GOVERNOR OF MISSOURI

JEFFERSON CITY
65102

JEREMIAH W. (JAY) NIXON
GOVERNOR

P.O. Box 720
(573) 751-3222

May 5, 2015

TO THE CHIEF CLERK OF THE
HOUSE OF REPRESENTATIVES
98TH GENERAL ASSEMBLY
FIRST REGULAR SESSION
STATE OF MISSOURI

Herewith I return to you House Bill No. 150 entitled:

AN ACT

To repeal sections 288.036, 288.120, 288.122, and 288.330, RSMo, and to enact in lieu thereof five new sections relating to employment security, with penalty provisions.

I disapprove of House Bill No. 150. My reasons for disapproval are as follows:

Like a similar bill that did not meet my approval in 2014, House Bill No. 150 would reduce the maximum duration of unemployment benefits from 20 weeks to 13 weeks for Missourians who find themselves unemployed through no fault of their own. House Bill No. 150 would also reduce unemployment benefits for those Missourians who upon losing their job are provided some severance pay. These changes are unnecessary and unfair and will not receive my approval.

The unemployment system, jointly administered by the federal and state governments, is intended to serve as a bridge to future employment for those who are out of work due to circumstances beyond their control. Those receiving benefits are required to show that they are looking for work, and they are provided job placement and career advancement services. Moreover, the weekly benefits the system provides in Missouri are far from lucrative: Missouri's average weekly benefit of $243.63 ranks 43rd out of all 50 states; Missouri's current cap of 20 weeks of benefits places Missouri among eight states that pay less than the national norm of 26 weeks; and only roughly one third of Missourians who apply for unemployment benefits actually receive them. At the same time, Missouri's unemployment trust fund – from which benefits are paid – remains, and is projected to remain, solvent and ready to provide those benefits when needed. The minimal benefit to the fund of reducing benefits from 20 to 13 weeks is greatly exceeded by the pain such a change would inflict on Missourians who are out of work.

House Bill No. 150 also seeks to reduce workers' benefits by offsetting any severance pay that those workers receive upon loss of their jobs. However, House Bill No. 150 fails to take into account that severance packages are often lower than what they would otherwise be *precisely because* those negotiating the arrangement assume that employees will qualify for unemployment compensation. Moreover, when compared with the impact this reduction would have on workers, the projected savings of this provision to the unemployment trust fund of up to $4.6 million pales, in that the trust fund is projected to have a balance of $366 million by the end of 2015. This proposed change seeks to solve a nonexistent problem.

Finally, House Bill No. 150 would tie the reduction from 20 to 13 weeks of possible benefits to Missouri's unemployment rate. But like a similar bill that did not receive my approval in 2014, House Bill No. 150 does not account for localized increases in unemployment, such as when a large employer closes its doors, which may not be materially reflected in the statewide unemployment rate to which benefits are indexed. As a result, the legislation would disproportionately impact Missouri communities with unemployment rates significantly higher than the state average.

Eighty years ago, America was in the throes of the Great Depression. This dark moment in our Nation's history lasted far longer than 13 weeks. And the recession experienced earlier this decade did not abate after a mere three months either. But in the 1930s, the early 21st century, and other difficult economic periods in between, the pain of these economic conditions was significantly and meaningfully mitigated by the unemployment system relied upon by generations of American workers. Unemployment benefits not only provide a safety net for workers, they also provide an important boost when the economy is struggling, as those workers buy food, clothing, and other essentials. The unemployment system has proven to be vital to economic stability and recovery. The changes sought by House Bill No. 150 are unnecessary and unfair, and accordingly this bill fails to receive my approval.

In accordance with the above stated reasons for disapproval, I am returning House Bill No. 150 without my approval.

Respectfully submitted,

Jeremiah W. (Jay) Nixon
Governor