

COMMON
SENSE
Policy Roundtable

What if Colorado Schools Were #1?

REMI Webinar July 10, 2018

CSPR

- Non-profit free-enterprise think tank
- Dedicated to the protection and promotion of Colorado's economy
- 8 member board | Industry and geographic diversity

New study shows that without substantial improvement in student performance, Amendment 66 is drag on the Colorado economy.

Leeds School of Business Report Uses State-of-the-Art Dynamic Model to Determine What Impact Amendment 66 Will Have on Our State's Economy

DENVER, Colo., October 9, 2013—Two comprehensive studies using a newly calibrated, dynamic economic modeling system developed by the Regional Economic Models Inc., or REMI that analyzes the ripple effects of public policy choices across the economy shows that the passage of Amendment 66 would be a drag on Colorado's economy.



Restrictions on the Supply of Affordable Entry-Level Housing In Colorado

Key Findings:

- FOR SALE** Denver for-sale home prices have increased much more quickly than rent prices, particularly at the entry level. For the previous 5 years through December 2016, the median Denver home price increased 73.2%, while median rent prices increased just 46.4%.
- UP** Condominium prices in particular have skyrocketed. According to Metro Denver EDC average sales price for single-family homes in Denver rose 5.1% year-over-year to \$421,062, while the average price of condos increased 21.3%.
- HOUSE** Median home prices in Denver have reached all-time highs partly as a result of the insufficient supply of new housing for entry-level homes, especially in the area of condominiums. During 2016, nearly 90% of all existing condos re-sold in Denver were priced below \$400,000, pointing to strong demand in the entry-level segment. However, less than 30% of the new condo supply built in 2016 was priced below \$400,000, and nearly 40% was priced over \$1 million.
- CONSTRUCTION** Several studies from recent years have found that Colorado construction defects laws are having adverse effects on the housing market and the supply of affordable condominiums. A 2013 study released by the Denver Region Council of Governments found that the increased risk of litigation and resulting insurance costs due to Colorado's construction defect laws have increased condominium builder expenses by as much as \$15,000 per unit, potentially making any condos priced under \$450,000 uneconomic to build.
- PERSON** The REMI simulations found that even a 1% decrease in residential investment due to reduced building would result in over 1,800 fewer jobs for Coloradans in 2017, and over the next five years would decrease state GDP by \$11 billion and revenue to the state General Fund by nearly \$32 million. A 5% decrease in residential investment would eliminate 18,800 Colorado jobs the first year, and over the next five years would reduce state GDP by \$5.2 billion and state revenue by \$156 million.
- DOLLAR** The simulation also found that a 1% increase in housing costs would reduce Coloradans' aggregate real disposable income by \$322 million in just the first year. A 5% increase would reduce Coloradans' real disposable income by \$1.8 billion in the first year.
- PEOPLE** The crowding-out of young buyers impacts households by preventing them from building home equity, but also affects the state at large by leading to reduced migration, greater income inequality, increased infrastructure pressures as a result of urban sprawl, and disincentives for businesses to move to or open offices in the state.



Full report to be released March 1, 2017

Key Findings From "Impacts of Increasing Colorado's Minimum Wage" June 2016 Report

Minimum wage initiatives would raise the state's minimum wage \$12.65 per hour by 2022. This increase would likely harm the Coloradans who need the most help with employment and income opportunities.



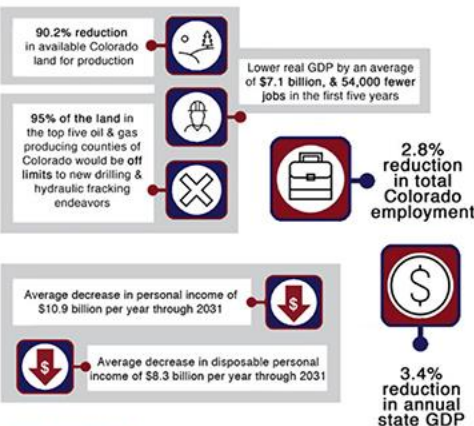
\$3.9 billion Higher minimum wage decreases wage and salary incomes by as much as \$3.9 billion per year due to unemployment. The groups mainly affected are teens and unskilled, low wage workers, since they will be the ones losing their jobs to an unaffordable minimum wage.

