

# **Committee Reports to the 2026 Kansas Legislature**

# **KLRD**

*Providing objective research and fiscal  
analysis for the Kansas Legislature*

**Special Committees;  
Selected Joint Committees;  
Other Committees, Commissions,  
and Task Forces**

**Kansas Legislative Research Department  
January 2026**

## **2025 Legislative Coordinating Council**

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**Special Committees;  
Selected Joint Committees;  
Other Committees,  
Commissions, and  
Task Forces**

Special Committee on Campaign Contributions and Transparency

Special Committee on Commerce

Special Committee on Federal and State Affairs

Special Committee on Health and Social Services

Special Committee on Pharmaceutical Studies

Joint Committee on Child Welfare System Oversight

J. Russell (Russ) Jennings Joint Committee on Corrections and Juvenile  
Justice Oversight

Joint Committee on Fiduciary Financial Institutions Oversight

Robert G. (Bob) Bethell Joint Committee on Home and Community Based  
Services and KanCare Oversight

Joint Committee on Kansas Security

Joint Committee on Pensions, Investments and Benefits

Joint Committee on State Building Construction

Senate Committee on Government Efficiency

Education Funding Task Force

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# Foreword

In the 2025 Interim, the Legislative Coordinating Council appointed eight special committees. Legislation recommended by the committees will be available in the Documents Room early in the 2026 Session. Such legislation will also be available on the Kansas Legislature’s website, <http://kslegislature.gov/li/>.

Joint committees created by statute met in the 2025 Interim as provided in the statutes specific to each joint committee. Several of the joint committees have reported on their activities, and those reports are contained in this publication. Legislation recommended by these committees will be available in the Documents Room early in the 2026 Session. Such legislation will also be available on the Kansas Legislature’s website, <http://kslegislature.gov/li/>.

This publication also contains reports of other committees that are not special committees created by the Legislative Coordinating Council or joint committees. Reports of the following are not contained in this publication and will be published in a supplement:

- Special Committee on the State Budget
- Special Committee on Taxation
- Special Committee on Telecommunications
- Joint Committee on Information Technology
- Capitol Preservation Committee
- Health Care Stabilization Fund Oversight Committee
- House Select Committee on Government Oversight
- Legislative Budget Committee
- Water Program Task Force

Minutes of the meetings of the special committees, joint committees, other committees, commissions, task forces, and panels are on file in the Division of Legislative Administrative Services. A summary of each reporting entity’s conclusions and recommendations may be found beginning on page vii.

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## ***Summary of Conclusions and Recommendations***

### ***Special Committee on Campaign Contributions and Transparency***

The Committee recommended increased scrutiny on false political advertising and false statements used in political advertising; further review on indexing campaign contributions to the Consumer Price Index or a similar metric; and maintaining current limits on disclosure of contributions but requiring persons to report all contributions made for the purpose of express advocacy.

The Committee also recommended the Legislature consider legislation to broaden the definition of “express advocacy”; legislation to direct the Division of Vehicles to share with the Secretary of State information it receives from any other state to identify any person who has held a Kansas driver’s license and is issued a driver’s license in another state for use in voter registration reviews and declares receiving a driver’s license in another state to be evidence that the person intends to be a resident of the new license-issuing state; and legislation to increase clarity on the definition of “issue advocacy.”

### ***Special Committee on Commerce***

The Committee made various recommendations regarding cryptocurrency, housing, occupational licensing, regulatory reform, and economic development incentive programs. Recommendations generally focused on removing burdensome regulations inhibiting commerce within the state; increasing the effectiveness of state policies and programs by clarifying intended policy outcomes and improving transparency and information quality related to program outcomes; and adopting targeted reforms to existing statutes and regulations related to the topics of study.

### ***Special Committee on Federal and State Affairs***

The Committee recommended the Legislature consider the information presented to the Committee and conduct further study in several specific areas, including whether the Attracting Professional Sports to Kansas Fund should be sunset; whether there is a correlation between sports wagering and intimate partner violence; the effects of a tax rate change; promotional deductions and consumer wins and losses; and whether to specify parameters for future contracts with sports wagering operators.

### ***Special Committee on Health and Social Services***

The Committee made recommendations regarding contract nursing in the state hospitals, including directing the Kansas Department for Aging and Disability Services (KDADS) to further study the issue and develop a comprehensive list of all publicly funded behavioral health service providers, their services, and who they serve; studying ways to incentivize and attract additional nursing faculty and provide flexibility in nursing positions; increasing funding to support the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund within KDADS; studying incentives for hospitals to become State Institutional Alternative

facilities for inpatient psychiatric treatment; and further studying the sentencing guidelines for sexually violent crimes, particularly those crimes that have historically led to referral into the Sexual Predator Treatment Program at Larned State Hospital.

The Committee made recommendations regarding the Intellectual and Developmental Disability (I/DD) waiver, the pending Community Support waiver, and targeted case management (TCM) services, including requesting a project timeline from KDADS for the Community Support waiver, requesting a fiscal note for increasing day services for individuals on the I/DD waiver from 25 to 40 hours per week, directing KDADS to take a cautious approach with unbundling day services, directing KDADS to develop a plan for improving waitlist data management, and directing KDADS to develop an “Only Willing and Qualified Provider” waiver policy to address rural and frontier concerns about conflict-free TCM.

The Committee made recommendations regarding nursing facility policies, surveying and credentialing processes, and staffing, including preventing pharmacy provider fees from being charged to residents who want to select their own pharmacies; establishing an independent informal dispute resolution process for survey citations; evaluating the hiring of new surveyors and taking appropriate legislative action on this issue during the 2026 Legislative Session; creating multidisciplinary survey teams; establishing an evaluation, survey, or scorecard for providers to survey the surveyors and use results to improve surveying processes; if possible, allocating a portion of Civil Monetary Penalty Reinvestment Fund moneys for training or improving the surveying and credentialing program; authorizing the Secretary for Aging and Disability Services to waive nursing facility and long-term care facility regulations that conflict; considering ways to incentivize self-reporting of issues without negative impact to facilities; raising the salary for Registered Nurse surveyors and other benefits to attract a younger pool of applicants; and requesting a fiscal note for the cost of raising the personal-needs allowance and providing an annual cost-of-living adjustment.

### ***Special Committee on Pharmaceutical Studies***

The Committee reviewed the Report of the Special Committee on Federal 340B Drug Program to the 2022 Kansas Legislature and heard testimony from a variety of conferees. The Committee expressed appreciation for the variety of information provided by the conferees. During discussion, early every member agreed that more transparency is needed in order to administer the 340B program effectively but concerns were raised about how to gather data, protect privacy, and use the data to encourage accountability. The Committee made no formal recommendations to the 2026 Legislature.

### ***Joint Committee on Child Welfare System Oversight***

The Joint Committee on Child Welfare System Oversight made recommendations related to revising the Child Abuse Review and Evaluation Program (KSA 38-2226a) with regard to topics including examination and parental rights; further study of the increased use of legal guardianship as a permanency option for foster youth; further study of liability insurance solutions for case management providers in the state; the passage of legislation concerning notifications to be provided to parents of a child who is the subject of an investigation of abuse or neglect or who has been removed from the home by a law enforcement officer; and certain reports that should be provided to the Committee, including the number of youth in care who are

diagnosed with both autism and substance abuse disorder and the availability of specialized services for such youth, program outcomes of specialized service providers and current services being provided, and options for increasing availability of substance abuse treatment providers.

### ***J. Russell (Russ) Jennings Joint Committee on Corrections and Juvenile Justice Oversight***

The Committee stated it supports Kansas Legal Services in its efforts to conduct expungement clinics and driver's license clinics and conveys that support to the House Committee on General Government Budget.

### ***Joint Committee on Fiduciary Financial Institutions Oversight***

The Committee recommended that the Office of the State Bank Commissioner (OSBC) engage with Beneficient Fiduciary Financial, LLC and obtain any other private or personal assistance necessary to effectively regulate the Technology-enabled Fiduciary Financial Institution (TEFFI) industry and recommended that OSBC meet monthly either in-person or virtually with all TEFFIs.

The Committee proposed one bill allowing the revocation of a TEFFI charter, including an appeal process. The Committee proposed a second bill precluding the State from accepting receivership of a TEFFI that is insolvent or declares bankruptcy.

### ***Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight***

The Committee recommended legislation to remove the current statutory requirement that its April meeting occur during the regular legislative session. The Committee also made recommendations regarding increasing the rate for sedation dentistry mobile providers; increasing funding for additional slots for the Intellectual and Developmental Disability waiver; creating a work group regarding complex wheelchairs, durable medical equipment, or both, to report back to the Committee in 2026; including certain members of the Committee on the Kansas Rural Health Innovation Alliance and any subsequent groups regarding the Rural Health Transformation Program funding; taking legislative action to address the Children's Health Insurance Program eligibility issue; allowing a long-term care resident's choice of pharmacist and prohibiting fees or financial incentives or disincentives for not choosing a long-term care facility's preferred pharmacy; creating an independent surveying process and a committee for independent, informal dispute resolution; continuing support for the Community Support Waiver; and holding informational hearings on artificial intelligence health technology during the 2026 Legislative Session. Further, the Committee recommended commending the Kansas Department of Aging and Disability Services for its efforts to provide a certification program with the Kansas Direct Support Workforce Development Hub to develop direct support workforce career ladders to promote growth and advancement.

### ***Joint Committee on Kansas Security***

The Joint Committee on Kansas Security (Committee) recommended the 2026 Legislature enact a bill to remove sunset provisions enacted in 2024 House Sub. for SB 291 (Chapter 95) regarding the authority of certain information technology (IT) officials to develop cybersecurity plans and plans for information technology (IT) hardware meeting standards; consider legislation to authorize the Governor to issue an emergency declaration for the entirety of official FIFA World Cup 2026 activities so that emergency operations, including coordination among law enforcement and emergency management personnel, can continue uninterrupted throughout the event; and consider legislation to give the State Finance Council sole authority to oversee distribution of funds the State receives in connection with FIFA World Cup 2026. The Committee also concluded it should introduce a bill to authorize law enforcement officers to bring down unmanned aerial systems and that the definition of “law enforcement officer” for this purpose include corrections officers of the Department of Corrections.

The Committee recommended the J. Russell (Russ) Jennings Joint Committee on Corrections and Juvenile Justice Oversight, the Joint Committee on Child Welfare System Oversight, the Joint Committee on Fiduciary Financial Institutions Oversight, and the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight, in a closed meeting, receive briefings of the Legislative Post Audit reports results regarding IT security. The Committee also recommended appropriate legislative committees, including the House Committee on Energy, Utilities and Telecommunication and the Senate Committee on Utilities, investigate and hold hearings on security for power plants dedicated to powering data centers.

### ***Joint Committee on Pensions, Investments and Benefits***

The Committee recommended the House Committee on Appropriations and Senate Committee on Ways and Means consider transferring \$500.0 million from the State General Fund to the Kansas Public Employees Retirement Fund to make additional contributions toward the reduction of the Kansas Public Employees Retirement System (KPERS) unfunded actuarial liability. The Committee also recommended enactment of HB 2086, which would increase the KPERS 3 discretionary dividend credit. Lastly, the Committee recommended the House Committee on Financial Institutions and Pensions and the Senate Committee on Financial Institutions and Insurance explore expanding the Deferred Retirement Option Program to include unified school district employees and options to address cost-of-living adjustments, including dedicated funding sources for potential solutions.

### ***Joint Committee on State Building Construction***

The Committee recommended all five-year capital improvement plans, with the exclusion of the Hutchinson Correctional Facility central unit project. The Committee requested additional information regarding \$750,000 requested for repairs to the Docking State Office Building, decisions about the Kansas State Fair racetrack, road repairs in state parks, the projected timeline for a nursery at the Topeka Correctional Facility, and the number of annual visitors to Kansas State Historical Society sites. It also recommended it revisit discussions of the Hutchinson Correctional Facility central unit renovation or replacement during the 2026 Legislative Session.

### ***Senate Committee on Government Efficiency***

The Committee recommended that a meeting be facilitated between the State Fire Marshal and stakeholders to explore potential legislation to resolve conflicting regulatory authority, to clarify the bounds of authority of the State Fire Marshal, and to create conflict-resolution mechanisms.

### ***Education Funding Task Force***

The Task Force made no formal recommendations to the 2026 Legislature. The Task Force discussed principles the school finance formula should be based on, reviewed the current finance formula, reviewed multiple potential changes to or replacements for current weightings, and received presentations on and discussed other topics related to school finance such as, but not limited to, accountability measures, other states' formulas, and school budgets.

The Task Force is statutorily required to report its recommendations to the Legislature and the Governor by January 11, 2027.



# Report of the Special Committee on Campaign Contributions and Transparency to the 2026 Kansas Legislature

**CHAIRPERSON:** Senator Mike Thompson

**VICE-CHAIRPERSON:** Representative Pat Proctor

**OTHER MEMBERS:** Senators Tory Marie Blew, Elaine Bowers, Brenda Dietrich (replacing Joseph Claeys), Marci Francisco, Caryn Tyson (replacing Rick Kloos), and Kenny Titus (replacing Kellie Warren); and Representatives Emil Bergquist, Shawn Chauncey, Kirk Haskins, Alexis Simmons, William Sutton, and Paul Waggoner

## **STUDY TOPIC**

The Committee is directed to study and make recommendations concerning campaign contribution transparency and verifiability.



# Special Committee on Campaign Contributions and Transparency

## REPORT

### Conclusions and Recommendations

The Special Committee on Campaign Contributions and Transparency submits the following recommendations:

- Increased scrutiny on false political advertising and false statements used in political advertising;
- Further review of adjusting campaign contribution limits in accordance with the Consumer Price Index or a similar metric;
- Further review of maintaining the current limits on disclosure of contributions but requiring persons to report all contributions made for the purpose of express advocacy;
- The Legislature should consider legislation to amend the definition of “express advocacy”;
- The Legislature should consider a bill to direct the Division of Vehicles at the Department of Revenue to share with the Secretary of State information it receives from any other state to identify any person who has held a Kansas driver’s license and is issued a driver’s license in another state, for use in voter registration list reviews. The Committee also recommends the bill declare receiving a driver’s license in another state to be evidence for voter registration purposes that the person intends to be a resident of the new license-issuing state; and
- The Legislature should consider legislation to increase clarity on the definition of “issue advocacy.”

*Proposed Legislation:* None.

### BACKGROUND

The Special Committee on Campaign Contributions and Transparency (Committee) was created by the Legislative Coordinating Council (LCC) to study and make recommendations concerning campaign contribution transparency and verifiability. The Committee was requested in response to a report from three U.S. Congressional House Committees detailing potential illegal activity, including alleged fraudulent donations by

straw donors and foreign actors by a federal political action committee and its fundraising platform.

### COMMITTEE ACTIVITIES

The LCC approved one meeting day for the Committee during the 2025 Interim. Members met at the Statehouse on October 15, 2025.

## October 15, 2025, Meeting

### ***Recent Campaign Finance and Transparency Laws Enacted***

A Senior Assistant Revisor of Statutes presented a memorandum regarding the recent changes in the statutory requirements under the Campaign Finance Act (Act). The Legislature enacted three bills during the 2025 Session that addressed certain campaign contribution limits (HB 2024), modifications to definitions and terminating campaign accounts (HB 2206), and new reporting requirements for campaigns involving constitutional amendments (HB 2106).

### ***Campaign Contributions Reporting Requirements and Elections Laws Litigation Status***

The General Counsel for the Secretary of State provided the Committee with updates on the status of election laws currently in litigation: *Vote America v. Schwab*, *League of Women Voters v. Schwab*, *United KS v. Schwab*, *Kansas Appleseed v. Schwab*, and *Kansans for Constitutional Freedom v. Kobach*.

Additionally, he shared a few of the Secretary of State's legislative proposals for the 2026 Session. The proposals emphasized addressing the redundancy candidates and committees have filing forms with both the Secretary of State and the Kansas Public Disclosure Commission (KPDC), the challenges the KPDC has enforcing the sub-vendor reporting requirement, and the challenges created by requiring a candidate's treasurer's name on a "paid for" attribution. He stated federal officials had commended the State for its voter roll maintenance efforts.

### ***Best Practices for Free Speech in Campaign Finance and Lobbying Laws***

The President of the Institute for Free Speech presented guiding principles and best practices for free speech in campaign finance and lobbying laws. For best practices, the President explained the only recognized purpose of campaign finance laws is preventing *quid pro quo* corruption or its appearance; therefore, any restriction must be rooted in such prevention. Additionally, he stated, laws should be simple to help persons comply and make disclaimers more effective, and grassroots advocacy should not be regulated, as it is vital to a

representative democracy. The President then presented specific recommendations for Kansas, suggesting that:

- Donor disclosure thresholds should be raised;
- The disclosure form recommended by the Federal Election Commission (FEC) should be adopted;
- An internet exemption should be added for posts for which no fee is paid on the internet;
- Enforcement should not be used to provide guidance as to the meaning of the law; the Legislature should clarify vague laws;
- A provision should be added to the Act that if there is more than one reasonable interpretation of any provision of the Act, it shall be applied to maximize the right of freedom of speech and the press;
- The ban on a legislator or candidate forming a political action committee should be repealed;
- Contribution limits to political parties should be removed; and
- Contribution limits should be indexed to inflation.

The Chairman and Founder of the Institute of Free Speech, who is also a former chairman of the FEC, emphasized thresholds must be high enough to be meaningful. He explained that when there is so much information including everyone that donates \$50, it is harder for an individual to discern the donors giving larger amounts. Additionally, the Chairman reinforced the suggestion that campaign contribution limits should be indexed to inflation so they go up automatically.

### *Transparency in Kansas Elections*

A self-described retired data scientist familiar with Kansas campaign laws presented challenges to transparency Kansas faces in the areas of digital transparency, voter registration and voter lists, campaign finance, election results, and nonprofits and dark money.

In response to questions from Committee members, the data scientist also explained “smurfing” schemes, in which a stolen contributor name and address is used to make contributions, and that if the contributions are small enough, they need not be disclosed to the KPDC. He posited that allowing same-day registration at a polling place on election day may be a method to address voter registration bloat at the University of Kansas and Kansas State University. He also explained that nonprofit organizations may legally spend money on independent expenditures without reporting it as long as they avoid the nine key phrases that make their expenditure “express advocacy.”

### *30,000-foot View on the Path Ahead*

An attorney presented a contextual overview of recent changes to the Act, including recommendations of the 2023 Special Committee on Governmental Ethics Reform and Campaign Finance Law, recent court decisions, and legislation enacted in 2025. He further addressed some of the procedural statutes governing the KPDC that have not yet been addressed but have been part of the conversation since 2023. He advocated for 2025 SB 279, currently in the Senate Committee on Federal and State Affairs, which contains provisions addressing those procedural statutes. Additionally, he advocated that the Public Speech Protection Act be amended to include this sentence: “Any action seeking compliance with or enforcement of a subpoena shall be considered a claim under this Act.”

### *Kansas Public Disclosure Commission*

The Executive Director of the KPDC was in attendance and was invited to address the Committee. The Executive Director addressed outstanding questions from earlier in the day and stood for additional questions. The Committee requested information on topics including campaign donations, terminating campaign

accounts, provisions in the Act, and the KPDC absorbing certain duties from the Secretary of State. The Committee expressed gratitude for his attendance.

### *State Trends on Campaign Contributions and Transparency*

A Kansas Legislative Research Department (KLRD) Senior Research Analyst presented a memorandum detailing legislation introduced in 2025 addressing concerns on unverified online donations and on contributors unknowingly making recurring contributions.

## **CONCLUSIONS AND RECOMMENDATIONS**

Following discussion, the Committee made the following recommendations:

- Increased scrutiny for false political advertising and false statements used in political advertising. The Committee discussed the impact false advertising can have on the lives of candidates and their immediate families;
- Further review of adjusting campaign contribution limits in accordance with the Consumer Price Index or a similar metric. The Committee acknowledged the challenges this can present, if a direct correlation makes the contribution limit specific to, for example, \$93, and discussed rounding it to the nearest \$25 or reviewing it every 5 years;
- Further review on maintaining the current limits on disclosure of contributions but requiring persons to report all contributions made for the purpose of express advocacy. The Committee discussed that candidates and committees would still be allowed to disclose all contributors, if they chose to do so. Further, the Committee discussed this proposal could address concerns regarding the “smurfing” scheme noted by a conferee;
- The Legislature should consider legislation to amend the definition of

“express advocacy.” The Committee acknowledged the risk of going too broad in the definition; however the continual practice of nonprofits operating as political committees except for using the nine phrases defined as express advocacy and disclosing nothing is also a concern of the Committee;

- The Legislature should consider a bill to direct the Division of Vehicles at the Department of Revenue to share with the Secretary of State information it receives from any other state to identify any person who has held a Kansas driver’s license and is issued a driver’s license in another state, for use in voter registration list reviews. The Committee also recommends the bill declare receiving a driver’s license in another state to be evidence for voter registration purposes that the person intends to be a resident of the new license-issuing state. The Committee discussed the different definitions of “residency” in statute, and considered this recommendation as an option to address

concerns with the “bloat” in the voter registry noted by a conferee; and

- The Legislature should consider legislation to increase clarity on the definition of “issue advocacy.” The Committee noted the term “issue advocacy” is absent in the Campaign Finance Act, and while there are Attorney General opinions on the matter, statutes could benefit from having more clarity.

Additionally, the Committee discussed the topic of same-day voter registration. It was noted that allowing same-day voter registration may be an avenue to rectify the complications that would come with allowing county clerks and election officials to remove many disengaged voters from the voter rolls, while still complying with federal law. It was further noted it is an individual’s civic duty to ensure they are correctly registered to vote within the existing allowable time frame.

The Committee also requested KLRD keep the Committee members informed on the progress of HR 4511 in Congress.

# Report of the Special Committee on Commerce to the 2026 Kansas Legislature

**CHAIRPERSON:** Representative Sean Tarwater

**VICE-CHAIRPERSON:** Senator Larry Alley

**OTHER MEMBERS:** Senators Brenda Dietrich, Oletha Faust Goudeau, Jeff Klemp, Stephen Owens, Kenny Titus, and Caryn Tyson; and Representatives Stephanie Sawyer Clayton, Nick Hoheisel, Mike King, Adam Turk, Barb Wasinger, and Rui Xu

## **STUDY TOPIC**

The Committee is directed to study and make recommendations concerning:

- Issues related to the regulation and utilization of cryptocurrency, including steps Kansas could take to encourage investments in cryptocurrency as a tool for economic development;
- Housing in Kansas, including:
  - Evaluating existing housing tax credits and their cost analysis;
  - The effectiveness of other state housing programs, such as the Reinvestment Housing Incentive District program;
  - Banking and nonprofit programs that support housing;
  - Local government incentives that address housing shortages; and
  - Local zoning ordinance reforms;
- The effectiveness and efficiency of the State's reciprocal occupational licensing program and its involvement in licensing compacts;
- Regulatory review and reform, including:
  - Reviewing burdensome regulations for various industries;

- Assessing regulatory jurisdiction and the underlying rationale for these regulations;
- What other states are doing with regulations; and
- Whether the State can safely lessen or remove regulations and any safeguard that would be appropriate; and
- Major economic development incentive programs, including:
  - Reviewing reports of recent program audits;
  - The effectiveness and rate of return on the State's investment in its major economic development incentives; and
  - Whether incentive programs should be continued, reviewed further, or modified to increase transparency, effectiveness, and rates of return.

# Special Committee on Commerce

## REPORT

### Conclusions and Recommendations

The Committee made recommendations regarding each of the following topics of study.

#### Cryptocurrency

Regarding cryptocurrency, the Committee recommended the Legislature:

- Address concerns related to the potential for fraud introduced by the use of digital currency kiosks and ATMs for cryptocurrency transactions;
- Consider legislation such as the Smart Cryptocurrency Rules Act to provide definitions, streamline the rules and regulations process and ease burdens on regulators, and facilitate a uniform policy of regulation of cryptocurrency within the state of Kansas;
- Consider legislation such as the Right to Compute Act to limit government intervention in uses of technology; and
- Further study the issue of cryptocurrency to better understand how it functions and receive additional information that would help to clarify its legal status.

#### Housing

Regarding affordable and available housing, the Committee recommended the Legislature:

- Explore ways to break down government barriers to development of affordable housing; and
- Consider legislation that will remove burdensome regulations that may be inhibiting developers from investing in affordable housing projects.

#### Occupational Licensing

Regarding occupational licensing, the Committee recommended the Legislature:

- Work with agencies to identify potential issues with occupational licensing and licensing compacts and adopt any changes necessary to resolve such issues;
- Enact any necessary changes to statutory authority for background checks needed to implement enacted licensing compacts and ensure future licensing compact statutes are enacted in a manner consistent with Federal Bureau of Investigation requirements for performance of background checks for compact purposes; and

- Pursue legislation to provide for state-level licensing of electricians and other trades.

## **Regulatory Reform**

Regarding regulatory reform, the Committee recommended the Legislature:

- Reconsider the No-Impact Home-Based Business Fairness Act introduced during the 2025 Session and resolve any outstanding concerns of stakeholders;
- Fund the 1.5 FTE positions requested by the Office of the Attorney General to implement the regulatory sandboxes program;
- Further examine concerns raised by the State Fire Marshal regarding the need for an alternative regulatory path for state agency adoption of nationally recognized safety standards and review enacted Florida legislation or other state legislation to address this issue;
- When granting regulatory authority, limit the scope of granted authority to prevent agencies from acting in unanticipated ways, avoid imposition of deadlines by which regulations must be adopted, avoid ambiguous language regarding requirements related to the implementation of regulations, and avoid mandating requirements for regulations that can be avoided by drafting them in an alternative form;
- Consider legislation that provides for public input early on in the regulatory drafting process, an expedited processing for certain critical regulations, and distinct processes for technical amendments and substantive amendments to regulations;
- Clarify legislative intent with regard to adoption of rules and regulations when granting regulatory authority;
- Review the recommendations made by the Cicero Institute with regard to reform of rules and regulations; and
- Consider policies to enable special exemptions to regulations to make short-term rental housing more available for the 2026 World Cup.

