

## **Governor Laura Kelly 2025 State of the State Address**

### ***Remarks as Prepared – January 15, 2025***

Mr. Speaker...Mr. President...Madam Chief Justice and the entire Kansas Supreme Court...members of my Cabinet...leaders of the Kansas tribes...and all the constitutional officers and legislators assembled – it is an honor to speak with you tonight.

It is also my honor to welcome Lieutenant Governor David Toland and his family: his wife Beth and their children Caroline and William – along with my family members, especially my granddaughter Rory, who are joining us tonight via live stream.

For much of my time in office, we've been focused on righting the wrongs of the past – getting our state back on the road to prosperity. And that's exactly what we've accomplished together:

We've funded our public schools six years in a row.

We've balanced the state budget six years in a row.

We've closed the Bank of KDOT and invested in our roads, bridges, and broadband.

We've attracted the largest economic development projects in the history of our state.

We've paid down our debt. We've seen our state's financial ratings be upgraded three times.

We've completely axed the tax on groceries.

As of two weeks ago, no Kansan is paying state sales taxes on groceries. It took a while, but we finally got it done.

And there is more tax relief on its way. In total, I've signed into law \$2 billion in tax cuts.

It wasn't easy, but together, we made it happen for Kansans.

This April, seniors won't pay any state income tax on their Social Security.

A higher standard deduction will ensure that Kansans pay less when they file their taxes.

And we lowered the tax that everyone hates – the property tax.

In an era that might be defined for its divisiveness at the national level, we've shown that here in Kansas, we can still find common ground and get things done.

We have accomplished so much.

But because of the nature of our challenges, we've often been so focused on whatever's needed immediate fixing – our schools, our infrastructure, our foster care system – that we haven't always spent as much time talking about what lies ahead for Kansas. Not just next year or the year after, but in the decades ahead – the Kansas we'll leave for our children and for our grandchildren.

Since I've been in office, we have built an incredibly strong foundation for our state – Kansas has never been in better financial shape. Responsible, steady governance has earned Kansas recognition nationwide for our economic achievements and for our education system.

And now, it's time to build on that foundation. We're two weeks into 2025 – a quarter of the way through the 21st century.

So tonight, instead of looking back at last year and ahead through the current year, let's think about the rest of the century and how we prepare for it.

As the CEO of the state, I am going to deliver what is, essentially, a quarterly report – outlining how we've reached key metrics over the past 25 years and what we must accomplish over the next 75 years for Kansas to prosper throughout the rest of the 21<sup>st</sup> century.

When I think back on the year 2000, it's hard to fathom just how much Kansas – and the nation and the world in which we live – has changed.

I wasn't in politics yet; I was across the street as the Executive Director of the Kansas Recreation and Park Association.

In 2000, except for Representatives Ballard and Helgeson and Senator Haley, none of us were here in this chamber.

In 2000, fewer than 5 percent of rural Americans had internet access. A gallon of gas cost \$1.50 and the average price of a dozen eggs was 91 cents.

There were no smartphones. Social media was still in its infancy. People actually talked to one another at the dinner table.

Our world has changed in colossal ways. Probably more than in any 25-year period in history.

Everything moves so quickly now. Maybe a little too quickly.

When I talk to Kansans – I hear two things that can be true at once.

First, Kansans are excited about the future. They really are – they see the new educational opportunities and the new innovative companies setting up shop here in Kansas – and they can see bright futures for themselves and for their children.

But I can also hear in people's voices that they're worried – worried that the traditions they grew up with, the way of life they cherish so much – could be slipping away.

I think we can all relate to that – nobody really wants a world where we speak more to computers and AI bots than we do to our neighbors.

Nobody wants a world where it seems like we're always at each other's throats.

And as I think about our state's future, I keep coming back to the same thought: how do we embrace change, how do we embrace opportunity, how do we embrace innovation, but do it the Kansas way?

