer jobs in Colorado** between 2015 and 2040.



## WHAT IS REMI?

REMI gives agencies across the country the ability to forecast and simulate policy scenarios. The model is customized for Colorado, based on the number of industrial sectors and regions being analyzed. Unlike traditional Input-Output models or employment multipliers, our model features a dynamic component for modeling economic impacts over time out to 2060.

These components of the model create a robust and accurate forecasting tool that responds to changes in the economy. The model also has a transparent, peer-reviewed structure. We are the only organization in the state using the REMI model, and its value is measured by the significant exposure and citation our studies have received across the country. Using REMI puts a spotlight on the state's big issues, such as energy development, budgeting, Medicaid, and PERA.



## WEBSITE RE-LAUNCH

In April 2014, CSPR launched a new website that included a system of archiving publications, research and press by topic. The new format proved its utility, with over **161,220 website** page views in 2014. The Fracking Study ALONE was downloaded by nearly **700 people**.

We also re-designed our Facebook page to better integrate with other media platforms.



CSPR reached more than 162,000 people on Facebook in 2014.



## REMI Presentations

- |  |                        |
|--|------------------------|
| Coloradans for Responsible Energy Development (CRED) | Denver South EDP       |
| Colorado Association of Commerce & Industry (CACI)   | First Tuesday Club     |
| Colorado Business Roundtable                         | Office of the Governor |
| Conference of Western Attorney Generals (CWAG)       | Littleton Rotary Club  |
| Denver Rotary Club                                   | Metro Denver EDC       |
|  | University Club        |

## REMI Media Interviews

- |                                |                                   |
|--------------------------------|-----------------------------------|
| Colorado Biz                   | KUNC                              |
| Coloradoan                     | Northern Colorado Business Report |
| Colorado Public Radio          | Wyoming Business Report           |
| Denver Post                    | 850KOA                            |
| The Michael Brown Show 630KHOW |                                   |

# WHAT'S THE REAL PROBLEM WITH PERA?

The Colorado Public Employees' Retirement Association (PERA) is the state's public pension plan. PERA is a defined benefit pension plan with every working member required to contribute a fixed percentage of their salary to a retirement trust fund that is invested by the board of trustees. Currently

the fund has an unfunded liability of \$29 billion. That's about \$6,000 for every man, woman, and child in Colorado. Colorado taxpayers will be financially responsible if PERA fails.

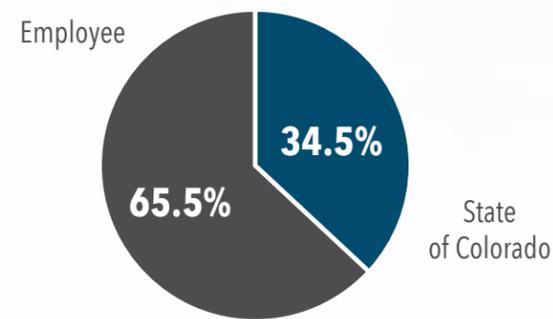
## Benefits Are Too High

**30 years of service** **75%** Highest Three Years of Salary

**40 years of service** **100%** Highest Three Years of Salary

These amounts are adjusted by inflation annually. This plan is exceptionally generous compared to typical private corporate retirement plans and public plans in nearby states.

## State Contributions are Too High



Employees contribute only 8% of salary to the plan, while the State of Colorado contributes 15.2%. This 2:1 employer contribution is much more generous than typical private sector plans.

Raising the PERA eligibility age for new hires to 65 would **reduce unfunded liabilities** by **\$1.3 billion**.