## **Economic Development Incentives**

Regarding economic development initiatives, the Committee recommended the Legislature:

- Consider elimination of credits that are underutilized, defunct, or not achieving their intended goals, in addition to any tax credits that are not currently being utilized;
- Renew the Angel Investor and Kansas Aviation tax credits and extend the sunset for the STAR Bonds program;
- Review energy incentives for data centers to determine whether data centers should be required to supply their own electricity generation;
- Establish a council composed of legislators and stakeholders in the areas of energy,

utilities, and commerce to study the energy needs of Kansas and consider the implementation of a comprehensive statewide energy resource management plan;

- Review recommendations made by the Legislative Division of Post Audit and consider legislation requiring performance metrics for assessing program success; and
- Review the Kansas Department of Revenue’s report related to outstanding tax credit liability at the beginning of the 2026 Legislative Session and clarify issues related to the transferability of High Performance Incentive Program credits.

*Proposed Legislation:* None.

## BACKGROUND

The Special Committee on Commerce (Committee) was created by the Legislative Coordinating Council to study issues related to cryptocurrency, housing, occupational licensing, regulatory reform, and economic development programs.

## COMMITTEE ACTIVITIES

The Committee met at the Statehouse on October 22, 23, and 27, 2025.

- At the October 22 meeting, the Committee reviewed information on cryptocurrency during the morning session and information on housing in the afternoon.
- At the October 23 meeting, the Committee reviewed information on occupational licensing in the morning session and information on regulatory reform in the afternoon.
- At the October 27 meeting, the Committee reviewed additional information on regulatory reform and information on economic development programs.

### October 22, 2025, Meeting

#### *Cryptocurrency*

The Vice President of the National Cryptocurrency Association provided an introduction to some of the basic concepts of cryptocurrency and discussed trends in its

utilization by private individuals and governments. The conferee presented the results of a survey of cryptocurrency holders and their attitudes toward the use of cryptocurrency.

Kansas Legislative Research Department (KLRD) staff provided an update on federal cryptocurrency policy. The update included information on the recently enacted Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act of 2025, additional cryptocurrency legislation under consideration, and two relevant executive orders issued by President Trump.

Representatives of the American Legislative Exchange Council (ALEC) discussed considerations for Kansas in evaluating cryptocurrency policy and the benefit of adopting model legislation providing targeted regulation of cryptocurrency at the state level, especially as it relates to consumer protection and anti-discrimination concerns.

#### *Housing*

Representatives of Ad Astra Development, Heartland Housing Partners, and AeroPlains Homes discussed solutions for affordable and available housing from the perspective of housing developers. The conferees discussed housing policy in Kansas and the importance of housing programs such as the Kansas Housing Investor Tax Credit, Moderate Income Housing Grants, and Reinvestment Housing Incentive Districts (RHID).

A representative of Habitat for Humanity Kansas discussed the state of housing in Kansas and strategies the organization is using to increase

housing supply and make housing more affordable.

A Senior Fellow and Co-director of the AEI Housing Center discussed legislative strategies for making housing more available and affordable through targeted policy changes. The conferee discussed the impact of zoning requirements and local regulatory environments on housing development.

A representative of Flint Hills Holdings Group discussed the impact of changes to the Kansas Affordable Housing Tax Credit (KAHTC) program made during the 2025 Legislative Session (HB 2289). The conferee discussed the importance of housing development investment incentive programs such as the KAHTC to solving the housing supply and affordability issues in the state.

A representative of Pacific Legal Foundation presented information on building reforms to reduce local regulatory burdens that inhibit housing development. The conferee encouraged the Legislature to adopt ALEC's By-Right Housing Development Act, which provides for automatic (non-discretionary) approval of housing development projects that comply with existing zoning and land-use laws to reduce delays in approving development projects while aiming to make the approval process more fair and predictable for housing developers.

A representative of the Institute for Justice discussed issues contributing to a lack of housing affordability nationwide and in Kansas. The conferee discussed the importance of protecting property rights and seeking to expand economic liberty by promoting reforms to local regulations impacting housing development.

An Emporia City Commissioner and President of the Kansas Association of REALTORS discussed the Revolving Loan Fund program and its positive impact on housing development in Kansas, in addition to providing information on zoning regulations and the impact on targeted reforms through the application of forms-based zoning codes as an alternative to traditional approaches to zoning.

KLRD staff presented information related to zoning requirements in eight Kansas cities: Kansas City, Lawrence, Manhattan, Olathe, Overland Park, Shawnee, Topeka, and Wichita.

## **October 23, 2025, Meeting**

### ***Occupational Licensing***

KLRD staff presented an overview of occupational licensure in Kansas and reviewed interstate licensure compacts enacted in the state.

The Executive Director of the State Board of Healing Arts and the Executive Director of the Behavioral Sciences Regulatory Board discussed the administration of interstate licensure compacts from the perspectives of their respective agencies, provided an update on the status of enacted licensure compacts under their purview, and discussed specific challenges in the implementation of certain interstate compacts.

The Information Services Director of the Kansas Bureau of Investigation (KBI) discussed challenges in the implementation of the Physical Therapy Compact resulting from requirements of the Federal Bureau of Investigation (FBI) for performing background checks in coordination with state agencies. The conferee reported a resolution had been reached with respect to a delay in the implementation of background checks that would enable implementation of affected licensure compacts to move forward.

A representative of the American Physical Therapy Association provided a brief overview of the issues involved in the delayed implementation of the Physical Therapy Compact and voiced support for any steps that could be taken to avoid such delays in the implementation of future compacts.

The Senior Director of Government Affairs of the Kansas Chamber of Commerce weighed in on the issue of delayed implementation of interstate compacts due to the requirements for information sharing between the KBI and the FBI and recommended the Legislature adopt language to clarify the relevant issues in statute.

The Director of Manufacturing for NorthWind Technical Services discussed business challenges associated with local licensing of electricians in

Kansas. The conferee noted that because of the lack of state-level licensure, the company's technicians are required to be licensed in each city in which they work, in addition to state-level licenses in each state in which they work. The conferee indicated these issues could be resolved through state-based licensing, which would allow the company's technicians to work anywhere in Kansas and be accepted through reciprocity options that exist for most states with state-level licenses.

The Executive Vice President of Associated General Contractors of Kansas discussed similar issues with local licensing of other construction trade contractors and advocated for streamlining licensing through a state-based licensing model in which enforcement would occur at the local level, similar to the model adopted by Texas and Oklahoma.

Office of Revisor of Statutes staff provided an overview of SB 30, as agreed to in conference during the 2025 Legislative Session, which would provide for legislative review and prior approval of changes to occupational licensing regulations.

### ***Regulatory Reform***

The General Counsel for the Secretary of State provided information on the rule and regulation process in Kansas and suggested a number of steps the Legislature could take to improve the regulatory environment in the state. The General Counsel suggested the Legislature clarify its intent when granting rule-making authority and implement policies to streamline rule-making and increase transparency and accountability by allowing more public input earlier in the process.

A representative of the Goldwater Institute discussed the impact regulations have on home-based businesses and the importance of protecting small home-based businesses engaged in activities otherwise generally permitted in residential areas (referred to as "no-impact home-based businesses") from over-regulation.

The Deputy State Director of Americans For Prosperity, Kansas provided similar testimony, expressing support for legislation that would reduce or eliminate burdensome regulations on no-impact home-based businesses. The conferee

recommended further consideration and enactment of HB 2343, the No-Impact Home-Based Business Fairness Act, which was introduced during the 2025 Session.

The President and Chief Executive Officer of United WE discussed the impact of occupational licensing regulations on women's participation in the workforce. The conferee encouraged the Legislature to adopt reforms to the regulatory process for occupational licensing regulations, including requiring prior legislative review and approval of any new regulations or changes to existing regulations for occupational licensing prior to their adoption.

The Deputy Attorney General for the Civil Division of the Office of the Attorney General provided an update on the status of the general regulatory sandbox program and Office of Regulatory Relief created by enactment of HB 2291 during the 2025 Session. The Deputy Attorney General indicated the program is moving forward but requested funding for an additional 1.5 FTE positions be authorized by the 2026 Legislature to enable the agency to fully implement the program.

The Chief Deputy State Fire Marshal provided an update on rules and regulations administered by the State Fire Marshal and discussed the importance of fire safety regulations. The Chief Deputy highlighted some concerns with the current rule-making process as it relates to adoption of standardized codes and recommended the Legislature consider developing an alternative regulatory path for adopting changes to such standards similar to legislation enacted in Florida.

## **October 27, 2025, Meeting**

### ***Regulatory Reform***

A Senior Fellow with the Cicero Institute discussed the impact of regulatory complexity and accumulation of regulations on economic activity, hindering growth and innovation. The conferee recommended a variety of reforms for the Legislature to consider, including, but not limited to, automatic sunset of regulations, improving transparency and quality of rule-making data, requiring retrospective cost-benefit analysis of rules, restoring legislative authority to approve regulations before they take effect, and

establishing a process of independent oversight and review of regulations.

### ***Economic Development Incentives***

KLRD staff presented an overview of Kansas economic development policy and programs.

The Deputy Post Auditor, Kansas Legislative Division of Post Audit, presented a review of performance audits of economic development programs and summarized key recommendations from relevant reports dating back to 2020. The Deputy Post Auditor made a variety of suggestions for improving the effectiveness of evaluating economic development incentive programs, including clarifying the purpose or purposes of each incentive, requiring specific measures or criteria that evaluations must include to determine an incentive's effectiveness, and identifying and requiring agencies to collect data necessary to determine whether such measures are being met.

The Vice President of Government Affairs of the Kansas Chamber of Commerce discussed a review of the State's economic incentive programs and proposed the elimination of 21 credits due to lack of use or effectiveness. The conferee highlighted the need to eliminate the Rural Opportunity Zones program, suggesting money spent on the program would result in more economic growth if applied to statewide job development incentives. The conferee discussed the importance of retaining the Promoting Employment Across Kansas (PEAK) program, High Performance Incentive Program (HPIP), and the Angel Investors Tax Credit as important economic development tools for Kansas.

The President of the Wyandotte Economic Development Council discussed the importance of economic development incentive programs in Kansas for remaining competitive economically, creating jobs, and contributing to economic diversification and growth of capital investments. The conferee recommended the Legislature regularly review all of its incentive programs for purposes of accountability, transparency, and improved program outcomes.

The Managing Director of State Tax Incentives for CBIZ presented information on the importance of HPIP as a tool of economic

development in Kansas and discussed a number of recommendations for improving the effectiveness of the program.

The Head of Government Relations and Community Relations for Spirit AeroSystems discussed the importance of PEAK and HPIP for job creation in Kansas and the development of manufacturing in the state. The conferee also discussed the Kansas Aviation Tax Credit as an important recruiting tool that benefits both employers and employees and adds value to the aerospace manufacturing industry in Kansas.

A member of the Wichita Regional Chamber of Commerce discussed the value of HPIP, PEAK, and the Kansas Aviation Tax Credit in contributing to workforce development and economic growth in Kansas and encouraged the Legislature to continue making investments in these programs.

The Chief Operating Officer of Hageman Capital provided information on Tax Increment Financing (TIF) and described how Indiana has been using developer-backed TIF bonds to shift the risk from public taxpayers onto private developers and investors through taxpayer agreements. The conferee indicated the approach incentivizes greater investments through mutually beneficial outcomes for local governments, developers, and investors.

The Deputy Secretary of Business Development for the Kansas Department of Commerce reviewed major economic incentive programs administered by the Department. The Deputy Secretary discussed the value that Kansas' economic development incentives add to the state's economy and workforce and provided an overview of the economic impacts and return on investment of several specific programs, including early outcomes of the agreement with Panasonic under the Attracting Powerful Economic Expansion (APEX) program.

The Director of Policy and Research for the Kansas Department of Revenue (KDOR) provided an overview of the administration of tax credits. The Director discussed the mechanics of credit administration and highlighted challenges associated with the administration of certain types of credits, including navigating complex eligibility requirements and logistical challenges involved in

tracking transferable credits with long-term carry-forward periods across taxpayers. The conferee described steps KDOR is taking to address such challenges.

## CONCLUSIONS AND RECOMMENDATIONS

During the October 22 and October 23 meetings, the Committee discussed preliminary recommendations. During the October 27 meeting, the Committee reviewed its preliminary recommendations and made final recommendations.

Regarding cryptocurrency, the Committee recommended the Legislature:

- Address concerns related to the potential for fraud introduced by the use of digital currency kiosks and ATMs for cryptocurrency transactions;
- Consider legislation such as the Smart Cryptocurrency Rules Act to provide definitions, streamline the rules and regulations process and ease burdens on regulators, and facilitate a uniform policy of regulation of cryptocurrency within Kansas;
- Consider legislation such as the Right to Compute Act to limit government intervention in uses of technology; and
- Further study the issue of cryptocurrency to better understand how it functions and receive additional information that would help to clarify its legal status.

Regarding affordable and available housing, the Committee recommended the Legislature:

- Explore ways to break down government barriers to development of affordable housing; and
- Consider legislation that will remove burdensome regulations that may be inhibiting developers from investing in affordable housing projects.

Regarding occupational licensing, the Committee recommended the Legislature:

- Work with agencies to identify potential issues with occupational licensing and licensing compacts and adopt any changes necessary to resolve such issues;
- Enact any necessary changes to statutory authority for background checks needed to implement enacted licensing compacts and ensure future licensing compact statutes are enacted in a manner consistent with FBI requirements for performance of background checks for compact purposes; and
- Pursue legislation to provide for state-level licensing of electricians and other tradespeople.

Regarding regulatory reform, the Committee recommended the Legislature:

- Reconsider the No-Impact Home-Based Business Fairness Act introduced during the 2025 Session and resolve any outstanding concerns of stakeholders;
- Fund the 1.5 FTE positions requested by the Office of the Attorney General to implement the regulatory sandboxes program;
- Further examine concerns raised by the State Fire Marshal regarding the need for an alternative regulatory path for state agency adoption of nationally recognized safety standards and review enacted Florida legislation or other state legislation to address this issue;
- When granting regulatory authority, limit the scope of granted authority to prevent agencies from acting in unanticipated ways, avoid imposition of deadlines by which regulations must be adopted, avoid ambiguous language regarding requirements related to the implementation of regulations, and avoid mandating requirements for regulations

that can be avoided by drafting them in an alternative form;

- Consider legislation that provides for public input early on in the regulatory drafting process, an expedited processing for certain critical regulations, and distinct processes for technical amendments and substantive amendments to regulations;
- Clarify legislative intent with regard to adoption of rules and regulations when granting regulatory authority;
- Review the recommendations made by the Cicero Institute with regard to reform of rules and regulations; and
- Consider policies to enable special exemptions to regulations to make short-term rental housing more available for the 2026 World Cup.

Regarding economic development initiatives, the Committee recommended the Legislature:

- Consider elimination of credits that are underutilized, defunct, or not achieving their intended goals, in addition to any tax

credits that are not currently being utilized;

- Renew the Angel Investor and Kansas Aviation tax credits and extend the sunset for the STAR Bonds program;
- Review energy incentives for data centers to determine whether data centers should be required to supply their own electricity generation;
- Establish a council composed of legislators and stakeholders in the areas of energy, utilities, and commerce to study the energy needs of Kansas and consider the implementation of a comprehensive statewide energy resource management plan;
- Review recommendations made by the Legislative Division of Post Audit and consider legislation requiring performance metrics for assessing program success; and
- Review the KDOR report related to outstanding tax credit liability at the beginning of the 2026 Legislative Session and clarify issues related to the transferability of HPIP credits.

# Report of the Special Committee on Federal and State Affairs to the 2026 Kansas Legislature

**CHAIRPERSON:** Representative Tom Kessler

**VICE-CHAIRPERSON:** Senator Mike Thompson

**OTHER MEMBERS:** Senators Mike Argabright, Tory Marie Blew, Oletha Faust Goudeau, Rick Kloos, Brad Starnes, and Adam Thomas; and Representatives Francis Averkamp, Sherri Brantley, Kyle McNorton, Silas Miller, Brooklynne Mosley, Rebecca Schmoe, and Stephanie Sawyer Clayton (substitute member).

## STUDY TOPIC

The Committee is directed to:

- Review national and state background information, including constitutional provisions, statutes, and regulations;
- Review the original intent behind the Kansas system of state-owned and -operated casinos that are overseen by the Kansas Lottery;
- Evaluate current and historical sports wagering revenues and expenditures, including the flow of funds from an initial wager to deposit in the State General Fund;
- Compare the amount of revenues from in-person and online wagers;
- Review the protocols for data security and personal information collection by sports wagering platforms; and

- Compare the Kansas regulatory system with those of other sports wagering states, specifically reviewing regulatory structures, revenue models, and outcomes.

# Special Committee on Federal and State Affairs

## REPORT

### Conclusions and Recommendations

The Special Committee on Federal and State Affairs (Committee) recommends the 2026 Legislature consider the information and perspectives provided to and discussed by the Committee.

The Committee further agrees that the following topics should be explored in more depth:

- Whether to place a sunset date in statutory provisions creating the Attracting Professional Sports to Kansas Fund, if a professional sports team does not choose to relocate to Kansas;
- Requesting a study concerning whether a correlation exists between sports wagering and intimate partner violence;
- Ways to gain additional revenue from sports wagering;
- Whether raising the tax rate would result in consumers utilizing non-regulated gaming;
- Conducting a more granular study on the wins or losses experienced by Kansas consumers since the 2022 implementation of sports wagering;
- Drafting legislation to specify parameters for future contracts between the Kansas Lottery and state-owned casinos; and
- Promotional deductions and the effects these deductions have had on sports wagering revenue and on consumers.

*Proposed Legislation:* None.

### BACKGROUND

The study directive from the Legislative Coordinating Council (LCC) to the Special Committee on Federal and State Affairs (Committee) was to review background information, review the original intent behind the state-owned casino policies in Kansas, evaluate and compare current and historic sports wagering revenues, compare the revenues from wagers placed online and in-person, review protocols for data security and collection of personal information, and compare the Kansas system with

that of other states with sports wagering operations.

The LCC authorized one meeting day for the Committee during the 2025 Interim.

### COMMITTEE ACTIVITIES

The Committee heard informational presentations from legislative and state agency staff and heard testimony from representatives of sports wagering stakeholders, including casinos,

sports wagering operators, and sports wagering vendors at its meeting on September 22.

## **Legal Structure Overview**

A Senior Assistant Revisor, Office of Revisor of Statutes, provided an overview of the structure of sports wagering laws and casino laws in Kansas. He described the evolution of gambling laws in Kansas, including the policies that allow state-owned and -operated casinos to offer sports wagering.

## **Overview of Casinos and Sports Wagering Administration**

The Executive Director of the Kansas Lottery (Lottery) discussed how the Lottery oversees casino and sports wagering operations in Kansas. He discussed how the contracts with sports wagering operators will expire in 2027 and noted that the majority of sports wagering funds are paid back to players as prizes. The Executive Director answered questions from the Committee concerning the amount of revenue received to date and the Attracting Professional Sports to Kansas Fund.

## **Review of Sports Wagering Revenue Flow**

A Kansas Legislative Research Department (KLRD) Fiscal Analyst presented information to the Committee concerning the flow of sports-wagering revenues in Kansas. She noted the various amounts or percentages of revenue that are directed to various funds by statute and provided information concerning the amounts each fund has received since sports wagering operations began.

## **Presentation on Sports Wagering Revenue and Administration in Other States**

A KLRD Senior Research Analyst presented information to the Committee concerning sports wagering administration in other states. She compared the policies of other states, noting how certain states contract with sports wagering operators and the difference in sports wagering revenue tax rates.

A KLRD Fiscal Analyst presented information concerning the amount of sports wagering revenue collected by other states. She explained that some states collect a percentage of the gross revenue

while other states, such as Kansas, collect a percentage of the net revenue.

## **Testimony from Kansas Star Casino and Sports Wagering Operators and Vendors**

The Boyd Gaming Vice President of Governmental Affairs, on behalf of Kansas Star Casino, testified about the investment his company has made in Kansas and discussed a scholarship fund the casino funds and administers. He answered questions concerning jobs at Kansas Star, the amount of the casino's overall business related to sports wagering, and preferred contract terms.

A representative of the Sports Betting Alliance presented testimony. The representative stated the Alliance is an industry coalition of several sports wagering operators. He discussed the current revenue in Kansas and stated the Alliance expects a higher tax rate in Kansas will result in higher costs for consumers, consisting of worse odds and fewer promotions.

The representative of the Sports Betting Alliance also discussed how the operators treat consumer data. He stated the operators' mobile wagering applications use two-factor authentication to secure access to customer accounts. The representative answered questions concerning promotions and illegal market entrants.

The State Advocacy Director of the iDevelopment & Economic Association (iDEA) stated iDEA is a trade organization composed of sports wagering operators and vendors. The Director discussed how sports wagering revenue has grown nationwide and that operators step in when state regulators have gaps in the services needed for problem gamblers. He further discussed the steps iDEA members take to keep data safe and the potential effects of raising the tax rate in Kansas. The Director answered questions from the Committee concerning whether the Kansas market is considered successful and safety measures sports wagering operators have implemented in their mobile applications.

## **Problem Gambling Presentation**

Representatives of the Learning Tree Institute at Greenbush presented information to the Committee concerning the 2025 Gambling Survey. The Greenbush representatives stated the Survey was conducted on behalf of the Kansas Department for Aging and Disability Services (KDADS). The representatives indicated that the Survey compares data with that of a survey conducted five years ago and the 2025 survey found rates of gambling have risen in that time, which coincides with the legalization of sports wagering in Kansas.

The Greenbush representatives discussed other conclusions of the report related to the intersection of gambling and public health. They noted a widening gap between gambling promotion and public health messaging and that respondents indicated a declining confidence in identifying problem gambling. A Commissioner for Behavioral Health, KDADS, answered questions concerning the volume of calls placed to the problem gambling hotline and stated that additional funding has been spent on addiction services.

## **National Problem Gambling Database Presentation**

A representative of idPair discussed his company's work in implementing the National Voluntary Self-Exclusion Program (Program). He stated that Kansas implementation of the Program would allow individuals who are on the self-exclusion list to also place themselves on the exclusion list in other states that are part of the Program. In response to questions, the representative stated the Program was launched in California in August 2024. He described how a user would complete the self-exclusion process and stated Kansas would need to give permission to the Kansas Lottery and the Kansas Racing and Gaming Commission to implement the Program.

## **Committee Discussion**

Committee members discussed their positions and concerns on topics and information presented

during the meeting. Committee members agreed to a list of topics for further consideration by the Legislature.

## **CONCLUSIONS AND RECOMMENDATIONS**

Following discussion, the Committee agreed to recommend the Legislature consider the information and perspectives provided to and discussed by the Committee.

The Committee further agreed that the following topics should be explored in more depth:

- Whether to place a sunset date in statutory provisions creating the Attracting Professional Sports to Kansas Fund, if a professional sports team does not choose to relocate to Kansas;
- Requesting a study concerning whether a correlation exists between sports wagering and intimate partner violence;
- Ways to gain additional revenue from sports wagering;
- Whether raising the tax rate would result in consumers utilizing non-regulated gaming;
- Conducting a more granular study on the wins or losses experienced by Kansas consumers since the 2022 implementation of sports wagering;
- Drafting legislation to specify parameters for future contracts between the Kansas Lottery and state-owned casinos; and
- Promotional deductions and the effects these deductions have had on sports wagering revenue and on consumers.



# Report of the Special Committee on Health and Social Services to the 2026 Kansas Legislature

**CHAIRPERSON:** Representative Will Carpenter

**VICE-CHAIRPERSON:** Senator Beverly Gossage

**OTHER MEMBERS:** Senators William Clifford, Renee Erickson, Cindy Holscher, Michael Murphy, Stephen Owens (substitute September 24 and 25), TJ Rose, Adam Thomas, and Mike Thompson (substitute September 24 and October 1); and Representatives Ron Bryce, David Buehler, Melissa Oropeza, Sandy Pickert, Allen Reavis, and Susan Ruiz.

## STUDY TOPIC

The Committee is directed to:

- Review the state's process in developing a plan to comply with federal requirements regarding targeted case management, the potential impact on the intellectual and developmentally disabled community and service providers if the provider services limitation was set at 25 hours per week, and the current projections for the Intellectual and Developmental Disability (I/DD) waitlist for FY 2026; and consider strategies to address the I/DD waiver workforce issues and strategies to end the I/DD waitlist;
- Study the shortage of state employees at the state hospitals and the usage of contract staff to address vacancies and consider alternatives to utilizing contract staff at the state hospitals, including considering the possibility of privatizing state hospital functions; and
- Study the process of credentialing and surveying nursing facilities, including reviewing staffing levels and training requirements and the immediate jeopardy fines levied against nursing facilities in the past five years.

December 2025

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# Special Committee on Health and Social Services

## REPORT

### Conclusions and Recommendations

The Special Committee on Health and Social Services made recommendations to the 2026 Legislature regarding the three topics of focus during the Committee’s meeting days.

#### State Hospitals and Contract Nursing

The Committee made the following recommendations to address the reliance on contract nursing in the state hospitals:

- Request that the Kansas Department for Aging and Disability Services (KDADS) study and develop cost-effective alternatives to staff the patient populations at the Kansas state hospitals to maximize available beds and staffing while minimizing contract nursing costs, with an emphasis on improvements at Larned State Hospital (LSH). Consider all mental health treatment options, providers, and locations in regard to this request and plan to begin implementation in late 2026 or early 2027;
- Request that KDADS create a comprehensive list of all publicly funded behavioral health service providers, what services they provide, and who they serve;
- Study ways to incentivize and attract additional nursing faculty, such as an hourly stipend to increase pay. Request testimony on this issue from the Kansas Nursing Workforce Center, the Kansas Community College Association, and other stakeholders and reconvene the Committee during the 2026 Session to consider options;
- Direct KDADS to work with the Department of Administration to determine how to allow the state hospitals to create internal PRN (*pro re nata* or “as the need arises”) nursing positions as a strategy for decreasing reliance on contract nursing;
- Increase the transfer of funds from lottery vending machine sales that support the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund within KDADS;
- Consider ways to promote or incentivize hospitals to become State Institutional Alternative facilities for inpatient psychiatric treatment; and
- Study sentencing guidelines for sexually violent crimes, particularly those crimes that have historically led to referral into the Sexual Predator Treatment Program at LSH, and consider increasing the penalty level for individual crimes.