Where we remain true to our Kansas core values: a place where 'the good life' means getting a great education, working hard, and doing right by our children, our grandchildren, and our neighbors.

Where our common decency always rises above our differences.

As the leaders of our state, we have a responsibility to set this tone – to show Kansans that we, too, have our eye on the future – that we intend to embrace it the Kansas way. Starting right now.

First, let's talk about our very youngest Kansans.

Children born today will live to see the 22<sup>nd</sup> century.

How we invest in those children now will determine our state's trajectory for the rest of this century.

Research is clear that a child's experiences from birth to age five determine the trajectory of his or her entire life, from social/emotional development to academic achievement to career success.

We've done a lot on this front over the past few years. We've aggressively tackled our child care crisis, recognizing that shortages across the state and skyrocketing costs have handicapped our workforce, our businesses, and hurt our children during their most formative years.

Because of our investments and our work to lift up child care providers, today, more families can access affordable, quality early childhood education and care than ever before.

Even better – we are on track to add more child care capacity in the next two years than we have in the past 15. Families are still struggling with the cost of child care – but we are addressing this issue with the urgency it requires.

But all of this would be so much easier if we eliminated the red tape that makes it so difficult for so many families to access services – and for child care providers to even operate.

Right now, early childhood services are siloed in four different state agencies. If a family is searching for care for a newborn, that family must navigate among three different agencies to figure out which program is the right fit.

If a child care center wants to get off the ground, it must work with one state agency to get licensed, another to receive financial aid and workforce support, and a third to get assistance with start-up costs.

A system overloaded with bureaucracy might be manageable for some parents and for some providers – but it is a nightmare for most families who don't have the time or the resources to plow through the maze of unnecessary paperwork.

And they shouldn't have to.

Thankfully, there's a solution readily available: Let's put the functions of these agencies under one roof – the Office of Early Childhood.

Let's offer a one-stop-shop for young families, for child care providers, and for businesses to access early childhood services. Let's do what Missouri, North Dakota, and Arkansas have already done.

In Kansas, this concept already enjoys bipartisan support: over 700 child care providers, business leaders, and families have spoken out in favor of the one-stop-shop idea. Last session, it passed the House with 110 votes.

Eliminating unnecessary government bureaucracy, cutting red tape, and making it easier for parents and businesses to support our kids isn't a Democratic or a Republican idea – it's a commonsense idea we can all get behind.

So, let's get this done.

But early childhood is just the first step. If we're going to continue to attract new businesses and young families – we must have strong public schools.

It's pretty straightforward: 90 percent of our students go to our public schools. Along with early childhood education and care, the smartest, most effective investment we can make in our next generation is through our public schools.

But even beyond the economic gains, when we talk about protecting the Kansas way of life – our public schools are the heart and soul of so many of our communities.

It's where we come together – particularly in our rural areas – for Friday night football and for school plays.

For carnivals and bake sales – it's where we gather to build strong communities.

So, for both the future we aspire to create and the values we aspire to maintain, we must continue to make our public schools our top priority.

That's why my budget proposal this year will again, for the seventh consecutive year, fully fund our public schools.

Prioritizing our public schools means investing in them. Protecting them. Always fighting to make them better. And never, ever taking taxpayer dollars from our public schools to give to private schools.

Doing so weakens our public school system, particularly in our rural communities. As a state, we just can't afford to do that.

So, simply put, I will continue to reject any attempt, no matter what it looks like, to re-route public taxpayer dollars to private schools.

So, now, back to the quarterly report.

In the last 25 years, high school graduation rates have increased by 11 percent – and today are at an all-time high.

Ten years ago, we were neglecting special education – ignoring state funding requirements and looking away as special education students didn't get the support they needed and are entitled to.

Last year, we invested \$75 million into special education, the largest single-year investment in state history, putting our state on track to fully fund special education by the 28-29 school year.

