

August 25, 2017

To the Honorable Members of
The Illinois Senate,
100th General Assembly:

Today, I veto Senate Bill 1714, which would add reporting requirements for consultants retained by retirement system, pension fund, or investment boards.

This legislation is a classic example of multiplying red tape without first demonstrating any benefit. Retirement system, pension fund, and investment boards all hire consultants to help identify investment opportunities. Under this bill, all consultants now will have to report to the boards that hired them on their engagement with investment services provided by a minority-owned business, a female-owned business, or a business owned by a person with a disability.

There is no showing that this blanket requirement is necessary to produce some tangible benefit. To be sure, accountability and transparency, which ostensibly motivate this bill, are laudable goals, and we should expect all retirement systems, pension funds, and investment boards to demand from their consultants this type of information. However, nothing currently is preventing us from making this demand of these boards.

Left to their own devices, the boards should be expected to implement requirements that make sense for each board. Contrast that with blanket legislation like this bill, which would impose the same rigid requirements regardless of each board's unique circumstances. That, of course, is the main problem with legislating additional red tape. We should do better and should immediately ask all retirement systems, pension funds, and investment boards to implement and be held accountable for guidelines in the spirit of what this bill would unforgivingly mandate.

Therefore, pursuant to Section 9(b) of Article IV of the Illinois Constitution of 1970, I hereby return Senate Bill 1714, entitled "AN ACT concerning public employee benefits," with the foregoing objections, vetoed in its entirety.

Sincerely,

Bruce Rauner
GOVERNOR