

Message to the Senate of the State of Kansas:

I want to thank all Kansas legislators and particularly, the members of the House Appropriations Committee and the Senate Ways and Means Committee, for producing a budget that for the first time in many years meets the statutory requirement of maintaining a 7.5% ending balance. Our state has gone through an incredible transition in just two years: from a projected \$500 million deficit to putting nearly half a billion dollars in the bank. A \$1 billion swing can only occur when we commit ourselves to shrinking the footprint of state government and pursuing policies that grow the economy. I look forward to continuing this prosperous path in the fiscal years to come.

Pursuant to Article 2, Section 14 of the Constitution of the State of Kansas, I hereby return House Substitute for Senate Bill No. 294 with my signature approving the bill, except for the items enumerated below.

Behavioral Sciences Regulatory Board

Limitation on Expenditures

That portion of Section 12(a) that reads as follows has been line-item vetoed:

“Provided, however, That expenditures from the behavioral sciences regulatory board fee fund for the fiscal year ending June 30, 2012, for leased office space shall not exceed \$14.00 per square foot.”

That portion of Section 12(b) that reads as follows has been line-item vetoed:

“Provided, however, That expenditures from the behavioral sciences regulatory board fee fund for the fiscal year ending June 30, 2013, for leased office space shall not exceed \$14.00 per square foot.”

Oversight of leased office space is the domain of the Department of Administration. To the extent that we can centrally manage leased space, we can manage our operating costs. These provisions would arbitrarily provide an exception not afforded other agencies and supersede the management function properly placed in the executive branch so I find it necessary to veto them both.

Department of Health & Environment—Environment

Local Environmental Protection Programs

That portion of Section 84(c) that reads as follows has been line-item vetoed:

“Local environmental protection program.....\$800,000

Provided, That any unencumbered balance in the local environmental protection program account in excess of \$100 as of June 30, 2012, is hereby reappropriated for fiscal year 2013.”

The appropriation of \$800,000 from the State Water Plan Fund (SWPF) for the Local Environmental Protection Programs would increase funding beyond my budget recommendations for FY 2013. Funding for this program was not recommended by the Kansas Water Authority nor the Department of Health and

Environment, and was not included in my budget. The program was started in the early 1990s for the purpose of providing local governments with technical assistance and grant funds in order to establish environmental programs specifically suited for local priorities. Once the programs were established, the intent was to discontinue the state funding. The addition of \$800,000 in expenditures from the SWPF for FY 2013 would result in a negative balance of approximately \$565,000 in this state fund. Therefore, I hereby line-item veto this provision.

Department of Education

Uniform Accounting Act for Schools

That portion of Section 42(a) that reads as follows has been line-item vetoed:

"Operating expenditures (including official hospitality).....\$50,000"

The 2011 Legislature enacted the Uniform Financial Accounting and Reporting Act for school districts to report expenditures to the Department of Education. This funding was not originally included in my FY 2012 budget recommendations and I believe the agency can develop and maintain this system which is similar to current procedures within current resources. I find it necessary to veto this appropriation.

Department of Revenue

Fee Sweeps

Sections 75(h) and 75(i) have been line-item vetoed in their entirety.

At the direction of the Legislature, the Department of Revenue is now more heavily dependent on fee income for its operations and two of the three fee sweeps included in the appropriations bill are insupportable. For these two, the cash on hand on the date specified will not be sufficient to make such sizable transfers and the agency would not be left with enough funds to function. I am leaving one of the sweeps the agency can manage. The other two sweeps go too far, and I therefore must veto them.

Department of Education

Mentor Teacher Bonuses

That portion of Section 88(a) that reads as follows has been line-item vetoed:

"Mentor teacher program grants.....\$484,337"

I proposed educator quality and mentoring reforms as part of my overall education policy reform for consideration this session, however, the Legislature did not adopt most of these initiatives. For a mentoring bonus program to work properly, it must be done in concert with education reform policy. Without those reforms we fail our educators and their students. Therefore I find it necessary to veto this appropriation and look forward to discussing with the Legislature next session how we can improve teacher performance through mentoring.

Kansas Water Office

Water Resource Education

That portion of Section 114(c) that reads as follows has been line-item vetoed:

"Water resource education \$40,000

Provided, That any unencumbered balance in the water resource education account in excess of \$100 as of June 30, 2012, is hereby reappropriated for fiscal year 2013."

The appropriation of \$40,000 from the State Water Plan Fund for the Water Resource Education program would increase funding beyond my budget recommendations for FY 2013 and would also contribute

to a negative balance of approximately \$565,000 in the State Water Plan Fund. Funding for this program was not recommended in my budget. Therefore, I hereby line-item veto this provision.