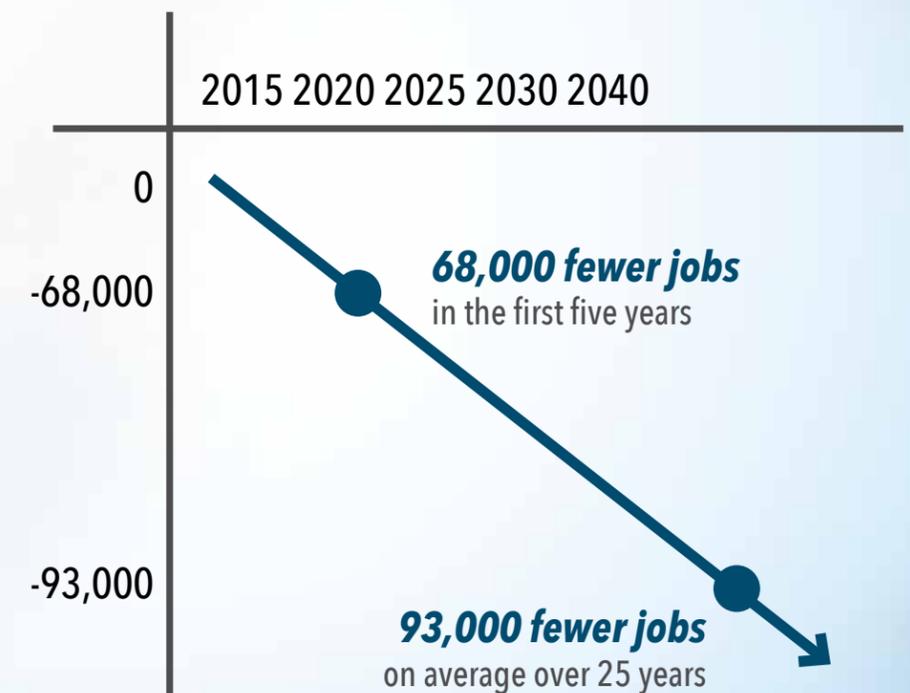


# FRACKING BAN WOULD KILL JOBS AND ECONOMY

## STUDY: STATEWIDE FRACKING BAN WOULD COST THE STATE \$316 BILLION AND 93,000 JOBS BY 2040

Common Sense Policy Roundtable has been at the forefront of all the major public policy debates this year. Using our acclaimed REMI dynamic econometric model, this spring, CSPR finalized a major study detailing the impacts a statewide fracking ban would have on our economy. The results were sobering. Our study found that if a fracking ban were implemented, more than **110,000 jobs** would be at stake and **68,000 jobs** would be lost in the first five years. Furthermore, at least **\$316 billion** in Colorado gross domestic product and **\$217 billion** in personal income would be lost over 25 years.

## FEWER JOBS 1 IN 28 WORKERS AFFECTED



# OIL AND GAS SETBACK STUDY

**5,000 JOBS**



REMI Study: 2,000-foot oil and gas setbacks would cost tens of thousands of jobs, billions in economic losses.



5,000 Jobs Study Says 5,000 Oil & Gas Jobs Would Create Nearly 20,000 New Jobs For Colorado.

