



STATE OF MINNESOTA

OFFICE OF THE GOVERNOR

ST. PAUL 55155

RUDY PERPICH
GOVERNOR

April 19, 1988

The Honorable Jerome Hughes
President of the Senate
328 State Capitol
St. Paul, MN 55155

Dear Senator Hughes:

I am returning without my signature Senate File 2235, a bill relating to workers' compensation. This bill does not represent good public policy because it creates unnecessary upheaval without solving Minnesota's workers' compensation problems.

Senate File 2235 does not guarantee that Minnesota businesses will pay lower workers' compensation rates in the future. While the bill does provide adjustments which could lower the cost of the system, there is no guarantee that these lower costs will be passed along to employers as rate reductions because it fails to provide for effective regulation of the insurance industry. I strongly believe that reform of the workers' compensation system is necessary, but a key ingredient of that reform must be substantive regulation of the insurance industry.

The elimination of the Workers' Compensation Court of Appeals, without any apparent public policy justification, causes extreme concern. This will create disruption to the system which can only be translated into longer delays and less justice for our employers and employees. The uncertainty created in the system by this change will also lead to more litigation and more cost.

The benefit changes do in some areas bring more equity to the system and could help to reduce costs. However, the major cost savings result from reducing the length of time benefits are received, not from cutting the size of the benefit check. If the duration of benefits is limited, then the system needs to get injured workers back to work as quickly as possible. Research has shown that the most effective means to do so is through rehabilitation. Yet this bill limits rehabilitation, the best way to get workers back to productive, wage-paying jobs.

In short, the bill makes several changes in the workers' compensation system that may create serious problems. Most important, the balance of justifiable insurance rates and cost reductions, both of which are necessary for long-term reform, is not present in this bill. Therefore, I am vetoing the bill and returning it to you.

Sincerely,

 A large, stylized handwritten signature of Rudy Perpich in dark ink.

RUDY PERPICH
Governor