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Legislators raise concerns over Hickenlooper budget proposal

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Colorado legislators questioned Gov. John Hickenlooper today about the extent of public pension reform, the lack of transportation funding and the dearth of funding for struggling Coloradans in his budget proposal for next year.

Their concerns offers a window into some of the main fights that are likely to dominate the 2018 session.

Hickenlooper's \$30.5 billion proposal increases funding for K-12 and higher education but makes few other significant investments that are different from recent years.

He also proposes closing the \$32 billion unfunded liability in the Public Employees' Retirement Association by requiring state and school-system workers to contribute another 2 percent of their salaries, but not requiring additional pay-in from public-sector employers.

The Democratic governor unveiled the proposal on Nov. 1, but Monday's Joint Budget Committee meeting was the first opportunity for legislators to question him in an open forum about his spending priorities. And the myriad of concerns from both the six members of the budget-writing committee and a handful of other legislators who sat in on the meeting showed that legislators of both parties may be looking to make significant changes before backing the proposal.

Republican Sens. Kent Lambert of Colorado Springs and Kevin Lundberg of Berthoud both told Hickenlooper that while they appreciated his willingness to increase required employee contributions to PERA, they believe more needs to be done to bring about sustainable reform to the oft-debated



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Colorado Lt. Gov. Donna Lynne, Office of State Planning and Budgeting Director Henry Sobanet and Gov. John Hickenlooper discuss Hickenlooper's 2018-19 fiscal year budget proposal with the Joint Budget Committee.

public pension system.

Lambert said the investment returns need to be more transparent so that members of the Legislature don't have to wait until PERA is in crisis before making changes to its policies, and Lundberg said the state should be considered moving from a defined-benefit plan to a defined-contribution system, much like other states have done.

Hickenlooper responded that he did not want to move to a 401K-style defined contribution system because it would take a lot of money to create this new system while still having to honor obligations to all of the existing employees and retirees. He also said that after reading of all the people who raided their 401Ks during the Great Recession, he believes that it is better for the state's economy and its potential load of public services to ensure these folks have enough money for a viable retirement.

"I'm well aware that there are some trade-offs on all of this," Lundberg responded. "This is a tough conversation we'd better have this session if we are to come up with solutions. I am not satisfied to just kick this can down the road.

Rep. Millie Hamner, the Dillon Democrat who chairs the powerful JBC, said the Legislature needs to consider in its budget-writing process the large number of people throughout the state who continue to struggle for ways to pay for health care, pay for their rent and pay for child care.

And while Hamner did not suggest any particular changes to the budget immediately, she asked Hickenlooper if he was happy with the money he put toward those services.

"One of the things that I'll be thinking about is, 'Are we doing enough for hard-working Coloradans who are working so hard to keep up with all of this?'" Hamner said. "Is there enough in this budget to support hard-working Coloradans living here?"

Hickenlooper acknowledged that if he had more money in the budget, he would target it at four areas: transportation, affordable housing, support for keeping down college tuition and expansion of rural broadband. "I think there's always more that could and should be done," he said.

Rep. Tim Leonard, R-Evergreen latched onto those comments and questioned why Hickenlooper did not propose any money in the \$11.5 billion general fund — that portion of the budget over which legislators have the most control — to transportation improvements.

Henry Sobanet, director of the governor's Office of State Planning and Budgeting, emphasized that legislators approved \$1.9 billion earlier this year to go to transportation as part of an omnibus bill, Senate Bill 267, that also increased business personal property tax breaks and removed the hospital provider fee from under the state's revenue caps.

The Colorado Transportation Commission is preparing a list of projects and could start work in 2018 on \$380 million in highway expansions and \$120 million in deferred maintenance, Sobanet said.

"I think it's important to realize how big last year's bill was, as opposed to (saying) we didn't prioritize transportation," Sobanet said.

Leonard said after the meeting that especially because he didn't hear a timeline yet for when work will begin on the projects funded through SB 267 — or even what those projects will be — the Legislature

needs to take more immediate action and put more money toward an area that both Democrats and Republicans have called a top priority in recent years.

“What I see here is talk but no projects,” Leonard said.

JBC members will begin the budgeting process this month. The Legislature convenes its next session on Jan. 10.

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