



GOVERNOR LAURA KELLY

MESSAGE FROM THE GOVERNOR

REGARDING HOUSE BILL 2184

I appreciate the Legislature and the respective budget committees for their work over the first part of session to ensure that many essential services are funded. This budget also includes several measures that reflect a shared goal of continuing our recent success in passing balanced budgets and avoiding structural imbalance. Among the major items in this budget, we agree that it's important to fully fund the state water plan, invest in our rainy day fund, set aside funds to pay off debt, and continue investing in infrastructure and public safety.

One of the most important parts of the state budget and the most significant portion of the budget is constitutional school funding and full funding for special education. Failing to fully fund our public schools leaves parents and students throughout the state unsure of whether they will be able to count on the Legislature to continue its recent success of avoiding expensive and unnecessary litigation. We have worked together for several years to ensure that we do not end up back in court, and I encourage the Legislature to continue to maintain constitutional school funding so that we can empower educators to continue to rebuild our education system back to one of the best in the country after a decade of inadequate funding.

While this budget includes many items that set aside funding for specific groups of Kansans who need essential health and human services, it fails to expand Medicaid. With now 40 states expanding Medicaid, Kansans will continue to pay for the healthcare of low-income citizens of other states while refusing that same basic coverage to citizens of our state. This refusal will continue to put a burden on our hospitals and other health providers, and as a result, it will continue to hurt main street businesses and rural and economically distressed communities throughout the state.

I do appreciate that for the most part, this budget maintains our commitment to keep the Bank of KDOT closed. As we continue to make progress on this front, we should do everything possible to work with local communities to draw down the maximum level of federal funding available. By doing so, it will ultimately relieve the costs on locals who would otherwise be forced to pay for these improvements entirely through local tax dollars, which are largely funded by property taxes.

In order to successfully complete many of the projects and activities that are funded in this budget, the Legislature should follow up with adequate funding for pay increases for state employees so that we can continue to work on filling vacancies that in some agencies make it difficult to deliver needed services. In addition to providing social services, consider that without being able to hire adequate state employees, vacancies lead to delays and increased costs for businesses and individuals seeking licenses and permits, grants, and improved infrastructure to deliver products and services.

I look forward to working with the Legislature to make sure these issues are considered when they return. Therefore, pursuant to Article 2, Section 14(b) of the Constitution of the State of Kansas, I hereby return House Bill 2184 with my signature approving the bill, except for the items enumerated below.

Behavioral Sciences Regulatory Board Proviso

Sec. 15(b) has been vetoed in its entirety.

Mental health professionals and social workers provide critical care to communities across the state. We should be focused on strengthening our workforce and preparing them to serve Kansans from all backgrounds. This funding restriction limits the ability for these professionals to be trained in potentially lifesaving practices that address the individualized needs of every Kansan.

Board of Pharmacy Proviso

Sec. 25(b) and Sec. 26(d) have been vetoed in their entirety.

Legislators should address rules and regulations that they disagree with by passing legislation through the regular process. The funding restrictions outlined in Sec. 25(b) and Sec. 26(d) attempt to invalidate rules and regulations that have been promulgated by the State Board of Pharmacy. If the Legislature would like to delay the implementation of these rules and regulations, it can pass legislation through the regular process, allowing the regulated community, patients, and health care providers have an opportunity to weigh in on the necessity of revising these rules and regulations.

Governmental Ethics Commission—Already Accomplished in Senate Bill 208

Sec. 31(c) has been vetoed in its entirety.

I understand and support the action to redirect civil penalties collected by the Governmental Ethics Commission to the State General Fund. The language to accomplish this is found in SB 208 which was passed by the Legislature, and which I signed into law on April 14, 2023.

Attorney General—Master Tobacco Settlement Funds

Sec. 39(e) has been vetoed in its entirety.

Since its inception, funding from the Kansas Endowment for Youth has been intended to support programs and services for children between the ages of birth to five years. K.S.A 38-2101 and K.S.A 38-2102 directs funds intended to support programmatic efforts be transferred into the Children’s Initiative Fund. I continue to be committed to supporting youth suicide prevention efforts and enhancing funding for mental health services. The funding in this line item should be used for compliance with the tobacco master settlement agreement, as it has been since 1999.

