

Message to the Legislature of the State of Kansas:

I want to thank every member of the Kansas Legislature for your hard work during the 2016 session.

I have taken actions to balance the budget and reduce the growth of state spending. If the Kansas Supreme Court orders an additional \$40 million, or more, in funding for schools, it could result in additional cuts to Medicaid and higher education beyond those enumerated here.

These actions protect public safety and provide support to state hospitals, specifically:

- Increasing SGF to Osawatomie State Hospital and Larned State Hospital by \$11.4 million in FY 2016.
- Increasing SGF to Osawatomie State Hospital and Larned State Hospital by \$5.6 million in FY 2017, including direct care pay increases to Registered Nurses at OSH and Mental Health Technicians at OSH and LSH in order to provide aid in recruitment and retention of qualified nursing and direct care staff.
- Increasing DCF's budget by \$1.1 million to fund pay increases to Social Workers to improve recruitment and retention in these hard to fill positions.
- Realizing \$6.5 million in reduced expenditures from the State General Fund in order to pay for the pay increases that will be realized through implementation of Alvarez and Marsal efficiency recommendations.

Pursuant to Article 2, Section 14 of the Constitution of the State of Kansas, I hereby return House Substitute for Senate Bill No. 249 with my signature approving the bill, except for the items enumerated below.

Department for Aging and Disability Services - Mental Health Screenings

Section 20(b) is vetoed in its entirety.

In October 2015, the Department for Aging and Disability Services discontinued its policy of requiring mental health screenings prior to admission to inpatient psychiatric beds at community hospitals and residential treatment facilities. The screenings were discontinued based on the potential loss of funding from the federal government due to federal Mental Health parity regulations. The provision at issue here would return to the former policy, at a cost of more than \$1.8 million. While that cost may be justified by the benefits to be obtained from the screenings, approving this provision could additionally jeopardize substantial federal funding of inpatient Medicaid services. I would be pleased to revisit this issue if the state receives new and different assurances from the federal government on the matter.

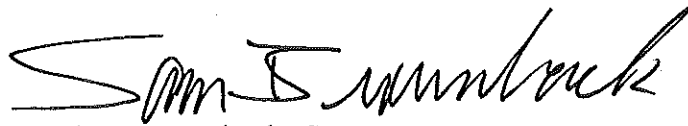
KPERS- Transfer of Tobacco Litigation Settlement Revenue

Section 50(c) is vetoed in its entirety.

House Substitute for SB 249 states that if KPERS employer contributions for any state agency is lapsed or transferred in FY 2016, the amount will be certified and repaid with interest of 8.0 percent per annum to the KPERS retirement fund from the State General Fund. The five repayment provisions are prescribed as follows:

- a. The amount of which the actual tax receipt revenues to the State General Fund exceeds the April, 2017, joint estimate of revenue shall repay the KPERS amount lapsed or transferred.
- b. The amount of which the actual tax receipt revenues to the State General Fund exceeds the April, 2018, joint estimate of revenue shall repay the KPERS amount lapsed or transferred.
- c. The amount received from master tobacco settlement litigation revenue in excess of expenditures or transfers that have been made from the Key Endowment for Youth Fund as provided by law in FY 2017 shall be used to repay the KPERS amount lapsed or transferred.
- d. The amount received from master tobacco settlement litigation revenue in excess of expenditures or transfers that have been made from the Key Endowment for Youth Fund as provided by law in FY 2018 shall be used to repay the KPERS amount lapsed or transferred; and
- e. Any amounts remaining to be repaid from the amount lapsed or transferred in FY 2016 will be repaid from the State General Fund by June 30, 2018.

The excess master tobacco settlement litigation revenue is estimated to be \$16.0 million in FY 2017. In order to increase the State General Fund ending balance by \$16.0 million and guard against further reductions to Medicaid and Higher Education, the proviso prescribing excess master tobacco settlement litigation revenue be used to repay the KPERS amount lapsed or transferred in FY 2016 is vetoed. The remaining four provisions relating to the repayment of KPERS employer contributions lapsed or transferred in FY 2016 will remain.



Sam Brownback, Governor

Dated: May 18, 2016