The reduced employment would result from some workers losing their jobs and some workers being unable to find a job. Others may get discouraged by the reduced employment opportunities and exit the labor force.

By 2022, the minimum wage would be 31% higher than under current law and employment would be 90,000 lower. *Impacts of Increasing Colorado's Minimum Wage*

CU Leeds REMI Study: Quick Facts on Initiative 78

Economic Assessment of the 2,500-Foot Oil & Gas Setback Proposal



Download the entire report at:
www.common-sense-policy-roundtable.com/category/research-and-publications/

REMI Partnership

What is dynamic modeling? Why is it important?

Answer “What-If” long-term questions

Factor in dynamic changes from price, wages, costs, supply and multiplier effect

REMI Partnership





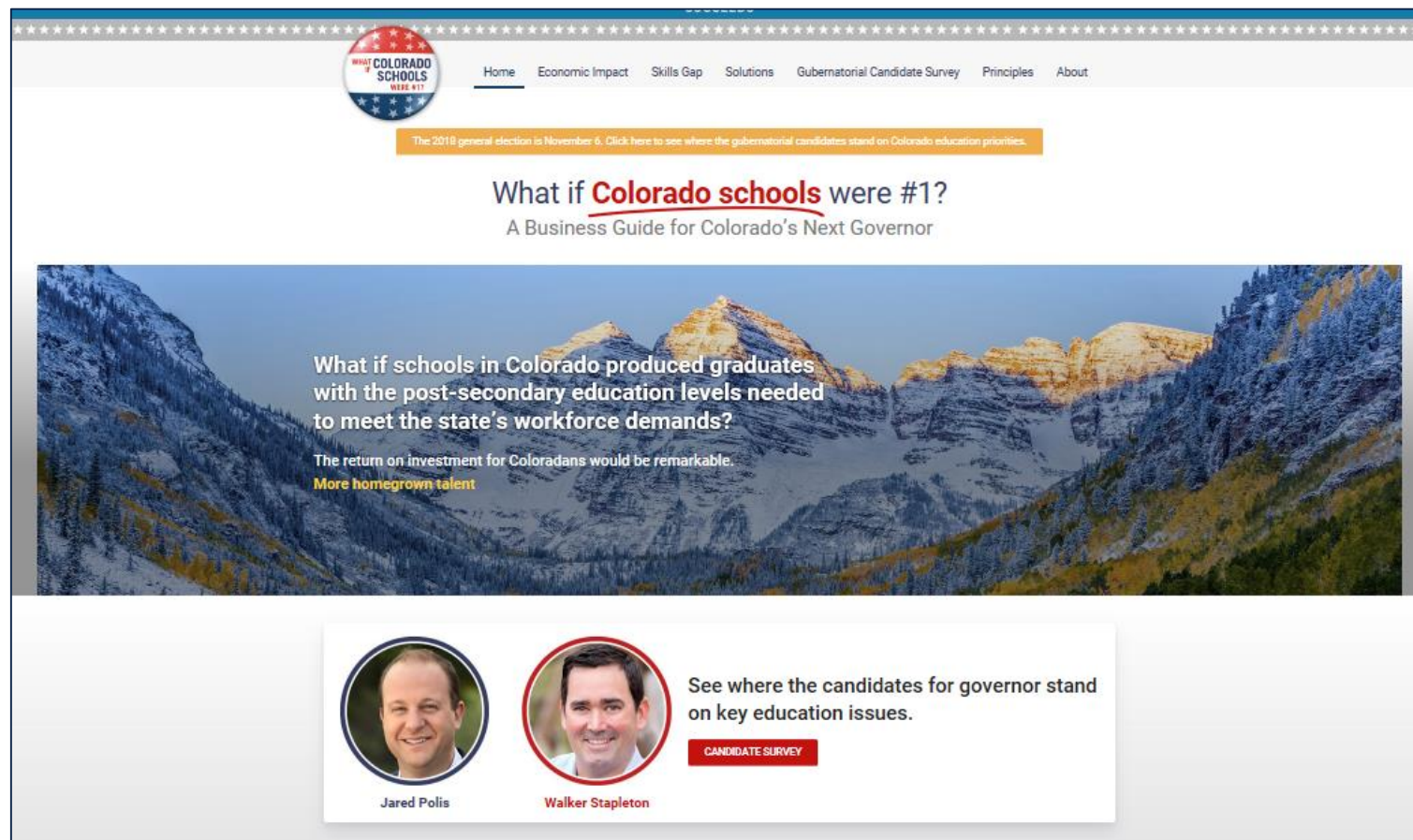
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Economic Impact Study

