



OFFICE OF

No. HB 2077

**THE GOVERNOR
STATE OF OKLAHOMA**

OKLAHOMA CITY, OKLA.,

May 10, 2013

TIME SIGNED: 2:07pm

TO THE HONORABLE SPEAKER OF THE HOUSE
AND MEMBERS OF THE HOUSE OF REPRESENTATIVES
FIRST SESSION OF THE
FIFTY FOURTH OKLAHOMA LEGISLATURE

ENROLLED HOUSE BILL NO. 2077:

This is to advise you that on this date, pursuant to the authority vested in me by Section 11 of Article VI of the Oklahoma Constitution to approve or object to legislation presented to me, I have VETOED House Bill 2077.

HB 2077 would create a voluntary option for active members of the Oklahoma Public Employee Retirement System (OPERS) to participate in a defined contribution plan. The legislation would also require mandatory participation from first-time elected officials elected after 2014, who now only account for .003% of the total number of active members in OPERS.

Based upon the legislative fiscal analysis of HB 2077, there is no measureable impact on the state's unfunded liabilities due to unknown variables such as the number of individuals that may voluntarily elect to participate, their potential career length, and salary of those participants. Defined contribution plans offer more cost-certainty to employers, but only if there is meaningful participation rates.

Our public workers are true public servants and have earned our respect and appreciation. We owe it to them to enact legislation that addresses our unfunded pension system with measures to reduce liabilities and strengthens our pension systems so that cost of living and performance pay adjustments can be implemented.

While HB 2077 recognizes the need for Oklahoma's pension plans to offer more portable, modern retirement benefits for future workers, the legislation fails to address any of the real structural challenges with the state's existing pension benefit plans that have left the state with more than \$11 billion in unfunded liabilities.

Oklahoma needs significant pension reform. While HB 2077 is well-intended, it lacks any measurable impact on the unfunded status of the state's pension plans and fails to reduce the state's significant pension debts since participation is only voluntary for state employees and required for a small group of first-time elected officials. For all of these reasons, I cannot in good conscience sign HB 2077 into law.

It is critical for our state to enact true, meaningful pension reform so we can also ensure that the state maintains a high bond rating. The state will risk the possibility of receiving a downgraded rating, and if we do not, we will not achieve the goal of a AAA bond rating until this issue is addressed in a serious way. I am ready and willing to tackle this issue. I look forward to working with the Legislature during the interim to create true pension reform for the State of Oklahoma.

BY THE GOVERNOR OF THE STATE OF OKLAHOMA

Mary Fallin

RECEIVED

MAY 10 2013

**OKLAHOMA SECRETARY
OF STATE**

2:47pm KES

By Collette H. Hauch

Date/Time 5/10/13 2:30pm