#### Intellectual and Developmental Disability Waiver and Targeted Case Management

The Committee made the following recommendations regarding the Intellectual and Developmental Disability (I/DD) waiver, the pending Community Support waiver, and targeted case management (TCM) services:

- Request a project timeline from KDADS for the Community Support waiver to be submitted and approved by the Centers for Medicare and Medicaid Services (CMS);
- Request a fiscal note for increasing day services from 25 to 40 hours per week and consider this increase for individuals on the I/DD Home and Community Based Services waiver;
- Direct KDADS to take a cautious approach with unbundling day services and make efforts to create policy that can preserve existing employment and services that are working for individuals on the I/DD waiver;
- Direct KDADS to develop a plan for improving waitlist data management, including a portal for individuals and their families and caregivers to access that will, at a minimum, provide information about their position on the waitlist; and
- Direct KDADS to develop an Only Willing and Qualified Provider waiver policy to address rural and frontier concerns about conflict-free TCM.

### **Nursing Facility Surveying, Certification, Credentialing, and Fines**

The Committee made the following recommendations regarding nursing facility policies, surveying and credentialing processes, and staffing:

- Consider ways to prevent facilities from charging pharmacy provider fees to residents who want to select their own pharmacies;
- Consider establishing an independent informal dispute resolution process.
- Request that KDADS present testimony in 2026 to the appropriate health committee(s) regarding the status of hiring new surveyors. Evaluate whether supplemental or temporary services are needed and take appropriate action on this determination during the 2026 Legislative Session;
- Consider creating multidisciplinary survey teams to ease hiring difficulties and workforce strain;
- Consider establishing an evaluation, survey, or scorecard for providers to survey the surveyors and use results to improve surveying processes;
- Determine the parameters of the Civil Monetary Penalty Reinvestment Fund and, if possible, use a portion of those funds for training or other strategic means of improving the surveying and credentialing program;
- Consider authorizing the Secretary for Aging and Disability Services to waive nursing facility and long-term care facility regulations that conflict;
- Study CMS requirements for nursing facility surveying and determine a means to incentivize self-reporting of issues without negative impact to facilities;
- Consider raising the salary for Registered Nurse surveyors and providing additional benefits, such as paid maternity leave, to attract a younger pool of applicants; and

- Determine the fiscal impact of raising the personal-needs allowance and consider increasing that amount and providing an annual cost-of-living adjustment.

**Proposed Legislation:** None.

## BACKGROUND

The Special Committee on Health and Social Services (Committee) was created by the Legislative Coordinating Council (LCC) to study three issues of particular concern to the House Committee on Social Services Budget. The LCC directed the Committee to study the issues of contract nursing in the state hospitals; the intellectual and developmental disability (I/DD) waiver, developing Community Support (CS) waiver, and compliance with federal targeted case management (TCM) rules; and nursing facility surveying, certification, and credentialing processes and workforce issues.

## COMMITTEE ACTIVITIES

The LCC initially approved five meeting days for the Committee during the 2025 Interim. Members met at the Statehouse on August 19 and 20, September 24 and 25, and October 1, 2025. The Committee requested that the LCC grant one additional meeting day to continue its work and make recommendations. The request was granted, and the Committee met on October 2, 2025.

### State Hospitals and Contract Nursing

The Committee's meetings on August 19 and 20 focused on the issue of contract nursing in the state hospitals.

#### *Background Information*

A Principal Fiscal Analyst from the Kansas Legislative Research Department (KLRD) provided a review of recommendations made by the 2024 House Appropriations Subcommittee on Contract Nursing. The Subcommittee was appointed to consider the issue of contract nursing expenditures from the FY 2025 budget of Osawatimie State Hospital (OSH) and Larned State Hospital (LSH) and focused on costs and pay, liability for actions of contract staff, and the workforce pipeline during its three meeting days.

In addition to recommendations for the omnibus budget, the Subcommittee recommended the creation of an interim committee to study the issue more thoroughly.

The Deputy Secretary of Hospitals and Facilities, Kansas Department for Aging and Disability Services (KDADS), provided an overview of historical and current utilization of contract nursing at the state hospitals, including the cost of contract staffing, turnover and vacancy rates at the state hospitals, and actions taken to address these issues. With authorization from the Legislature and in collaboration with the Office of Personnel Services, Kansas Department of Administration, KDADS developed a bonus program to improve hiring and recruitment.

The Deputy Secretary discussed the ways that American Rescue Plan Act funds have been appropriated by the Legislature to assist with critical health care needs in the state, including support for Kansas Health Science University, the Wichita Biomedical Campus, and the South Central Regional Mental Health Hospital, scheduled to open in January 2026. KDADS is also working on workforce development efforts in collaboration with the state hospitals, the Kansas Behavioral Health Center for Excellence, and the National Academy for State Health Policy.

The Deputy Secretary provided recommendations from KDADS, including passing 2025 HB 2237, which would update the state employee award and recognition bonuses program; continuing cost-of-living and market adjustments for state hospital staff; and creating a nursing education incentive program to attract individuals to the nursing profession and increase the workforce pipeline.

#### *State Hospitals*

The Superintendents for OSH and LSH provided testimony to the Committee.

The OSH Superintendent stated that the hospital continues to actively recruit health care workers but faces the same workforce challenges as facilities across the nation. The OSH Superintendent explained the typically required staffing ratios and how OSH must use contract staffing to meet those requirements. The OSH Superintendent discussed efforts to reduce contract staffing at OSH, including offering bonuses and providing a self-scheduling program for registered nurses (RNs), which have increased retention. The Superintendent also discussed the difference between state employee pay and agency staffing pay for various positions and indicated that the wage gap between agency and state pay remains the primary obstacle for transitioning temporary staff to permanent state employees.

The LSH Superintendent provided testimony about staffing shortages and contract staffing use at LSH. LSH houses three programs that all utilize contract labor: the Psychiatric Services Program, the State Security Program, and the Sexual Predator Treatment Program. LSH needs 27 RNs, 26 licensed practical nurses (LPNs) or licensed mental health technicians, and 246 direct care staff to cover each 24-hour period. LSH has been relying on staffing agencies to fill roles for 38 RNs, 27 LPNs, and 179 direct care staff members. Like OSH, LSH has implemented bonuses that have increased employee retention. LSH has also collaborated with Barton County Community College for ongoing education and micro-credentialing opportunities and facilitated internship, practicum, and clinical experiences on campus to increase the workforce pipeline.

### ***Nursing Education in Kansas***

The President and Chief Executive Officer (CEO) of the Kansas Board of Regents (KBOR) provided an update on nursing education in Kansas. He stated that approved nursing programs in the state have 4,897 student slots for all program types, and the system has increased its enrollment headcount by 5.1 percent from Academic Year 2022-2023 to 2024. KBOR is working with the Kansas Nursing Workforce Center at the University of Kansas Medical Center on a pilot program to develop a “transfer portal” in which students can identify nursing programs that fit their needs, learn about the varying admission requirements, and pay a single fee to apply for multiple programs.

Nursing programs generally continue to face challenges including a decreased number of high school graduates, decreased college readiness rates, and a decreased percentage of high school graduates entering college. The President also noted that wages for nursing instructors have not kept pace with the wages of RNs, LPNs, and certified nursing assistants, and it is difficult to recruit and retain instructors when they are able to practice nursing and make a significantly higher wage. Student financial aid programs and partnerships with community colleges and the Kansas Nursing Workforce Center are in place to help mitigate these challenges.

The Executive Director of the Kansas Association of Community Colleges, the President of Salina Technical College representing the Kansas Association for Career and Technical Education, and the President of the Kansas Independent College Association provided testimony to the Committee, discussing challenges to expanding nursing programs. The representatives cited student academic preparedness, a lack of available clinical sites, inability to share administration and faculty among smaller institutions, and hiring and retaining qualified faculty as barriers they are working to address.

### ***Workforce and Strategies for Recruitment and Retention***

The Executive Director of the Association of Community Mental Health Centers of Kansas (ACMHCK) discussed workforce recruitment and retention strategies for behavioral health providers in the state. The Kansas Behavioral Health Center of Excellence was established to support this work, along with townhall meetings across the state. The Executive Director also suggested considering reciprocity agreements to reduce barriers to work for licensed individuals in other states.

The Acting Director of the Kansas Behavioral Health Center of Excellence discussed the Center’s initiatives, including nursing faculty retention funding and supporting additional graduate assistantships in counseling at Wichita State University.

The Chairperson of the Governor’s Behavioral Health Services Planning Council explained the role of the Planning Council in ensuring that the state hospitals are fulfilling the services they are required to offer. The Planning Council visits the state hospitals annually to determine whether those services are necessary or need to be expanded, or both, and whether new services need to be introduced.

The Co-director of the Kansas Nursing Workforce Center spoke to the Committee regarding the workforce at LSH in Pawnee County, stating that statistically, the area does not have enough RNs to supply the hospital with the staff it needs. Targeted investment in the nursing programs at schools around LSH could help, as nurses often choose their profession or their path from the clinical experiences they have in nursing school. Generally, wages for RNs in Kansas are also lower than in surrounding states.

The Director of Workforce and Health Care Policy for the Kansas Hospital Association discussed some strategies to ease the workforce shortage. These potential solutions include expanding access to the Kansas Nursing Services Scholarship to part-time students, introducing state-funded scholarships for allied health programs at Kansas universities, streamlining credentialing for health professionals, requiring staffing agencies to report wages paid to nurses to the State, creating criminal penalties for assaults and threats against health care workers, reforming prior authorization, and providing tax incentives to nurse and other health care educators and preceptors.

The Mayor of the City of Larned spoke to the Committee about ways that the community has worked to support LSH. Larned’s “Be the One” and “Larned Cares” campaigns have made a positive impact, but finding affordable housing in the area continues to be a challenge.

### ***Privatization and Experiences in Other States***

A Senior Behavioral Health Advisor for the National Association of State Mental Health Program Directors and a Senior Director of Government and Commercial Research from NRI, Inc., provided testimony regarding privatization, its potential risks and benefits, and experiences

other states have had when privatizing state hospitals. The conferees discussed Kentucky’s experience with privatizing its state hospitals through a partnership with the University of Kentucky College of Medicine, local community mental health centers, and the local chapter of the National Alliance on Mental Illness. Kentucky’s experience serves as a successful example of privatization, although the conferees noted it is not a simple solution; the State still maintains responsibility for the hospitals, and staffing and budget containment concerns continue. The conferees recommended considerations for privatization, including ensuring that contracts are written well and protect state interests, creating a strong organizational structure, requiring admission assessments be conducted by a community provider, putting an advisory board in place that includes community stakeholders, and routinely reviewing performance and quality indicators.

An international behavioral health consultant and health care professional also testified in regard to her experiences consulting on privatization processes, particularly noting Florida as a state that made this transition. The conferee stated that an important consideration is the need to engage local health care providers and support them through the learning curve to successfully run a state facility.

### ***Considerations in Kansas***

A Senior Research Analyst for KLRD provided background information on privatization in Kansas. In 2016, enacted SB 161 and SB 249 included proviso language that prohibited KDADS from expending any moneys appropriated for the relevant fiscal years to privatize the operations of LSH or OSH without prior specific authorization from the Legislature. In 2016, enacted SB 449 codified the prohibition on privatization of LSH and OSH into law (KSA 75-3373). In 2017, SB 32 amended the statute to clarify that no state agency may enter into any agreement to privatize OSH, LSH, or any state-operated facility that provides mental health services without prior authorization from the Legislature.

Currently, certain services at the four state hospitals are procured through contracts, such as food service, some laboratory services, some nursing staff, temporary physician coverage,

certain pharmaceutical services, and specialized services or acute medical care.

A representative of the Kansas Mental Health Coalition provided testimony about historical considerations of privatization in Kansas. The conferee discussed the investments the Legislature has made into the mental health care system, the improvements those funds have supported, and future goals for the system focused on the continuum of care. The Crisis Intervention Centers, supported through revenues from lottery vending machines, are a relatively new element in the continuum that will help ease strain on other parts of the system. The conferee encouraged continued public-private partnerships for local psychiatric inpatient beds to ease the strain on the state hospitals and revisiting the recommendations made in the 2019 Mental Health Task Force Report to continue moving forward with a strategic and comprehensive plan.

### **Intellectual and Developmental Disability Waiver and Targeted Case Management**

The Committee's meetings on September 24 and 25 focused on the current status of the I/DD waiver, the developing CS waiver, and the State's compliance with federal TCM rules.

#### ***Intellectual and Developmental Disability Waiver Update***

The Assistant Commissioner for Long Term Services and Supports, KDADS, provided an update to the Committee on the I/DD waiver, the current and projected waitlists, and the status of the CS waiver. Once active, the CS waiver is expected to help reduce the waitlist by accommodating individuals with lower support needs and freeing up slots on the I/DD waiver for people on the waitlist with higher support needs.

#### ***Targeted Case Management and the Federal Rule***

In December 2024, the Kansas Department of Health and Environment (KDHE), as the single state agency administering Medicaid, received a letter from the Centers for Medicare and Medicaid Services (CMS) stating that Kansas is not in compliance with federal rules regarding conflict of interest and TCM. The Director of Technical Assistance and Special Projects for the National

Association of State Directors of Developmental Disabilities Services provided testimony to the Committee about TCM, the federal requirements for those services, and how other states have transitioned to conflict-free TCM. Options for addressing this issue include an "Only Willing and Qualified Provider" waiver to address rural and frontier areas with few service providers and other firewall policies to ensure individuals are receiving the services most suited to their individual needs.

#### ***I/DD Waiver Waitlist Survey***

The Associate Director of Community Services from the Kansas University Center on Disabilities (KUCD) provided testimony to the Committee regarding the Kansas Waiting List Study conducted by KUCD in collaboration with KDADS. Recommendations from the study include:

- Establishing a better system for waiver and waitlist management that is public-facing and accessible to individuals;
- Support youth with disabilities to leave high school with job experience and goals, support for work, postsecondary education, and community living;
- Use the Early Periodic Screening, Diagnostic, and Treatment benefit more effectively;
- Create a robust employment service system to support individuals on the CS waiver;
- Ensure there is a coordinated process for individuals and their families to stay connected with Community Developmental Disability Organizations and Aging and Disability Resource Centers;
- Ensure an adequate network of behavioral and family support services;
- Ensure there are clearly defined procedures and navigators, especially as

the CS waiver will make the system more complex; and

- Ensure that care plans are driven by person-centered planning and begin at an early age so families can plan the supports that will be needed across the lifespan.

The Vice President of Outreach and Services for OCCK, Inc., a Kansas Employment First Pilot Organization (Employment First), spoke to the Committee about the Employment First, which is designed to build capacity in Kansas to ensure that competitive, integrated employment is the first and preferred option for disabled Kansans. The conferee described the successes Employment First has had so far and next steps to continue to develop training, technical assistance, and integrated employment opportunities for individuals with disabilities.

### ***Review of State Compliance Efforts***

The Assistant Commissioner from KDADS returned to speak with the Committee about the agency's efforts to engage stakeholders and bring the State into compliance with the federal rule regarding conflict of interest in TCM services. In spring 2025, an I/DD Modernization Consensus Workgroup met to determine how to meet federal compliance standards and better align services with person-centered principles. KDADS is currently clarifying timelines and implementation expectations, developing compliance guidance and plain-language support materials, exploring the potential for additional supports, and strengthening program communication by developing tailored messaging to different audiences and expanding outreach channels. KDADS has also assembled a small team of stakeholders, self-advocates, and providers to vet policy and shape the direction of the modernization efforts.

### ***Public Testimony***

The Committee heard public testimony from parents and family members of individuals on the I/DD waiver and advocates serving the I/DD community. Generally, the conferees expressed frustration with the 25-hour cap on provider services, the potential unbundling of services and changes that could threaten the employment of individuals on the waiver, and the continuing lack

of adequate provider capacity. Conferees urged KDADS to take a cautious approach to implementing the I/DD waiver modernization efforts and the process of transitioning TCM to a conflict-free model in order to cause the least disruption to the lives of individuals on the waiver.

The Administrator for Home and Community Based Services in the Wyoming Department of Health spoke to the Committee regarding Wyoming's transition to conflict-free TCM. Stakeholders had significant concerns about rural and frontier areas not having adequate access to TCM services. In response, the state implemented an "Only Willing and Qualified Provider" provision to ensure that individuals could access services; the conferee indicated that this provision helped people feel more comfortable with the transition, and the state has not yet had to utilize the provision.

### ***Nursing Facility Surveying, Certification, Credentialing, and Fines***

The Committee met on October 1 to study nursing facility surveying, certification, and credentialing; review fines imposed on facilities in recent years; hear testimony from stakeholders on these processes; and consider improvements to the system.

#### ***Survey, Certification, and Credentialing***

##### ***Overview***

The Commissioner of Survey, Certification and Credentialing (Commissioner), KDADS, provided an overview of licensure, credentialing, and certification processes at the federal and state levels. The conferee stated that more than 300 nursing facilities in Kansas are federally certified and must be surveyed or inspected no less frequently than every 15.9 months with a monthly average of 12 months. Approximately 525 facilities hold a state license only. Currently, KDADS is averaging 19.9 months between recertifications due to issues with staffing. To address the large number of vacancies and high turnover, KDADS has worked with the Department of Administration to reduce the number of surveyor positions and use the salary savings to increase the starting pay for nurse surveyors. Each survey team is required to have at least one RN.

### *Review of Immediate Jeopardy Surveys and Fines*

The Commissioner provided information about the different citation levels facilities may receive and when civil monetary penalties may be imposed. Per-day civil monetary penalties (CMPs) may be imposed every day until the deficiency is corrected. The conferee stated that immediate jeopardy fines may vary between \$3,000 and \$10,000 per day and non-immediate jeopardy fines vary from \$50 to \$3,000 per day. The number of immediate jeopardy citations issued in Kansas has decreased since 2023.

### *Issues in Long-term Care*

The Kansas Long-term Care Ombudsman (Ombudsman) provided testimony to the Committee regarding that office's role and recent work. The Ombudsman noted that the office investigated 1,093 complaints between October 2023 and September 2024 and resolved or partially resolved 58.0 percent of those complaints to the satisfaction of the resident. The Ombudsman made recommendations to the Committee, including:

- Expanding discharge reporting requirements for residents in long-term care facilities;
- Increasing KDADS surveyor staff;
- Providing residents with pharmacy provider choices and prohibiting facilities from charging excessive fees for that right; and
- Increasing the personal needs allowance from \$62 per month to \$72 per month with an annual cost-of-living adjustment.

The Director of Government Affairs for LeadingAge Kansas and the President and CEO of the Kansas Health Care Association and Kansas Center for Assisted Living expressed concerns about the surveying process. They noted the importance of the surveying process to ensure quality care and compliance with regulations; this also means that surveys can have an impact on the workforce, sustainability, and reputation of facilities. The conferees noted that there has been a decrease in deficiency-free facilities, and Kansas

has had a higher level of deficiencies than other states in recent history.

The conferees noted frustration with being caught between conflicting regulations, such as fire codes that conflict with other safety regulations and no options for a standing waiver or variance. The conferees stated that, although there is an available appeals process for CMPs, facilities hesitate to seek out an appeal because they are often not successful and a failed appeal results in a higher penalty.

The conferees suggested potential solutions, including:

- Increasing survey agency staffing and considering multidisciplinary teams to improve hiring and retaining surveyors;
- Establishing a true independent informal dispute resolution process;
- Establishing waiver authority for the Secretary for Aging and Disability Services in statute and clarifying variance authority for the Kansas State Fire Marshal in statute as a pathway for resolving conflicting standards;
- Providing clear, timely compliance guidance and communications via a technical assistance branch; and
- Encouraging KDADS collaboration with CMS for realistic application of federal rules for Kansas.

### *Nursing and Long-term Care Facility Experiences with Surveying*

An administrator for a senior living community and a representative of a senior living management and staffing company appeared before the Committee to discuss their experiences with surveying. The conferees cited incidents in which surveys seemed inconsistent or overly punitive. The conferees expressed a desire for consistency and for self-reporting of compliance issues by nursing homes to be recognized as a responsible act rather than a punishable one.

## ***Policy Options for Surveying and Credentialing***

### *Independent Informal Dispute Resolution*

Staff members from iMPROve Health, a health care consulting organization that conducts independent informal dispute resolutions (IDR) in various states, provided testimony to the Committee about the IDR process and how independent IDR can help ease staffing issues and decrease conflict-of-interest concerns.

### *Surveying Support Services*

The CEO and founder of CertiSurv stated that CertiSurv offers services including survey support, surveyor training, and independent IDR services. The conferee discussed different support models the organization can offer, the benefits of outsourcing parts of the surveying process, and how CertiSurv provides support in various states.

### *Surveying and Credentialing Processes in Other States*

Representatives from LeadingAge and LeadingAge Iowa provided testimony to the Committee about national and state trends in surveys and fines. In Iowa, employing contract surveyors to address workforce issues, staffing complaints and recertifications separately, and redistricting the state to spread out more difficult surveys among more teams has allowed the state to catch up on surveys and recertifications. The conferees suggested some best practices employed in other states:

- In Nebraska, providers can survey the surveyors, and the state survey director uses the results for quality improvement among the teams, and South Carolina has implemented a review panel that includes the provider;
- New York and New Jersey have teamed up to evaluate IDRs together;
- Washington provides off-survey technical assistance via a quality improvement nurse who may visit facilities off-survey to help them prepare or address issues before the facility becomes deficient; and

- Washington has also implemented culture change initiatives in collaboration with its LeadingAge state affiliate to foster a culture of mutual trust and respect, improving attitudes and the overall surveying experience.

## **Review of Follow-up Information and Final Recommendations**

At the October 2 meeting, a KLRD Senior Research Analyst and the Deputy Secretary of Hospitals and Facilities, KDADS, presented information in response to Committee questions and requests posed during the August meetings regarding the state hospitals, nursing education, and contract nursing.

### ***Community Hospital System Capacity***

The Director of Regulatory Affairs and Preparedness for the Kansas Hospital Association shared results of a survey of community hospitals in Kansas and their capacity for behavioral health care. More than 80.0 percent of respondents indicated they do not have rooms designed for behavioral health patient holds. The conferee indicated that if patients were diverted from the state hospitals, additional funds would be needed to serve those patients and to attain the appropriate infrastructure, staff, security, and other elements needed.

### ***Clubhouse Model***

The Director of Lotus House in Topeka, a member of the Kansas Clubhouse Coalition, provided testimony to the Committee about the clubhouse model and how it fits into the continuum of care for behavioral health. Clubhouses are community-based recovery centers for adults living with mental illness. Members and staff work together to operate the clubhouse on a daily basis, and tasks are completed collaboratively. The clubhouse offers routine and purpose before a person is in crisis, helping them find stability and routine. The conferee shared that 90.0 percent of active clubhouse members in Kansas avoid long-term hospitalization, and clubhouses are able to serve members at an average cost of \$3,100 annually, making them cost-effective programs. A member of Lotus

House joined the conferee and spoke briefly about his experience.

### ***Statewide Crisis System and the Continuum of Care***

The Executive Director of ACMHCK returned to provide testimony about the continuum of care, specifically how Certified Community Behavioral Health Clinics fit into the continuum of care and the statewide crisis system, including crisis stabilization units (CSUs) and crisis intervention centers (CICs). The conferee stated that CICs can receive involuntary admissions for 72-hour holds and CSUs are voluntary admissions only; both facility types are intended to divert patients from emergency departments and state hospitals. The conferee suggested that the Legislature consider 2025 HB 2146, which would double the dollars from lottery vending machine revenues that are allocated to CICs and the clubhouses.

The Director of Residential Care and Crisis Intervention at Valeo in Topeka provided information about the crisis services they provide. The conferee stated that the nonprofit organization faces challenges with staffing and a challenging patient population that requires a special skill set.

### ***Sexual Predator Treatment Program***

The Committee requested additional information regarding the Sexual Predator Treatment Program (SPTP) housed at LSH. The SPTP is a civil commitment regime for individuals convicted of sexually violent offenses. An Assistant Revisor, Office of Revisor of Statutes, stated that the statute requires treatment in the program to be “adequate,” or reasonable; the treatment requirement makes the SPTP more expensive per person than holding an individual in prison. The State may not hold individuals when there is no possible treatment.

## **CONCLUSIONS AND RECOMMENDATIONS**

After discussion, the Committee made recommendations to the Legislature for each of the major areas of focus addressed during the meetings.

The Committee made the following recommendations to address the reliance on contract nursing in the state hospitals:

- Request that KDADS study and develop cost-effective alternatives to staff the patient populations at the Kansas state hospitals to maximize available beds and staffing while minimizing contract nursing costs, with an emphasis on improvements at LSH. Consider all mental health treatment options, providers, and locations in regard to this request and plan to begin implementation in late 2026 or early 2027;
- Request that KDADS create a comprehensive list of all publicly funded behavioral health service providers, what services they provide, and who they serve;
- Study ways to incentivize and attract additional nursing faculty, such as an hourly stipend to increase pay. Request testimony on this issue from the Kansas Nursing Workforce Center, the Kansas Community College Association, and other stakeholders and reconvene the Committee during the 2026 Session to consider options;
- Direct KDADS to work with the Department of Administration to determine how to allow the state hospitals to create internal PRN (*pro re nata* or “as the need arises”) nursing positions as a strategy for decreasing reliance on contract nursing;
- Increase the transfer of funds from lottery vending machine sales that support the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund within KDADS;
- Consider ways to promote or incentivize hospitals to become State Institutional Alternative facilities for inpatient psychiatric treatment; and
- Study sentencing guidelines for sexually violent crimes, particularly those crimes that have historically led to referral into

the SPTP at LSH, and consider increasing the penalty level for individual crimes.

The Committee made the following recommendations regarding the I/DD waiver, the pending Community Support waiver, and TCM services:

- Request a project timeline from KDADS for the Community Support waiver to be submitted and approved by CMS;
- Request a fiscal note for increasing day services from 25 to 40 hours per week and consider this increase for individuals on the I/DD Home and Community Based Services waiver;
- Direct KDADS to take a cautious approach with unbundling day services and make efforts to create policy that can preserve existing employment and services that are working for individuals on the I/DD waiver;
- Direct KDADS to develop a plan for improving waitlist data management, including a portal for individuals and their families and caregivers to access that will, at a minimum, provide information about their position on the waitlist; and
- Direct KDADS to develop an Only Willing and Qualified Provider waiver policy to address rural and frontier concerns about conflict-free TCM.

