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TO THE MEMBERS OF THE HOUSE OF REPRESENTATIVES
OF THE 152ND GENERAL ASSEMBLY

Pursuant to Article III, Section 18 of the Delaware Constitution, I am vetoing House Bill 282 as amended by House Amendment 1, House Amendment 2 and Senate Amendment 1 (HB 282) by returning it with my objections to the Delaware House of Representatives without my signature.

During my nearly eight years as Governor, I have focused intently on fiscal responsibility, and on protecting the long-term interests of every Delaware taxpayer. It is in this context that I consider HB 282.

For years, the State of Delaware has been facing increases in healthcare costs that far outpace the growth in State revenues. Today, the cost of providing healthcare benefits to State active employees and retirees exceeds \$1 billion and is growing faster than any other expense in the State budget. The State Employee Benefits Committee (SEBC) is responsible for managing the benefits plans available to active employees and non-Medicare retirees.

Simply put, healthcare benefit costs for the State, its employees and retirees are rising at unsustainable rates. Working together, this General Assembly and my Administration are taking serious steps to address this problem. House Bills 330, 350, 375 and 376 as a package build on that important work.

Unfortunately, HB 282 runs counter to those efforts. The legislation would do nothing to rein in healthcare costs. Indeed, it will make solving these problems more difficult. Over the long term, these changes will likely lead to higher taxes, reduced state services, or a greater cost burden on active state employees, including teachers, law enforcement officers and other public servants. That is unacceptable.

HB 282 would change who sits on the State Employee Benefits Committee (SEBC) and how the committee operates. For example, it would remove two members with relevant expertise and a mandate to control costs and replace them with individuals lacking such expertise and having an acknowledged conflict of interest.

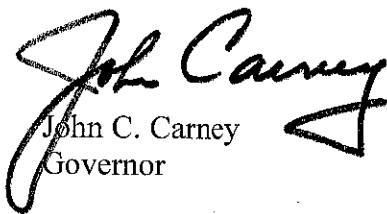
Unlike the State leaders that would be removed from the SEBC under this bill, even a well-intended appointee under HB 282 would have no obligation to protect and secure the State's overall fiscal health. In fact, they would have every incentive to oppose any proposal that might negatively impact their personal interests.

HB 282 would also impose operational changes that would hamper the efficiency and effectiveness of the SEBC, including reorganizing the current co-Chairs, confusing and likely interfering with the reporting relationships of SEBC staff and allowing appointed SEBC members to send designees to critical subcommittee meetings.

The State's active employees and retirees are appropriately apprehensive about the potential for increases in their healthcare costs, reduced benefits or both. The responsible way to address this problem going forward – as this General Assembly has so diligently worked to do – is to foster mechanisms that combat unrestrained growth of healthcare costs and to further increase funding to the Other Post-Employment Benefits (OPEB) Trust Fund, not to interfere with the work of the SEBC.

For the above reasons, I am hereby vetoing HB 282 with House Amendment 1, House Amendment 2 and Senate Amendment 3 by returning it to the House of Representatives without my signature.

Sincerely,



John C. Carney
Governor