Four years ago, Colorado appeared to have a stable public employee retirement system in place.

“Then 2008 happened,” Colorado Senate President Brandon Shaffer said during a presentation at the CSG Fiscal Chairs meeting, which was held Thursday morning at Microsoft headquarters.

That year, the value of assets in Colorado’s Public Employee Retirement Association fell $11 billion. The system suddenly went from being 80 percent funded to 50 percent, and was estimated to be completely insolvent in 29 years.

The story has played out in varying forms across the country. But in Colorado, Shaffer said, lawmakers found a formula for legislative success. It began with a bipartisan commitment to solve the problem, and to then rely on “dynamic computer modeling” to determine exactly what combination of formulaic changes would get the system fully funded over the next 30 years.

“We looked at it like a state mortgage,” Shaffer said. “It wasn’t enough to go back to constituents and say we got it to 80 percent.”

In Ohio, meanwhile, 2011 may well be remembered as the year of Senate Bill 5.

The controversial collective bargaining bill, signed into law this year, is now the subject of a high-profile statewide referendum.

Just as a reversal of economic fortunes led to pension reform in Colorado and elsewhere, sobering economic realities were also behind passage of Senate Bill 5, Steve Buehrer said. Those factors include wage stagnation and decline in the private sector, high unemployment, a large state budget deficit, and a realization that funding for local governments would be drastically reduced.

“If those cuts were going to be made, then it was thought that we had to give local governments some more tools,” said Buehrer, a former state legislator who now serves as CEO of Ohio’s Bureau of Workers’ Compensation.

Among other provisions, the bill limits the scope of collective bargaining negotiations, removes the right of public employees to strike, and eliminates the practice of step, or longevity, pay increases. It also requires state and local employees to pay 15 percent of the cost of their health care benefits and to make salary contributions of at least 10 percent to their pensions.

Whereas Colorado’s 2010 law reflects the ability to find political consensus on pension reform, Buehrer said, the experience in Ohio shows there are still deep political disagreements over collective bargaining.