

# MEASURES APPROVED OVER GOVERNOR'S VETO

## CHAPTER 557

### HOUSE BILL NO. 1137

(Government and Veterans Affairs Committee)

(At the request of the Public Employees Retirement System)

## STATE RETIREMENT DATE AND BENEFITS

### VETO

March 27, 1997

The Honorable Mike Timm  
Speaker of the House  
House Chamber  
State Capitol  
Bismarck, ND 58505

RE: House Bill 1137

Dear Speaker Timm:

I am returning unsigned and hereby veto House Bill 1137.

Sections 2, 3, and 4 of House Bill 1137 provide adjustments in normal and disability retirement benefits and in postretirement and prior service retiree benefits. I believe these adjustments to be appropriate.

Section 1 of the bill, however, provides for a so-called "Rule of 85", permitting an employee to retire when his or her total of years of service credit and years of age equal eighty-five. I do not believe this reduction in our current "Rule of 88" is either necessary or desirable.

State, county, and local government employees work hard and deserve a generous and secure retirement. As we all live longer, however, continuing to lower the threshold age of retirement will at some point result in people receiving pensions for more years than they actually work to generate the benefits. I do not believe this to be appropriate public policy.

My executive budget proposes significant increases in salaries and benefits for state employees. I believe these increases, if adopted by the Legislative Assembly, create a total compensation package sufficient to meet our goal of attracting and retaining a qualified and motivated state government workforce.

I sincerely appreciate the hard work of the members of the North Dakota Public Employees Retirement System Benefits Committee in developing this legislation, and I look forward to working with the Legislative Assembly to develop a mechanism to

effectuate Sections 2, 3, and 4 of the bill. I am convinced, however, that our current "Rule of 88" should remain in place.

For this reason, I respectfully veto House Bill 1137.

Sincerely,

Edward T. Schafer  
Governor

NOTE: The Governor's veto of House Bill No. 1137 was not sustained. For the full text of House Bill No. 1137 as approved, see chapter 463.

## CHAPTER 558

### HOUSE BILL NO. 1440

(Representatives Skarphol, Boucher, Dalrymple)  
(Senators Grindberg, Lips, Robinson)

## WORKERS COMPENSATION BOARD OF DIRECTORS

VETO

March 27, 1997

The Honorable Mike Timm  
Speaker of the House  
House Chamber  
State Capitol  
Bismarck, ND 58505

RE: House Bill 1440

Dear Speaker Timm:

I am returning unsigned and hereby veto House Bill 1440, creating a workers compensation board of directors to manage the workers compensation bureau and oversee the administration of North Dakota's workers compensation program.

Over the past four years, the director and staff of the North Dakota Workers Compensation Bureau, members of the Legislative Assembly, our state's employers and employees, and my staff, all working together, have made great strides in developing and implementing sound policy reforms that have significantly improved the services our workers compensation bureau provides. These reforms have led to better benefits for our workers, lower premiums for our employers, and a dramatic reduction in the bureau's unfunded liability. Last year the voters of North Dakota overwhelmingly ratified our efforts.

House Bill 1440 is aimed at preserving these remarkable results. And while I share the Legislative Assembly's concern for ensuring continued progress at the workers compensation bureau, I believe House Bill 1440 is the wrong vehicle for accomplishing that goal. I, therefore, respectfully veto this bill and ask members of the assembly to carefully consider my reasons for doing so.

First, I believe HB 1440 reduces accountability, an essential element in the operation of any government agency. By removing ultimate authority for management of the workers compensation bureau from the governor and placing it with an unelected board of directors similar to the Board of Higher Education, this legislation seriously weakens the focus of responsibility our workers and our employers demand.

This diffusion of accountability among members of a ten-person board of directors in large measure eliminates our existing "court of last resort" for employers and injured workers who, rightly or wrongly, believe themselves aggrieved by bureau procedures. My office currently manages 30 or more calls per month from individuals seeking the assistance they believe the governor can provide. To whom will these people turn for help in the future?

In addition, HB 1440 erodes traditional legislative and executive oversight of the bureau's budget. Section 5 of the bill permits the bureau, with the board's acquiescence, to transfer moneys between line items within the bureau's budget. The budget itself is developed without coordination with the governor's overall budget. This lack of coordination concerning salary levels, benefit packages, and technology programs can contribute to serious budgetary pressures being placed, not only on the premium payors who ultimately fund the bureau's budget, but also on other agencies who must compete with the workers compensation bureau for employees. All these pressures can lead to the prospect of increased taxes.

Be assured that I am as concerned as any of you that the progress we have made in our workers compensation program never be compromised. But, with the appropriate protections afforded by the independent audit created in Senate Bill 2074 already in place, I am unwilling, and I believe the people of North Dakota are unwilling, to sacrifice the accountability required of every government agency and its administration.

I, therefore, respectfully veto House Bill 1440.

Sincerely,

Edward T. Schafer  
Governor

NOTE: The Governor's veto of House Bill No. 1440 was not sustained. For the full text of House Bill No. 1440 as approved, see chapter 528.