In 2000, only 59 percent of fourth graders were reading at a basic level. We've made modest progress. According to the most recent data, 63 percent of our students have now reached that level. That is not good enough.

In response, last year, Republican and Democratic leaders came together and passed the Blueprint for Literacy. This is an all-hands-on-deck approach to ensure our teachers have the training and the tools they need to bring 90 percent of our students to the reading benchmark by 2033.

The Blueprint for Literacy is an amazing example of what can happen when we think long-term and when we work together.

I'd like to recognize the two people who championed the Blueprint for Literacy effort – former state Senator Molly Baumgardner and Dr. Cynthia Lane, who actually stepped down from her position as a member of the Kansas Board of Regents to direct this new initiative.

Unfortunately, Senator Baumgardner was unable to join us tonight, but Dr. Cynthia Lane, would you please stand and be recognized?

Because we came together, because we funded our public schools, we've gotten ourselves back on track, finally ending decades of litigation and judicial oversight.

We should all take pride in this milestone but we should not take it for granted.

And this is where we talk about taxes.

We cannot risk our state's financial stability by implementing any semblance of the reckless tax experiment that devastated our schools a dozen years ago.

As Kansans know, I'm all for tax cuts. To date, I've already signed over \$2 billion in tax cuts – but going forward, I will not support any proposal that robs our schools of the funds they need to teach our children.

For instance, there was a proposal to slash the state corporate income tax to zero. That is a non-starter. We've seen that movie before. We know how it ends. We know what happened to our schools, to our roads, and to our reputation.

We must stay on the path to prosperity as we move through the rest of the 21<sup>st</sup> century.

With all that said, let me add a caveat: While I would prefer that we postpone discussions about taxes until next session, when we'll have a better handle on the full impact of the tax cuts we passed last year, I will consider proposals to modify our tax structure that pay for themselves and don't threaten our state's long-term financial health.

Speaking about long-term health issues – and, no, I am not going to talk about Medicaid Expansion, for now anyway... instead, I want to talk about childhood hunger.

Roughly 49 percent of Kansas kids live in low-income households. We know these kids cannot afford to pay for school lunches.

That's why my budget proposal this year will provide free school lunches to over 35,000 Kansas students, many of them in our rural areas.

When it comes to eliminating childhood hunger, we have advocates all over this state doing all they can to ensure our kids don't go to bed hungry and that they don't go to school hungry.

Let me introduce you to one of them.

Connie Vogts is the Director of Nutrition Services for USD 480 in Liberal. She is also the president of the Kansas School Nutrition Association. She knows firsthand how difficult it is for children to learn or even behave when they're hungry. Connie also knows how many hardworking families struggle to put food on the table.

Currently, 87 percent of students in USD 480 qualify for reduced or free lunch. That's the highest percentage anywhere in Kansas.

By eliminating this burden, we can reduce childhood hunger, we can reduce the stigma our low-income students face in our school cafeterias, and we can increase academic success.

In addition, we can streamline administrative nightmares for our school districts and for professionals like Connie.

Connie, thank you for what you do. Could you please stand and be recognized?

Let's do this for our children. Work with me to pass this budget and make sure no Kansas child goes hungry.

When I imagine the end of this century and the state our youngest Kansans will inherit, I see so many good things on the horizon.

But there is one thing that is seriously concerning: our dwindling water supply. Forget making it 75 years down the road – some parts of western Kansas don't have the groundwater to last another 25 years.

And without that water, the agricultural industry that fuels our economy and sustains our rural way of life cannot survive.

No one knows that better than Joe Ferguson. Joe is a soldier in the Kansas Army National Guard and a senior studying sustainable agriculture at Fort Hays State University.

After Joe graduates, he will return to Kensington, Kansas, as the fourth generation in his family to work their wheat, corn, and hay fields.

Even though he's only 23, Joe is already thinking about succession plans for his farm. What will he leave for that next generation? Will there be anything left for the next generation?

