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GOVERNOR

# STATE OF MINNESOTA

OFFICE OF THE GOVERNOR  
130 STATE CAPITOL  
SAINT PAUL 55155

May 20, 1993

The Honorable Allan Spear  
President of the Senate  
G-27 Capitol  
Saint Paul, Minnesota 55155

Dear President Spear:

I have vetoed and am returning Chapter 325, Senate File 306/House File 1480, a bill relating to the appointment procedures and contracting.

Article 1 establishes a number of unnecessary procedural requirements for the appointment of agency heads and members of administrative boards. The article, for instance, requires that appointing authorities seek the advice and consent of the Senate for all board vacancies regardless of the length of the remaining term. It prohibits a temporary or acting commissioner from serving for longer than 45 legislative days regardless of qualifications or circumstances.

Article 2 has created considerable controversy because of the limits it imposes on professional and technical services contracts. I support improved management of state contracts and agree with the Legislative Auditor's February 1992 recommendations to streamline the contracting process and improve its effectiveness. While Chapter 325 contains several important reform provisions such as the new requirements for contract renewals, many of the bill's provisions run counter to the recommendations of the Legislative Auditor.

Provisions, such as requiring agencies to complete evaluation forms on all contracts over \$5000 and file them with legislative policy and finance chairs, create additional paperwork and red tape without improving contract management. Other provisions, such as requiring detailed budget estimates for contracts as part of the biennial budget process, run counter to our implementation of performance-based budgeting - which emphasizes program results rather than line-item micro-management.

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Section 10, which imposes a 10 percent across-the-board cut in contracting, is of particular concern. While the bill authorizes certain exemptions, it does not begin to recognize all of the situations where contracting is an essential part and/or the most cost effective way of delivering a service. The bill treats all departments alike, regardless of their needs of the cost effectiveness of contracting. The provision is particularly troublesome for new or expanding programs mandated by the legislature. MinnesotaCare, the safe drinking water program in the Department of Health and the state's correctional programs are examples of programs that would be crippled by a 10 percent across-the-board cut in contracts.

Rather than impose an arbitrary across-the-board reduction in contracting and additional paperwork requirements, we need to concentrate on revamping contracting procedures to make them less cumbersome and strengthen contract management to ensure that state contracts are cost-effective. I support the Department of Administration's plans to implement the recommendations of the Legislative Auditor, most of which can be implemented administratively. State agencies will be given more responsibility for small, routine contracts. The Department of Administration will focus on the state's more expensive, complex contracts and will provide agencies greater guidance and training on contract management.

Warmest regards,



**ARNE H. CARLSON**  
Governor

c: Senator Roger Moe, Majority Leader  
Senator Dean Johnson, Minority Leader  
Representative Dee Long, Speaker of the House  
Representative Irv Anderson, Majority Leader  
Representative Steve Sviggum, Minority Leader  
Senator James Metzen, Chief Author  
Mr. Patrick E. Flahaven, Secretary of the Senate  
Mr. Edward A. Burdick, Chief Clerk of the House  
Ms. Joan Anderson Growe, Secretary of State