Wichita Aquifer Storage

Section 114(d) has been line-item vetoed in its entirety.

The additional appropriation of \$500,000 from the Expanded Lottery Act Revenues Fund (ELARF) for the Wichita Aquifer Recharge Project would increase funding beyond my budget recommendations for FY 2013. My FY 2013 budget recommendations included a \$500,000 appropriation from the State Water Plan Fund for the project that demonstrates an effective method to provide for long-term planning related to future water supplies. Furthermore, the use of the ELARF will have to be leveraged as part of a specific debt reduction and budget balancing strategy. Therefore, I hereby line-item veto this provision.

State Fair Board

Enhanced Marketing

Section 113(c) has been line-item vetoed in its entirety.

I included funds in the Department of Commerce budget for a study to examine the feasibility of changing the dates when our State Fair is held. Rather than finance this study, the money was shifted to the Fair for promotion. With the projected negative balance in the Economic Development Initiatives Fund and this change in plan, I veto the funds. While it does not bring the EDIF into the black, it will be much closer.

Department of Social & Rehabilitation Services and Department on Aging

FMS Fee for HCBS Providers

Section 35(b) has been line-item vetoed in its entirety.

That portion of Section 35(l) that reads as follows has been line-item vetoed:

"Mental health and retardation services aid and assistance.....\$91,429"

That portion of Section 36(a) that reads as follows has been line-item vetoed:

"LTC — medicaid assistance — HCBS/FE.....\$99,634"

Section 122 has been line-item vetoed in its entirety.

The Financial Management System for Medicaid Home and Community Based Services providers was implemented in FY 2012 as required by the Center for Medicare & Medicaid Services. The system pays a \$115 per consumer per month fee to providers for administrative services. The 2012 Legislature appropriated a total of \$385,878 from the State General Fund in the above referenced sections to increase the fee to \$125 for the months from November 2012 to June 2012. This would require retroactive payments that would strain agency resources. No additional funding was approved to continue the increased rate in FY 2013. The agencies set the \$115 fee using a range derived from a study performed by an impartial contractor and by using comparisons with rates paid by other states. The rate is well above the national average and in my opinion is fair payment for services provided. I therefore find it necessary to veto these supplemental appropriations for FY 2012.

Motor Vehicles

Limitations on Acquisitions

Section 119 is vetoed in its entirety.

Agencies purchase vehicles for a variety of reasons and we have a process in place to ensure new purchases are not made unnecessarily. To ensure that agencies have the resources they need to get their work done, I veto this section of the bill.

Kansas Bioscience Authority

Timing of Transfers from the State General Fund

That portion of Section 156(d)(1) that reads as follows has been line-item vetoed:

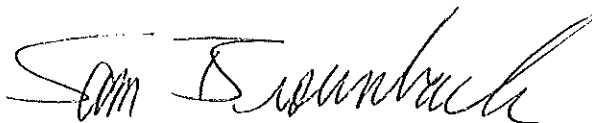
"During the fiscal years ending June 30, 2013, and June 30, 2014, the state treasurer shall make payments to the bioscience authority on July 15, October 15, January 15 and April 15 in equal installments, subject to the limitations established in subsection (h). If on such dates, during fiscal years 2013 and 2014, such payments can not be made in equal amounts, the state treasurer shall make the payment in the amount of moneys that is available on such date and upon the next payment date, the state treasurer shall make the payment in an amount equal to the amount that is to be paid on that date plus any additional amount that is owed from a previous date. During the fiscal years ending June 30, 2015, and following fiscal years thereafter, the state treasurer shall make payments to the bioscience authority on July 15, October 15, January 15 and April 15 based on the certification provided by the secretary of revenue."

In recent years the state has had to delay its quarterly transfers to the Kansas Bioscience Authority from time to time, particularly the November amount, when the State General Fund was low on cash. This was done in cooperation with staff at the Bioscience Authority and was not done in a manner that was intended as punitive or harmful. Because we need to maintain our flexibility in managing the State General Fund cashflow, I veto this provision to require transfers on certain dates. This has the effect of leaving processes as they have been handled up to this point.

Moving Forward

The needs are great, and the people of Kansas, particularly our children, depend on us to put our state on a path of economic growth and prosperity. We took a giant step in the right direction this year. I look forward to continuing to work with the Kansas Legislature to review areas where we can reduce the reach of state government, streamline agencies and programs and focus funding on the state's core responsibilities.

Again, I commend the Legislature for its work during the 2012 session, and I look forward to working with all of you in the coming months and years as we get our state's budget and economy back on track.


Sam Brownback, Governor

Dated:

May 31, 2012