The Committee made the following recommendations regarding nursing facility policies, surveying and credentialing processes, and staffing:

- Consider ways to prevent facilities from charging pharmacy provider fees to residents who want to select their own pharmacies;

- Consider establishing an IDR process;
- Request that KDADS present testimony in 2026 to the appropriate health committee(s) regarding the status of hiring new surveyors. Evaluate whether supplemental or temporary services are needed and take appropriate action on this determination during the 2026 Legislative Session;
- Consider creating multidisciplinary survey teams to ease hiring difficulties and workforce strain;
- Consider establishing an evaluation, survey, or scorecard for providers to survey the surveyors and use results to improve surveying processes;
- Determine the parameters of the Civil Monetary Penalty Reinvestment Fund and, if possible, use a portion of those funds for training or other strategic means to improve the surveying and credentialing program;
- Consider authorizing the Secretary for Aging and Disability Services to waive nursing facility and long-term care facility regulations that conflict;
- Study CMS requirements for nursing facility surveying and determine a means to incentivize self-reporting of issues without negative impact to facilities;
- Consider raising the salary for RN surveyors and providing additional benefits, such as paid maternity leave, to attract a younger pool of applicants; and
- Determine the fiscal impact of raising the personal-needs allowance and consider increasing that amount and providing an annual cost-of-living adjustment.



# Report of the Special Committee on Pharmaceutical Studies to the 2026 Kansas Legislature

**CHAIRPERSON:** Senator Beverly Gossage

**VICE-CHAIRPERSON:** Representative Bill Sutton

**OTHER MEMBERS:** Senators William Clifford, Brenda Dietrich, Michael Fagg, Cindy Holscher, Michael Murphy, and Tim Shallenburger; and Representatives Will Carpenter, Melissa Oropeza, Pat Proctor, Susan Ruiz, Sean Tarwater, and Adam Turk

## **STUDY TOPIC**

The Committee is directed to evaluate the cost pharmacy benefit manager practices place on patients, providers, and the State, assess the challenges the 340B Drug Pricing Program has on patients and providers, and examine reforms being adopted in other states to ensure that Kansans have access to affordable and quality pharmacy services.



# Special Committee on Pharmaceutical Studies

## REPORT

### Conclusions and Recommendations

The Special Committee made no formal recommendations to the 2026 Legislature.

*Proposed Legislation:* None.

### BACKGROUND

During the 2025 Session, the Vice President of the Senate recommended the Legislative Coordinating Council (LCC) form a special interim committee to review and study issues regarding pharmacy benefit managers (PBMs) and the 340B program. Section 340B of the Public Health Service Act instructs the Secretary of Health and Human Services to enter into agreements with manufacturers of covered outpatient drugs under which the amount to be paid to manufacturers by certain statutorily defined covered entities does not exceed the 340B ceiling price.

The LCC granted the Special Committee on Pharmaceutical Studies (Committee) one meeting day.

### COMMITTEE ACTIVITIES

The Committee met September 26, 2025, at the Statehouse. The Committee received background information regarding the findings of a 2021 Special Committee as well as federal legislation. The Committee heard testimony from representatives of the Kansas Department of Insurance and the State Employee Health Plan regarding implementation of Kansas legislation. Additionally, representatives of various organizations testified concerning ongoing efforts in addressing 340B programs and PBMs. Several stakeholders testified regarding their experiences with PBMs and the 340B program and offered suggestions and solutions to the Committee. The Committee concluded its meeting with a

discussion of the various issues and concerns it heard. However, the Committee did not make any recommendations to the 2026 Legislature.

The key issues, concerns, and solutions are described as follows.

### Summary of Report of the Special Committee on Federal 340B Drug Program to the 2022 Kansas Legislature

A Research Analyst from the Kansas Legislative Research Department reviewed the report to the 2022 Legislature from the 2021 Special Committee on Federal 340B Drug Program, noting the 2021 Special Committee's mandate was to gain a better understanding of how the program was implemented in Kansas and evaluate outcomes. She noted the requirements from federal law, established in 1992, and briefly traced the history and expansion of the program. A notable expansion came through the Affordable Care Act (ACA) in 2010, which expanded the entities covered and widened program applications. She noted testimony heard in 2021 provided details of experiences of stakeholders (e.g., PBMs, drug manufacturers, and rural hospitals). She reviewed the recommendations made by the Special Committee to the 2022 Legislature, which included a recommendation to share its findings with current legislators, gather additional data on the issue, and continue to monitor 340B issues.

## **A Background of Federal Legislation Regarding the 340B Drug Program and Pharmacy Benefit Managers**

A Senior Policy Analyst from Paragon Health Institute provided background information on the 340B Drug Program and the role of PBMs, as well as a status report on federal legislation and policy. He gave a history of the 340B programs, explaining that the program originally required drug manufacturers to provide certain hospitals and specified providers with discounted drugs as a condition for participation in Medicare and Medicaid, noting the 340B program was initiated to financially bolster the crucial finances of small hospitals. The focus of the program was to assist communities, but the guidelines were vague enough to allow practices not anticipated in the law as initially enacted to participate. He traced the exponential expansion of the program in 2010 with enactment of the ACA and its concomitant increase in drug prices by the vertical integration of hospitals and clinics. He also noted the impact of contract pharmacies in the growth of the 340B program. He stated that this growth has had a deleterious effect on patients and taxpayers, and he identified varied ways that covered entities (especially PBMs) can profit from the program.

### **Federal Legislation and Policy**

A written-only update was provided by Kansas Senators Roger Marshall and Jerry Moran regarding the status of federal legislation and policy. The representative from Paragon Health Institute reviewed the update, stated that many attempts have been made by federal legislators to increase transparency in the application of the 340B program, and noted that most requests for changes did not make it through the legislative process. He also stated that many drug companies set up rebate programs based on hospital data, and various uses of data are legal if they do not result in double charges.

The Medical Director of Do No Harm testified that, in his view, large hospitals sideline 340B funds into ideologically driven initiatives that bypass the intent of the drug rebate program to serve the low-income population. He listed four examples of hospitals that he stated promote identity politics, thus diluting the impact the funds could have on community health: the University of Kansas Health System, the University of Kansas

Cancer Center, Stormont Vail Hospital, and Ascension Via Christi Hospital. He recommended more transparency and accountability in hospitals' use of 340B funds.

A Visiting Health Policy Fellow at Pioneer Institute presented the key assessments of the Pioneer Institute at both the federal and state level on these topics: the growth of contract pharmacies, the types of pharmacies participating in the 340B program, and the level of charity care offered by the 340B program. He outlined issues limiting the effectiveness of the 340B program: five pharmacies own PBMs that dominate the 340B program and have been charging higher fees, nearly half of Kansas' 340B contract pharmacies are located in affluent neighborhoods, and more than half of contract pharmacies are based outside Kansas. He noted all of these factors raise concerns as to the program benefits reaching the intended patient populations. He stated they were unable to determine the reason for the proliferation of contract pharmacies, noting the ACA allows for a variety of contract pharmacies. However, the rules associated with the ACA do not make clear how a hospital must use its 340B funds.

### **Review of Various States' Legislative Initiatives Regarding 340B and PBMs**

A Senior Director from the American Legislative Exchange Council provided a perspective based on the experience of other states' applications of the 340B program. She offered three ways that the 340B program increases the cost of prescription drugs for states, employers, and taxpayers, stating:

- The 340B program encourages consolidation of health care providers, thus reducing competition and increasing overall costs;
- The program implicitly directs covered entities to prescribe more expensive drugs that have higher price markups; and
- Those entities under the 340B program lose common discounts on designated drugs.

She noted that while the 340B program is a federal program, there is room for state action and cited states have passed legislation requiring specific data to promote transparency because improving transparency and accountability is a key factor in reforming the program.

The Executive Director for Save Our States traced the explosive growth of the 340B program, stating he attributed the growth to an anti-free-market policy and a liberal agenda. He stated that the growth of the program has been exacerbated by allowing tangent programs that ignore the focus of the original 340B to lower drug prices for needy patients.

### **Implementation of Enacted Kansas Legislation Regarding PBMs since 2022**

The Director of Government Affairs at the Kansas Department of Insurance (Department) outlined the oversight of the agency in administering the Pharmacy Benefit Manager Registration Act (2006) and the Pharmacy Benefit Manager Licensure Act (2022). He traced the requirements of the legislation and noted the growth of PBMs in the past five years. He reported on unsuccessful legislation in 2023 that would have promoted more oversight over PBMs, clarifying the proposed legislation was intended to close a loophole allowing PBMs to bypass certain requirements through the use of third-party administrators. He explained that the Department provides a contract template for PBMs to follow, but the Department has no statutory authority to enforce deviance from the template.

The Deputy Director of the State Employee Health Plan for the State of Kansas explained the four medical plans available to state employees. He reviewed the Pharmacy Program administered by Aetna and Blue Cross Blue Shield of Kansas and the prescription benefits through PBM CVS-Caremark.

### **The Nexus Between 340Bs, PBMs, Employers, Hospitals, and Pharmacies**

#### ***340B Programs***

Representatives of organizations that utilize 340B programs for their communities stated the 340B program is a critical component for serving indigent patients and noted the savings realized by

this program are cycled back into other services for these patients. They stated the 340B program has, for nearly three decades, made it possible for underserved Americans to gain access to discounted drugs and comprehensive health care services. A map of Kansas was shared to show locations where contract pharmacies provide access to low-cost drugs for 85 clinics and 91 hospitals.

Representatives expressed concerns that restricting access to contract pharmacies could limit access to resources.

Representatives recommended establishment of a data clearinghouse where each entity reported individually, to protect entity privacy and encourage transparency.

#### ***Employers***

Representatives of employers testified regarding the impact of health care costs on business profitability, noting that PBMs are one of the most effective ways for employers to reduce costs.

They recommended legislators continue to give employers options for health care and cautioned against transparency that would expose health care contract information to competitors.

#### ***Hospitals***

Representatives of hospitals stated that 340B savings help offset costs for essential but unprofitable health services. They noted the 340B program is a lifeline, an integral part of revenue for health care providers making a significant difference in keeping rural hospitals open.

A concern impacting rural hospitals and independent pharmacies is that drug manufacturers continue to limit 340B contracting options and PBMs steer patients to their own pharmacies.

They recommended legislators retain the original purpose of the 340B program.

#### ***Pharmacies***

Representatives of pharmacies outlined the shortcomings of the PBM industry, noting that

PBM-negotiated discounts are rarely passed on to patients.

Pharmacists expressed concerns regarding vertical and horizontal integration of PBMs, which they believe has driven out competition, forcing patients and employers to pay inflated prices that distort profit incentives and also result in closure of retail pharmacies. They also testified regarding the monopolistic practices of PBMs to steer patients toward their own services, resulting in more than 7,000 pharmacy closures across the country since 2019.

They recommended greater transparency in the program and regulations that prohibit PBMs from owning pharmacies.

### ***Industry***

Representatives from the pharmaceutical industry testified regarding the value of PBMs for providing lower-cost health care. They explained how PBMs serve the plan sponsors, which includes the various levels of government as well as small-business owners, to provide the most affordable prescription drug plan, and provided a chart to show how PBMs build networks to negotiate savings that average \$1,154 per person annually.

Representatives also testified that drug manufacturers believe that when the 340B program functions as it was intended, drugs are provided to safety-net providers at lower costs.

Representatives also testified how the 340B program transitioned from a drug cost savings for low-income patients into an arbitrage system. This transition allowed hospitals, contract pharmacies, and PBMs to reap additional profits. A history of the 340B program was provided from the industry perspective from federal inception through its present status having minimal guardrails and low thresholds for qualification, allowing entities to reap profits rather than extend savings to patients. Representatives noted that Kansas 340B hospitals have 1,123 contracts with pharmacies, 59.0 percent of which are out-of-state pharmacies.

Representatives noted that a combination of PBM practices, including below-cost reimbursement, hidden fees, restrictive networks,

and a lack of transparency, are driving pharmacy closures, noting that since 2015, more than 105 pharmacies have closed in Kansas, with at least 10 more anticipated to close in 2026 under the current trend.

Representatives expressed concerns that many contract pharmacies exploit loopholes in the federal legislation that do not benefit patients and create unintended revenue streams that drive up costs for patients, employers, and taxpayers. They also expressed the need to protect rural and critical access providers by guaranteeing eligibility for rural hospitals, federally qualified health centers, and critical-access hospitals regardless of patient volume thresholds. Additionally, they characterized the current system as a sprawling, opaque system that discourages innovation, misaligns incentives, and enables questionable practices that do not assist the vulnerable patients who were originally intended to be the primary beneficiaries.

Representatives recommended a more comprehensive solution be adopted with specific reforms to the program, including requiring PBMs to disclose their fee structures, limit spread-pricing practices, require and publish audits of PBMs, and help patients not increase profits.

### ***Conferees***

Representatives of the following organizations provided testimony: Ad Astra BIO; American Resolve; Children's Mercy; Community Access National Network; Community Care Network of Kansas; Consumer Action for a Strong Economy; Council for Citizens Against Government Waste; Heartland Impact; HyVee, Inc.; Kansas Employers for Affordable Healthcare; Kansas Hospital Association; Kansas Pharmacists Association; Lindsborg Community Hospital; Mental Health America Heartland; National Alliance of Healthcare Purchaser Coalitions; National Alliance on Mental Illness Kansas; National Taxpayers Union; Oread Rx; Pharmaceutical Care Management Association; Pharmaceutical Research and Manufacturers of America; and Susan B. Allen Memorial Hospital. Two independent pharmacy owners also provided testimony.

## **Committee Comments and Discussion**

Members expressed appreciation for all the helpful information provided. Nearly every member agreed that more transparency is needed in order to administer the 340B program effectively. They also expressed concern about

how to gather data, protect privacy, and use the data to encourage accountability.

## **CONCLUSIONS AND RECOMMENDATIONS**

The Committee made no formal recommendations to the 2026 Legislature.



# Report of the Joint Committee on Child Welfare System Oversight to the 2026 Kansas Legislature

**CHAIRPERSON:** Senator Beverly Gossage

**VICE-CHAIRPERSON:** Representative Cyndi Howerton

**RANKING MINORITY MEMBER:** Senator Oletha Faust Goudeau

**OTHER MEMBERS:** Senators Tory Marie Blew, Renee Erickson, Cindy Holscher, and Adam Thomas; and Representatives Charlotte Esau, Leah Howell, Susan Humphries, Timothy Johnson, Jarrod Ousley, and Susan Ruiz

## **CHARGE**

### ***Review the Child Welfare System***

Pursuant to KSA 46-3901, the Committee is directed to review:

- Data on child maltreatment and demographic trends impacting the child welfare system;
- The duties, responsibilities, and contributions of the Kansas Department for Children and Families (DCF), the Kansas Department for Aging and Disability Services (KDADS), the Kansas Department of Health and Environment (KDHE), the Department of Corrections, law enforcement, and the Judicial Branch that compose and impact the child welfare system;
- The programs, services, and benefits offered directly or through grants or contracts by DCF, KDADS, KDHE, and the Judicial Branch that impact children and families at risk of becoming involved or who are involved in the child welfare system;

- Trends, performance outcomes, activities, and improvement plans related to the federal Child and Family Services reviews;
- Reports from child welfare-related groups;
- Implementation of the 2019 Child Welfare System Task Force report recommendations;
- Reports on concerns received from the DCF Ombudsman or customer service department or similar office;
- Data and trends on family foster home licenses issued pursuant to KSA 2024 Supp. 65-516(b);
- The exception to the State Child Death Review Board confidentiality for city or county entities with the express purpose of providing local review of child deaths (KSA 2024 Supp. 22a-243); and
- Any other topic the Committee deems appropriate.

# Joint Committee on Child Welfare System Oversight

## ANNUAL REPORT

### Conclusions and Recommendations

The Joint Committee on Child Welfare System Oversight (Committee) makes the following recommendations to the 2026 Legislature:

- The House Committee on Child Welfare and Foster Care or successor committee should further study revisions to the Child Abuse Review and Evaluation (CARE) Program (KSA 38-2226a) in the 2026 Legislative Session. Such revisions should include requiring that funds may be used for independent physician examination or review of initial examination results as a part of an appeal process; providing an appeal process for parents of initial CARE examinations conducted pursuant to the CARE Program; requiring medical and hospital records of the child to be released to the parents' attorney within 30 days after a child is taken into the custody of the Secretary for Children and Families; and requiring that a copy of a parents' bill of rights be given to parents under investigation for child abuse or neglect when a CARE examination is conducted or a child is in the hospital;
- The House Committee on Child Welfare and Foster Care or successor committee should further study increasing the use of legal guardianship as a permanency option in the 2026 Legislative Session;
- The House Committee on Child Welfare and Foster Care or successor committee should further study liability insurance solutions for case management providers in the state in the 2026 Legislative Session;
- The 2026 Legislature should pass 2025 HB 2175 or equivalent legislation, concerning notifications to be provided to parents of a child who is the subject of an investigation of abuse or neglect or has been removed from the home by a law enforcement officer; and
- The following reports should be made to the Committee by the appropriate reporting entities: the number of youth in care who are diagnosed with both autism and substance abuse disorder and the availability of specialized services for such youth, program outcomes of specialized service providers and current services being provided, and options for increasing availability of substance abuse treatment providers.

*Proposed Legislation:* None.

### BACKGROUND

HB 2158, enacted in 2021 and codified at KSA 46-3901, established the Joint Committee on

Child Welfare System Oversight (Committee), composed of 13 members, and charged the Committee to review:

- Data on child maltreatment and demographic trends impacting the child welfare system;
- The duties, responsibilities, and contributions of the Kansas Department for Children and Families (DCF), the Kansas Department for Aging and Disability Services (KDADS), the Kansas Department of Health and Environment (KDHE), the Department of Corrections, law enforcement, and the Judicial Branch that compose and impact the child welfare system;
- The programs, services, and benefits offered directly or through grants or contracts by DCF, KDADS, KDHE, and the Judicial Branch that impact children and families at risk of becoming involved or who are involved in the child welfare system;
- Trends, performance outcomes, activities, and improvement plans related to the federal Child and Family Services Reviews;
- Reports from child welfare-related groups;
- Implementation of the 2019 Child Welfare System Task Force report recommendations;
- Reports on concerns received from the DCF Ombudsman or customer service department or similar office;
- Data and trends on family foster home licenses issued pursuant to KSA 2024 Supp. 65-516(b);
- The exception to the State Child Death Review Board confidentiality for city or county entities with the express purpose of providing local review of child deaths (KSA 2024 Supp. 22a-243); and
- Any other topic the Committee deems appropriate.

## COMMITTEE ACTIVITIES

The Committee met once during the 2025 Legislative Session, on March 31. The Legislative Coordinating Council authorized the Committee to meet for four additional days in the 2025 Interim. The Committee met on June 2, August 4, and October 27, 2025.

### March 31 Meeting

#### *Child Welfare Presentations from Individuals, Organizations, and Providers*

Testimony was presented by 12 private citizens:

- A husband and wife described ongoing difficulties with DCF and TFI Family Services (TFI) in working to adopt their children's biological sister;
- A foster parent and early childhood special education teacher explained her experience of observing children's behavioral issues as a result of the chaos of the child welfare system;
- A sister of an individual who passed away while involved with the child welfare system expressed frustration in her efforts to advocate for change through this Committee;
- The mother of the individual described above stated her belief that the State ignored her son's multiple diagnoses, effectively letting him die, and expressed disappointment in the Committee's oversight following her son's death;
- A foster parent shared the severe trauma that was inflicted on her foster children prior to coming into care and questioned whether reintegration should be the goal in their case;
- A parent requested immediate legislative intervention regarding her case, stating her child has been detained in Missouri because judges in both Kansas and

Missouri have refused to uphold state and federal law;

- A mother described her experience with losing her five children in Johnson County family court, allegedly without due process;
- A researcher presented results of a survey she designed that was sent out to members of the Kansas Foster Care Advisory Network;
- A mother described her struggle to get treatment for her daughter, a survivor of sexual abuse, over a period of ten years;
- A mother described how her parental rights were terminated, and that she did not believe she could ask for help with substance abuse issues for fear a child in need of care (CINC) case would be opened; and
- A parent ally expressed her belief that parents are not given due process in court before decisions are made in Johnson County and also described the issues she has experienced while attempting to adopt her grandsons.

The Chief Executive Officer (CEO) of the Kansas Children’s Service League (KCSL) also provided a comparison of the cost of prevention with the cost of foster care, juvenile justice, and special education and noted that KCSL clients express appreciation for the agency’s help in accessing supportive services to prevent the need for foster care.

Written-only testimony was submitted by two private citizens.

### ***Discussion on Police Protective Custody in Child Welfare***

A representative of the Kansas Association of Chiefs of Police, Kansas Peace Officers Association, and the Kansas Sheriffs Association presented information on the statutory authority granted to law enforcement to take a child into

custody if there is a reasonable belief the child will be harmed if not immediately removed, also known as police protective custody (PPC).

The Deputy Secretary for Children and Families (Deputy Secretary) provided statistics on the use of PPC in Kansas, stating approximately 13 percent of the 70,000 reports made to the Kansas Protection Report Center in 2024 were made by law enforcement. The Deputy Secretary also discussed placement options when a child is removed pursuant to PPC during normal business hours and those placement options when a child is removed outside of business hours.

The Child Advocate described that one of the categories of complaints received by the Office of the Child Advocate (OCA) is “unnecessary removal from parental care,” which may include some instances of PPC. She stated that such complaints account for five percent of all complaints made to the OCA. When investigating such complaints, the Child Advocate stated the OCA reviews the circumstances in which children were removed, whether prevention services were available to avoid removal, and whether the removal was necessary given the level of concern.

A representative of DCCCA spoke on the impact of PPC on children, noting the trauma involved in an assessment and being placed in a facility, possibly separated from siblings. She stated community referrals could be a tool to reduce family separation caused by PPC.

A Deputy District Attorney with the Sedgwick County District Attorney’s Office expressed his belief that DCF should be more involved in PPC removals and discussed whether the PPC statute needs modification to enhance child safety.

A Senior Deputy District Attorney with the Shawnee County District Attorney’s Office stated that her primary concern with respect to PPC removals is law enforcement having to make decisions about what is in the best interest of children when officers may not have access to complete information on a family and risks that may be involved.

An Assistant District Attorney with the Johnson County District Attorney’s Office spoke about the competing interests inherent in the child

welfare system and stated that because of this tension, the use of the court system to balance these interests is necessary.

Two Community Support Specialists employed by the Wichita Police Department provided an overview of their work with the community, stating they assist officers to fill the gap in situations where a child does not need to be removed from the home, but instead the family needs increased community support. They stated the goal of their work is to decrease law enforcement contact with families and increase community around families.

### ***Presentation on Title IV-E Funding***

The Deputy Secretary provided an overview of the types of services that Title IV-E of the federal Social Security Act provides funding for in Kansas, including: prevention services, family preservation services, foster care out-of-home placements, training, information technology systems, and adoption support. The Deputy Secretary explained that expenditures made pursuant to Title IV-E have state fund matching requirements ranging from 50 percent to 80 percent.

### ***Review of 2023 Child and Family Services Review Final Report***

The Deputy Secretary presented a review of the Child and Family Services Review (CSFR), a federal assessment of states across seven outcomes related to child welfare, including safety, permanency, and well-being. The most recent CSFR review used data collected in the state from April 2022 to April 2023. The CSFR showed that safety rates of Kansas children in out-of-home placements are better than the national average, but permanency rates for those in out-of-home placements are below the national average. The CSFR showed that well-being is a strength in Kansas, finding that youth are receiving frequent quality visits and mental health assessments, and immediate crises are resolved.

### ***Family Preservation Services and Case Management Provider Updates***

A representative of Cornerstones of Care (Cornerstones) noted staffing within the organization has been stable, with an average

caseload of 10.05 cases per caseworker. He noted two youth in Cornerstones' care were then missing but that a response team had been working on recovery of the youth. He also stated no youth have slept in Cornerstones offices since January 2023, and that the organization has had only three one-night placements since that date. Finally, he noted that a successful SOUL Family Legal Permanency (SFLP) custodianship was granted to one youth in Cornerstones' care on March 6, 2025.

A representative of DCCCA reviewed the scope of its services and provided information on recent events sponsored by the organization. She noted that while the number of foster families has decreased by 750 statewide since 2020, there has been an increase in prevention services and kin placements. She also noted that the organization has improved staff retention with a rate of 71 percent and continues to make retention a priority of the organization.

A representative of EmberHope Connections (EHC) stated the organization struggles to hire staff with bachelor-level or master-level social work degrees, and reviewed EHC's current position levels and vacancies. She noted that EHC has the most instances of failure-to-place and night-to-night placements in the state. She stated EHC's priorities include increasing prevention care, building capacity, reducing failure-to-place rates, and hiring more licensed social workers.

A representative of KVC Kansas (KVC) stated that since March 2024, the organization has received 557 referrals, and during that same period, the organization helped 691 youth achieve permanency. The representative noted KVC has not had any youth in the office overnight since September 2024, and the number of missing youth in KVC's care is down to six. She also noted workforce retention is at 88 percent, up from 75 percent last year.

A representative of Saint Francis Ministries (SFM) stated SFM has had 498 new referrals since July 2024. He noted reunification is the most frequent way SFM youth achieve permanency, but that four youth in SFM's care have had SFLP custodianships granted. He also noted only one youth has slept in SFM offices since October 2024.

A TFI representative reviewed how many children and families are being served by the organization as of March 25, 2025: 1,072 in the case management program and 224 youth in after-care services. She noted that four youth in TFI's care have been granted SFLP custodianship. The representative stated that the organization focuses on relative placement at referral, with a goal of 60 percent; currently, the organization is at 56 percent.

### ***CARE Network Update***

A representative of the Kansas Chapter of the American Academy of Pediatrics provided an update on the Child Abuse Review and Evaluation (CARE) Provider Network, established by the Legislature in 2023. She noted that between April 1, 2023, and February 28, 2025, DCF had formally referred 5,137 cases to the medical resource center. Of those referrals, 390 children were recommended for a general medical exam and 584 were referred for a CARE exam.

### ***Committee Discussion and Review of Standardized Reporting for Family Preservation Services and Case Management Providers***

The Committee discussed items it would like to see in a standardized template for use by case management providers (CMPs) in reporting to the Committee at future meetings. After discussing several possible items, it was suggested that the Chairperson and Vice-Chairperson work with legislative staff and the CEO of the Children's Alliance of Kansas (CAK) to create a form incorporating the Committee's suggestions to be distributed to CMPs before the next meeting.

