

# 1987 November Special Session

WEDNESDAY, June 1, 1988

The chief clerk makes the following entries under the above date.

## EXECUTIVE COMMUNICATIONS

State of Wisconsin  
Office of the Governor

May 27, 1988

To the Honorable, the Senate:

The following bills, originating in the senate, have been approved, signed and deposited in the office of the Secretary of State:

Senate Bill	Act No.	Date Approved
3-----	411 -----	May 27, 1988

Respectfully,  
TOMMY G. THOMPSON  
Governor

State of Wisconsin  
Office of the Governor

May 27, 1988

To the Honorable, the Senate:

I am vetoing **Special Session Senate Bill 9** in its entirety. This bill would establish various retirement benefit improvements for participants in the Wisconsin Retirement System (WRS), implement three-year, limited cost controls and make limited changes in the mediation/arbitration law. The substantial increases in retirement benefits out weigh the modest gains from the temporary controls.

I do not take this action lightly. I fully appreciate the contributions made to the state by our public employes, and therefore I have worked hard to try to resolve this issue in a manner acceptable to all parties.. The record is clear. I have made significant compromises on every issue contained in this bill over the past several months.

Consider the compromises made in retirement. In January, I introduced my original property tax relief, retirement reform and mediation/arbitration legislation (**AB 866**). This did not include a retirement multiplier increase. I made the substantial compromise in **Special Session SB 9** to increase the multiplier to 1.65. Nevertheless, the legislature insisted on increasing it still further. **AB 866** restricted the money purchase benefit to 3%. **Special Session SB 9** retains a more generous three-tier crediting. **AB 866** required costs related to benefit improvements to be paid by employes and prevented negotiation of such costs. This bill requires costs to be shared and allows negotiation.

Consider the compromises made in mediation/arbitration. **AB 866** would have capped arbitration awards and made significant changes in arbitration

factors and their weighting. This bill contains only two minor clarifications in the arbitration law.

Consider the compromises made in cost controls and levy limits. **AB 866** proposed permanent controls. **Special Session SB 9** offers only three years of controls. **AB 866** required a one year freeze on expenditures and levies. **Special Session SB 9** does not. **AB 866** proposed a direct limit on compensation costs. **Special Session SB 9** does not. **AB 866** had few exemptions or adjustments. **Special Session SB 9** has liberalized and expanded the list of exemptions and adjustments to fourteen.

I made these compromises in an effort to resolve the issue. During the final deliberations on **Special Session SB 9**, I did not feel that I could compromise any further. Any further increases in the multiplier would tip the delicate balance between the employes' interests and the taxpayers' interests. The legislature tipped the balance. I must veto the bill to maintain my commitment to the taxpayers of this state.

This veto is not about one change. **Special Session SB 9** is not simply an early retirement bill. It also substantially increases benefits across-the-board. All of these changes are expensive. The multiplier increase alone carries a price tag of \$23 million this year and every year to follow. The permanent reduction in retirement to age 62, the early retirement window and the change in the actuarial discount add another \$30 million this year and every year to follow.

In the retirement system small changes mean large sums. The seemingly modest increase in the multiplier between the bill as I submitted it and as it was passed by the legislature adds \$7.5 million annually. This accumulates to \$300 million over the next forty years.

Existing WRS benefits already provide public employes with retirement annuities highly competitive with those found in other public systems and the private sector. I will not break my compact with the taxpayers of this state by supporting a permanent benefit improvement without corresponding measures to reduce the tax burden elsewhere.

Proponents of **AB 1016** have argued that early retirement provisions in this bill will generate property tax relief through salary savings. The reality of this bill is that savings generated from early retirement could and would be used to increase spending. This does not result in property tax relief.

I have taken into consideration the objectives and goals of all interested parties. I have evaluated the costs and benefits of this bill. This bill crosses the point beyond which I could not justify it to the taxpayers of this state. The bill offers a substantial, permanent

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increase in retirement benefits to public employes  
balanced against only modest, short-term controls on  
levies and expenditures.

Respectfully,  
TOMMY G. THOMPSON  
Governor

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CHIEF CLERK'S REPORT

The chief clerk records:

**Senate Bill 3, November 1987 Special Session.**

**Senate Bill 9, November 1987 Special Session.**

Correctly enrolled and presented to the Governor on  
May 27, 1988.