Employer Survey

Candidate Survey

Voter Survey



The Past Year in Colorado

#1 Economy — US News and World Report

#5 Growth rate jobs

62,000 jobs | 2.4%

#1 Growth rate labor force

96,310 people | 3.3%

| Not #1

#20 Education

46th lowest K-12 graduation rate

#48 Housing Affordability

State fiscal stability

#30 Pension fund liability

#41 Short-term fiscal stability

Transportation

#30 Commute time

#29 Road Quality

What If Colorado Schools Were Number 1?

What if Colorado had the best graduation rate in the nation?

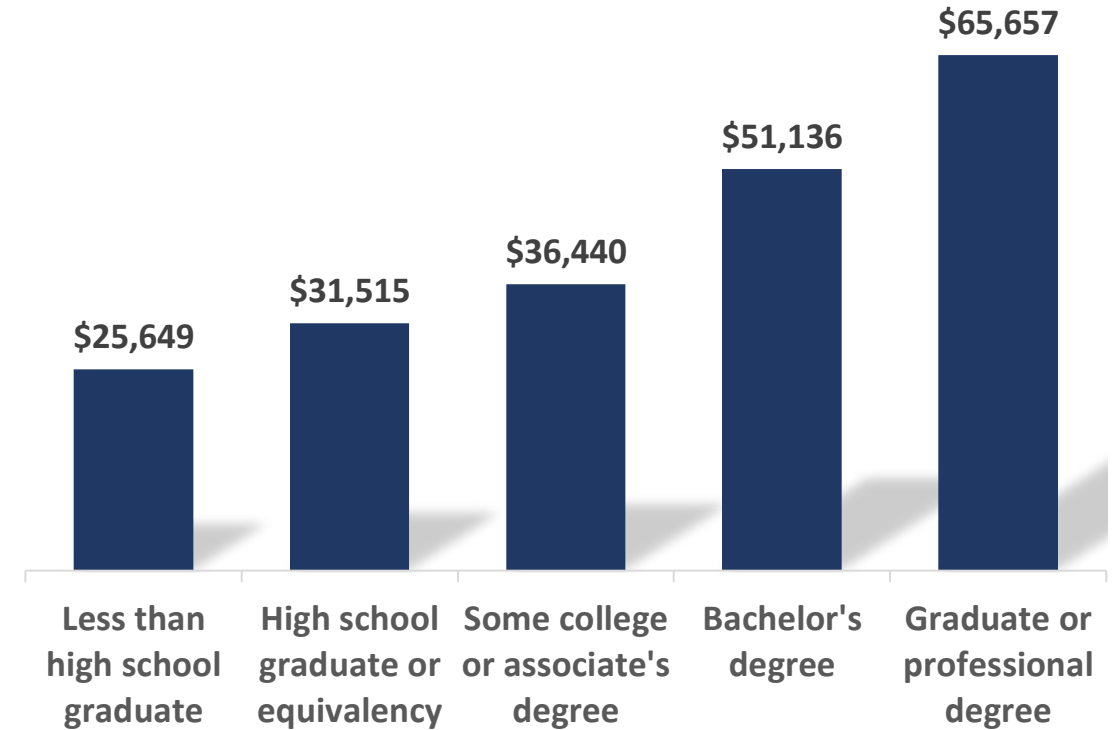
What if Colorado graduates met the education demands
of our #1 economy?



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Impact of Just One Student

Education Level	Additional Income %
High school graduate/equivalent	30%
Some college/Associate's degree	48%
Bachelor's degree	107%
Masters or higher	168%



