

March 8, 2013

Congress could use some "Colorado Courage"

by Former U.S. Senator Hank Brown

Faced with unpleasant alternatives, Congress sometimes simply ignores problems. Its recent "solution" to the fiscal cliff is a case in point. Rather than face the problem, Congress has adopted temporary measures, postponed deadlines and, on some issues, simply ignored any action.

Federal entitlement programs - Social Security, Medicare, federal pensions and the like – are at the heart of our budget problems. The difference between the projected revenues dedicated to fund these entitlements and the projected outlays is estimated to be between \$60 and \$99 trillion. The lower estimates amount to \$189,000 for every man, woman, and child in the United States or \$756,000 for every family of four. Even the most modest efforts to adjust these programs in order to save them have been attacked as heartless. The AARP and others vow to defeat anyone who would try to adjust benefits. Our system has become so responsive to special interests that the most common sense type of reforms become impossible even though many of the programs will become insolvent without major reform.

With this year's annual deficit at \$3,600 for every man, woman and child in the United States, it's clear that we have been unable to face up to our fiscal challenges. Congress could use a bit of "Colorado Courage."

Take the example of the tough choices made to shore up PERA, Colorado's state pension system. After the economic downturn of 2008, there were serious concerns about PERA's long term sustainability. In fact, PERA's own projections indicated the fund would be exhausted by 2030. Pension reform is never easy. But Colorado policy makers understood that pension problems are rooted in simple math, not political ideology.

A bipartisan majority of the Colorado General Assembly had the courage to make a series of hard decisions and demanded tough sacrifices from public employees. Increased contributions from public employers were mandated. When permissible, increased contributions come from money otherwise available for employee wage increases. The legislature imposed a two-percent cap on cost-of-living adjustments and toughened age and service requirements. Republicans and Democrats alike recognized that decreasing future benefits alone would not adequately provide a long term solution. The legislature took the difficult and unpopular step of reducing cost-of-living adjustments for all employees, including current retirees. All of these actions require real sacrifice but the comprehensive changes were necessary to reduce the PERA deficit by billions of dollars. Based on this comprehensive solution, PERA is sustainable for the long haul.

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While some will question the ability to fund pensions at the current rate with an ever tightening state budget, the 10 percent annualized rate of return on the State's investment in PERA over the past 30 years has served Colorado well. PERA represents a statewide economic driver for our children and grandchildren that was well worth saving. Through a little "Colorado Courage," policy makers ensured that PERA is on track to be fully funded and provide retirement security not just for today's retirees, but for those beginning their careers in public service and those yet to be hired.

On the national level it's clear that we have been unable to respond to difficult budget problems. The consequences of national inaction are being played out now in Europe. Is this to be our fate? Without a little "Colorado Courage" we could face another ugly financial crisis.

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