### ***Committee Review of Naomi Payton and Kennedy Schroer Child Fatalities***

The Committee recessed the open meeting for a closed executive session to discuss confidential information related to two recent child fatalities involving children alleged to have been in need of care. Only Committee members, three representatives of SFM, the Secretary for Children and Families (Secretary), the Deputy Secretary, and General Counsel for DCF were present for the discussion.

## **June 2 Meeting**

### ***Child Welfare Presentations from Individuals, Organizations, and Providers***

Written-only testimony was submitted by the Executive Director of Douglas County CASA, the State Director of Kansas CASA Association, and six private citizens.

### ***Considering the "Front Door" to the Child Welfare System***

A representative of Casey Family Programs presented on the components of an effective child protection system. He described current child protective services as reactionary and stated services should instead assess risk and minimize separation time.

The Deputy Secretary outlined the steps DCF takes when it receives a report of child abuse or neglect. The Deputy Secretary also described the sources of the reports, the role of specialists in the process, decision criteria, and the efforts to find resources for children and families following a report.

### ***Discussion on Mandatory Reporting of Child Abuse and Neglect***

A Principal Research Analyst with the Kansas Legislative Research Department provided an overview of mandated reporting requirements for suspected abuse and neglect across the 50 states, including who is required to report, reporter training, confidentiality, legal standards, and recent legislation related to reporting.

An Assistant Revisor of Statutes with the Office of Revisor of Statutes reviewed KSA 38-2223, the mandated reporting statute.

A counselor employed by USD 437 (Auburn-Washburn) presented his personal experience with mandated reporting, stating it is not always clear when a report is needed, especially when dealing with suspected emotional abuse. He noted that he errs on the side of caution and makes a report in those situations, but would appreciate more guidance on when to report in complex situations.

A professional school counselor described her experiences with mandated reporting, stating that

many school administrators rely on counselors to make decisions on reports, and that counselors can be placed into awkward situations when a report is made with limited facts.

### ***DCF Update***

The Secretary provided an update of agency operations with respect to foster care, and noted that more children were then exiting care than entering care. The Secretary also provided an update on the implementation of 2025 HB 2075 regarding law enforcement communications and permanency hearings, Executive Order 25-01 concerning the preservation of a child's federal benefits, the Crossover Youth Practice Model, and the Whole Families pilot program.

### ***Family Preservation and CMP Updates***

A representative of Cornerstones reviewed challenges facing the organization and the families served by Cornerstones. He stated Cornerstones increased successful case closures in the first quarter of 2025. He also stated that there is a lack of placements for high-need youth and that foster care may not be the most effective solution for youth with mental health issues or youth involved with the juvenile justice system.

A representative of DCCCA stated the organization has experienced a slight decrease in homes for placement, but has had growth in therapeutic cases, with ten new therapeutic family foster homes. She also spoke of the success of the organization's We Kan Drive program that helps foster youth obtain a driver's license.

A representative of EHC provided updates on key statistics from the first quarter of 2025. She stated some of the challenges faced by the organization include high numbers of failure-to-place youth, increasing numbers of high-needs children, increased referrals, long waitlists for services, and staffing shortages.

A representative of KVC provided statistics describing the first quarter of 2025, including numbers served and placements. She noted the organization has had success with its Mockingbird Family Model for therapeutic family foster home constellations. She stated there are challenges with staff safety due to behavioral issues of some youth

and that there is a need for community-based mental health support.

A representative of SFM stated the organization has had particular success with two programs offered to families: Family Centered Treatment and Seeking Safety. He also noted that during the first quarter of 2025, more than half of new referrals were placed with kinship caregivers. The representative also noted current challenges faced by the organization: staff shortages, rising insurance costs, lack of preventative services, and limited access to specialized care.

A representative of TFI stated the organization has had success with placements with relatives and with adoptions, and has high placement stability. She noted persistent challenges with long-term placements for those with mental health issues, which create staff safety concerns.

### ***OCA Update***

The Child Advocate reviewed the complaint and investigation process and the most common types of complaints filed in 2024. She stated concerns noted by the OCA during 2024 included a lack of family time, high placement instability, lack of oversight and regulation of day programs, mental health assessments without service follow-ups, and lack of safety regulations. The Child Advocate also presented a snapshot of investigations and concerns arising in the first quarter of 2025.

### ***Child Welfare, Reimagined Report***

The CEO of CAK presented the report of the Child Welfare, Reimagined group convened in July 2024 by former Representative Susan Concannon and Representative Jarrod Ousley. She stated the group included various stakeholders from the Legislature, the Governor's Office, the Judicial Branch, prosecutors, law enforcement, educational professionals, DCF, CAK, and OCA; mental health professionals; service providers; and individuals with lived experience. She noted the goals and vision directing the group and outlined various policy recommendations to advance these goals.

## August 4 Meeting

### *Presentation on the Family First Prevention Services Act*

A representative of Casey Family Programs discussed the Family First Prevention Services Act (FFPSA) of 2018, stating this federal law represents a shift in child welfare policy, moving away from a system that primarily funded foster care placements. She stated the FFPSA instead provides federal reimbursement to states for prevention services such as mental health treatment, substance abuse treatment, and parenting support. She noted that research shows that early intervention means children can safely remain at home when families receive targeted support.

The Deputy Secretary described child welfare prevention efforts in Kansas, focusing on those FFPSA-funded efforts. She stated programs fall into four main categories: mental health treatment, parent skill-building, substance abuse treatment, and kinship navigation. She noted that these programs have served more than 7,400 families since 2019.

### *Presentations from Preventive Service Providers*

The Executive Director and Community Impact Director for Radical Life, an Emporia-based nonprofit program aimed at supporting and strengthening families to prevent involvement with the child welfare system, noted the program has increased family income, reduced family debt, and resulted in family reunifications.

The Vice President of Growth and Strategy for FosterAdopt Connect presented an overview of the organization's services, including prevention services, kinship navigation, and behavioral intervention. He noted the organization's prevention services have resulted in a 96 percent foster care avoidance rate.

The CEO of KCSL provided an overview of the organization's prevention services, including a 24-hour telephone helpline, in-home support for at-risk parents, assistance for parents with substance abuse, and family resource centers.

### *Child Welfare Presentations from Individuals, Organizations, and Providers*

Testimony was presented by eight private citizens:

- A husband and wife stated that TFI and a judge intentionally separated their adopted children from their biological siblings causing trauma;
- A grandmother stated SFM and a Barton County judge mishandled her grandchildren's case, allowing the children to return to an unsafe home environment;
- A sister of an individual who passed away while involved with the child welfare system described her family's experience with SFM and DCF after her brother died, alleging the agencies denied wrongdoing, attacked her family's character, and portrayed themselves as victims;
- The mother of the individual described above stated SFM committed fraud, forgery, and gave false narratives involving her son's case and asked the Committee to resolve the issue;
- A mother spoke about being falsely accused of child abuse after taking her son to Children's Mercy Hospital, whose CARE Program misdiagnosed his medical issues as abuse;
- A grandmother described her experience with SFM, stating that her three grandchildren were removed from their home based on nothing but a child's statement and that she has not been permitted to see them despite having visitation rights; and
- A mother stated SFM prevented her son from gaining custody of his infant daughter and stated her former employment with SFM was considered a conflict of interest and prevented her from being a placement option.

The Administrative Manager of SoHome Kids Foundation provided an overview of its group home, stating it has a 95 percent success rate with hard-to-place foster youth. She noted that the home's license has been on hold for several months due to a single staff incident, preventing the Foundation from accepting new youth and causing staff cuts.

Written-only testimony was submitted by four private citizens, the State Director of the Kansas CASA Association, and Representative Timothy Johnson.

### ***Family Preservation and CMP Updates***

A representative of Cornerstones provided data showing the costs to keep families together are lower than the cost of foster care. He also noted that Cornerstone's specialized teams' targeting of kinship, adoption, high-acuity cases, and staff stability has resulted in fewer children entering foster care.

A representative of DCCCA stated the organization's programs help families with recovery, noting one family preservation pilot program kept nine out of ten children out of foster care. The representative noted challenges faced by its families include housing instability and lack of mental health services.

A representative of EHC spoke of the challenges in Sedgwick County's child welfare system, explaining there is a placement crisis with a high number of failure-to-place youth in the county.

A representative of KVC presented information on the importance of prevention in child welfare and the lasting trauma of family separation. She noted that the organization has avoided any failure-to-place instances due to operating a "no-reject, no-eject" facility.

A representative of SFM stated 11 children had slept in SFM offices last quarter due to a lack of placement options, and stressed the importance of communicating with all involved parties during traumatic events such as failure-to-place incidents.

A representative of TFI spoke on the organization's success in placing 48.8 percent of

children with family members. She also noted older children are increasingly entering TFI's care for non-abuse, non-neglect reasons, such as mental health or behavioral issues.

The CEO of CAK presented information on the need for community resources for family support and noted a gap in services for older youth with behavioral needs. She also suggested a review of legislation that authorized juvenile crisis intervention centers in the state and recommended a child welfare certification process for child welfare professionals to improve skills and communication with families.

### ***DCF Update***

The Secretary introduced the six regional directors of DCF and invited them to provide updates on their respective regions:

- The Northeast Regional Director stated the implementation of 2025 HB 2075 has been successful in the region and noted the region has surpassed its 50 percent goal for initial placements with relatives and has a recurrent maltreatment rate of 2 percent;
- The Northwest Regional Director stated the weekend response of DCF staff in the region has improved since the implementation of HB 2075 and that strong partnerships with law enforcement and other community partners have led to prevention successes;
- The Kansas City Regional Director stated the region has successfully collaborated with law enforcement with respect to timely reporting and child safety. He also noted the region's out-of-home placements are at a 14-year low and that a new pilot program with DCCCA has prevented 9 out of 10 youth from entering foster care after being released from psychiatric facilities;
- The Wichita Regional Director stated the implementation of HB 2075 has been successful in the region through the use of virtual town hall meetings and staff rotations and noted a prevention effort called Gathered Strong Sedgwick County

seeks to strengthen families and reduce the need for care;

- The Southeast Regional Director stated the implementation of HB 2075 has been successful through the hiring of new weekend staff and improved collaboration with law enforcement; and
- The Southwest Assistant Regional Director stated the region has seen a 24 percent reduction in out-of-home placements since FY 2021 and attributed this to strong relationships with law enforcement and a focus on prevention through team decision-making meetings with school-based programs.

The Secretary reported that the agency has awarded a contract for the new Comprehensive Child Welfare Information System (CCWIS) to RedMane Technology. She stated the agency also awarded contracts to Maximus and CSG Government Solutions to provide oversight on the CCWIS. The Secretary also provided 2024 Quarter 4, 2025 Quarter 1, and 2025 Quarter 2 data on the foster care system.

### ***OCA Update***

The Child Advocate provided a quarterly snapshot and map showing the number of complaints received within each DCF region for the month of July. She noted the OCA continues to receive concerns related to family time and maintaining sibling connections, youth receiving timely and appropriate mental and behavioral health care, ensuring child safety in congregate care settings, ensuring frequent and clear communication and advocacy by attorneys appointed to represent parents and as guardians *ad litem*, and child welfare workforce challenges.

### **October 27 Meeting**

#### ***Child in Need of Care Appeals***

The Child Advocate presented charts on the different appeal options that are available to families who are involved in the CINC system, including how cases are initiated. She stated specific appellate rights can be found in KSA 38-2273.

A judge from the 18<sup>th</sup> Judicial District Court and chairperson of the Kansas Supreme Court Task Force on Permanency Planning reviewed orders of custody, the legal designation of a child in need of care, and the steps following that designation. She also noted her experience with litigation that led the Kansas Supreme Court to decide CINC appeals should be limited after the termination of parental rights to prevent endless litigation and delayed permanency for children.

### ***OCA Update***

The Child Advocate presented an update on the OCA, noting it recently added an Intake Specialist position within the office, while two founding members of the office have left to pursue other opportunities in child welfare, resulting in the OCA's focus on training and onboarding new team members. The Child Advocate also provided a quarterly snapshot and map showing the types of complaints received for Quarters 1, 2, and 3 of 2025.

### ***Liability Insurance for CMPs***

The Chief Revenue Officer for The Miller Group, an insurance brokerage company, presented on the rising costs of liability insurance for CMPs in the state and elsewhere in the country. He stated the largest commercial insurance carrier left the child welfare nonprofit market five years ago due to the unpredictable nature of claims in child welfare. He noted one agency that paid a premium of \$114,000 in 2014 now pays \$1.4 million.

The CEO of CAK presented on the specific challenges of liability insurance for Kansas providers, and noted CAK is researching solutions for the Legislature to consider.

### ***Community Mental Health Center Services for Foster Youth***

The Associate Director of the Association of Community Mental Health Centers of Kansas presented an overview of the services provided by the 26 licensed community mental health centers (CMHCs) in the state, highlighting those children- and youth-focused services that are available statewide. She noted that CMHCs and certified community behavioral health centers (CCBHCs) are required to report data quarterly to the State

regarding services provided to youth in foster care. She also noted communication between CMPs and CMHCs/CCBHCs can be challenging, with some CMPs not providing a complete history of a youth's mental health care, treatment, and medications to the CMHC/CCBHC in a timely manner. Finally, the Associate Director stated that because foster parents are unable to provide consent for substance use disorder services or Severe Emotional Disturbance (SED) waiver services, treatment is delayed in some cases.

### ***DCF Update***

The Secretary reviewed the history of the *McIntyre v. Howard* lawsuit and subsequent settlement agreement, and reviewed the annual progress report from the settlement. The report reviewed 14 data points in the period from January 1, 2024, to December 31, 2024. Findings of the report concluded that the state met four out of ten practice improvements and outcome goals and maintained obligations for accounting and reporting. Of the six goals not met, the report showed performance increased or was maintained for five goals and decreased for one goal.

The Secretary also provided quarterly data for the agency, noting the overall need for foster care in the state has reduced 26 percent since 2019, but continues to increase in Sedgwick County. She also noted holiday and weekend response by the agency has improved, resulting in a 13 percent reduction in the use of PPC in the first quarter of 2025.

### ***Child Welfare Presentations from Individuals, Organizations, and Providers***

Testimony was presented by 16 private citizens:

- A former child protection services worker spoke on her experience in the child welfare profession and also as someone who has been investigated by the state for child abuse;
- A mother spoke of her experience with a medical misdiagnosis that prompted removal of her children;

- A husband and wife spoke of their unsuccessful efforts to keep siblings together in adoption;
- A concerned citizen shared suggestions on improving child welfare standards and the benefits of legalizing cannabis to the child welfare system;
- A husband and wife shared their experience with the child welfare system after a hospital missed a medical diagnosis;
- A mother of an individual who passed away after failing to receive substance abuse services from the State described her frustrating efforts in attempting to communicate with legislators;
- A sister of the individual described above stated she has presented to this Committee several times, has nothing left to say, and instead welcomed comments from the Committee regarding the loss of her brother;
- A mother described her experience with Johnson County District Court leading to the removal of her five children;
- A grandmother spoke of her ongoing efforts to get her grandchildren placed with her;
- A medical doctor submitted a medical statement regarding his patient who was misdiagnosed in Kansas and was subsequently placed in the custody of the Secretary;
- A grandmother spoke of her concerns with DCF and private contractors as a parent ally for the previous 14 years;
- A researcher shared data collected from a child protection services audit conducted on SFM in Nebraska and described a case study of a Colorado resident who was intercepted by DCF in Kansas, which

subsequently refused to return the child to Colorado;

- A mother spoke of attempting to help her son who experienced a mental health crisis in another state and was subsequently transferred to Kansas after she was hired by EHC as an aftercare specialist; and
- A mother spoke of challenges she observed in her efforts to help her daughter navigate the child welfare system in Kansas.

Two co-founders of Project Heaven, an organization created to prevent child abuse and improve accountability in Kansas, presented an overview of their organization's goals.

Written-only testimony was submitted by two private citizens.

### ***Presentation on Social Welfare Workforce in Kansas***

The Executive Director of the National Association of Social Workers – Kansas Chapter addressed workforce challenges, including the need to graduate more social workers in Kansas. She also presented information on the social welfare degree programs offered by Kansas colleges and universities. Challenges facing the workforce in Kansas cited by the Executive Director include high turnover rates, lack of licensing incentives, and complex clinical training requirements.

The Chairperson of the Fort Hays State University Department of Social Work presented data on the status of the social welfare workforce in Kansas, noting that bachelor-level licensing is declining and that the burnout rate for the profession is high, with 30 percent to 50 percent of child welfare social workers leaving the profession in the first few years.

### ***Family Preservation and CMP Updates***

A representative of Cornerstones provided examples of challenges faced by the organization, including lengthy waitlists for youth on the SED waiver, fears about the loss of Supplemental

Nutrition Assistance Program (SNAP) benefits, and the need for specialized care for crossover youth. He also expressed concern that the organization's liability insurance premiums in 2026 will increase 235 percent from the rate paid in 2022.

A representative of DCCCA stated the organization is focused on three new pilot programs:

- Sobriety Treatment and Recovery Teams (START) Prevention Boosting Reintegration Pilot that will allow START services to wrap around families with substance abuse needs that have young children;
- Family Preservation Collaboration Project that will address the needs of youth in psychiatric residential treatment facilities and acute hospitals where discharge is imminent but the youth is unable to return home; and
- Foster Care Prevention Boosting Reintegration Pilot that will allow DCCCA family preservation services to wrap around families that have children who have entered foster care.

A representative of EHC stated challenges faced by the organization include escalating failure-to-place rates and suggested the State may be able to help increase capacity in the community by licensing more residential models that currently cannot be licensed under Kansas regulation. The representative also spoke of a partnership with Techam Solutions, a group of industrial engineers with previous child welfare agency experience, to establish an integrated case team to reduce the time youth spend in out-of-home placement.

A representative of KVC provided statistics on various outcomes of the previous quarter and noted that the organization had no youth staying overnight in an office since September 2024. The representative also noted its success in worker retention, with a rate of 97.1 percent in July. She also provided an overview of the organization's Mockingbird Family Model, where experienced

foster parents offer mentorship, encouragement, and support to fellow foster families.

A representative of SFM provided statistics on several key measures in the current fiscal year to date. He also stated foster care should be primarily for those children who are unsafe due to parental actions, not for children whose foster care needs stem from their own behavior. Nevertheless, he stated the organization continues to care for children with severe behavioral issues and, subsequently, staff burnout, turnover, and secondary trauma has worsened the child welfare workforce crisis. He noted caring for children with these high-risk behaviors increases the probability of legal incidents and the cost of insurance premiums.

A representative of TFI stated in the third quarter of 2025, the organization had reduced out-of-home placements, increased kinship placement, and improved workforce retention. She noted that placement stability has decreased due to the aging out of its youth population. She referred to the increasing number of youth with criminal behaviors entering care as a safety issue, and she expressed concern over rising liability costs.

The CEO of CAK reviewed the four main goals of the Child Welfare, Reimagined workgroup and provided multiple case studies of the impact of youth who entered care due to the youth's behavior problem. She provided three recommendations for the Committee's consideration:

- Evaluate statutory language leveraging the use of foster care as a behavioral health solution;
- Expand care coordination and direct access to a continuum of behavioral health treatment for youth demonstrating criminogenic behavior; and
- Take action to stabilize liability coverage and safeguard the State's capacity to care for its most vulnerable youth.

## CONCLUSIONS AND RECOMMENDATIONS

Following discussion, the Committee agreed to the following recommendations:

- The House Committee on Child Welfare and Foster Care or successor committee should further study revisions to the CARE Program (KSA 38-2226a) in the 2026 Legislative Session. Such revisions should include requiring that funds may be used for independent physician examination or review of initial examination results as a part of an appeal process; providing an appeal process for parents of initial CARE examinations conducted pursuant to the CARE Program; requiring medical and hospital records of the child be released to the parents' attorney within 30 days after a child is taken into the custody of the Secretary for Children and Families; and requiring that a copy of a parents' bill of rights be given to parents under investigation for child abuse or neglect when a CARE examination is conducted or a child is in the hospital;
- The House Committee on Child Welfare and Foster Care or successor committee should further study increasing the use of legal guardianship as a permanency option in the 2026 Legislative Session;
- The House Committee on Child Welfare and Foster Care or successor committee should further study liability insurance solutions for CMPs in the state in the 2026 Legislative Session;
- The 2026 Legislature should pass 2025 HB 2175 or equivalent legislation, concerning notifications to be provided to parents of a child who is the subject of an investigation of abuse or neglect or has been removed from the home by a law enforcement officer; and
- The following reports should be made to the Committee by the appropriate reporting entities: the number of youth in care who are diagnosed with both autism

and substance abuse disorder and consideration of specialized services for such youth, program outcomes of specialized service providers and current

services being provided, and options for increasing availability of substance abuse treatment providers.



# Report of the J. Russell (Russ) Jennings Joint Committee on Corrections and Juvenile Justice Oversight to the 2026 Kansas Legislature

**CHAIRPERSON:** Representative Bob Lewis

**VICE-CHAIRPERSON:** Senator Kellie Warren

**RANKING MINORITY MEMBER:** Representative Jo Ella Hoye

**OTHER MEMBERS:** Senators Elaine Bowers, Ethan Corson, Oletha Faust Goudeau, Beverly Gossage, Stephen Owens, and Kenny Titus; and Representatives John Carmichael, Leo Delperdang, John Resman, Tobias Schlingensiepen, and Adam Turk

**CHARGE**

***Monitor Inmate and Juvenile Offender Populations and Study Kansas Department of Corrections Operations***

KSA 2025 Supp. 46-2801 directs the J. Russell (Russ) Jennings Joint Committee on Corrections and Juvenile Justice Oversight (Committee) to monitor inmate and juvenile offender populations and to review and study the programs, activities, plans, and operations of the Kansas Department of Corrections; monitor the implementation of juvenile justice reform and the work of the Kansas Juvenile Justice Oversight Committee; and review and study adult correctional and juvenile offender programs of local governmental entities.

The Committee is additionally charged with studying the following topics:

- The “Second Look Act;”

- A reduction of court fines and fees;
- Holding crossover youth accountable and providing both crossover youth and Child in Need of Care youth with safe and appropriately structured housing;
- Juveniles' access to and utilization of firearms;
- How the Kansas Offender Registration Act is being applied to juveniles; and
- Judicial discretion regarding mid-level juvenile offenders.

# J. Russell (Russ) Jennings Joint Committee on Corrections and Juvenile Justice Oversight

## ANNUAL REPORT

### Conclusions and Recommendations

The Committee supports the Kansas Legal Services in its efforts to conduct expungement clinics and driver's license clinics, and it conveys that support to the House Committee on General Government Budget.

*Proposed Legislation:* None.

### BACKGROUND

The 1997 Legislature created the Joint Committee on Corrections and Juvenile Justice Oversight to provide legislative oversight of the Kansas Department of Corrections (KDOC) and the Juvenile Justice Authority. Pursuant to Executive Reorganization Order No. 42, on July 1, 2013, the jurisdiction, powers, functions, and duties of the Juvenile Justice Authority and the Commissioner of Juvenile Justice were transferred to KDOC and the Secretary of Corrections.

Statewide, there are eight adult correctional facilities: El Dorado Correctional Facility, Ellsworth Correctional Facility, Hutchinson Correctional Facility, Lansing Correctional Facility, Larned State Correctional Facility, Norton Correctional Facility, Topeka Correctional Facility, and Winfield Correctional Facility. KDOC also operates parole offices throughout the state and is responsible for the administration of funding and oversight of local community corrections programs.

There is one operational juvenile correctional facility: the Kansas Juvenile Correctional Complex. Individuals between 10 and 17 years old may be adjudicated as juvenile offenders and remain in custody in a juvenile correctional facility until age 22.5 and in the community until age 23.

The Committee's duties, as outlined in KSA 2025 Supp. 46-2801, are to monitor the inmate population and review and study KDOC's programs, activities, and plans regarding its statutorily prescribed duties, including the implementation of expansion projects, the operation of correctional food service and other programs for inmates, community corrections, parole, and the condition and operation of the correctional institutions and other facilities under KDOC's control and supervision. The Committee is also charged to review and study the adult correctional programs, activities, and facilities of counties, cities, and other local governmental entities, including the programs and activities of private entities operating community correctional programs and facilities, and the condition and operation of jails and other local governmental facilities for the incarceration of adult offenders.

With regard to juvenile offenders, the Committee is directed to monitor the implementation of juvenile justice reform and the work of the Juvenile Justice Oversight Committee (JJOC). Further, the Committee is charged to review and study the juvenile offender programs and activities and facilities of counties, cities, school districts, and other local governmental entities; programs and activities of private entities operating community juvenile programs and facilities; and the condition and operation of local governmental, residential, or custodial facilities for the care, treatment, or training of juvenile offenders.

In addition to its statutory duties, the 2025 Legislative Coordinating Council (LCC) charged the Committee with studying:

- The “Second Look Act;”;
- A reduction of court fines and fees;
- Holding crossover youth accountable and providing both crossover youth and Child in Need of Care youth with safe and appropriately structured housing;
- Juveniles’ access to and utilization of firearms;
- How the Kansas Offender Registration Act is being applied to juveniles; and
- Judicial discretion regarding mid-level juvenile offenders.

The Committee requested and received approval from the LCC for three meeting days in 2025.

## COMMITTEE ACTIVITIES

The Committee met on November 6 and 7, 2025.

### November 6, 2025, Meeting

#### *Presentation on Community Corrections*

The President of the Kansas Community Corrections Association (KCCA) presented to the Committee. The President provided an overview of the Kansas Community Corrections program, explained that keeping individuals in the community instead of incarcerating them is a cost-avoidance measure for the state, and shared the KCCA’s funding requests for FY 2027.

In response to questions from the Committee, the President stated the reason the most recent statewide success data the KCCA has is from FY 2021 is that was the year the data system was updated to a new system; success is defined as an individual on supervision not going to prison while on supervision; regarding a new grant

funding formula, it would be most helpful if any significant changes were known in advance for planning purposes; a new grant funding formula is going to be reviewed by a third party outside of the KDOC; and, in regards to juveniles committing offenses while in possession of a firearm, the KCCA wants the people with the most information about the case making the decisions regarding the juvenile’s sentence.

