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Testimony: SB18-200 Modifications To PERA Public Employees' Retirement Association To Eliminate Unfunded Liability
House Finance
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*This testimony was drafted with the intention of outlining the Chamber's position on PERA reform. Upon submitting testimony, we were asked to limit testimony to the amendments being proposed and Kelly Brough delivered testimony related to that.

Mr. Vice Chair Foote, I'd like to thank the committee for the opportunity speak this afternoon. Also thank you to Majority Leader Becker and Committee Chairman Pabon for bringing forth this legislation to help put our state's pension system in the path to solvency.

The Denver Metro Chamber represents over 3,000 employers and their 300,000 employees, and on their behalf, we are committed to growing retirement security for Coloradans.

In May of 2017, we convened a diverse group of stakeholders with the goal of identifying strategies to improve the financial soundness of Colorado's PERA.

The group met regularly for nine months to discuss and understand the driving forces behind the \$32 billion unfunded liability, and to identify solutions that could ensure the state fulfills its commitment to provide a pension while being fair to taxpayers.

Many of those in our group are in this room today (LOOK AROUND THE ROOM). And we thank them for the candid discussion and what they helped us learn and how it shaped our advocacy around this important retirement program.

With that knowledge we identified the following long-term principles and strategies that we'd like to share with this committee as we urge you to pass SB-200

1. **The State of Colorado cannot afford to kick the PERA “can” down the road for even one more legislative session.** This is the state's largest and fastest growing liability and waiting a year exacerbates the problem.
2. **We recognize that PERA is and has always been a defined benefit plan with defined contribution model included in it—we can't afford to walk away from either of these approaches.**
3. **PERA must work to achieve full funding within 30 years or by 2048 AND MAINTAIN IT into the future.** Fully funded plans are financially more efficient, less expensive for taxpayers and provide confidence to all stakeholders.
4. **The legislature MUST appropriate the actuarially required contribution each year to avoid creating new liabilities** in the future or adjust the benefit levels down to support the appropriation it does make.
5. We **support even stronger legislative oversight** going forward to avoid the state getting back into this situation.
The “PERA legislative committee” would:
 - Receive additional training and orientation regarding pension finance and PERA
 - Review quarterly the soundness of PERA (both the levels of benefit and the funding)
 - Share information disclosing the normal costs that will cover the benefits offered and the share of the contributions going to cover the unfunded liability
 - If full funding will not be achieved by 2048, make additional recommendations to achieve full funding by 2048
 - Thereafter, recommend changes to the plan to maintain full funding to the JBC and the General Assembly as part of each legislative session

- Ensure the PERA Board is administering PERA as mandated and make recommendations for the PERA Board structure as warranted.

6. When it comes to fixing the problem, we believe in **shared responsibility and shared sacrifice among all stakeholders**. In other words, to solve the unfunded liability in **PERA requires the financial support of employers, current and future employees and retirees**. Therefore, **we support an increased contribution for employees, requiring employers to consistently pay PERA on gross salary earnings and reducing the cost of living to retirees**. **We do recognize that having the employer contribution or a direct contribution on behalf of employers is very impactful in addressing the liability, we don't believe that justifies removing an increase in the employee contribution.**

We thank again the sponsors for bringing this important legislation, we urge this committee's support for the bill and I'd be happy to answer your questions.