State Treasurer—Build Kansas Matching Grant Fund Provisos

The portion of 42(b) that reads as follows has been line-item vetoed:

Build Kansas matching grant fund.....No limit

Provided, That during the fiscal year ending June 30, 2024, no expenditures shall be made from or obligation incurred against the build Kansas matching grant fund without approval from the joint committee on build Kansas subject to the provisions of these provisos: Provided further, That there is hereby established a joint committee on build Kansas within the legislative branch: And provided further, That such joint committee shall be composed of five members of the senate and five members of the house of representatives: And provided further, That all senate members shall be appointed by the president of the senate: And provided further, That all representative members shall be appointed by the speaker of the house of representatives: And provided further,

That the two major political parties shall have proportional representation on such committee: And provided further, That the chairperson of such committee shall be a senate member appointed by the president and the vice chairperson shall be representative member appointed by the speaker of the house of representatives: And provided further, That any state agency named in this act that is knowledgeable concerning potential infrastructure projects that may be funded by the infrastructure investment and jobs act, public law 117-58, shall inform and educate local communities of the funding opportunities available in such act: And provided further, That such state agencies shall provide assistance as necessary to interested local communities: And provided further, That such state agencies shall form a steering committee to meet regularly in order to coordinate efforts and develop a process to ensure local communities are informed and connected with the coordinating state agency: And provided further, That the steering committee, following review and approval by the joint committee on build Kansas, shall establish a means test to determine whether the local community is an eligible entity pursuant to the infrastructure investment and jobs act and has demonstrated a need for such grant: And provided further, That a grant funding application, requesting matching funds for the purposes of the infrastructure investment and jobs act, shall be approved by the coordinating state agency, in consultation with the steering committee, prior to submission to the joint committee on build Kansas: And provided further, That the grant funding application requested by eligible entities from the build Kansas matching grant fund and approved by the coordinating state agency shall be submitted to the joint committee on build Kansas: And provided further, That as soon as practicable, the joint committee on build Kansas shall meet and review each request and, if approved by such committee, shall report such committee's recommendation and approval to the state treasurer, the eligible entity submitting the grant application and the coordinating state agency that is providing assistance to the eligible entity in the local community: And provided further, That such approval shall be taken by a majority of all members of the joint committee on build Kansas: Provided however, That other than operating expenditures, no expenditures shall be made from the build Kansas matching grant fund without written documentation to the state treasurer that such grant funding application has been approved by the federal government pursuant to the infrastructure investment and jobs act: And provided further, That, upon approval by the joint committee on build Kansas and notification of federal approval, the above agency shall expend matching grant funds to the eligible entity that has been awarded such grant subject to the provisions of the grant: And provided, however, That within 10 calendar days from such approval by the joint committee on build Kansas the state finance council may approve a resolution rejecting such approval and stop the expenditure of such matching grant funds to the eligible entity: And provided further, That the state finance council is hereby authorized to stop such expenditures: And provided further, That the state finance council action on this matter is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711(c), and amendments thereto, except that such approval also may be given while the legislature is in session: And provided further, That such matching grant funds shall be used by eligible entities to support projects funded by the infrastructure investment and jobs act: And provided further, That such projects shall include, but not be limited to, water, transportation, energy, cyber security and broadband infrastructure: And provided however, That if during fiscal year 2024, the joint committee on build Kansas determines that the unencumbered balance in the build Kansas matching grant fund is insufficient to pay an amount that is necessary to finance grant applications approved by such committee pursuant to this proviso, such committee may request approval from the state finance council to transfer an amount equal to the insufficient amount from the state general fund to the build Kansas matching grant fund: And provided however, That

no such transfer shall be made from the state general fund to the build Kansas matching grant fund without approval from the state finance council acting on this matter, which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75- 3711c(c), and amendments thereto, except that such approval also may be given while the legislature is in session: And provided further, That the state finance council is hereby authorized to approve such transfers: And provided further, That if approved, the director of accounts and reports shall make such transfer: And provided however, That the total of all amounts transferred from the state general fund to the build Kansas matching grant fund pursuant to this proviso shall not exceed \$215,000,000: And provided further, That approved grant applications shall be distributed geographically based on the department of commerce's Kansas economic development districts and for the purposes of this proviso, the Mo-Kan district shall be combined with those counties that are not associated with any Kansas economic development district: And provided further, That the joint committee on build Kansas may meet and approve any such request while the legislature is in session and in person or through the use of telephone or any other medium for interactive communication.

Sec. 42(d), Sec. 43(b) and (c), Sec. 44(b) and (c), Sec. 45(b) and (c), and Sec. 46(b) and (c) have been line-item vetoed in their entirety.