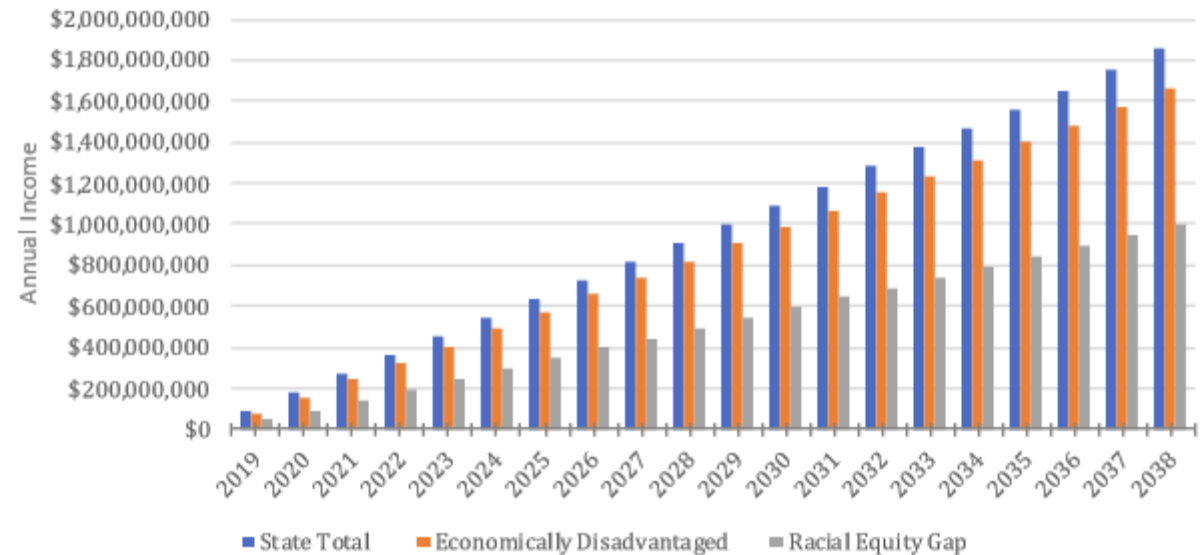
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#1 Graduation Rate Direct Increase in Earnings

5-year Grad Rate – 84.1% to 93.3%

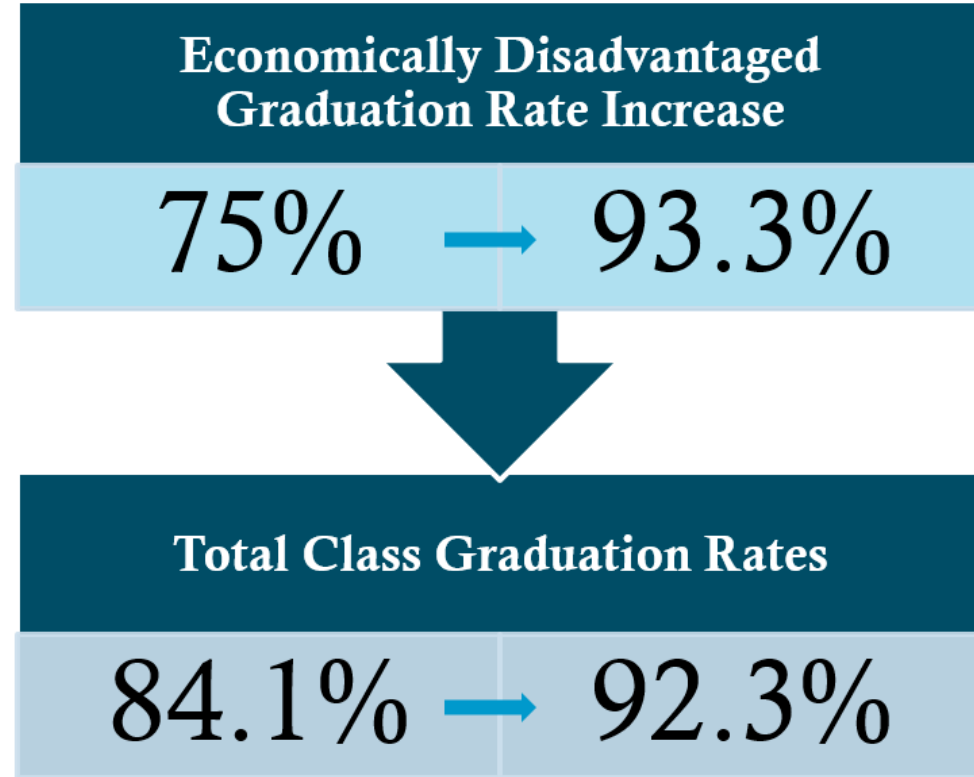
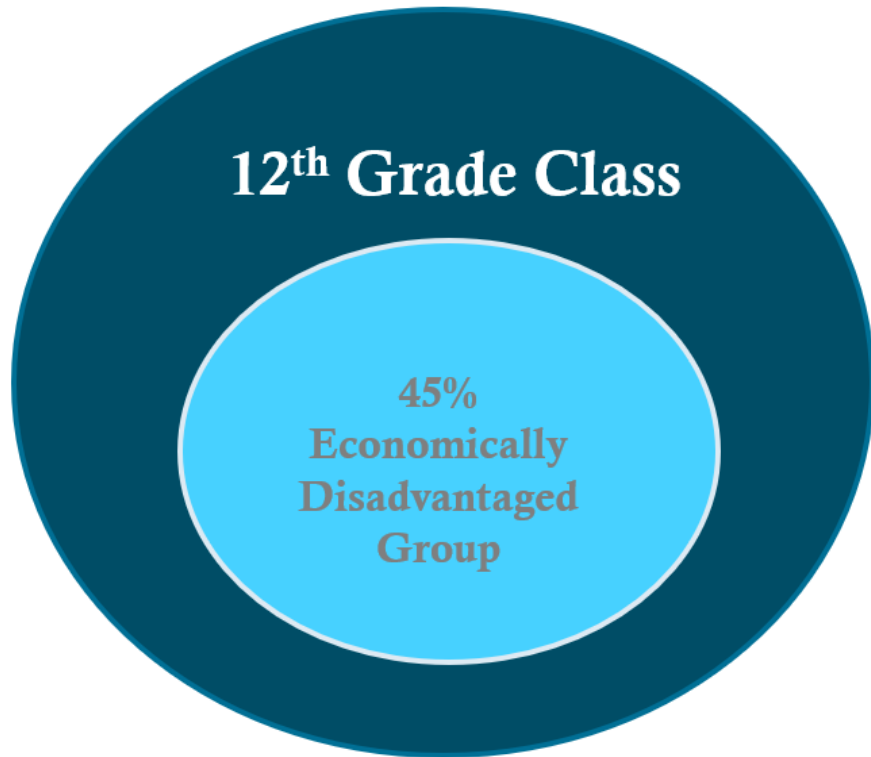
Tax-PI Direct Inputs

