

VETO MESSAGE ON HB 2544-S

April 2, 1998

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington  
Ladies and Gentlemen:

I am returning herewith, without my approval as to section 5, Substitute House Bill No. 2544 entitled:

"AN ACT Relating to funding of the state retirement systems;"

Substitute House Bill No. 2544 makes several improvements to the state retirement system funding statutes. It creates a Pension Funding Council to adopt long-term economic assumptions and contribution rates, and a work group to support that council. It also establishes an open process for reviewing possible changes to assumptions and contribution rates and requires a periodic actuarial audit of the valuation reports used to set contribution rates. I commend the Joint Committee on Pension Policy for developing this broadly supported proposal.

Section 5 of this bill would eliminate the current requirements that long-term economic assumptions be changed only as part of a regular two-year cycle, and would reduce the number of votes needed to make a change in the assumptions from five to four. These changes would create a risk that adjustments in long-term economic assumptions could be made to address short-term budget problems, rather than focusing on the appropriate goal of funding pensions in a responsible long-term manner.

For this reason I have vetoed section 5 of Substitute House Bill No. 2544.

With the exception of section 5, Substitute House Bill No. 2544 is approved.

Respectfully submitted,  
Gary Locke  
Governor