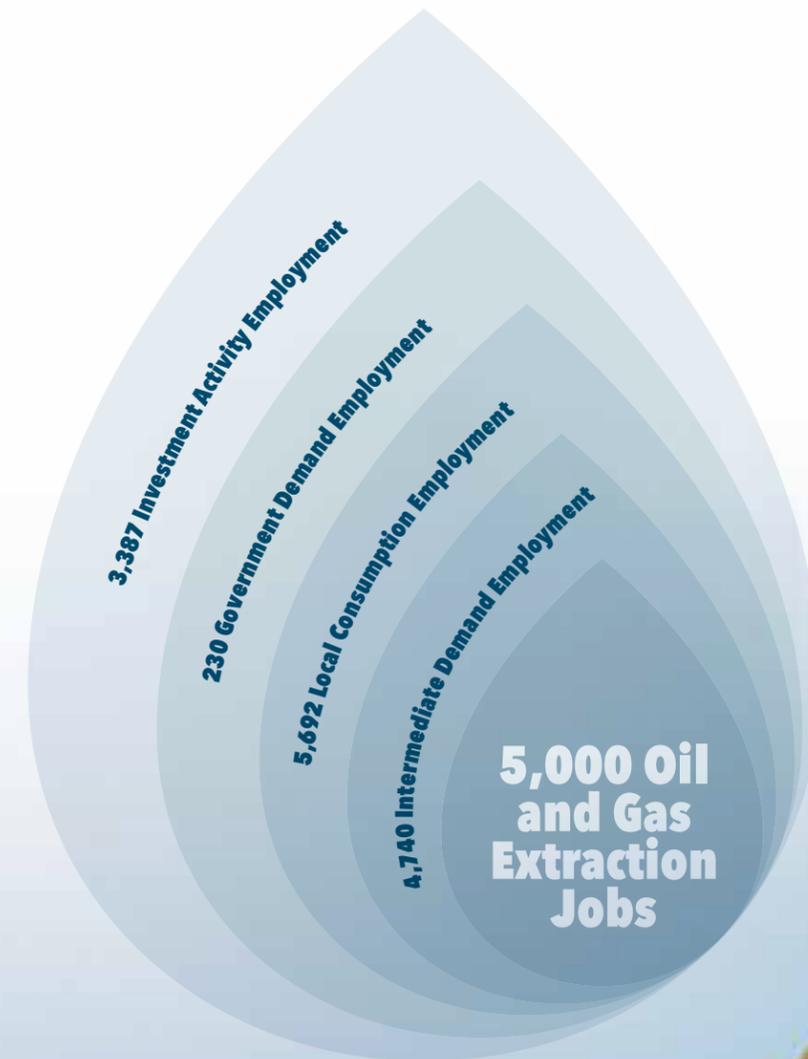
## PERSONAL INCOME LOST

Per capita income would decline by \$839. That equates to \$3,344 less income annually for an average family of four.



## TAX REVENUE LOST

\$273 million per year in lost revenues, on average, for each of the first five years, and \$439 million per year lost by 2040 (nearly 4% of current revenues).



**CSPR  
IN THE  
NEWS**

**WALL STREET JOURNAL**

August 15, 2014

**"The Misdeeds of a Few Companies Don't Warrant Fracking Bans."**

**THE DENVER POST**

Jaffe, Mark | March 26, 2014

**"Worst-case scenario study: Frack ban could cost 68,000 Colorado jobs."**

[http://www.denverpost.com/business/ci\\_25424969/worst-case-scenario-study-frack-ban-could-cost](http://www.denverpost.com/business/ci_25424969/worst-case-scenario-study-frack-ban-could-cost)

**DENVER BUSINESS JOURNAL** | March 28, 2014

**"Viewpoint: What's really the problem with PERA's funding?"**

— Earl Wright

**The Gazette**

March 30, 2014

**"EDITORIAL: Study finds loss of fracking would cost 68,000 good jobs."**

broomfieldenterprise | April 10, 2014  
**"Broomfield Enterprise letter to the editor: Study of impact of fracking bans falls short."**  
— Gardner, Kyle

**NCLA** | March 24, 2014  
**"Economic Analysis Shows Significant Consequence of Anti-Fracking Ballot Measures."**

**AKKEN.COM** | March 27, 2014  
**"Study finds Weld County would lose thousands of jobs, millions in taxes if fracking banned statewide."**  
— Dunn, Sharon

**COLORADOPEAKPOLITICS** | March 26, 2014  
**"Money Bomb: Dollars and Cents Study Destroys Fractivists' Initiative."**

**TCO The Colorado Observer** | March 26, 2014.  
**"Statewide Fracking Ban Would Cost \$12 Billion, 93,000 Jobs by 2040."**  
— Richardson, Valerie

**NGI NATURAL GAS INTELLIGENCE** | April, 3, 2014  
**"Two State Studies Tout Oil/Gas Economic Benefits."**  
— Nemec, Richard

