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COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

July 9, 2015

TO THE HONORABLE SENATE
OF THE COMMONWEALTH OF PENNSYLVANIA:

I am returning herewith, without my approval, Senate Bill 1, Printer's Number 1132.

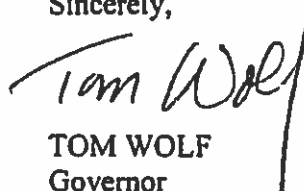
This legislation provides no immediate cost savings to taxpayers and does not maximize long-term savings for taxpayers. We need pension reform that works.

The plan I delivered to the General Assembly would save at least \$10 billion, while at the same time ensuring that the Commonwealth will make all actuarially required contributions to fund our future pension obligations and reducing the burden placed on the Commonwealth and school districts in the short term. Since my budget proposal, I have found and shared an added \$7 billion in savings for a total of \$17 billion in savings to our retirement systems, which I have communicated to the General Assembly. Furthermore, the plan I proposed would reduce the over \$700 million in fees paid annually to Wall Street firms to manage our investments. Senate Bill 1 does not address these excessive fees.

During my consideration of Senate Bill 1, it became clear that the legislation violates federal tax law as it would be considered an impermissible cash or deferred arrangement (CODA). In addition, the bill forces newly-hired employees to pay down the unfunded liability of existing pension plans, caused by years of government failure to make necessary payments, while denying those new employees the full benefit of their contributions.

For the foregoing reasons, I must withhold my signature from Senate Bill 1, Printer's Number 1132.

Sincerely,


TOM WOLF
Governor