



# STATE OF MINNESOTA

OFFICE OF THE GOVERNOR  
130 STATE CAPITOL  
SAINT PAUL 55155

ARNE H. CARLSON  
GOVERNOR

28 May 1991

The Honorable Jerome M. Hughes  
President of the Senate  
State of Minnesota  
Room 328 Capitol  
Saint Paul, Minnesota 55155

Dear Senator Hughes:

I have vetoed and am returning to you Chapter 222, Senate File 449/House File 684 relating to retirement. The legislation at Sections 1 and 2 provides that the Saint Paul and Duluth teachers' retirement funds may calculate and pay lump sum post-retirement adjustments which do not depend on investment performance.

Each fund already has legal authority to award lump sum post-retirement adjustments based on investment performance. To expand this authority for a pension fund with a large unfunded liability is not sound pension policy. The Saint Paul Teacher's Retirement fund alone has a contribution deficiency of \$3 million annually.

I have always advocated secure pensions for public employees but pension funds must be managed with prudence. Without a funding mechanism this bill increases the burdens on the retirement funds and passes them on to presently employed teachers and taxpayers. Under these circumstances, it is not in the best interest of future retirees or taxpayers that this legislation be signed into law.

Sincerely,

A handwritten signature in cursive script that reads "Arne H. Carlson".

ARNE H. CARLSON  
Governor

c: Senator Roger Moe, Majority Leader  
Senator Duane Benson, Senate Minority Leader  
Senator Sam Solon, Senate Chief Author  
Representative Robert Vanasek, Speaker of the House  
Representative Terry Dempsey, House Minority Leader  
Representative Rich O'Connor, House Chief Author  
Mr. Patrick E. Flahaven, Secretary of the Senate  
Mr. Edward A. Burdick, Chief Clerk of the House  
Ms. Joan Anderson Growe, Secretary of State

