

Nexus Weekly Legislative Report February 23, 2018

The seventh week of this legislative session was cut short by one day as the General Assembly observed President's Day on Monday.

Noticeably absent from the list of bills introduced so far this year is PERA reform as promised by both the House and Senate. PERA—the state's public pension system—is not actuarially sound and has been losing money for the last few years. The longer the General Assembly waits to address this issue, the worse the situation gets. PERA's current unfunded liability is around \$32 billion by one measure and \$51 billion by another. PERA's board itself has provided the legislature with proposals for reform. PERA reform will require agreement on a variety of issues, including: what rate of return to assume on PERA investments, how to allocate increases in contributions to the fund among employees and employers, if the retirement age should be raised, and whether inflation adjustments should be frozen. Finally, Republicans believe that the governance of PERA needs changing because too many board members are PERA recipients and that in the future public employees should be offered a defined contribution plan as well as or in lieu of a defined benefit plan. The State Treasurer, Walker Stapleton, has made PERA reform the centerpiece of his gubernatorial campaign. This complicates reform efforts because it politicizes a debate that is already political.