



STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

ARNE H. CARLSON
GOVERNOR

17 January 1992

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

Dear President Hughes:

I have vetoed Chapter 361, Senate File 1612/House File 1758, the legislation removing the time limit on work readiness benefits.

The work readiness program was established in 1985 to extend benefits similar to General Assistance to able-bodied individuals who would otherwise be ineligible for General Assistance payments. In the 1991 session, both houses of the Minnesota Legislature voted by large margins to set the duration of the program at five months.

Chapter 361, Senate File 1612/House File 1758 would extend that eligibility for an additional three months at a short term cost of \$3.4 million. It is important to recognize that this is only a short term cost because, while the bill would expire on the first of May, it has been described by its advocates as a mechanism to extend benefits until the Legislature returns and can reconsider the issue in February. At that time, the Legislature would have the opportunity to consider making the extension permanent, or extending benefits to 12 months, as was done briefly in the fall of 1990. This bill is simply the first part of a larger effort, the costs of which are difficult to estimate but would likely be extremely significant.

The basic problem with the approach taken in Chapter 361 is that it increases benefits without providing any mechanism to finance the cost of the increase. And the state has no source of funds from which to finance those increases. The projected fiscal year 1993 shortfall now stands at \$340 million. The reserve fund has been exhausted, and the



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cash flow account is decreasing so rapidly that Minnesota will be forced to short term borrow as early as April 1992. Every dollar put into this program will have to be cut from another program - in education, health care, housing, etc. - when the budget is ultimately balanced at the end of this legislative session. There is no net gain in benefits - simply a shift from one group to another. This bill focuses only on the group being benefitted and leaves the issue of who will surrender benefits unresolved. This is an unacceptable way to make policy in a time of strained financial resources, and no matter what the cause, the Legislature cannot continue to pass bills which add to the cost of government services without providing any mechanism to finance them.

This situation did not have to arise. I made clear from the outset that a critical issue on this bill, and all other spending bills, would be whether the Legislature provided a financing mechanism along with the benefit increase. It had an opportunity to do that, when it considered an amendment to finance the benefit increase from funds carried over in the legislative reserve account. That amendment was voted down on what amounted to a party line vote. The bill was sent to my desk as an unfunded expenditure, and I have no responsible course of action but to veto it.

A second issue that merits comment is the failure of the bill to address any of the obvious weaknesses in the current program. Although the program is entitled "work readiness", it does little to assist in making the recipients work ready. It provides no job training that would make its applicants more job competitive. In some counties, recipients do receive counseling on resume writing and interview skills. That counseling does have some value. But it does not address the fundamental skill deficiencies that render many of its recipients poor employment prospects.

There probably will never be complete agreement on the proper eligibility period for a program of this type. But in the 1991 session, the Legislature reached a broad consensus on the appropriateness of a five month eligibility term, and we simply do not have the resources to change that decision now. Should the Legislature choose to revisit this issue in February, providing a way to finance any proposed changes so they can fit within the context of a balanced budget will obviously be a critical issue. In the interim, any one exhausting work readiness eligibility will remain eligible for food stamps, general assistance medical care, subsidized housing, and any county benefits that may apply.

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Those who lose jobs are eligible for up to 26 weeks of unemployment compensation, and anyone exhausting benefits may seek to be reclassified as eligible under general assistance.

For the reasons stated above, I have vetoed and am returning Chapter 361, Senate File 1612/House File 1758.

Sincerely,

ARNE H. CARLSON
Governor

c Senator Roger Moe, Majority Leader
 Senator Duane Benson, Minority Leader
 Senator Don Samuelson, Senate Chief Author
 Representative Dee Long, Speaker of the House
 Representative Terry Dempsey, Minority Leader
 Representative Lee Greenfield, Minority Leader
 Mr. Patrick E. Flahaven, Secretary of the Senate
 Mr. Edward A. Burdick, Chief Clerk of the House
 Ms. Joan Anderson Growe, Secretary of State