

General Assembly
State of Colorado
Denver

March 17, 2009

The Honorable Terrance D. Carroll
Colorado State Capitol
200 East Colfax Avenue
Denver, CO 80203

Dear Speaker Carroll:

Sub: Emergency Joint Select Committee on PERA

We are writing to request that a bipartisan emergency joint select committee be established immediately to address what we believe is already an actuarial crisis facing the Public Employees Retirement Association of Colorado (PERA).

On January 14, 2009, members of the Joint Finance Committee heard an annual oversight report from PERA officials. C.R.S. 24-51-211 calls for a 30-year amortization period for unfunded liabilities. PERA's briefing demonstrated that current amortization periods far exceed that standard, that employees had already lost over \$13 billion (or 30%) of net assets during the first 11 months of 2008, and that losses have continued to drop after that time.

In response to an interrogatory on PERA's actuarial position from Representative Kent Lambert through the Joint Finance Committee on January 27, 2009, PERA formally responded on March 11. In response to direct questions about their actuarial position, PERA still refused to admit that their financial position is in crisis, or that immediate action is necessary to increase contributions or decrease benefits. PERA also does not formally recognize that the State of Colorado has no constitutional or statutory mandate to rescue PERA's lack of solvency in the future.

PERA has continued to maintain a policy that they should continue their current business practices, continue to study the problem throughout 2009, and only approach the General Assembly for help during the 2010 legislative session. If the State does have any fiduciary responsibility to backfill PERA's losses in the future, it becomes even more important to take legislative action as soon as possible.

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Following the catastrophic economic losses of 2008 and a probable continued collapse of the economy in 2009, we think that further delays will put all PERA employees at high risk of very significant losses to their benefits.

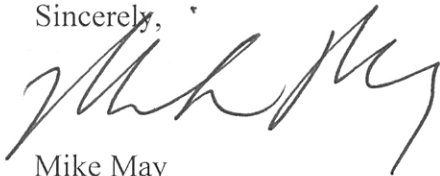
Immediate legislative action may be necessary to help stop the continued hemorrhage of PERA's fiscal position and the potential loss of retirement benefits for tens of thousands of employees. With the magnitude of the current economic crisis, PERA's plan of doing nothing for another year is tantamount to Nero fiddling while Rome burned.

We propose that the joint committee be comprised of eight legislative members, four each from the Senate and the House, and with an equal representation from each political party.

The goal of the joint committee should be to examine and introduce appropriate bills into the normal legislative process as soon as possible. In addition, we suggest one non-voting support member from each of the following: the Office of Legislative Legal Services, the Legislative Council Staff, the Joint Budget Committee staff, the State Treasurer's Office, the Office of Planning and Budgeting, PERA, and a representative from the Governor's staff.

We encourage your immediate consideration of this critical issue.

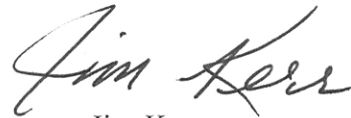
Sincerely,



Mike May
State Representative
House District 44



Kent Lambert
State Representative
House District 14



Jim Kerr
State Representative
House District 28

cc: Senate President Groff
cc: Governor Bill Ritter
cc: Treasurer Cary Kennedy