- Wage Bill
- Labor Productivity



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Students at Most Risk



Source: CDE, Graduation Statistics

| The Big Disconnect: Colorado Needs a Highly Skilled Workforce



2nd highest level of demand for workers with some post-secondary education in the entire U.S.

Gap in Education Attainment

% of class to obtain some form of post secondary education

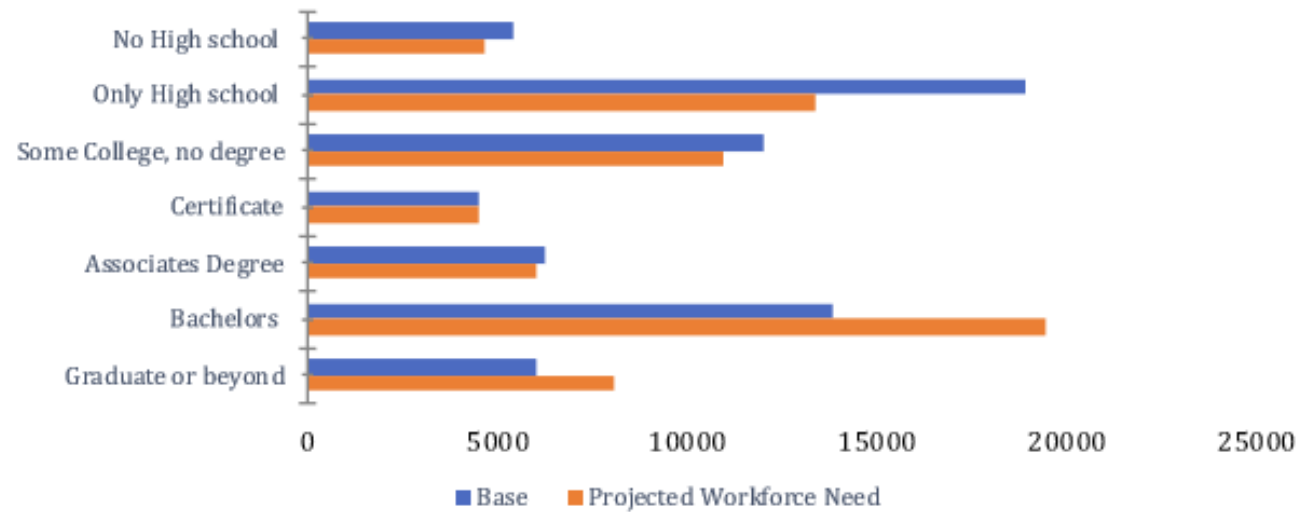
- 64% = current
- 74% = workforce demand