#### *Presentation on the Kansas Juvenile Justice Oversight Committee*

The Chairperson of the JJOC presented an overview of the JJOC, the JJOC’s 2025 key achievements, the status of the response to the 2020 Legislative Post Audit report “Juvenile Justice Reforms: Evaluating the Effects of [2016] Senate Bill 367,” and a variety of metrics the JJOC uses to determine the success of juvenile programming.

The Chairperson also presented information on the Evidenced-Based Program Account (EBPA). He explained from where the EBPA funds come, the allocation process for the EBPA grants, the JJOC’s role in recommending grant applications to the KDOC, and the EBPA projections, which predict a negative balance in the coming years.

Finally, the Chairperson presented information on the Crossover Youth Practice Model (CYPM), which launched in Kansas in 2020. He presented an overview of the model and explained it has been implemented in three counties so far and three more counties have been identified for implementation in 2026.

In response to questions from Committee members, the Chairperson stated the preference of the JJOC would be for the funds in the EBPA to not go to any other sources; the CYPM model was determined to be best as a pilot model instead of launching it statewide; and the definition of the EBPA is very limiting on how the funds may be expended.

#### *Presentation on the Kansas Sentencing Commission*

The Executive Director of the Kansas Sentencing Commission (KSSC) presented information on the KSSC annual report and prison

population projections, and an update on the [2003] SB 123 substance use treatment program.

In response to questions from Committee members, the Executive Director stated that substance use treatment programs are provided at no cost to most offenders; the Commission is undergoing a comprehensive review of the sentencing grid and considering how much weight to put on an offender's criminal history; and increasing penalties is not a deterrent for crimes, in relation to prison bed space impact.

### ***Informational Hearing on "Second Look Act"***

The Committee received an informational briefing on the Second Look Act (Act), the provisions of which are currently found in 2025 SB 255.

### ***Bill Summary***

An Assistant Revisor of Statutes provided a summary of the provisions contained in 2025 SB 255, stating the bill would allow certain offenders to petition a court to conduct a resentencing hearing. In response to questions from Committee members, the Assistant Revisor explained that any resentencing is up to the discretion of the judge hearing the application for resentencing.

### ***Prison Bed Impact***

The Executive Director of the KSSC presented an updated prison bed impact statement for 2025 SB 255. He described the assumptions made when developing the impact statement.

### ***Stakeholder Input***

The Committee heard from several stakeholders regarding the provisions of the Act, including representatives from Equity Initiative, Inc.; Kansas Second Look Act Coalition; Kansas Prison Organizing Project; Families for Justice Reform; and American Civil Liberties Union, Kansas. The stakeholders generally stated that people grow and change while incarcerated, and deserve a chance to state their case for early release in front of a court. The Committee also received written-only testimony.

### ***Presentation on Assistance for Reentry Services and Expungement***

The Executive Director for Kansas Legal Services presented information on the expungement clinics Kansas Legal Services has hosted across the state, including statistics relating to the impact these clinics have had, the stories of some individuals, and the budget request for FY 2027.

### **November 7, 2025, Meeting**

### ***Presentation on KDOC***

#### ***Annual Update***

The Secretary of Corrections presented an annual update on the KDOC. In the annual update, the Secretary covered a vast array of topics, including budget allocations, staffing population projections, parole, community corrections funding, education and employment of individuals in custody, Kansas correctional industries, introduction of contraband, innovations and investments, requests for proposals, the five-year capital improvement plan, sex offender program management and placement, the Sexual Predator Commitment Act, and replacement of the Hutchinson Correctional Facility.

In response to questions, the Secretary explained further:

- In FY 2026, there was a \$102 million change in health care expenditures to cover the gap necessary in health care costs, as the vendor underbid the contract, and the Secretary anticipates health care costs to continue to rise;
- The EBPA balance looks artificially high because funds are annually returned by grantees;
- KDOC partners with law enforcement as much as possible to prevent contraband from entering facilities, and the biggest problem is the cell phones that make it into facilities. The Federal Communications Commission is considering allowing mobile networks to jam cell phones in prisons;

- In the future, the KDOC may partner in drone detection of contraband, but the current technology is expensive. Presently, it costs \$1 million for drone detection even without interception capabilities;
- When considering where to construct new or expanded facilities, staffing must be kept in mind. More beds at a facility makes no difference if the expanded facility cannot be staffed. After the Hutchinson Correctional Facility, the Winfield Correctional Facility would be the next best facility for expanded staffing.

*Annual Update on Juvenile and Community-based Services*

The KDOC Deputy Secretary of Juvenile and Adult Community-based Services presented an annual update on the Kansas Juvenile Correctional Complex, juvenile community-based services, and adult community-based services.

***Informational Hearing on 2025 HB 2329***

The Committee held an informational briefing on 2025 HB 2329.

*Bill Brief*

A Senior Assistant Revisor of Statutes presented a summary of the bill, stating the bill

would increase detention length and criminal penalties for juveniles who used a firearm in commission of an offense and would increase placements of juveniles in youth residential facilities.

*Stakeholder Input*

The Committee heard from several stakeholders regarding 2025 HB 2329, including representatives of the Southeast Kansas Regional Juvenile Detention Center; EmberHope; Kansas Association of Chiefs of Police, Kansas Peace Officers Association, and Kansas Sheriffs Association; and the Riley County Police Department. The Committee also received written-only testimony from a representative of Compass Behavioral Health. The stakeholders shared their perspectives on the bill, generally speaking positively to the provisions the bill contains.

**CONCLUSIONS AND  
RECOMMENDATIONS**

At the conclusion of the November 7, 2025, meeting, the Committee held discussion over the content of the two days of meetings. Following the discussion, the Committee recommendation was to support Kansas Legal Services in its efforts to conduct expungement clinics and driver’s license clinics, and to convey that support to the House Committee on General Government Budget.

# Report of the Joint Committee on Fiduciary Financial Institutions Oversight to the 2026 Kansas Legislature

**CHAIRPERSON:** Representative Nick Hoheisel

**VICE-CHAIRPERSON:** Senator Brenda Dietrich

**OTHER MEMBERS:** Senators Ethan Corson (July 31), Marci Francisco (November 6), Michael Fagg, and Stephen Owens; and Representatives Mike King, Dan Osman, Laura Williams, and Rui Xu

**CHARGE**

*Monitor and Make Recommendations on Fiduciary Financial Institutions in Kansas*

Pursuant to KSA 2023 Supp. 46-4001, the Committee is directed to monitor, review, and make recommendations regarding fiduciary financial institutions' operations in the State of Kansas and the fiduciary financial institutions pilot program, and to receive a report from the Office of the State Bank Commissioner.



# Joint Committee on Fiduciary Financial Institutions Oversight

## ANNUAL REPORT

### Conclusions and Recommendations

The 2025 Joint Committee on Fiduciary Financial Institutions Oversight (Committee) makes the following recommendations:

- The OSBC should earnestly engage with Beneficient and obtain any other private or professional assistance necessary to create rules and regulations as it pertains to the TEFFI industry in accordance with KSA 9-2322; and
- A monthly meeting, either in-person or virtual, should occur between the OSBC and all entities chartered under the TEFFI Act;

**Proposed Legislation:** Two bills. The Committee recommends the following:

- Drafting and prefiling legislation in both chambers to amend the TEFFI Act to authorize the OSBC to revoke a charter if a TEFFI does not comply with statutes or regulations, including a revocation appeal process through the Legislative Coordinating Council; and
- Drafting and prefiling legislation in both chambers that clearly states the State of Kansas will not accept receivership of a TEFFI that is insolvent or declares bankruptcy.

### BACKGROUND

The Joint Committee on Fiduciary Financial Institutions Oversight (Committee) was established by the enactment of 2021 Senate Sub. for HB 2074, Section 29, codified at KSA 46-4001. This nine-member committee is required to:

- Monitor, review, and make recommendations regarding fiduciary financial institutions' operations in the state of Kansas;
- Monitor, review, and make recommendations regarding the FidFin Fiduciary Institution Pilot Program (pilot program); and
- Receive a report from the Office of the State Bank Commissioner (OSBC). [*Note:*

The bill also required the OSBC to submit an initial report prior to December 31, 2021, that provided an update on the implementation of the TEFFI Act and pilot program. The bill required this report to include recommendations from the OSBC for any legislation necessary to implement provisions of the Technology-enabled Fiduciary Financial Institutions (TEFFI) Act.]

The Legislative Coordinating Council authorized the Committee to meet for two days; the Committee met at the Statehouse on July 31, 2025, and November 6, 2025.

## COMMITTEE ACTIVITIES

### July 31, 2025, Meeting: TEFFI Act Overview and TEFFI Operations

The Committee met to review law regarding fiduciary financial institutions, perform the oversight assigned to the Committee, and receive updates on fiduciary financial institutions' operations and activities in the state.

Testimony was provided by representatives of the TEFFI recognized by the 2021 law. [Note: Beneficent Fiduciary Financial (BFF), LLC, is the TEFFI granted charter in Kansas and, as of 2025, is the only TEFFI in the country. The Beneficent Company Group, LP, is the parent company, and is often referred to as "Ben."]

As head of the regulatory authority authorized by the 2021 legislation, the State Bank Commissioner (Commissioner) testified before the Committee. A representative of the Kansas Department of Commerce (Department) also testified.

### Overview of the Technology-enabled Fiduciary Financial Institutions Act and Statutory Requirements

Staff from the Office of Revisor of Statutes provided a summary of the statutory requirements under the TEFFI Act (KSA 9-2301 *et seq.*) as it applies to both the TEFFI and the OSBC.

Statutes in the TEFFI Act specify requirements for TEFFIs on the following topics:

- Application and approval for a charter and applicable distributions (KSA 9-2302);
- Application and examination fees (KSA 9-2303);
- Capitalization (KSA 9-2305);
- Board of directors (KSA 9-2306);
- Report to the Commissioner (KSA 9-2307(a));

- Naming and advertising restrictions (KSA 9-2308);
- Maintaining office space (KSA 9-2309(a) and (d));
- Principal office and maintenance of records (KSA 9-2309(c));
- Fiduciary and required distributions (KSA 9-2311);
- Disclosure to customers (KSA 9-2311(h));
- Notification when engaging a party to provide certain services (KSA 9-2312); and
- Custodial services (KSA 9-2313).

The OSBC is subject to the following requirements:

- Notification of approval or disapproval of application (KSA 9-2302(g));
- Assessment of fees and examination expenses (KSA 9-2303);
- Examinations (KSA 9-2307(b));
- Adoption of rules and regulations (KSA 9-2322); and
- Annual report to the Joint Committee on Fiduciary Financial Institutions Oversight (KSA 46-4001(g)).

### Updates on Fiduciary Financial Institutions' Operation in the State of Kansas

#### *Office of the State Bank Commissioner*

The Commissioner reported on the regulatory activities conducted by the OSBC regarding the sole TEFFI chartered and existing in Kansas, BFF.

## *Update on Regulatory Activities*

**Charter; TEFFI Act.** The Commissioner testified that the TEFFI Act established that each TEFFI pay an annual assessment of at least \$1 million to the OSBC, which then remits all moneys to the State Treasury. Three-quarters of each remittance is credited to the Bank Commissioner Fee Fund, and one-quarter is credited to the TEFFI Development and Expansion Fund with the Department. It was noted the OSBC has not received any additional applications or inquiries from potential TEFFI organizers.

**Examination and oversight.** The Commissioner testified the OSBC is the sole regulator for TEFFIs, unlike other financial institutions and entities that have a federal regulatory counterpart.

The Commissioner indicated the OSBC recently completed an examination consisting of a review of BFF's compliance with applicable laws and regulations and monitoring progress on addressing and resolving findings from previous examinations. The examination's scope did not include the Bank Secrecy Act, Anti-Money Laundering Act, or an information technology (IT) review. Findings were presented to the BFF board and certain executives in July 2025. The Commissioner noted that the findings are statutorily confidential and he cannot discuss any findings in detail.

**Regulatory concerns: safety and soundness examination.** The Commissioner discussed his ongoing concerns with some of the regulatory components contained in the TEFFI Act. He noted those concerns would exist for any entrant into the TEFFI marketplace, as the TEFFI legislation is not specific for just BFF, but rather legislation that will govern any future TEFFI, should there be interest from other entities. The Commissioner stated it remains impossible to conduct a meaningful safety and soundness examination. He highlighted the standard CAMELS rating system (which takes its name from its elements of review of capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk) used for state-regulated banks that follows international industry standards and assigns ratings in compliance with a uniform ratings system.

The Commissioner stated the TEFFI Act specifically prohibits an examination to consider earnings as a component and assigns any goodwill asset as a capital component, which departs from the Uniform Financial Institutions Rating System, the Uniform Interagency Trust Rating System, and generally accepted accounting principles (GAAP). No standard exists to determine the financial safety and soundness of a TEFFI.

**Regulatory concerns: litigation and liquidation.** The Commissioner noted several publicly disclosed adverse effects have occurred at Ben, raising concern about effects on BFF, including:

- Ben's most recent fiscal year-end audit included a lack of going concern clause, meaning auditors believe the company is on the verge of insolvency;
- Ben received a NASDAQ delisting notice for failing to maintain a \$1.00 bid requirement on its publicly traded stock on the NASDAQ exchange; the company requested a 180-day extension that has recently expired and the company intends to request a hearing and stay of any suspension;
- Former Ben employees brought claims against Ben with the Texas Workforce Commission; and
- Ben's Chief Executive Officer (CEO) and Board Chairman recently resigned and stated to the Securities and Exchange Commission that he believes the only viable course for Ben is to wind down its operations.

The Commissioner stated he is of the opinion that the Legislature should repeal the Act in its entirety and retract the TEFFI charter. He continued by stating Kansas trust companies can hold alternative assets in certain trusts and the market already exists for the assets that BFF is holding.

## *Discussion*

The Commissioner responded to questions about the risks TEFFIs pose to the State and its residents, how much money OSBC has received from the TEFFI fees and assessments, and whether OSBC has established any additional TEFFI regulations since the previous Committee meeting.

### **Beneficient Fiduciary Financial, LLC**

The Ben Interim CEO, the BFF President and Chief Fiduciary Officer, and the BFF Managing Director and Chief Operating Officer (COO) provided an overview of recent Beneficient and BFF activities.

[*Note:* BFF representatives later submitted two reports for the Committee’s reference and record: Beneficient Fiduciary Financial, LLC Management Report — an asset and distribution statutory allocation reporting of the Department and Beneficient Heartland Foundation, Inc. (Foundation) activities; and Legislative Report for Kansas TEFFI Charitable Activity—including audited consolidated financial statements for the Kansas TEFFI Economic Growth Trust and the Foundation—for the Fiscal Year ended March 31, 2024. These reports were not available for this meeting.]

BFF’s President presented information on the nature of the TEFFI, market factors that have slowed industry growth, an overview of the insolvency risks and mediation efforts underway, and explanation of fund distributions to the Foundation and the Department.

The BFF President described the alternative assets with which the TEFFI works as illiquid assets, such as private equity and structured credit funds, and the TEFFI serves to provide liquidity to its clients. It was reported that the initial public offerings market and the merger and acquisitions market have slowed down over the past few years, reducing their liquidity.

Ben’s Interim CEO noted he was previously employed with Ben as its Executive Vice President and Chief Legal Officer. He informed the Committee that the Company, Board of Directors, and executive management will renew focus on its core business objectives and believe this will help turn Ben’s performance around.

The BFF COO explained that 2.5 percent of BFF revenues is directed to the Kansas TEFFI Economic Growth Trust and is then split between the Foundation and the Department. An update was provided about the Hesston, Kansas, grocery store funded with TEFFI distributions. It was noted that while construction is not underway, a committee has been meeting weekly for the past two years to review the project’s status and progress. With recent developments, more control of the board has been given to community members.

## ***Discussion***

Discussion with the Committee centered around compliance with residency and office space requirements, creating a TEFFI regulatory framework and willingness to work with OSBC on creating one, challenges and contingencies for Ben and BFF, the effect on Kansas of repealing the Act, the business value of the TEFFI charter, and a breakdown of cash distributions to the Foundation and the Department.

### **Update on the Technology-enabled Fiduciary Financial Institutions Development and Expansion Fund and Distribution to the Economic Growth Zones and Promotion of Development, Growth, and Expansion**

#### ***Kansas Department of Commerce***

The Director of Legislative Affairs (Director) for the Department provided an overview of the Strategic Economic Expansion and Development (SEED) grant program, specifically designed to award grants that support the economic revitalization of Kansas communities with populations of less than 5,000 people through investments in quality-of-life initiatives. The total amount of available funding is dependent on the annual assessments paid by each chartered TEFFI.

Regarding SEED program awards, the Director reported:

- In the first round of awards, the Department received \$2.7 million to disburse and received 109 applications. The Department awarded 61 grants in 2022;

- In the second round of awards, the Department received \$270,000 to disburse and received 68 applications. The Department awarded 13 grants in 2023; and
- In the third round of awards, the Department received \$250,000 to disburse and received 48 applications. The Department awarded 12 grants in 2024.

The Director shared details and photos of several of the projects that received awards.

### ***Discussion***

The Committee and the Director discussed how funds were received, whether every required payment of BFF had been made, whether fund matching is required, and use of the TEFFI Development and Expansion Fund for marketing and promoting the TEFFI program. It was noted that most SEED grant recipients lacked sufficient resources in staffing or matching dollars to receive larger grants administered by the Department.

### **Further Discussion Required**

At the conclusion of the July 31 meeting, the Committee unanimously decided to request an additional day to receive an update on BFF's operations and turnaround strategy, to hear from a Foundation representative, and to make recommendations to the 2026 Legislature.

### **November 6, 2025, Meeting: TEFFI Update and Recommendations**

The Committee met to receive updates on TEFFI regulatory actions, Foundation activities, and fiduciary financial institutions' operations in the state.

Testimony was provided by representatives of the Commissioner, the Foundation, BFF, and Ben.

### **Updates on Fiduciary Financial Institutions' Operation in the State of Kansas**

#### ***Office of the State Bank Commissioner***

The Commissioner provided an update on the examination and exit meeting of BFF and its board of directors. It was noted that the examination

report is confidential, but it was disclosed that significant and repeated violations of Kansas statutes and rules and regulations were cited. The Commissioner noted that, due to the volume of the violations, the OSBC proposed requiring corrective action.

The Commissioner noted that the corrective action is a signal from the OSBC that significant improvement is necessary for BFF to thrive. Items of concern included a lack of corporate oversight and governance, history of operating losses, and ongoing legal challenges.

The Commissioner reiterated testimony from the July meeting regarding concerns about BFF continuing as an ongoing concern as well as the newly disclosed five-count indictment brought against Beneficent's founder and former CEO.

The Commissioner also provided information related to the BHF Grocery Store, LLC, and that since the July meeting, the OSBC has not received any applications or inquiries from any entity seeking to obtain a TEFFI charter.

### ***Discussion***

Discussion with the Committee centered around risk to Kansas citizens and taxpayers, managing a potential BFF wind-down or insolvency, TEFFI examination process, corrective action timeline and process, and effects of a consent order.

### ***Beneficent Heartland Foundation***

The Chairperson for the Foundation's Board of Directors provided an overview of the activity occurring in downtown Hesston as a result of the TEFFI distributions to the Foundation.

The Chairperson noted that since the former Beneficent CEO had left the Foundation's Board of Directors, the Board had reallocated seats to local and community leaders to help ensure the grocery store could sustainably serve the town for the long term.

It was also noted that while construction on the grocery store had not started, planning of the store was currently ongoing, and activity was occurring in the downtown area to facilitate the

project. It was noted that BFF had contributed to the Foundation more than was statutorily required, but that the grocery store project still lacked sufficient funding to begin development of the building.

#### *Discussion*

Discussion topics with the Committee included changes taken by the Foundation after the former CEO's resignation, why the grocery store project's annual report was not timely filed, and how much funding is needed to start construction.

#### ***Beneficient Fiduciary Financial, LLC***

The Ben Interim CEO, the BFF Managing Director and COO, Ben counsel, and the BFF President and Chief Fiduciary Officer (President), provided an update of Ben's and BFF's activity since the previous meeting, including an update on the effect of the former CEO's financial dealings.

Ben's CEO addressed recent media coverage related to the indictment of Ben's founder and former CEO. The Interim CEO reiterated Beneficient's commitment to serving the Foundation and the State. The CEO also reiterated Beneficient's belief that its business model and the market opportunity will allow Ben and BFF to remain operational and fulfilling its obligations to the Foundation and the State.

The COO testified that the OSBC's examination highlighted areas BFF needs to address and improve upon, but also noted that it was difficult to communicate with the OSBC to rectify issues and questions in a timely manner.

Ben Counsel provided the Committee with an overview of the litigation involving the former CEO and how BFF assets were unaffected by the alleged conduct.

The President provided information related to the distributions from BFF to the Foundation and the Department. The President also stated that the Interim CEO and another investor converted their preferred stock into common stock, showing their belief in the business model going forward.

Testimony was also provided by Ben and BFF showing their communications to the OSBC requesting to collaborate on developing statutory changes and regulations for the TEFFI industry. Ben and BFF also provided the OSBC's response showing that the OSBC believed it did not have authority to issue TEFFI rules and regulations, and even if it did, the OSBC believed additional regulations were unnecessary.

#### *Discussion*

Discussion with the Committee focused on the examination results, the business effect of the TEFFI charter, potential losses incurred from the alleged misconduct of the former CEO, the NASDAQ delisting notice, and creating TEFFI industry rules and regulations and statutory changes to make the program more attractive to other interested entities.

### **CONCLUSIONS AND RECOMMENDATIONS**

The Committee made the following recommendations:

- The OSBC should earnestly engage with Beneficient and obtain any other private or professional assistance necessary to create rules and regulations as it pertains to the TEFFI industry in accordance with KSA 9-2322;
- A monthly meeting, either in-person or virtual, should occur between the OSBC and all entities chartered under the TEFFI Act;
- Drafting and prefilng of legislation in both chambers to amend the TEFFI Act allowing the OSBC to revoke a charter if a TEFFI does not comply with statutes or regulations, including a revocation appeal process through the Legislative Coordinating Council.
- Drafting and prefilng of legislation in both chambers that clearly states the State of Kansas will not accept receivership of a TEFFI that is insolvent or declares bankruptcy.

**Report of the  
Robert G. (Bob) Bethell Joint Committee on  
Home and Community Based Services and  
KanCare Oversight  
to the  
2026 Kansas Legislature**

**CHAIRPERSON:** Senator Beverly Gossage

**VICE-CHAIRPERSON:** Representative Will Carpenter

**OTHER MEMBERS:** Senators Renee Erickson, Stephen Owens, Virgil Peck, and Pat Pettey; and Representatives Barbara Ballard, Ron Bryce, David Buehler, Susan Ruiz, and Bill Sutton

**CHARGE**

***Oversee Long-term Care Services and KanCare***

KSA 2023 Supp. 39-7,160 directs the Joint Committee to oversee long-term care services, including home- and community-based services (HCBS). The Joint Committee is to oversee the savings resulting from the transfer of individuals from state or private institutions to HCBS and to ensure that any proceeds resulting from the successful transfer be applied to the system for the provision of services for long-term care. Further, the Joint Committee is to oversee the Children's Health Insurance Program, the Program for All-Inclusive Care for the Elderly, and the state Medicaid program (KanCare), and monitor and study the implementation and operations of these programs, including, but not limited to, access to and quality of services provided and any financial information and budgetary issues.



# Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight

## ANNUAL REPORT

### Conclusions and Recommendations

The Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight (Committee) recommends:

- The January meeting be scheduled for Friday, January 23, 2026;
- A complex wheelchair and/or durable medical equipment work group be formed and for the work group to report back to this Committee in January 2026 to provide at minimum an analysis of the preventative maintenance and/or safety check process and an analysis of the billing process;
- The state's long-term care resident rights (see KAR 26-39-103) be amended to include the right to a pharmacist or pharmacy of the long-term care resident's choice irrespective of the type of medication distribution system used by the facility, and to not be charged a fee or receive a financial incentive or disincentive for choosing a pharmacy other than the facility's preferred pharmacy. The long-term care resident may not be charged for repackaging if that cost can be included on the facility cost report;
- A letter addressed to the Governor, subject to Legislative Coordinating Council (LCC) approval per LCC Policy 33, be drafted by the Kansas Legislative Research Department and signed by the 2025 Committee Chairperson, requesting the involvement of the Chairperson, Vice-chairperson, and Ranking Minority Member of this Committee in the Kansas Rural Health Innovation Alliance before stakeholder recommendations are sent to the Governor for the Rural Health Transformation Program application process and any future committees created for funding distribution;
- The Kansas Department for Aging and Disability Services (KDADS) be commended for the agency's efforts to provide a certification program with the Kansas Direct Support Workforce Development Hub to develop direct support workforce career ladders to promote growth and advancement;
- An informational hearing on the availability and/or current use of Artificial Intelligence Health Technology be held during the 2026 Legislative Session in the House Committee on Health and Human Services;
- KSA 39-947a be amended to create an independent surveying process and the creation of a committee of seven members for independent, informal dispute resolution;
- The 2026 Legislature thoroughly review 2025 HB 2386 to remove the year-specific language (2008) regarding the federal poverty level for eligibility for the Children's

Health Insurance Program;

- The Kansas Department of Health and Environment, KDADS, or both, request a billing code from the U.S. Centers for Medicare and Medicaid Services (CMS) specifically for sedation dentistry mobile providers and, if a code is not available and/or during the pending of the CMS code approval process, to standardize a billing fee for this service to be provided through available federal match modifiers;
- An additional 500 slots be funded for the Intellectual/Developmental Disability waiver; and
- Continued support for the Community Support Waiver.

**Proposed Legislation:** One bill. The Committee recommends a bill be introduced in the Senate amending KSA 39-7,160 to remove the requirement that the April Committee meeting be held during the regular legislative session.

## BACKGROUND

The Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services (HCBS) and KanCare Oversight (Committee) operates pursuant to KSA 39-7,159, *et seq.* The previous Joint Committee on HCBS Oversight was created by the 2008 Legislature in House Sub. for SB 365. In HB 2025, the 2013 Legislature renamed and expanded the scope of the Joint Committee on HCBS Oversight to add the oversight of KanCare (the State's Medicaid managed care program). The Committee oversees long-term care (LTC) services, including HCBS, which are to be provided through a comprehensive and coordinated system throughout the state. The system, in part, is designed to emphasize a delivery concept of self-direction, individual choice, services in home and community settings, and privacy. The Committee also oversees the Children's Health Insurance Program (CHIP), the Program for All-Inclusive Care for the Elderly (PACE), and the state Medicaid programs.