In the budget that I proposed in January, I included funding to support local communities competing for federal Bipartisan Infrastructure Law (BIL) grant awards, and I continue to support that funding for this purpose. However, the proviso language in these sections sets up a process in which many communities will not be able to compete for one-time federal infrastructure grants. The goal of this funding was to provide matching grants for federal projects for which communities may or may not be approved. The project award itself is not something that I nor the Legislature have any control over, yet this language appears to indicate that communities would have to seek legislative approval and potentially the approval of two other agencies before applying for the federal funding. As a result, the process for seeking this funding will be so delayed and bureaucratic that few communities will succeed. This is especially true for those smaller and rural communities who in many cases do not have any technical staff or lobbyists in Topeka to help them navigate the process as outlined in this bill.

I encourage the Legislature to work with me and those who have participated in the existing Infrastructure Hub during Omnibus to develop a process that will facilitate the most return on investment for the local communities that this program was designed to assist.

Making the Office of the Kansas State Treasurer a Pregnancy Crisis Center Pass-Through Entity

The portion of Sec. 42(a) that reads as follows has been line-item vetoed:

Alternatives to abortion program.....\$2,000,000

Provided, That expenditures shall be made from the alternatives to abortion program account to establish a statewide program to enhance and increase resources that promote childbirth instead of abortion to women facing unplanned pregnancies and to offer a full range of services, including pregnancy support centers, adoption assistance and maternity homes: Provided further, That the program shall include only the following services: Counseling and mentoring; care coordination for prenatal services, including connecting clients to health programs; providing educational materials and information about pregnancy and parenting; referrals to county and social service programs, including child care, transportation, housing and state and federal benefit programs; classes on life skills, budgeting, parenting, stress management, job training, job

placement and obtaining a GED certificate; providing material items including, but not limited to, car seats, cribs, maternity clothes, infant diapers and formula; and support groups in maternity homes: And provided further, That program services shall be made available to any Kansas resident who is a pregnant woman, the biological father of an unborn child, the biological or adoptive parent or legal guardian of a child 24 months of age or younger, a program participant who has experienced the loss of a child or a parent or legal guardian of a pregnant child who is a program participant: And provided further, That the provision and delivery of services under the program shall be dependent on participant needs as assessed by the nonprofit organization providing the services and not otherwise prioritized by any state agency: And provided further, That program services shall be available to participants only during pregnancy and continuing for up to 24 months after birth of the child: And provided further, That the state treasurer shall contract with one nonprofit organization to provide services under the alternatives to abortion program, and such nonprofit organization shall subcontract with existing pregnancy centers, adoption agencies, maternity homes and social service organizations to provide program services to promote childbirth instead of abortion: And provided further, That such contract shall be for a term not longer than one year: And provided further, That the selected contractor and any subcontractors may provide services in addition to the enumerated program services, but such services shall not be funded through the alternatives to abortion program: And provided further, That the state treasurer shall include as a condition of the contract with the nonprofit organization selected to provide program services: (1) The assessment of an administrative fine for failure to satisfy program requirements, including required reporting, or for the intentional or reckless misuse of any funds awarded by the terms of such contract, and such fine shall be in the amount of 10% of the funds awarded by the terms of such contract and shall be deposited into the state treasury in accordance with the provisions of K.S.A. 75-4215, and amendments thereto, to the credit of the state general fund; and (2) that such nonprofit organization shall submit a report to the legislature and the state treasurer on or before June 30, 2024, on the administration of the program during fiscal year 2024, including: The number of clients; the number of clients who participated in case management services the number of case management hours provided to clients; the number of clients engaged in educational services or job training and placement activities; the number of newborns who were born to program participants; the number of such newborns placed for adoption; the number of fathers who participated in program services; the number of client satisfaction surveys completed; and any other information that shows the success of the contractor's administration of the program: And provided further, That the state treasurer shall establish the alternatives to abortion public awareness program to be administered by the same nonprofit organization contracted with to provide alternatives to abortion program services: And provided further, That the purpose of the public awareness program is to help pregnant women who are at risk of having abortions to be made aware of the alternatives to abortion program services: And provided further, That the public awareness program shall include the development and promotion of a website that provides a geographically indexed list of available alternatives to abortion program services and nonprofit subcontractors that provide services: And provided further, That the public awareness program may include, but shall not be limited to, the use of television, radio, outdoor advertising, newspapers, magazines, other print media and the internet to provide information about alternatives to abortion program services and subcontractors: And provided further, That, to the greatest extent possible, the secretary for children and families shall supplement and match moneys appropriated for the alternatives to abortion program with federal and other public and private moneys, and such moneys shall be prioritized to be used preferentially for the program and the public awareness program and be