<i>Education level</i>	Current	Projected Workforce Need
<i>Less than high school</i>	8%	7%
<i>High school only</i>	28%	20%
<i>Some college/No degree</i>	18%	16%
<i>Certificate</i>	7%	7%
<i>Associate's Degree</i>	9%	9%
<i>Bachelor's Degree</i>	21%	29%
<i>Master's Degree or higher</i>	9%	12%



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Meeting the Workforce Demand



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Impact of an Entire Class

Class of 2019

Increase in Direct Earnings (\$ Millions)	\$150
Total Jobs Impact (Units)	1,480
Total GDP Impact (\$ Millions)	\$195
Consumer Spending (\$Millions)	\$206
Total Dynamic Fiscal Impact to State (\$Millions)	\$8.62
Savings on Public Assistance, Supplemental Security Income and SNAP (\$Millions)	\$3.85
Savings on Lower Incarcerations (\$Millions)	\$0.48



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OVER 10 YEARS IF COLORADO IMPROVED EDUCATION
TO THE LEVELS NEEDED BY THE WORKFORCE,

57,600 MORE HIGH SCHOOL GRADUATES

WOULD OBTAIN SOME FORM OF POST-SECONDARY EDUCATION.

THAT'S ENOUGH TO FILL THE PEPSI CENTER THREE TIMES OVER



Just 10 Improved Graduating Classes

Comparing Impacts

\$10.5B



\$4.8B



\$3.6B



\$3B



\$115M



Over The Span of 10 Years



These graduates would
**earn an additional
\$8.5 billion**



\$1 billion
in new revenue
and public savings



\$1.4 billion increase
in home spending



14,600 new jobs
created



Over \$12 billion
in increased GDP growth



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■ Very Problematic/Somewhat...

77%

Applied Skills:

Critical Thinking, Problem Solving, Innovation

65%

Workplace Skills:

Teamwork, Communication, Leadership

63%

STEM Skills:

Data analytics, computer science, engineering

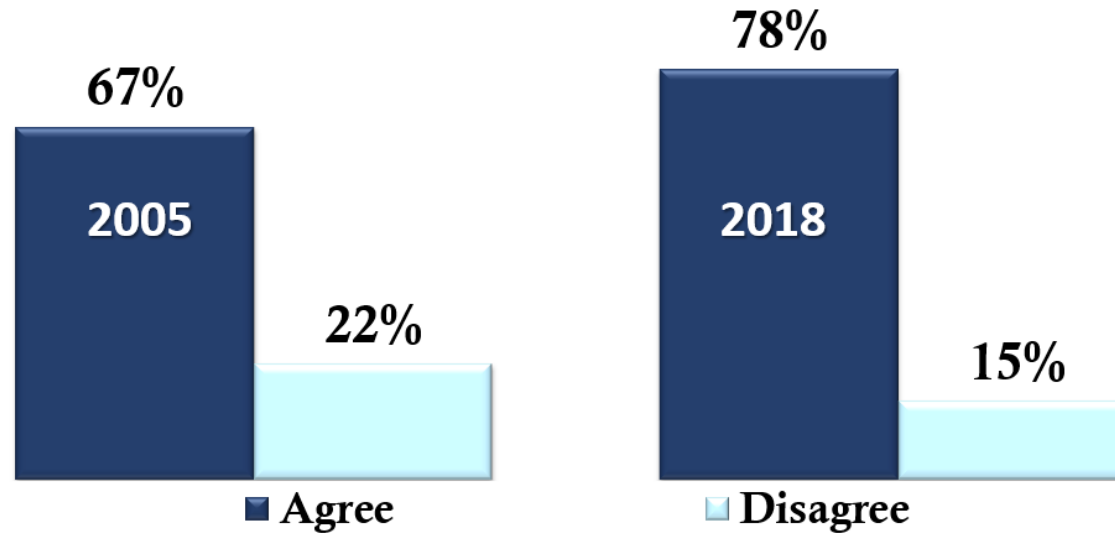
30%

Basic Skills:

