



GOVERNOR LAURA KELLY

MESSAGE FROM THE GOVERNOR

REGARDING HOUSE BILL 2551

I appreciate the Legislature's bipartisan work to craft House Bill 2551 which funds many important initiatives and services, including enhanced funding for essential human services programs, further investment in a new State regional psychiatric hospital in Sedgwick County, and new monies for essential programs at our institutions of higher education. The Omnibus budget also includes enhanced funding for water infrastructure projects, continuing my commitment to address our state's water resource needs in a meaningful way.

It's important to note that this bill significantly overspends my proposed Governor's Budget Amendments and provides for millions of dollars in ongoing spending at a time when the Legislature is considering tax relief proposals that would seriously decrease the annual revenues the state generates. Moving forward, I encourage the Legislature to be more fiscally responsible and thoughtful in crafting appropriations bills that carefully consider the impacts of ongoing funding decisions. While many of these appropriations are worthwhile and will provide important services to Kansas communities, we must be mindful of our state's long-term fiscal health. We do not want to overextend the state's resources.

I also encourage the Legislature to continue to put forth proposals that have been vetted and approved through the regular appropriations process. The transparency and public input afforded by the state budget process is imperative in ensuring that Kansan's tax dollars are used appropriately and effectively. Proposals added at the last-minute, without sufficient vetting, set a dangerous precedent for how state dollars should be used.

I look forward to continuing to work with the Legislature on bi-partisan, fiscally responsible budgets that provide Kansas communities the resources they need without risking opportunities for future investments.

Therefore, pursuant to Article 2, Section 14(b) of the Constitution of the State of Kansas, I hereby return House Bill 2551 with my signature approving the bill, except for the items enumerated below.

Legislative Coordinating Council – Constituent Relationship Management Project Authority

The portion of Sec. 8(a) that reads as follows has been line-item vetoed:

And provided further, That such request for proposal and subsequent contract shall be issued by and managed by the legislative coordinating council: *And provided further,* That the legislative coordinating council shall ensure that all statewide elected officials shall have use of such constituent relationship management software service:

The portion of Sec. 9(a) that reads as follows has been line-item vetoed:

And provided further, That the legislative coordinating council shall approve or reject a contract for such services, on or before August 31, 2024, with the expectation that the service, if approved, shall be implemented on or before December 1, 2024, for use by statewide elected officials:

I appreciate the Legislature’s willingness to appropriate funds for new Constituent Relationship Management software for statewide elected officials. This technology is an important tool in ensuring that Kansans can engage with their elected officials. However, it is not appropriate for the Legislature to manage the procurement process for a service that will be used by the Executive branch. Vetoing these provisions will allow the offices of statewide officials to directly manage the procurement process and work with their selected vendor to implement this new software.

Attorney General– Additional FTEs

The portion of Sec. 12(a) that reads as follows has been line-item vetoed:

Office of inspector general (082-00-1000-0300).....\$350,000

One of the top priorities of my administration when I first came to office was to analyze the Medicaid program to ensure the program was using taxpayer dollars efficiently. I believe in the oversight of any program that utilizes taxpayer funding. However, this funding mechanism should have been vetted through the regular legislative budget process, especially since it expands the size of government. I encourage the Attorney General to resubmit this request for consideration in the next budget cycle.

Attorney General – 340B Program Litigation

Sec. 12(b) and Sec. 13 have been line-item vetoed in their entirety.

When Congress enacted the 340B program over thirty years ago, it was intended to allow safety net providers to stretch their resources as much as possible. In turn, patients, particularly the

uninsured, have been able to access needed medication at little to no cost. Since then, the 340B program has grown tremendously and has become a lifeline to our rural healthcare system and communities.

While it is true that certain aspects of this program are currently being litigated in multiple jurisdictions, there are currently no cases before the Supreme Court related to the 340B program. Moreover, it is unclear when these conflicting cases will reach the Supreme Court, if ever. This proviso is pre-mature and contradictory to the protections outlined in Senate Bill 28.

State Treasurer – BUILD Kansas Reform

Sec. 15, Sec. 16, Sec. 17, and Sec. 18 have been line-item vetoed in their entirety.

The Build Kansas fund is an important tool for drawing down federal infrastructure dollars for Kansas communities. Currently, the program is limited to providing state matching funds to local governments for grant opportunities provided by the federal Bipartisan Infrastructure Law (BIL). The reforms proposed in House Bill 2551 would open the matching funds to any federal grant related to infrastructure.

I remain committed to bringing as many federal dollars to Kansas as possible. However, it is not ideal to open the Build Kansas Fund to additional federal grant opportunities when communities are still working through existing BIL programs. I will consider changes to the Build Kansas program as part of the next budget cycle once we have a better understanding of the results of the current iteration of the BUILD Kansas program and Kansas communities' ability to access federal funds.

Department of Administration – State Employee Health Plan Mammography Coverage Report

Sec. 23(g) has been line-item vetoed in its entirety.

Access to diagnostic and supplemental breast examinations for our state employees is crucial and should be covered under the state employee healthcare plan. While I appreciate the Legislature's desire for a report on this issue, the state employees potentially impacted by this provision need this service as soon as possible. The State Employees Health Care Commission (HCC) has the ability to recommend that this coverage is included in the state employee healthcare plan, and I encourage the HCC to make this policy decision and add diagnostic and supplemental breast examinations as a component that is covered under the state employee healthcare plan.