transferred from the special revenue fund or funds of the Kansas department for children and families as identified by the secretary for children and families to the alternatives to abortion program account to be expended for such programs: Provided, however, That the alternatives to abortion program and the alternatives to abortion public awareness program and any moneys appropriated or expended therefor shall not be used to perform, induce, assist in the performing or inducing of or refer for abortions, and moneys appropriated or expended for such programs shall not be granted to organizations or affiliates of organizations that perform, induce, assist in the performing or inducing of or refer for abortions.

I do not think that overseeing a state pregnancy crisis center and maternity home program is what the creators of the Office of the State Treasurer intended when that office was established, nor do I think that any State Treasurer in Kansas history would have thought this to be a part of the role of the State Treasurer. This proviso creates a sole source contract for an unknown entity to provide taxpayer funding for largely unregulated pregnancy resource centers. This is not an evidence-based approach or even an effective method for preventing unplanned pregnancies.

Kansas Department of Revenue—Business Closure Rebates

Sec. 72(b) has been vetoed in its entirety, and the portion of Sec. 73(b) that reads as follows has been line-item vetoed:

American rescue plan - state relief (565-00-3756-3536).....\$0

I am vetoing the provisions of the legislation that impose a \$0 expenditure limitation on the use of federal funds intended for the COVID business closure rebates. While I understand the desire to ensure that these funds are used effectively and efficiently, this limitation does not accomplish the intended goal of transferring these federal funds out of the COVID business closure rebates, and the \$0 expenditure limitation effectively prevents the use of these funds for the license plate replacement fund, which was an objective of the legislation.

Kansas Department of Aging and Disability Services—Federal Funding Proviso

The portion of Sec. 89(b) that reads as follows has been line-item vetoed:

Provided, That expenditures shall be made by the above agency for fiscal year 2024 from the American rescue plan state relief fund to expand the PACE program to additional Kansas counties in an amount not to exceed \$2,500,000.

The PACE program is a vital program for seniors in Kansas and I support expanding access to the program. However, I do not believe one-time federal funding should be used for a project that will create ongoing costs. This project should be covered through existing state resources. I will work with advocates to ensure any expansion of the PACE program is financially sustainable long-term.

Kansas Department for Children and Families—Sole Source Contract

Sec. 90(b) has been line-item vetoed in its entirety, and the portion of Sec. 91(a) that reads as follows has been line-item vetoed:

Foster care licensing and placement software.....\$2,500,000

Provided, That during the fiscal year ending June 30, 2024, the above agency shall make expenditures from the above account for the sole purpose of continuing the agency’s request for proposal process for a subscription to a software-as-a-service product to automate the licensing of

foster families and the placement of foster children in approved homes and to commence and fund such subscription on or before December 31, 2023.

Having a transparent, competitive bidding process is key to ensuring our state remain a good steward of public dollars. This appropriation fails to do that and creates a sole source contract.

Kansas Board of Regents—Transportation Research Fund

The portion of Sec. 115(b) that reads as follows has been line-item vetoed:

Provided, That expenditures shall be made by the above agency from the transportation research fund to make distributions to Kansas state university, the university of Kansas and Wichita state university for transportation research projects at such institutions.

Sec. 115(i) has been line-item vetoed in its entirety.

The Legislature should fund these research efforts through a different manner, rather than by returning to the practice of diverting state highway funding. My administration is willing to work with those who would like to ensure that innovative transportation research is supported in our higher education institutions, but not by reopening the Bank of KDOT.

Kansas Board of Regents—Comprehensive Grant

The portion of Sec. 115(a) that reads as follows has been line-item vetoed:

Provided, however, That all expenditures from such account shall be made to provide that all moneys shall be distributed in the same proportionate amount as such moneys were distributed in fiscal year 2022.

The portion of Sec. 116(a) that reads as follows has been line-item vetoed:

Provided, however, That all expenditures from such account shall be made to provide that all moneys shall be distributed in the same proportionate amount as such moneys were distributed in fiscal year 2022.

Increasing college affordability and limiting costs to students and families has been a high priority for my administration. To create the most skilled workforce, we need to support students who attend our higher education institutions through enhanced need-based financial aid. The appropriations in Sections 115 and 116 would cut funding for students who have already been awarded scholarships under the Comprehensive Grant program. This will take away scholarships already promised to students who have demonstrated a financial need and instead provide 50% of the allocated funds to only 6% of Kansas students.

