STATE OF MINNESOTA

Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

May 23, 2008

The Honorable Senator James Metzen
President of the Senate
75 Rev. Dr. Martin Luther King Jr. Blvd.
322 State Capitol
Saint Paul, Minnesota 55155

Dear President Metzen:

I write to inform you that Chapter 354, Senate File 2368 has been vetoed. Although return of the bill to the house of origin and a veto message are not required because the Legislature has adjourned *sine die*, I wanted to share my concerns about this bill with the Legislature.

This bill would require the Department of Human Services to receive legislative authorization prior to closing or relocating any enterprise activity under the state operated services program. These enterprise activities include an array of state operated community programs, but consist primarily of small community-based group homes. Although state employees deliver these services, in many cases these are not traditional safety net services. Similar services are often provided in private facilities that receive funding from both state and private sources.

State operated enterprise activities have always been required to operate off the revenues generated from payments for the services delivered. By prohibiting the closure of enterprise activities, this bill will unnecessarily force the Department to carry the costs of those activities that cannot be supported by revenues. In fact, this bill would require the state to keep services open even after the payer has notified the state that the service is no longer needed.

According to the Department of Finance, this bill will cost the state $3.1 million in FY 2009, $4 million in FY 2010, and $4.2 million in FY 2011. The amendments made to the bill in conference committee suggest that the state should use cash flow account to cover on-going operational losses. This is an inappropriate use

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of the cash flow account. It places unnecessary financial risk on other state operated services and to the general fund.

This bill also prevents the state from relocating its services without legislative authorization. Under this bill, the state would not be able to relocate a service even when the landlord refused to reauthorize the lease of the facility. Services could not be relocated to another home even if this change of location was required to meet clients needs, or even if the relocation occurred within the same community.

The spending obligations created by this bill are outside of the budget agreement reached between my office and the House and Senate leaders. I am not willing to support additional spending that is not included in the global agreement reached with legislative leaders.

The Department needs the ability to take timely action about the relocation of programs and services so as not to jeopardize patient care and safety or fiscal viability. Requiring these actions to receive prior legislative approval is not appropriate and would potentially subject these decisions to political pressure. The implementation of the enterprise activity program is an executive branch function that should remain within the executive branch of state government.

Sincerely,

Tim Pawlenty
Governor

cc: Senator Lawrence J. Pogemiller, Majority Leader
Senator David Senjem, Minority Leader
Senator Paul Koering
Representative Margaret Anderson Kelliher, Speaker of the House
Representative Marty Seifert, Minority Leader
Representative John Ward
Mr. Patrick E. Flahaven, Secretary of the Senate
Mr. Al Mathiowetz, Chief Clerk of the House of Representatives
Mr. Mark Ritchie, Secretary of State