The Committee is composed of 11 members: 6 from the House of Representatives and 5 from the Senate. Members are appointed for terms that coincide with their elected or appointed legislative terms. The Committee is statutorily required to meet at least once in January and once in April when the Legislature is in regular session and at least once for two consecutive days during both the third and fourth quarters, at the call of the chairperson. The Committee is not to exceed six

total meetings in a calendar year; however, additional meetings may be held at the call of the chairperson when urgent circumstances require such meetings.

In its oversight role, the Committee is to oversee the savings resulting from the transfer of individuals from state or private institutions to HCBS and to ensure proceeds resulting from the successful transfer be applied to the system for the provision of services for LTC and HCBS, as well as to review and study other components of the State's LTC system. Additionally, the Committee is to monitor and study the implementation and operations of the HCBS programs, CHIP, PACE, and the state Medicaid programs, including, but not limited to, access to and quality of services provided and financial information and budgetary issues.

As required by KSA 39-7,160, at the beginning of each regular legislative session, the Committee is to submit a written report to the President of the Senate, the Speaker of the House of Representatives, the House Committee on Health and Human Services, and the Senate Committee on Public Health and Welfare. The report is to include the number of individuals transferred from state or private institutions to HCBS, as certified by the Secretary for Aging and Disability Services, and the current balance in the HCBS Savings Fund. [*Note:* See Appendix A for the 2025 report.]

The report also is to include information on the KanCare Program regarding:

- Quality of care and health outcomes of individuals receiving state Medicaid services under KanCare, as compared with outcomes from the provision of state Medicaid services prior to January 1, 2013;
- Integration and coordination of health care procedures for individuals receiving state Medicaid services under KanCare;
- Availability of information to the public about the provision of state Medicaid services under KanCare, including access to health services, expenditures for health services, extent of consumer satisfaction with health services provided, and grievance procedures, including quantitative case data and summaries of case resolution by the KanCare Ombudsman;
- Provisions for community outreach and efforts to promote public understanding of KanCare;
- Comparison of caseload information for individuals receiving state Medicaid services prior to January 1, 2013, with the caseload information for individuals receiving state Medicaid services under KanCare after January 1, 2013;
- Comparison of the actual Medicaid costs expended in providing state Medicaid services under KanCare after January 1, 2013, with the actual costs expended under the provision of state Medicaid services prior to January 1, 2013, including the manner in which such cost expenditures are calculated;
- Comparison of the estimated costs expended in a managed care system providing state Medicaid services before January 1, 2013, with the actual costs expended under KanCare after January 1, 2013; and

- All written testimony provided to the Committee regarding the impact of the provision of state Medicaid services under KanCare upon residents of adult care homes.

In developing its report, the Committee is also required to consider the external quality review reports and quality assessment and performance improvement program plans of each managed care organization (MCO) providing state Medicaid services under KanCare.

The Committee report must be published on the official website of the Kansas Legislative Research Department (KLRD). Additionally, the Kansas Department for Aging and Disability Services (KDADS), in consultation with the Kansas Department of Health and Environment (KDHE), is required to submit an annual report on the LTC system to the Governor and the Legislature during the first week of each regular session.

## COMMITTEE ACTIVITIES

The Committee met once during the 2025 Session (February 21) and three times during the 2025 Interim (April 14, July 14-15, and October 13-14). In accordance with its statutory charge, the Committee's work focused on specific topics described in the following sections.

### **KanCare Overview and Updates**

At each of the quarterly meetings, a representative of KDHE provided updates on KanCare, as well as various topics and projects overseen by KDHE. The KanCare Executive Summary for the prior quarter was provided at each meeting. The quarterly reports include MCO profit and loss summaries, as well as a variety of data points.

At the February 21, 2025, meeting, the Deputy Secretary for Agency Integration and State Medicaid Director (Deputy Secretary, in the KDHE portion of the report) reviewed the changes that occurred from implementing KanCare 3.0 under the new contracts, the rate study, and the eligibility of beneficiaries in KanCare.

At the April 14, 2025, meeting, the Secretary of Health and Environment (Secretary, in the KDHE portion of the report) provided an update on the following topics: KanCare 3.0, social determinants of health, maternal and infant health, CHIP, program improvements, eligibility updates, and programs for aging adults.

At the meeting on October 13-14, 2025, the Deputy Secretary confirmed the KanCare 3.0 contracts require regular reviews of the three MCOs. The current review will be an annual mini audit in line with contract deliverables for prior authorization.

### ***Kansas Measles Outbreak***

At the July 14-15, 2025, meeting, the Chief Medical Officer reviewed the ongoing Kansas measles outbreak. He noted that nationwide, there were 285 measles cases in 2024. In 2025 to date, 1,267 cases had been reported. As of July 7, 2025, Kansas had confirmed 86 measles cases occurring in 11 counties across the state.

At the meeting on October 13-14, 2025, the Secretary provided an update on the recent measles outbreak, noting that the measles outbreak was deemed over on August 21, 2025, as it had been 42 days since a new case had been identified. The outbreak involved 87 cases in 10 counties, with most of the cases in children ages 0 to 10 years, and most affected individuals had not been vaccinated against measles.

### ***Doula Services***

At the July 14-15, 2025, meeting, the Deputy Secretary reviewed the doula services. Doula is a non-traditional service to assist pregnant women prior to, during, and after giving birth. Between July 2024 and March 2025, 35 claims were made and \$5,405.93 was paid. She reviewed lessons learned, in part due to non-traditional providers not having experience with health plans and some reluctance of traditional health providers to work with non-traditional providers.

### ***U.S. House Resolution 1***

At the July 14-15, 2025, meeting, the Deputy Secretary provided the agency's initial review and interpretation of recent federal reconciliation

legislation, U.S. House Resolution 1 (HR 1), passed in July 2025.

### ***Centers for Medicare and Medicaid Services Guidance on U.S. House Resolution 1***

At the meeting on October 13-14, 2025, the Deputy Secretary provided information on Centers for Medicare and Medicaid Services (CMS) guidance regarding HR 1. The guidance addresses immigrant eligibility, effective October 1, 2026; state-directed payments, beginning 2028; retroactive payment time period of prior medical expenses, starting January 1, 2027; final rules, delayed until 2035; an injunction filed regarding certain federal payments; HCBS expansion, July 1, 2028; waiving of erroneous payments, October 1, 2029; prevention of enrollment in multiple states, CMS verification system by October 1, 2029; disenrolling deceased individuals, January 1, 2028; disenrolling deceased providers, January 1, 2028; anticipated disapproval of continuous eligibility for caretaker adults, December 1, 2028; and immigration data file, notified in August 2025.

The Deputy Secretary noted that for purposes of Medicaid, HR 1 changes the criteria for immigrant eligibility. KDHE has determined, based on the changes, 8,046 non-citizens will remain eligible as lawful permanent residents, Compact of Free Association migrants, or Cuban or Haitian entrants, and a minimum of 2,235 lawful permanent residents will lose eligibility due to their status as refugees, special immigrants, and victims of trafficking. She clarified that persons in the country illegally are not eligible for Medicaid benefits.

### ***Federal Medical Assistance Percentage***

At the July 14-15, 2025, meeting, the Deputy Secretary noted the return to the prior Federal Medical Assistance Percentage (FMAP) rates after the end of the Covid-related Public Health Emergency.

At the October 13-14, 2025, meeting, the Deputy Secretary stated the FMAP increased by 1.83 percent, effective October 1, 2026.

### ***Children's Health Insurance Program***

At the July 14-15, 2025, meeting, the Deputy Secretary noted the number of children in the state

CHIP program was 84,172 persons age 19 and younger.

### ***Complex Wheelchairs***

At the July 14-15, 2025, meeting, the Deputy Secretary provided details on the current prior authorization for complex wheelchairs within KanCare noting that prior authorization involves meeting both CMS and Kansas rules and regulations.

At the October 13-14, 2025, meeting, the Deputy Secretary noted the durable medical equipment (DME) policy is being reviewed for a possible update with regard to two issues:

- Rental cap to ensure rental reimbursement does not exceed purchase price; and
- Set reimbursement rate for DME services that currently are manually priced.

She noted that examples of included services are wheelchairs, wheelchair accessories, and bed frames.

### ***Mobile Anesthesia Restrictions from Medicaid Position for Certified Registered Nurse Anesthetists***

At the July 14-15, 2025, meeting, the Deputy Secretary provided updates on several topics. Sedation dentistry often utilizes mobile anesthesia services that do not align with current billing codes. The agency is working to resolve the issue.

At the meeting on October 13-14, 2025, the Deputy Secretary stated, regarding mobile anesthesia services, that there is no specific code that is eligible for federal matching funds and the state has two options to address the situation.

One option involves increasing Current Procedural Terminology (CPT) code 00170, which can be used by mobile anesthesia providers, by up to \$37.70, keeping it within the Medicare rates. The adjustment would increase the reimbursement rate for all provider types using that code, not only those with mobile anesthesia practices. The state could also use modifiers that can be paid in addition to the reimbursement of the code. However, the reimbursement level would be far

below the rate of \$1,900 requested by mobile anesthesia providers, as most modifiers are only a few hundred dollars.

The second option involves the State creating a code specifically for the mobile anesthesia, but such a state code would not be eligible to draw down federal matching funds.

### ***Rural Health Transformation Program***

At the meeting on October 13-14, 2025, the Secretary reviewed the Rural Health Transformation Program (RHTP) that is included in HR 1. The state will apply for the \$50 billion program to acquire the needed funds for the state's rural health care system. Half of the \$50 billion award will be distributed evenly to all approved applicants, and the remaining half will be distributed by CMS based on factors outlined in the Notice of Funding Opportunity. KDHE is the lead agency of an interagency team. The team is working with the University of Kansas Health System Care Collaborative for the completion of the application, as well as the stakeholder engagement process. The Secretary noted Governor Kelly created the Kansas Rural Health Innovation Alliance (KRHIA) to convene a group of stakeholders to provide input on the initiatives to be included in the application. The Secretary noted that a different group of stakeholders might be named to oversee the governance and program management of any grant award. She stated the timeline and process is aggressive, as the application was released on September 15, 2025, and the application must be submitted to CMS by November 5, 2025. States are to be notified of approval and funding awards by December 31, 2025.

### ***Emergency Medical Services Reimbursement***

At the meeting on October 13-14, 2025, the Deputy Secretary, shared that the agency is exploring four areas of potential ability to reimburse emergency medical services (EMS) when a patient is treated at the scene of response, instead of being transported to a hospital.

## **KanCare Budget**

### ***Overview of Medicaid Funding***

At the July 14-15, 2025, meeting, a KLRD Managing Fiscal Analyst provided an overview of Medicaid. Medicaid is a federal and state program, based on the Social Security Act. In the state, two agencies have primary responsibility: KDHE and KDADS. KDHE is responsible for administration of the Medicaid management information services, medical services, Kansas State Plan, contract oversight of the three MCOs, and actuarial services. KDADS is responsible for behavioral health, nursing facility reimbursement, and the seven HCBS waiver programs. Capitation payments are the per member per month payment based on each eligibility category and are further determined using approximately 34 rate cells (subgroups of people served). Provider reimbursement is based on the service provided, such as well care check, maternity care, or transplant care. Each of the three MCOs determines the provider reimbursement at no less than what the state requires. Caseload estimates are based on population data in each of the rate cells. Other cost drivers include historical expenditures and the number of members (recipients) in the Medicaid program.

### ***Actuarial Role within Medicaid***

At the July 14-15, 2025, meeting, the Actuary serving the Kansas Medicaid program, as well as 11 additional states, reviewed the role of the actuarial firm within Medicaid. He reviewed Title XIX and Title XXI of the Social Security Act that identify core populations and services. CMS provides the administration, regulatory oversight, approval of federal funding, and final rules. The State determines legislation and policies. He detailed the role of an actuary, the managed care program design, and reimbursement. He noted the state is divided into four regions. He reviewed rate-setting details, capitation rate setting, various metrics, risk, base data, prospective policies, trend projection, rate development, and other concepts.

### ***KDHE Role within Medicaid Funding***

#### ***KanCare 2.0 and KanCare 3.0***

At the July 14-15, 2025, meeting, the Deputy Secretary provided information on the differences between KanCare 2.0 and KanCare 3.0. She noted

most of the differences between the two contract periods were due to the CMS flexibilities during the COVID-19 pandemic and the subsequent public health emergency (PHE) and the unwinding of the continuous enrollment requirements during the PHE. She provided detailed charts with PHE unwinding flexibilities start and end dates and the actual cost for FY 2024 and FY 2025.

### ***KDADS Role within Medicaid Funding***

#### ***Program and Services Budget***

At the July 14-15, 2025, meeting, the Deputy Secretary of Programs reviewed the differences between KanCare 2.0 (2018 request for proposal [RFP]) and KanCare 3.0 (2023 RFP). Some of the changes include a broader vision on wellness and independence, considering a new waiver for community supports for the intellectual and developmental disability (I/DD) population, using the updated term of “care coordination,” and real-time reporting. He reviewed caseloads for KanCare, including nursing facilities, psychiatric residential treatment facilities (PRTFs), mental health, substance abuse, and the HCBS waivers. He noted the non-KanCare caseloads include nursing facilities for mental health, the PACE program, HCBS functional assessments, and state hospital screens. He discussed the major budget adjustments and HCBS waiver renewal dates and provided an update on the waiver populations, including the wait list for the I/DD and Physical Disability (PD) waiver populations and projected census numbers for each HCBS waiver.

The seven waiver programs are Autism (AU), Brain Injury (BI), Frail Elderly (FE), I/DD, PD, Serious Emotional Disturbance, and Technology Assisted (TA).

### ***Hospitals and Facilities Budget***

At the July 14-15, 2025, meeting, the Deputy Secretary of Hospitals and Facilities provided a budget update on the state hospitals. He reviewed the major budget adjustments that enabled base pay increases and 24/7 incentives, 13 positions for a secure behavior unit at Parsons State Hospital (PSH), dual diagnosis and training outreach from PSH, and additional funds for contract nursing staff. The Deputy Secretary noted the continuing need to utilize contract nursing staff, although that is not the agency preference. He stated most of the

budget for the state hospital system goes to staffing.

## **KDADS Overview and Updates**

### ***Secretary for Aging and Disability Services***

At the February 21, 2025, meeting, the Secretary for Aging and Disability Services (Secretary in KDADS portion of this report) reviewed the KDADS agenda for the 2025 Legislative Session and the four bills the agency had requested.

At the April 14, 2025, meeting, the Secretary updated the Committee on the potential for a waitlist for the FE, TA, and BI waivers; funding for contract staffing at state hospitals; and federal grant cancellations that impact the Substance Abuse and Mental Health Services Administration (SAMHSA) American Rescue Plan Act (ARPA) grants. She noted KDADS was then appealing the federal grant cancellations. She additionally noted reorganization efforts at the federal agency level that would place SAMHSA and the Administration for Community Living within the new Administration for a Healthy America.

At the July 14-15, 2025, meeting, the Secretary shared the agency was working to implement the FY 2026 budget items, including a 1.5 percent across-the-board cut in funding totaling \$1,017,396 spread across eight programs, rate increases for several waiver programs, and the addition of about a dozen additional contracts to the current 750 contracts already in place.

At the October 13-14, 2025, meeting, the Secretary noted changes in the program will be needed for I/DD modernization to come into compliance as specified in the Corrective Action Plan; and for progress on the new Community Support Waiver (CSW), changes will need to occur within the program. She noted agency staff have participated in conferences with stakeholders and federal partners. The Secretary highlighted that in 2023, Kansas was 51st in the Mental Health America rankings. The ranking is improving and is now 17th.

## ***Hospitals and Facilities***

### ***Regional State Hospital Project***

At the February 21, 2025, meeting, the Deputy Secretary of Hospitals and Facilities provided updates on the Regional State Hospital Project. He stated construction started in February 2025 and completion is anticipated for October 2026. He reviewed funding for the project, noting the project is fully funded. He reviewed the staff appointed for various parts of the project.

At the April 14, 2025, meeting, the Secretary presented an update on the South Central Regional Mental Health Hospital. She stated the preliminary construction permit was issued the week of January 20, 2025, and the first payments for construction have been paid. She said construction started in February 2025 and is anticipated to be completed by October 2026.

At the July 14-15 and October 14-15, 2025, meetings, the Deputy Secretary of Hospitals and Facilities reported the South Central Regional Mental Health Hospital in Wichita is expected to be completed in October 2026. He noted Sedgwick County has received the \$25.0 million from Strengthening People and Revitalizing Kansas (SPARK) funds as part of the distribution of the 2021 federal ARPA moneys.

### ***State Hospital Contract Staffing Costs***

At the October 13-14, 2025, meeting, the Deputy Secretary of Hospitals and Facilities reviewed the contract staffing costs at Larned State Hospital (\$46.0 million for FY 2025) and Osawatimie State Hospital (\$15.4 million for FY 2025).

### ***Behavioral Crisis Stabilization Unit, Parsons State Hospital***

At the April 14, 2025, meeting, the PSH Superintendent and State Hospital Superintendent and State Hospital Commissioner presented an update on the Behavioral Crisis Stabilization Unit at PSH and the resolution of staffing issues.

## ***Survey, Certification and Credentialing***

### ***LTC Facilities Staffing***

At the February 21, 2025, meeting, the Commissioner of Survey, Certification and Credentialing reviewed the expectations of the staffing requirements in LTC facilities.

### ***Surveyors' Positions Reclassification, Pay Adjustments, and Positions Filled and Unfilled***

At the October 13-14, 2025, meeting, the Deputy Secretary of Hospitals and Facilities noted that the agency finalized its effort to gain additional survey staff by reorganizing the structure to decrease the total number of positions and used the savings in salaries to increase the starting pay for nurse surveyors. He noted that reorganization created 28 vacancies and 15 positions were then filled with 13 vacancies remaining. It was noted that the starting salary for the registered nurse surveyor position is \$67,000.

### ***Rural Emergency Hospitals and Skilled Nursing Facility Licensing***

At the October 13-14, 2025, meeting, the Deputy Secretary of Hospitals and Facilities noted 2025 HB 2249 permits a skilled nursing facility that is part of a rural emergency hospital to request a waiver from physical environment requirements. To date, no facility had requested the waiver.

## ***Behavioral Health Services***

### ***Certified Community Behavioral Health Clinics Data Warehouse Metrics***

At the February 21, 2025, meeting, the Deputy Secretary of Programs provided an overview of the data warehouse to be used with the certified community behavioral health clinics.

### ***Federal Partnerships or Opportunities Available Regarding Mental Health Initiatives***

At the April 14, 2025, meeting, the Assistant Commissioner, Behavioral Services, provided an update on the Behavioral Health Commission (Commission). The Assistant Commissioner stated the Commission is to assist Kansas in meeting the Commission's vision, and she discussed how state general funds and federal grants are utilized noting

the use of braided funding. She provided updated information that referenced the February 2024 Report to the House Committee on Welfare Reform regarding the percentage of the homeless population living with a disability, serious mental illness, or substance abuse disorder, and ongoing efforts by KDADS in collaboration with the Kansas Housing Resources Corporation to secure grant funding through the U.S. Department of Housing and Urban Development. .

### ***I/DD Crisis Stabilization Project Updates***

At the July 14-15, 2025, meeting, the Commissioner, Behavioral Health Services, provided updates on the six I/DD Crisis Stabilization projects. The six recipients are Goodlife Innovations, Johnson County Developmental Supports, LakeMary Center, OCCK, Inc., Sedgwick County Developmental Disabilities Organization, and Twin Valley Developmental Services, Inc.

### ***PRTF Study Recommendations Update***

At the July 14-15, 2025, meeting, the Commissioner, Behavioral Health Services, provided details on the PRTF study to address access gaps, including the fiscal impact of implementation. As of June 20, 2025, the waitlist for admission into a PRTF was at 72 persons. Of those, 33 persons are in foster care. The current number of PRTF licensed beds is 450, but 123 beds cannot be used due to staffing shortages.

## ***Long-term Services and Supports***

### ***Community Support Waiver Update***

At the April 14, 2025, meeting, the Deputy Secretary of Programs addressed waiver amendments. The Deputy Secretary shared the FE waiver has a pilot program that KDADS seeks to include long term. He also noted that KDADS is working to address specific corrective action plan requirements regarding conflict of interest in Targeted Case Management and unbundling of day services prior to submitting the CSW application to CMS and is transitioning to the multi-functional eligibility instrument (MFEI) as part of the CSW application process.

At the July 14-15, 2025, meeting, the Commissioner, Long Term Services and Supports

(LTSS), provided a detailed update on the application activity for the new CSW. The Secretary additionally added context to the application for the CSW by describing the application for the new waiver through CMS as a lengthy process involving a multitude of requirements, including stakeholder input. In addition, the state is working with CMS to accommodate the state's corrective action plan through the waiver application process. She noted, per 2025 HB 2240, the agency will need to receive approval of the waiver from the Legislative Coordinating Council (LCC).

### *HCBS Update*

At the July 14-15, 2025, meeting, the Commissioner, LTSS, provided a detailed update on HCBS services, including HCBS waiver enrollment; the potential of adding three waitlists due to the denial of requested enhancement funds impacting the FE, BI, and TA waivers; the waitlist status for the I/DD waiver; and an update on grants.

At the October 13-14, 2025, meeting, the Commissioner, LTSS, provided an update on HCBS waiver enrollment numbers, noting it included 862 proposed recipients for the AU waiver and 4,813 persons were on the I/DD waitlist, with another 57 on the PD waitlist. Projections indicate a potential for new waitlists for the FE, TA, and BI waivers. She noted the agency has formed a waitlist mitigation work group that includes the three MCOs, KDADS, and KDHE. The first meeting was held in July. She also advised that funding shortfalls have been estimated for FY 2026 and FY 2027.

### *Career Ladder Study from the University of Kansas Center for Research*

At the October 13-14, 2025, meeting, the Commissioner, LTSS, shared an update on the direct service worker career ladder project with the goal to promote growth and advancement of direct service work as a career. Training includes an online training program consisting of 28 modules. The training program is provisionally accredited by the National Alliance of Direct Support Professionals, and a full accreditation application is in process. Additionally, the State Peer Learning Collaborative is an effort to strengthen the direct support workforce, and the agency was provided

an award that will provide 250 hours of technical assistance to help the state incentivize the direct support workforce.

### *I/DD Modernization*

At the October 13-14, 2025, meeting, the Commissioner, LTSS, stated that the I/DD modernization project continued to work to meet the federal compliance standards and better align services with person-centered principles. Three key activities of the project are meeting the federal requirements, obtaining stakeholder input and readiness, and implementing the new CSW. She stated implementation of the project will strengthen access, choice, and quality of services.

### *Other Programs*

#### *Programs for Aging Adults*

At the April 14, 2025, meeting, the Commissioner, Aging Services, provided information on non-Medicaid services available for older Kansans and reviewed the funding process for community partners, noting funds are administered by the Area Agencies on Aging. The Commissioner stated that KDADS is updating the ten-year State Plan for Aging, and the agency is working with other states to design a blueprint for aging. The Commissioner noted older adults are the largest growing demographic in Kansas, with 18 percent of the population of Kansas age 65 and older and expected to be 20 percent by 2030.

#### *Community Care Coordination Timeline*

At the October 13-14, 2025, meeting, the Deputy Secretary of Programs clarified that the three MCOs will start a pilot program, Community Care Coordination, on January 1, 2026.

#### *Know Your Options Resource Guide Publication Timeline*

At the October 13-14, 2025, meeting, the Deputy Secretary of Programs announced that a Know Your Options Resource Guide will be published and distributed in the third quarter of FY 2026 and updated annually.

### *Quarterly Reports*

An appendix with additional data on various points, including HCBS waiver enrollment,

census, and caseload and state hospital census, was provided at each meeting.

## **MCO Updates**

### ***Healthy Blue Kansas***

At the February 21, 2025, meeting, a Healthy Blue Kansas (Healthy Blue) representative provided an update of enrollment numbers and services provided to members.

At the April 14, 2025, meeting, a representative provided an overview of the status of Healthy Blue.

At the October 13-14, 2025, meeting, a representative discussed how the organization combats health care fraud. He noted the steps taken include data analysis, provider oversight, member education, prior authorization, audits and investigation, and collaboration with authorities.

A pharmacist discussed the organization's pharmacy program designed to ensure appropriate drug utilization. A prospective and retrospective review process is used, including a lock-in program to identify and monitor potential misuse. Currently, 48 Healthy Blue members are in the lock-in program.

### ***Sunflower Health Plan***

At the February 21, 2025, meeting, Sunflower Health Plan (Sunflower) representatives provided information about unique provider network counts, and the extra services and value-added benefits for Sunflower members who qualify.

At the April 14, 2025, meeting, a representative provided an update on Sunflower claims information.

At the October 13-14, 2025, meeting, a representative reviewed the core functions of the MCO, noting that these include care management and coordination; utilization management; a special investigations unit to identify fraud, waste, and/or abuse; and behavioral health monitoring. The Partnerships in Care (PiC) program performs an analysis of the Kansas market, provider utilization patterns, and cost trends. PiC common performance findings include limited titration/transition plans, poor coordination of

care, one-size-fits-all prescriptions, service delivery that does not meet service definitions, missing progress notes, services delivered by non-credentialed staff, and overlapping codes that are against state regulations.

### ***UnitedHealthcare Community Plan of Kansas***

At the February 21, 2025, meeting, UnitedHealthcare Community Plan of Kansas (UnitedHealthcare) representatives stated its total MCO enrollment was 150,600 members. They also spoke about dental providers, network gaps, recruitment efforts, and the value-added benefits UnitedHealthcare offers its members.

At the April 14, 2025, meeting, representatives provided a general update for UnitedHealthcare.

At the October 13-14, 2025, meeting, a representative reviewed the multi-step business flow in identifying fraud, waste, and abuse. The process includes detention, validation, prevention or prepay and post-pay investigation, case reporting, and correction. The MCO will make a referral to the Office of the Inspector General (OIG) and KDHE, as part of the case reporting. He noted program integrity requirements for Medicaid are in the Code of Federal Regulations.