Reading, Writing, Math



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**For most students who seek education beyond high school,
vocational or technical training makes more sense than a four-year college or university**



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72% of voters want
the business community to play a
greater role in Colorado schools

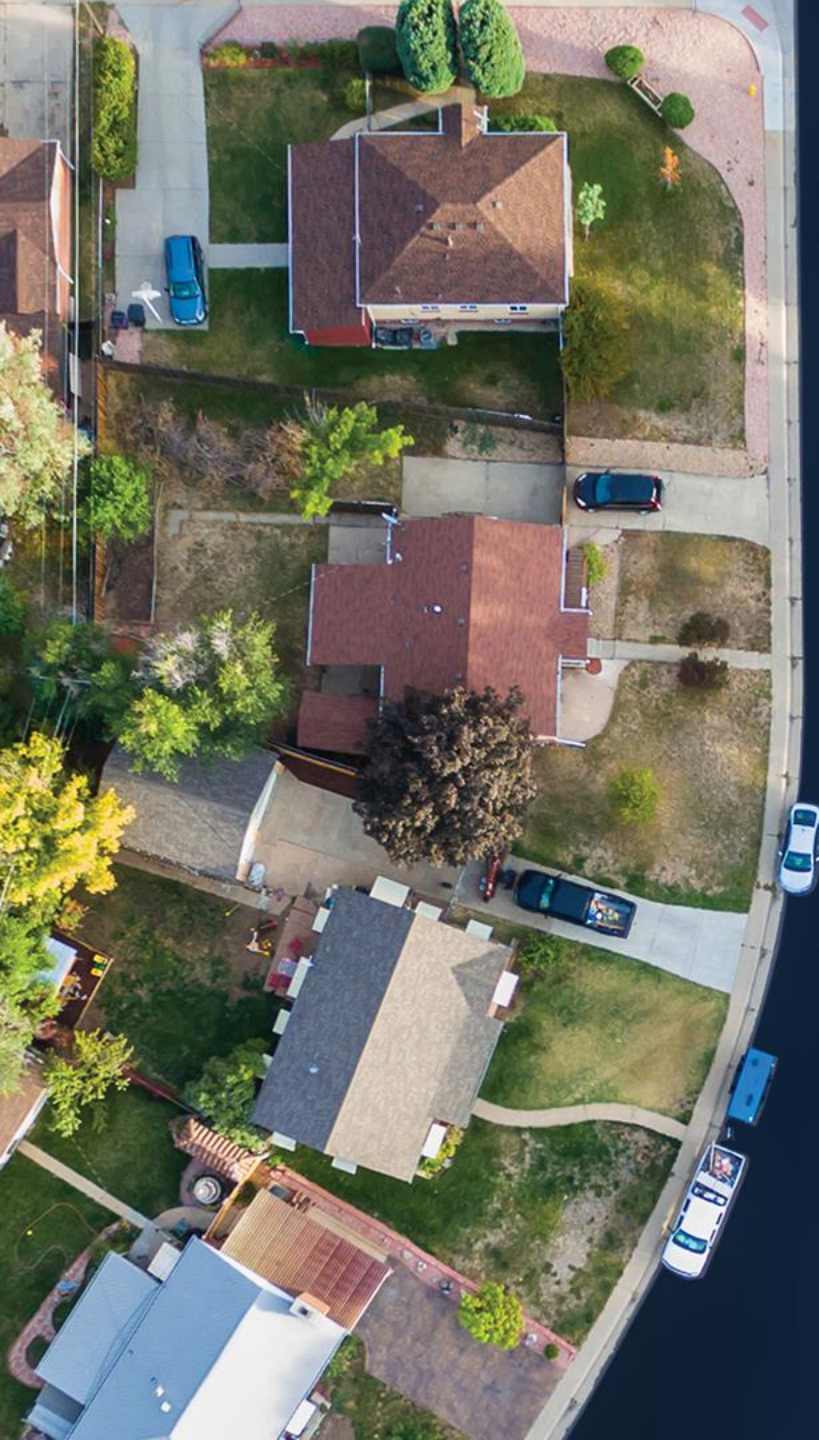
Education is an Economic Issue

86% of employers said the skills gap poses a threat to their business

77% of employers said it has been difficult to hire people with the right skills for open positions



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Policy Roundtable

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