**FOX31 DENVER** | August 4, 2014  
**"Polis gives in, announces compromise with Hickenlooper on oil, gas control."**

colorado**biz** | April 1, 2014  
**"What would an anti-fracking statewide amendment look like, Business leaders warn it could pose a threat to the entire business community."**

**THE COMPLETE COLORADO** | March 28, 2014  
**"'Local Control' Really Means De Facto Statewide Fracking Ban, Call Reveals."**  
— Sandoval, Mark

**COLORADO PUBLIC RADIO** | March 28, 2014  
**"Fracking ban would cost Colorado millions, study finds."**  
— Hanal, Anna

**COLORADOAN** | March 28, 2014  
**"Study: Statewide fracking ban would be billion-dollar blow, A ban would cut 93K jobs, billions in tax revenue, CU researchers say."**  
— Handy, Ryan Maye

**WYOMING BUSINESS REPORT** | April 3, 2014  
**"Colo. fracking ban would knife \$12B from state GDP."**  
— Lynn, Steve

**CAPITOL PROJECT ALIIS** | March 28, 2014  
**"Study: fracking ban would cost Colorado tens of thousands of jobs and billions of dollars."**  
— Gutowski, Stephen

# 2014 QUICK FACTS

## FACEBOOK DEMOGRAPHICS:



our fans are **51%** female and **48%** male



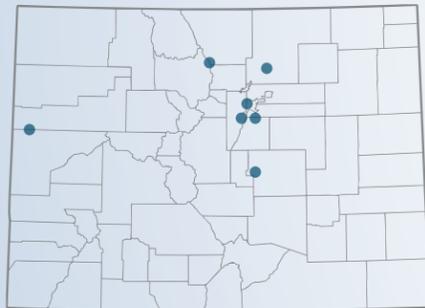
of our fans are between 18-34 years of age



of our fans are between 35-54 years of age



of our fans are 55 or older



Our largest fan bases are in Denver, Colorado Springs, Aurora, Grand Junction, Littleton, Greeley, and Fort Collins.



**50%** increase in new donors compared to 2013

**72%** of donors in 2014 were new donors

## STRATEGIC PARTNERSHIPS



# CSPR CELEBRATES 5 YEARS

# LOOKING FORWARD

## OUR FIRST FIVE YEARS

From inception, CSPR has strived to be a provider of reliable information and the premier Colorado think-tank on economic issues. The organization has had numerous success stories in its first years of existence, including the creation of a unique partnership that brought an advanced dynamic econometric model to Colorado (the only one of its kind in the state), published studies on Amendment 66, the economic impacts of a fracking ban to the state, and providing a wealth of unbiased data to all Coloradans and public policy leaders.

## WHERE DOES COLORADO STAND TODAY?

Colorado has great economic potential. We have one of the most educated workforces in the country. We also have a mostly inviting business climate and an unparalleled quality of life. But threats always loom on the horizon. Higher taxes and excessive government regulation can take capital away from business growth and prevent the very job creation that is so desired. Colorado's jobless rate fares better than the national average but in Colorado, like much of the nation, that lower jobless rate in recent years has been masked by the large number of Americans who have simply stopped looking for work and are no longer included in the official workforce and employment numbers.

## OUR NEXT FIVE YEARS

CSPR is committed to relentlessly pursuing data-driven solutions to our state's economic problems. We will continue to invest our resources in studying the difficult issues policy makers face - from state revenue and spending choices, to Medicaid expansion, to PERA reform, education, and everything in between. CSPR will be successful if its research continues to be used by Colorado leaders and voters to answer questions and craft answers to our common goal of sustained economic growth and job creation.

## OUR 5 PILLARS OF FOCUS

1. **Energy Development**
2. **Long-term Fiscal Challenge**
  - Part 1: Revenue sources
  - Part 2: Free-enterprise, public/private spending solutions
3. **PERA**
4. **Medicaid**
5. **REMI Model Utilization**



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