Kansas Board of Regents—Diversity, Equity, and Inclusion Proviso

Sec. 115(h) has been vetoed in its entirety.

The hallmark of our higher education system is its commitment to facilitating open dialogue that allows students to learn, grow, and challenge their thinking. Supporting students from all backgrounds, regardless of socio-economic status or geographic location, is vital to creating a well-trained workforce and growing the Kansas economy. The funding restriction in Section 115(h) limits our universities' efforts to find a skilled workforce that prepares our students for an ever-changing economy, and it limits their ability to support students from all backgrounds throughout their higher education experience. This

restriction also threatens our universities' ability to secure federal funding and competitive grants that fund innovative research, grow our workforce, and bring economic prosperity to Kansas.

Kansas Department of Corrections—Pathways to Purpose Pilot Program

The portion of Sec. 118(a) that reads as follows have been line-item vetoed:

Pathways to purpose pilot program.....\$1,400,000

Provided, That expenditures shall be made by the above agency from the pathways to purpose pilot program account during fiscal year 2024 to implement a pilot program on or before October 1, 2023, to gauge the effectiveness of prescription digital therapeutics authorized by the federal food and drug administration for the treatment of substance use disorder and opioid use disorder on incarcerated adult offenders in the custody of the secretary of corrections: Provided further, That for the purposes of such program, the above agency shall determine the following: (1) Number of sites at which the pilot program will be conducted including regions that are geographically diverse; (2) eligibility requirements for pilot program participants; and (3) specific types of prescription digital therapeutics that will be prescribed and evaluated under the pilot program as authorized by the federal food and drug administration for the treatment of substance use disorder and opioid use disorder: And provided further, That as used in this subsection, "prescription digital therapeutics authorized by the federal food and drug administration" or "prescription digital therapeutics" means a product, device, internet application or other technology that is intended to prevent, manage or treat a medical disease, condition or disorder, is approved, cleared or classified by the food and drug administration under 21 U.S.C. 360(k), 21 U.S.C. 360c(f) or 21 U.S.C. 360e for such intended use, utilizes both cognitive behavior therapy and contingency management to treat substance use disorder and opioid use disorder, and requires a prescription under 21 C.F.R. § 801.109

I have worked with the Legislature to support substance use treatment programs in our correctional facilities and have done so through funding that has been approved in a bipartisan, transparent process. An open, competitive bidding process is key to ensuring that our state contracts provide the most value to Kansas taxpayers. This appropriation fails to do that by creating strict requirements that would likely favor a single vendor.

Kansas Department of Wildlife and Parks—Lifetime Hunting and Fishing License

Sec. 138(f) has been line-item vetoed in its entirety.

Last year, I signed bipartisan House Bill 2456, which created a lifetime hunting and fishing license for youth between the ages of birth to 7 years. This legislation included pro-rated fees based on estimates for how much the agency would need to offset the corresponding loss of license revenue over the course of the child's life. If the Legislature would like to pass this type of funding allowance, it should work with the Department of Wildlife and Parks to ensure that a measure that seeks to increase healthy outdoor activities—like hunting and fishing—does not at the same time undermine the long-term financial viability of the agency responsible for encouraging and facilitating outdoor activities.

Federal Grant Funding Database

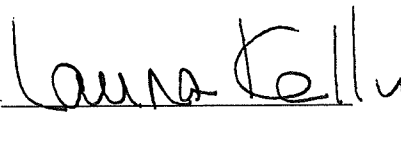
Sec. 143 has been line-item vetoed in its entirety.

Regarding discretionary grant awards, much of this information is already available. This also could have a detrimental effect on encouraging new and smaller communities from applying and lead to

cybersecurity risks. Initial applicants often have missing or insufficient information, yet they may be approved in future years after working with staff to improve their proposal. If applicants know that their unsuccessful attempts will be shared, it will discourage many from applying. This language is also ambiguous and could risk requiring the creation of a massive bureaucracy to track all state and federal funds that are awarded prior to a final award. I would encourage the Legislature to work with my administration to determine if there is additional information needed and how to provide that in a way that would not grow government unnecessarily.

THE GOVERNOR'S OFFICE

BY THE GOVERNOR

Handwritten signature of Laura Kelly in black ink, written over a horizontal line.

DATED: April 20, 2023