Department of Commerce – Unallowable Transfer of Federal Funding for Airport Authority Payment

Sec. 30(b) has been line-item vetoed in its entirety.

This provision would have transferred federal funds to the State General Fund, which is unallowable under federal rules. Additionally, the agency's State General Funds were already lapsed for this purpose, so this provision would have unnecessarily reduced the agency's resources.

Department of Commerce – Duplicative Transfer to Horse Racing Remodel Fund

Sec. 31(e) has been line-item vetoed in its entirety.

The transfer enacted by this language is duplicative of a transfer already approved in Senate Bill 28. This veto will ensure that a single transfer is made to the Horse Racing Remodel Fund so that the appropriate funding amount is directed to the fund.

Kansas Department of Health and Environment - Adult Inpatient Behavioral Health Services

The portion of Sec. 34(a) that reads as follows has been line-item vetoed:

Provided, That expenditures shall be made from the adult inpatient behavioral health services account in the amount of \$5,000,000 for providing adult and adolescent inpatient behavioral and mental health services at ascension Via Christi St. Joseph campus and NMC health and such expenditures shall be distributed based on the number of behavioral and mental health beds available at each facility.

Access to behavioral health treatment is critical for all areas of the state. This veto will allow this funding to be allocated to eligible entities across the state pursuant to the provisions outlined in Senate Bill 28.

Kansas Department for Aging and Disability Services – No-Bid Appropriations

The portion of Sec 39(a) that reads as follows has been line-item vetoed:

Provided, That expenditures shall be made by such agency from such account in an amount of \$47,000 for drug abuse and addiction prevention services for youth at the Kansas City full circle program, inc.

The portion of Sec. 40(a) that reads as follows has been line-item vetoed:

Provided, That expenditures shall be made by such agency from such account in an amount of \$250,000 for the EmberHope Youthville program to expand family on-site visitation services and support family engagement with residents of the psychiatric residential treatment facility: *Provided further*, That expenditures shall be made by such agency from such account in an amount of \$185,000 for drug abuse and addiction prevention services for youth at the Kansas City full circle program, inc.

Every year, my budget includes substantial funding for behavioral health services for those who have little to no access to treatment. I am and will always be supportive of access to care for the most vulnerable. However, I cannot allow state funding to go to specific entities that have not

undergone a competitive procurement process. This practice of allocating funding to specified organizations or businesses is unfair and I encourage the legislature to allow all eligible entities the opportunity to access state funds through competitive processes.

Kansas Department for Aging and Disability Services – Valley Hope

The portion of Sec. 40(a) that reads as follows has been line-item vetoed:

Valley hope substance use disorder.....\$2,500,000
Provided, That expenditures shall be made from the valley hope substance use disorder account for infrastructure to expand valley hope located in Atchison, Kansas: *Provided, however*, That as a condition of receiving moneys from such account and subject to the provisions of section 41, valley hope shall provide that 10% of the total capacity of beds in the Atchison facility shall be used for medicaid eligible substance abuse treatment inpatient beds.

Sec. 41 has been line-item vetoed in its entirety.

I appreciate the Legislature’s intent to ensure that substance use disorder treatment providers serve all Kansans, including those on the Medicaid program. However, it is unclear if the identified provider could meet the Medicaid bed requirements included in this language. If the provider determines they can maintain a negotiated number of Medicaid beds they should resubmit this request for consideration in next year’s budget process.

Kansas State Department of Education – Duplicative Youth Career Exploration Program Funding

Sec. 45(d) has been line-item vetoed in its entirety.

The Kansas State Board of Education has already approved \$500,000 years 2025 and 2026 for a youth career exploration program. Thus, this provision is unwarranted. Additionally, federal elementary and secondary school emergency relief funds have been provided to the State Board of Education to allocate, not the Legislature.

Kansas State University – Dairy Facility Bonding Authority and Debt Service

Sec. 49(b) and Sec. 49(c) have been line-item vetoed in their entirety.

These sections would have provided bonding authority and debt service payments for the creation of a new Dairy Facility at Kansas State University. While this may be a worthwhile project, the University did not request it nor was it considered through the normal budgeting process. Stakeholders should work with the University to bring this proposal back through the Board of Regent’s standard budget process for consideration next year.

Board of Regents – Kansas Promise Scholarship

Sec. 54(e) has been line-item vetoed in its entirety.

Expanding access to the Kansas Promise Scholarship program to additional educational institutions should be considered through the normal legislative process, rather than through budget provisos that choose winners and losers. The Legislature chose to provide these funds to three intentionally chosen institutions. If the Legislature desires to turn the Kansas Promise Scholarship into a form of support for private, for-profit institutions, it should attempt to enact this policy through the normal process and allow input from stakeholders. I continue to have concerns about the precedent that would be set by providing state funding to for-profit private institutions that are not accountable to the state or taxpayers.

THE GOVERNOR'S OFFICE

BY THE GOVERNOR

Laura Bell

DATED

May 16, 2024