

## An approach to resolve Illinois's Pension Problem

-Ken Larsen, January 9, 2013 5:21 PM EST

A "Ready, Fire, Aim" approach should be used to propose and evaluate different solutions to the Illinois Pension Problem. It's a very simple scheme:

Step 1: State the problem.

Step 2: Propose possible solutions along with the name of the proposer.

Step 3: List the pros and cons of each solution. Note: It's best to postpone this step until a complete list of solutions has been proposed.

Step 4: Invite people to add to steps 2 and 3, but don't remove any proposed solutions.

Step 5: Vote on the solutions after the list has been finished.

Here's a start:

**Problem Statement:** Illinois ranks last in being able to fund its pension obligations. Its pensions are only 45% funded (see this Khan Academy video: <http://www.khanacademy.org/humanities/american-civics/v/illinois-pension-obligations>) Per the video, this problem is now getting exasperated by the retiring baby-boomer generation. Secondly, we're currently in a low interest rate environment.

#	Proposal	Origin	Pros (+) & Cons (-)	Votes
1	Defined contribution – Pension receiver can only withdraw what he/she has paid into the system.	Sheldon Hayer		1
2	Reduce all pensions immediately by 20%	Ken Larsen	-Legal challenges by unions -State constitution prohibits this. -Reneges on promises made years ago to people while they were working.	1
3	Raise age at which pensions can be drawn.	Ken Larsen	-Legal challenges by unions -Reneges on promises made years ago to people while they were working.	
4	Increase taxes to pay for the pension shortfall.	Ken Larsen	-Will drive people and corporations away from Illinois	
5	Move money from other obligations to fund the pensions	Khan video	-Education programs would have to be cut. Cutting education would jeopardize Illinois's future.	
6	Adopt the system used by some state or country which is currently meeting their pension obligations. For example, Wisconsin's pension liabilities are currently 100% funded. Illinois should study them.	Ken Larsen		
7	Depend on the Federal government to bail out Illinois	Sheldon Hayer	-The Federal government has their own huge deficit to worry about.	
8	Do nothing		-Illinois will go bankrupt	

Note: This is just an example of how "Ready, Fire, Aim" can be used to resolve Illinois's Pension problem. The proposals and comments entered in the table are all in the inchoate stage and mostly reflect just the opinions of the author of this document.

## **Rationale behind “Ready, Aim, Fire”**

The usual method people employ for making a group decision on a difficult problem is:

1. Someone proposes a solution.
2. Someone else criticizes it ... forcing it off the table and alienating the first person.
3. Steps 1 and 2 are repeated continually. Along the way, the people doing the criticizing are also vilified.
4. In the end, no decision is reached and a very toxic atmosphere is created.

“Ready, Fire, Aim” is a much healthier approach, because all suggestions and comments are treated with respect by entering them into the table. Nothing is discarded. Animosity is reduced.

The reality is that many problems (like the Illinois Pension issue) do not have a single obvious solution that appeals to all people. All proposed solutions have some negative attributes. In such an environment, picking the optimal solution can be a very tedious and painful process. “Ready, Fire, Aim” is a methodology to expedite the process and reduce the toxicity.