Joe's generation of family farmers are depending upon our generation of state leaders to secure the water supply.

Farmers like Joe are the backbone of our state – and the tradition of family farming is core to who we are. We owe it to Joe and other young farmers across the state and those who come after – to act now – before it's too late.

Joe, will you please stand and be recognized?

I'm so grateful to those of you in the legislature and beyond who have been working with me to change decades of inaction on our water supply. The Kansas Water Authority has gone all over the state, listening to farmers, crop insurers, feedlot owners, and bankers – over 1,500 stakeholders.

As a result, we've set a goal: From now on, each generation will work to protect our water supply for the next two generations that follow. We're calling it the multigenerational promise.

It may look different in different areas of the state, but the fundamentals are the same: stabilize the Ogallala Aquifer, maximize the capacity of our reservoirs, and ensure all Kansans have access to clean, sustainable water.

That requires us to attack this issue on two fronts:

First, we have to develop a better water management system.

Right now, water faces many of the same issues I described with early childhood: it's managed by 14 different agencies, making it very difficult, if not impossible, to align efforts around policy, planning, and investment.

If this is going to work, that's got to change – let's create an Office of Natural Resources.

Let's streamline our systems to make our work so much more efficient and effective.

Second, to deliver on that multigenerational promise, we need to invest more resources.

Last year, the legislature came together and provided \$35 million additional dollars every year for the next five years.

In my budget tomorrow, I will propose another additional \$30 million above what the legislature added two years ago to safeguard our water supply – bringing our overall investment to \$90 million every single year.

In addition to enhanced resources, it is imperative that we develop a comprehensive, long-term, and sustainable strategy to ensure that Kansans have the water supply they need to exist, much less to thrive, for generations to come.

Over three and a half decades ago, the Kansas Legislature understood that to create a transportation system that would effectively serve our citizens, support commerce, and ensure public safety, we needed to have a strategic plan that included a dedicated funding source. And thus, the legislature created the first of now four comprehensive transportation plans.

That innovative, visionary thinking is exactly what Kansas needs now to ensure that people like Joe, his children, his grandchildren have the water needed to farm their land, preserve their communities and their way of life.

No doubt this is a tough task. Perhaps even more challenging than the one faced by the legislative task force that overhauled our transportation plan in 2018.

But it is one to which my office and so many of you are deeply committed.



We have already invested substantial resources in time, money, and political capital. We stand ready to support the legislature's efforts in any way we can to solve our state's most pressing problem.

If I'm presenting the Kansas quarterly report, I think it's fair to say that the first quarter brought us our share of challenges. In the last 25 years, Kansas has endured two historic recessions, a devastating tax experiment, a once-in-a-century pandemic, and then, global inflation. At times, we were dangerously close to collapse.

Given all that, it's amazing how we've brought our state back from the brink.

Since I've come into office, we have brought over \$20 billion in new business investment to every corner of the state, created and retained more than 70,000 jobs, created the largest budget surplus and the largest rainy day fund Kansas has ever seen, and did it all while cutting taxes for veterans, for seniors, for homeowners, for businesses, and for our farmers and ranchers.

Long gone are the days of Kansas making headlines for failure and mismanagement. Now, we're attracting companies bringing in \$4 billion and 4,000 jobs to De Soto, nearly \$2 billion and 2,000 jobs to Wichita, and over \$1 billion and 1,000 jobs to Dodge City.

We're winning award after award for economic development – just stop by David Toland's office sometime. There's barely space for all the trophies.

Now, I would like to introduce you to the Segraves family.

Two years ago, Mike Segraves, his wife Cassie, and their two children, Landon and Layne, moved to Independence, Kansas, from North Carolina.

Since then, they have welcomed their third child, Leigh, who was born in 2023 and thus is a Kansas native.

Mike is the Associate Vice President of Soy Processing for Bartlett Grain in Cherryvale, while Cassie works as a therapist providing much-needed mental health services for people in the community.

Their two older children are enrolled in public school at USD 446 in Independence, and their youngest just started daycare. Mike and Cassie have even formed a little league baseball team so Landon can continue to play his favorite sport.

They have been warmly welcomed by the community, and they are making significant contributions through Mike's work at Barlett Grain and Cassie's work in mental health.

Over the course of my administration, we have created a modern economy that's attracting cutting-edge companies and families like the Segraves.

Segraves family, please stand and be recognized.

You know, when you are able to recruit from Tarheel and Blue Devil country to Jayhawk and Wildcat country – I can't tell you how satisfying that is.

And when it comes to making Kansas a place more families want to call home, trust that I continue to be laser-focused.

We must keep supporting our home-grown businesses while working around the clock to bring new, innovative companies to Kansas – they're not just job creators, they're career creators.

And these are careers not just for people with four-year degrees.

I want a future where our economy is fueled by people in every corner of our state – where there are educational opportunities, be it an apprenticeship, an internship, a certificate, a two or four-year degree.

No matter where you're from or where you live – our cities, our suburbs, our rural communities – you need a career for which you are prepared, on which you can support a family, and for which you are passionate.

Let's agree right here, right now, that Kansas must continue to aggressively pursue innovative business opportunities, both domestic and overseas.

Speaking of opportunities, here's another idea: Medicaid expansion.

Now, I've proposed this the last six years, and I will propose it again this year.

Let's be honest: the only reason we haven't expanded Medicaid is partisan politics.

Over the past six years, all the horror myths around Medicaid expansion have been debunked, and all of our surrounding states have expanded.

The one myth that continues to linger here in Kansas is that expansion is too expensive. That is patently false.

In fact, it actually costs us money not to expand Medicaid.

In 2022, the cost to Kansas taxpayers was \$68.5 million. In 2023, \$71.5 million. In 2024, \$61.8 million.

And if we don't expand Medicaid this year, 2025, it will cost Kansas taxpayers another \$78.3 million.

In total we've wasted over \$280 million Kansas taxpayer dollars holding on to an ideological falsehood.

Imagine the property tax relief we could have given Kansans.

And that doesn't count the \$7.6 billion in Kansas taxpayer dollars that has been left on the table in Washington, D.C.

Imagine any CEO of any business rejecting nearly \$700 million every year just to score a political point.

It just wouldn't happen in the real world.

If we can strip away partisan politics and just look at the numbers, we will expand Medicaid this year.

I'll end on this tonight: So often, it's easy to get lost in the day-to-day rough and tumble around here. How do we score points on him? How do we out-manuever her?

It's easy to forget that we aren't playing some kind of game here. We have real power. The decisions we make in this building touch every aspect of the lives of the people we work for.

And here's the truth – the Kansas our grandkids will inherit is up to us right now.

Is our agricultural economy booming because we preserved our water for farmers like Joe, or is rural Kansas dried up and deserted? That's up to us.

Are we turning out the best and brightest workers because we have made it a priority to ensure Kansas has superior public schools? That's up to us.

Is Kansas going to be an economic powerhouse in the center of our country – where young families, like the Segraves, move to build a life? That's up to us.

Will Kansas be a place where we hold on to the small-town traditions we cherish while also embracing the future with a sense of optimism and energy? That's up to us.

It only happens if we put partisanship aside and put Kansas and Kansans first.

The only way we'll move forward on any of the challenges facing us is if we recognize that both parties have brought good, commonsense ideas to the table. And, both parties have also brought some pretty wacky ideas to the table.

Our job is to lift up the commonsense, smart, reasonable ideas that will help Kansans – and then meet in the middle to get them done.

I'm not asking you not to love your political party – I'm just asking you to love your state a little more.

That's the only way we build that future we all want for Kansas.

Ad Astra Per Aspera. Thank you, and good night.