### ***Complex Wheelchair Approval Process***

At the July 14-15, 2025, meeting, the three MCOs coordinated a joint presentation. A representative of UnitedHealthcare discussed complex wheelchairs for recipients of Medicaid.

The representative stated complex wheelchairs are a subset of DME and include manual complex rehabilitation wheelchairs, power complex rehabilitation wheelchairs, and the various accessories and modifiers to meet the need of the individual. The additional accessories modifiers for the complex wheelchairs include custom seat and back cushions, power tilt and recline systems, alternative drive controls, headrests, leg rests and other positioning support. Complex wheelchairs are considered to be medically necessary due to the significant chronic medical condition and specific needs of the individual. Medical necessity is defined by each of the three MCOs for their members. The denial rate for complex wheelchairs

for UnitedHealthcare is 38.3 percent, Sunflower is 29.3 percent, and Healthy Blue is 5.9 percent. The average cost of a complex wheelchair ranges from \$3,245 to \$4,195.

## **KanCare Ombudsman**

The KanCare Ombudsman provided written-only updates at the February 21, July 14-15, and October 13-14, 2025, Committee meetings on the services provided by the Office of the KanCare Ombudsman (KOO).

The written-only data provided at the February 21, 2025, meeting noted that KOO received 20 regular inquiries for the HCBS PD waiver and 15 for the I/DD waiver. It also noted that, during the fourth quarter of 2024, KOO experienced a 7 percent increase in urgent medical need case contacts. The average response time regarding inquiries was within one day of member contact with KOO. Responses to questions and concerns were completed, on average, within five days of initial contact. The report further noted that the KOO continued to work on the 2024 initiative to place a “KanCare Ombudsman Ambassador” in each of the four quadrants of the state.

At the April 14, 2025, meeting, the KanCare Ombudsman provided an update on the inquiries received, noting the HCBS PD and I/DD waiver inquiries continued, but KOO also experienced a slight increase in FE waiver case inquiries, to ten. Other issue categories in which KOO had elevated inquiries included billing issues and concerns, Medicaid application assistance, Medicaid eligibility issues, Medicaid status concerns, and grievances and Fair Hearings questions. The KOO response time average for the first quarter of 2025 was within two days of member contact with KOO. Cases were completed, on average, within seven days of initial contact.

The written-only data provided at the July 13-14, 2025, meeting noted that, during the second quarter of 2025, the KOO had an approximately six percent increase in initial contacts from quarter one. During the second quarter, KOO had 21 FE waiver questions and concerns, an increase of 110 percent from the prior quarter total of 10. Other issue categories in which KOO had elevated inquiries included billing issues, housing, Medicaid eligibility, prior authorization, and

HCBS general inquiries. The KOO testimony further noted a significant increase in provider calls during the second quarter of 2025 to 52, an increase of 160 percent from the 20 in the first quarter. The KOO average response time for the second quarter was within one day of member contact with KOO. Responses to questions and concerns were completed, on average, within six days of initial contact.

The written-only data provided at the October 14-15, 2025, meeting noted the KOO had 491 initial contacts in third quarter of 2025, a 22 percent increase from quarter two of 2025 (402 contacts), and a 29 percent increase from quarter one of 2025 (380 contacts). Additionally, it was noted that inquiries regarding the HCBS PD waiver increased from 13 in the prior quarter to 34 inquiries. It was also noted that the KOO continued to experience an increase in requests for assistance with the FE waiver with 33 requests, increased from 21 in the prior quarter. The data noted other issue categories of increased inquiries included Medicaid eligibility issues (up 76 percent from the prior quarter), Medicaid application assistance (up 74 percent from the prior quarter), and HCBS general inquiries (up 50 percent from the prior quarter). A significant 40 percent increase in consumer calls was also noted, as well as inquiries regarding community resources, which were up 50 percent from the prior quarter. The KOO response time was the same as the prior quarter.

## **Inspector General**

At the February 21, 2025, meeting, the Inspector General (IG) stated the Office of the Inspector General (OIG) had published its 2024 Annual Report. The IG noted that the training provided in cooperation with KDHE regarding fraud, waste, and abuse has been provided to 339 persons. The IG noted that the OIG continues to see an increase in the number of complaints of fraud, waste, abuse, and illegal acts concerning KanCare, MediKan, and CHIP. The update provided a count and trend line regarding the types of complaints the OIG is receiving, reviewing, and referring for remedy.

At the April 14, 2025, meeting, the IG noted the website for the publicly available audits and annual reports. He further reviewed the pending

legislative changes to the authority for the IG, as well as potential staffing increases. He noted an audit on the MCOs was nearing completion, and the performance audit of Medicaid reimbursements for schools had been completed and would be published shortly. The scope of the audit of Medicaid reimbursements for schools included all Medicaid-enrolled students who had services billed on their behalf from a local education agency provider within a school-based program from January 1, 2021, through January 31, 2023. The IG reviewed highlights of the audit.

At the July 14-15, 2025, meeting, the IG advised that 2025 HB 2217 as enacted impacts the scope of the IG's authority. Additionally, a budget proviso will increase the OIG's staffing by three positions. The IG expressed appreciation for the Legislature's support for the OIG. The IG expressed appreciation to KDHE for implementing the OIG's May 2025 recommendation to create a separate webpage or centralized location for historical and current Summaries of Changes. The IG provided an update on the performance audit of the MCOs' prior authorization process in Kansas for Medicaid recipients. He noted the audit covers the period of January 1, 2021, through December 31, 2023. The exit conference was completed on July 10, 2025, and the final report would be published during the third quarter of 2025. The IG advised of a recent OIG publication, an Issue Brief titled *Do Kansas Medicaid Recipients Receive Explanation of Benefits Notifications?* He further advised of an update in the prosecution of a case that had been referred from the OIG for prosecution.

At the October 13-14, 2025, meeting, the IG provided an update on the trend line for complaints received by the OIG. The IG also provided a list of every audit that has been completed by the OIG, noting the monetary impact. He noted the performance audit of the MCOs prior authorization process was published on October 2, 2025, and he reviewed the key findings from the audit. The IG noted the audits then in process, as well as the publication of an Issue Brief on *Kansas Medical Assistance Program Provider Manuals* and the accuracy of the citations contained within. It was further noted that seven state-level and two federal-level investigations had been accepted for prosecution.

## **Long-term Care Ombudsman**

At the February 21, 2025, meeting, the Long-term Care Ombudsman (LTCO) provided an overview of the services the Office of the State Long-term Care Ombudsman (Office, in the LTCO portion of the report) provides and how it assists the public regarding LTC needs. The LTCO provided data on cases and complaints, the number of complaints that were verified and not verified, the number of visits and services, and who the LTCO staff served.

At the April 14, 2025, meeting, the LTCO presented the 2024 Annual Report. She reviewed the structure of the Office, the authority for the Office, its mission, how complaints are investigated, care and systemic issues, and recommendations. Contact information was also provided.

At the July 13-14, 2025, meeting, the LTCO reviewed the common issues that are investigated by the Office and the challenges within the LTC system. The LTCO provided potential solutions and recommendations for consideration.

At the October 14-15, 2025, meeting, the LTCO highlighted the types, sources, and variety of complaints received, as well as the Office's resolution rate. The LTCO provided potential solutions to be considered.

## **Presentations on KanCare from Individuals, Providers, and Organization Representatives**

Written-only testimony was presented at the February 21 and April 14, 2025, Committee meetings by individuals, providers, and representatives of organizations. Both written and oral testimony was provided by individuals, providers, and representatives of organizations at the July 14-15 and October 13-14, 2025, Committee meetings.

Some individuals, providers, and representatives of organizations gave positive feedback for the following: reductions and eliminations on the waitlists, especially for I/DD and PD waivers; the steadfast support for the I/DD system in Kansas; the Legislature's investment to increase the Medicaid dental rate for dentists to

encourage them to become Medicaid providers; specialized medical care legislation enacted in 2025 that increased the hourly reimbursement rate to \$55 that enabled more hours of service to be provided; an increase to 80 percent of Medicare rates for certain DME; the support and efforts over the past two legislative sessions to fund some much-needed updates to the Medicaid provider fee schedule; and gratitude for the Legislature's unwavering support of nursing homes and the vulnerable populations, as well as the time and effort dedicated by the Legislature to ensure Kansas elders receive the care with dignity they deserve in their aging years, noting specifically that the FY 2024 and FY 2025 nursing facility budgets provided full rebase funding.

Concerns and suggested solutions presented by conferees are summarized below.

### **Concerns**

**Access to center-based programs.** Caregivers expressed concerns that there would be changes to center-based programs that families participated in that were such positive parts of their lives and requested support for those on an HCBS waiver to have the ability to hold a job through the waiver program.

**Artificial intelligence (AI) for mental health treatment.** AI therapy chatbots are being created and marketed to offer guidance, behavioral support, and what looks like clinical advice without human involvement. It was noted the programs are not bound by provisions of the Health Information Portability and Accountability Act of 1996 (HIPAA), other privacy laws, mandated reporting laws, or ethical standards. Concerns included the use of AI on KanCare members, especially if it may cause the member not to seek out a human provider or if AI contradicts the expertise of licensed health care providers.

**Autism waiver, credentialing for autism providers, and applied behavioral analysis audits.** Concerns were expressed about the status of the AU waiver, as well as the amount of time it takes to credential an autism health care provider both as a Medicaid provider and then to be enrolled as an approved MCO provider. Other issues were inconsistencies across the MCOs per

specialty and the amount of documentation needed for prior authorization, which is different for each MCO. Stakeholders also expressed concern regarding the depth and frequency of MCO audits regarding the services of applied behavior analysis professionals.

**Behavioral health reimbursement.** Concerns were shared that the nursing facility population cares for more adults with behavioral health issues than ever before. These individuals require increased staff supervision and additional staff training to provide the care needed. However, there is no additional reimbursement. An add-on in the Medicaid rate methodology was requested to assist in providing this service to older adults.

**Brain injury waiver.** It was identified that the BI waiver is a temporary program to help persons with brain injury to transition to independence, and access to the BI waiver is incredibly time sensitive to ensure the best possible outcome. Concern was expressed that as individuals make progress to independence, Medicaid pays less for their care. It was also noted that without sufficient funding, a waitlist may be started that could be detrimental due to the time-sensitive nature of the treatment protocol for brain injuries. Multiple individuals testified to how they benefited from the BI waiver. The individuals asked the Committee to consider how a life can change in an instant, noting how the BI waiver programs and services help people recover and regain independence. Stakeholders also requested an increase in rates because current reimbursement rates do not cover rising operational costs.

**Caregiver challenges under waivers.** Caregivers are experiencing a challenging environment in navigating and accessing waivers and their available resources. Caregivers expressed concern regarding the continued availability of services given their optional nature and the variable federal approaches and funding challenges. Caregivers expressed concerns and fears regarding securing the services and programs that will outlive the caregivers. Caregivers noted especially the annual requirements to reapply for Medicaid for chronic, unchanging conditions and the constant need to prove the severity of the condition, which cause additional stress and uncertainty for caregivers. Caregivers expressed the need to know that there is continued support

for the current system that supports families who want to care for their disabled children at home and help to address perceived and actual roadblocks to services for the most vulnerable people.

**Complex wheelchairs.** Concerns were expressed about the difficulties experienced by individuals who utilize a complex wheelchair daily. Concerns were expressed about access due to changes in physical size or shape, fittings, repairs, and prior authorizations, as well as technology needs.

**Funding and rate parity for waivers.** Concerns were expressed regarding the potential increase in numbers of eligible individuals for services provided by waiver programs and the need to reduce and eliminate current waitlists. It was noted that funding to support increased need for at least three of the waivers (TA, BI, and FE waivers) was not included in the KDADS budget for FY 2026. Concerns about rate parity across all of the waiver programs was also expressed.

**Home health rates.** Concerns were expressed regarding the rate for home health services, noting some rates have not been updated since 2002 and, due to changes in Medicare rates, some providers are no longer in a financial position to continue providing home health services to Medicaid beneficiaries. Services provided under Medicaid home health include skilled nursing, physical, occupational and/or speech therapy, home health aide services, home infusion services, and medication setup. The provision of home health services has proven to reduce hospital stays and re-admissions, which ultimately results in reduced costs for the Kansas health care system. Concerns were also expressed regarding the unique needs of rural home health due to the extensive travel time and mileage incurred and the need to provide competitive wages and benefits to retain high-quality health care workers. Further, the implementation of electronic visit verification has added to the cost of providing care without any additional reimbursement.

**Lack of access to I/DD inpatient care.** Providers expressed concern regarding the continued lack of access to inpatient care for persons with I/DD in a mental health crisis. Providers expressed the need to address this access

with the South Central Regional Mental Health Hospital for ways to accommodate and provide inpatient care for persons with I/DD.

**Local pharmacy contracting issues impacting rural nursing homes and residents.** Concerns were raised regarding the impact of local pharmacies choosing not to renew contracts, including with MCO providers, due to unsustainable pharmacy benefit manager reimbursements with rural LTC facilities. It was noted that this directly impacts residents by forcing them to pay out-of-pocket for essential medications unless they are able to switch to another MCO that contracts with the local pharmacy or if the resident is over 65 years old and has Medicare Part D coverage. When this situation occurs, residents have a choice to make a switch or seek coverage elsewhere if they meet eligibility requirements; however, this can place a strain on Medicaid processing, which is typically backlogged under normal circumstances.

**Long-term care staffing.** Concerns were expressed regarding the future of LTC staffing and requests were made that alternative staffing approaches be reviewed and adopted.

**Medicaid application processing.** Concerns were expressed regarding the processing of Medicaid program applications, as many applications are not approved within 45 days. It was noted that there has been some improvement in the timeliness of Medicaid application processing but delays are still regularly accruing, and the impact is being felt by older adults who need care in their homes through an HCBS waiver, as well as more extensive care in a nursing facility.

**Medicaid dental rates.** Providers stated the Medicaid rates are very low, and it is not good for their business to accept the low rates. A provider reviewed the approved increase for hospital sedation codes, and the agency is working with the three MCOs for access to various sedation dentistry options

**Billing and claims processing recoupment impacting LTC facilities.** Recoupment happens when an MCO informs a health care provider that the MCO unintentionally paid the provider too much for a previously settled claim. MCOs have broad leeway to recoup funds, and providers have

few and finite opportunities to dispute the recoupments. Providers noted that MCOs do not have defined time frames to review disputed recoupments. If the dispute process takes longer than the timely filing deadline for a claim, providers are left with no other recourse but to disagree with the MCOs findings, which results in provider write-offs. Providers are held to a different standard under strict billing deadlines, while there are no equivalent requirements on MCOs to ensure claims are reviewed accurately and promptly.

**Patient liability and consequences.** Concerns were expressed about patient liability, which is when Medicaid requires LTC residents to contribute a portion of their income to care. When unpaid, the nursing home does not receive full reimbursement, creating financial strain and risking involuntary discharge for the resident. Concerns were expressed about the Department for Children and Families Adult Protective Services declining to investigate these reports of possible financial neglect, as the resident is not in immediate danger, but the long-term consequences of failure to pay could result in discharge and loss of care.

**Potential waitlists on waivers.** Concerns were expressed regarding the potential of waitlists for the BI, TA, and the FE waiver programs.

### ***Recommended Solutions***

Conferees offered comments on potential solutions for the topics below.

**Centralized credentialing system.** Stakeholders expressed concern regarding the cumbersome credentialing process for approval as a Medicaid provider. They recommended that this process be streamlined into a centralized credentialing system to reduce the issues of delayed credentialing for medical and other clinical staff, as both KDHE and each MCO must credential a provider.

**CHIP.** Support was recommended for permanently fixing an unintended, two-decade-long error affecting eligibility for the state's CHIP. The problem is that statutory language limits eligibility for the program to up to 250 percent of the 2008 federal poverty level (FPL).

Each year, the FPL is increased by the federal government, but the Kansas statutory eligibility, using the year 2008, effectively reduces the percent that permits eligibility for the CHIP. Since 2022, the Legislature has provided an annual budget proviso to disregard the reference to the 2008 FPL. Although this option works, it is not a permanent solution because the statutory language remains.

**Community Support waiver.** It was requested there be continued support, including the timely approval by the LCC, before submission to CMS of the CSW being developed by KDADS.

**Craniosacral therapy.** Providers and patients expressed their support for the inclusion of craniosacral therapy (CST) as a covered service under Medicare and Medicaid. It was noted that CST is a gentle, manual therapy that focuses on the craniosacral system, which promotes the alignment of brain, spine, and pelvis. Conferees noted CST has been shown to alleviate chronic pain, including headaches, migraines, neck pain, and back pain, while also reducing tension in the central nervous system. Additionally, it enhances brain and spinal cord function and can support individuals with neurological conditions such as multiple sclerosis, fibromyalgia, vertigo, and chronic fatigue syndrome. Conferees noted CST also plays a critical role in improving mental clarity, cognitive function, and concentration—key components in brain injury rehabilitation. However, conferees noted CST is not a covered service under Medicare or Medicaid, so those with a brain injury may be unable to access the therapy due to the out-of-pocket costs associated with it.

**Durable medical equipment.** Due to the complex needs of clients, DME is usually custom-configured to meet a client's individual needs. A request was made for clarification regarding repairs and that the annual preventative maintenance visits for certain DME payment rates be increased to 100 percent of Medicare rates. It also was suggested that individuals of all ages be ensured of DME coverage that is appropriate for their needs. Additionally, it was requested that a Kansas Medicaid DME committee or group be established and be composed of beneficiaries, clinicians, and providers and representatives of KDHE and the three MCOs for purposes of

collaborative problem-solving and policy development in relation to DME.

**Employment First pilot program.** Providers expressed support for the Employment First pilot program, noting that providers have helped more than 170 Kansans with disabilities achieve jobs with an average starting wage of \$13.00 per hour.

**Emergency medicine services.** The Emergency Medical Services Association representative recommended that two models of emergency medical services (EMS) be expanded and sustainably funded. The treatment in place (TIP) model allows paramedics to assess, treat, and manage certain low-acuity or chronic medical conditions without requiring transport. The TIP model is especially useful for persons with disabilities or who are elderly. The mobile integrated healthcare-community paramedicine model allows EMS providers with advanced training to follow up with patients post discharge, with chronic illness, or in need of medication compliance and to connect persons to services and primary care. There are federal initiatives to permit reimbursement for TIP, as well as transportation to an alternative destination (TAD), which is transportation for behavioral health services rather than the emergency room. Support for TIP and TAD was requested if the federal initiatives are completed.

**Funding for Senior Care Act services.** Stakeholders requested that base funding be increased to offset the unintended consequence of increased funding for HCBS waivers that caused providers of Senior Care Act services to request an increase in the cost of their services.

**I/DD modernization.** Stakeholders requested legislative support for a phased approach to conflict-free case management; permitting enough time for families to respond through the Medicaid renewal process; continued investment in direct service workers; and guiding the three MCOs to reinvest contract dollars to serve the needs of persons with complex support needs.

**Medicaid expansion.** Advocates requested increased access to affordable health care through Medicaid expansion. They shared concerns that recent congressional changes will result in the loss of billions of dollars of federal funding for the

Medicaid program over the next ten years. However, advocates note if the State were to expand Medicaid, it would help protect Kansans from medical debt and strengthen rural hospitals.

**Medicaid fee schedule.** The Medicaid fee schedule covers payment to physicians and other individual health care providers for the non-institutional medical care services provided to the roughly 425,000 Kansans whose care is paid for by Medicaid and CHIP. It was noted that KDHE could not fully implement legislative changes in prior sessions due to federal CMS regulations. Under CMS regulations, the MCOs must pay physicians no less than the Medicaid fee-for-service schedule amounts. However, according to KDHE, “all MCOs have the flexibility to reimburse above that fee schedule to ensure they meet network adequacy, ensure required services are provided, and for other reasons to meet contractual requirements.” Therefore, it was recommended that the Legislature direct KDHE to take the necessary steps to develop a second Medicaid fee schedule, to be utilized only by the MCOs for services provided within the KanCare program.

**Mobile anesthesia services.** Providers noted reimbursement for mobile anesthesia services is less than 50 percent of what is paid to a facility for anesthesia care. In addition, reimbursement varies among the three MCOs. It was recommended that a Medicaid code be established specifically for mobile anesthesia with a competitive case rate and certain criteria for qualified anesthesia practices be endorsed.

**Nursing facility reimbursement rate methodology.** A full rebase of the LTC facility rates was requested, as the facilities face significant challenges in maintaining operations and ensuring continuity of services for residents. Additionally, continued funding for the Medicaid add-on for each Medicaid resident was requested.

**Supported decision-making.** Advocates requested legislative support for supported decision-making, which is a practice in which persons with disabilities make decisions about their care and other concerns with the help of trusted persons.

**Waitlist mitigation strategy group.** It was recommended that KDADS create a waitlist mitigation strategy group to solicit feedback from stakeholders. Stakeholders noted that individuals have the right to institutional care, but the waivers are a way to obtain needed services within the home and community and at a lower cost than institutional care.

### ***Conferees***

Private citizens, including a craniosacral therapist and a physician, and representatives of the following organizations and providers testified or provided written-only testimony before the Committee: Adaptive Imports, LLC; Advanced Specialty Anesthesia, LLC; Alliance for a Healthy Kansas; Alliance Rehab and Medical Equipment; Big Lakes Developmental Center; Brain First Family Center; Brain Injury Association of America; COF Training Services; Community Care Network of Kansas; Disability Rights Center of Kansas; Impact Home Health; Infant Toddler Services of Johnson County; InterHab; KanCare Advocates Network; Kansas Action for Children; Kansas Adult Care Executives Association; Kansas Advocates for Better Care; Kansas Association of Area Agencies on Aging and Disabilities; Kansas Association of Centers for Independent Living, Inc.; Kansas Council on Developmental Disabilities; Kansas Emergency Medical Services Association; Kansas Grassroots Autism Services Providers; Kansas Home Care and Hospice Association; Kansas Medical Society; LeadingAge Kansas; LifeStreams; Little Lobbyists Kansas; Little Stars Therapy Services; Maxim Healthcare Services; Mid-America Regional Council Emergency Rescue; Minds Matter, LLC; National Association of Social Workers, Kansas Chapter; National Coalition for Assistive and Rehab Technology; National Seating and Mobility; Numotion; Oral Health Kansas, Inc.; Self Advocate Coalition of Kansas; Special Anesthesia Services, PA; Starkey, Inc.; Thrive Therapy of Kansas; and United Methodist Health Ministry Fund.

### **Other Presentations**

#### ***Brain Injury Waiver***

At the February 21, 2025, meeting, a provider from Minds Matter, LLC presented information on the BI waiver. She reviewed the history of the

waiver and updated the Committee on the concerns regarding the waiver and why time is critical in accessing the waiver.

An individual who serves on the Brain Injury Advisory Board and also had a traumatic brain injury presented his personal experience regarding his treatment for brain injury, as well as his concerns regarding the BI waiver. He expressed concern regarding programs prioritizing profit over recovery and called for KanCare to measure success in the waiver by actual recovery.

### **Legislative History of KSA 39-7,160**

#### ***Kansas Legislative Research Department***

At the April 14, 2025, meeting, a KLRD Senior Research Analyst reviewed a memorandum prepared for the Committee regarding the legislative history of KSA 39-7,160, which established the Committee and its duties.

#### ***Stakeholder Comments***

At the April 14, 2025, meeting, a representative of the KanCare Advocates Network and the LTC Ombudsman provided testimony regarding the impact of KSA 39-7,160. The conferees recommended that the current Committee structure be maintained, stakeholder engagement be reinforced, the enabling legislation outline additional data points for review by the Committee, and additional Committee focus on the specific number of individuals transferred from state or private institutions and long-term facilities to HCBS.

Written-only testimony received from Kansas Action for Children and LeadingAge Kansas recommended the creation of subcommittees; additional meeting dates; a deeper focus on accountability, data availability, and outreach regarding how individuals are interacting with KanCare; structuring meetings for deeper analysis on specific issues; and convening of work groups to address the workforce challenges.

#### ***Office of Revisor of Statutes***

At the October 13-14, 2025, meeting, an Assistant Revisor reviewed KSA 39-7,160 authorizing the Committee in 2013. The Assistant Revisor reviewed the duties of the Committee,

membership, terms of appointments, specified meetings per year, required report and content of that report, and access to various information from KDHE. Additionally, it was noted that the Committee is authorized to make recommendations and introduce legislation deemed necessary to perform its functions.

### **Choosing Healthy Appetizing Meal Plan Solutions for Seniors Program in Local Communities**

At the July 14-15, 2025, meeting, a representative of the Jayhawk Area Agency on Aging presented on the Choosing Healthy Appetizing Meal Plan Solutions for Seniors (CHAMPSS), which is an option available under the Older Americans Act Congregate Meal (OAA IIIC1) funding. The program is an alternative option to the traditional congregate dining centers that are typically located in senior centers or other community centers where older adults gather.

The CHAMPSS program began in July of 2011 in a small café in Oskaloosa, Kansas, as a response to declining participation at traditional congregate dining sites in the area. Since then, it has expanded to 14 sites in Shawnee, Jefferson, and Douglas counties. The representative noted locations include grocery store delis, a rural hospital, and restaurants.

Other Area Agencies on Aging in Kansas that have CHAMPSS or a similar voucher program as an option for older adults to receive meals include Johnson County Area Agency on Aging, which brought the program to Kansas; East Central Kansas Area Agency on Aging; Central Plains Area Agency on Aging; and Southeast Kansas Area Agency on Aging.

The representative noted the purposes of the CHAMPSS program and other OAA-funded meal programs:

- Reduce hunger, food insecurity, and malnutrition of older adults;
- Promote socialization of older individuals; and
- Promote health and the well-being of older people.

### **July 2025 Audit Reviewing Outcomes of the Office of the Inspector General's Investigations**

At the October 13-14, 2025, meeting, an auditor from the Legislative Division of Post Audit (LPA) reviewed the *July 2025 Reviewing Outcomes of the Office of the Inspector General's Investigations* report. The audit objective was to answer the following question: How much in state general funds has the state recovered due to the direct work of the OIG and how many of the office's investigations have resulted in a prosecution?

The auditors reviewed all nine audits and reviews of the OIG published between January 1, 2021, and December 31, 2024, to identify instances of potential monetary recoupment.

The LPA concluded the OIG's work for those years had resulted in two prosecutions and the recovery of \$1.3 million in federal and state funds to date.

### **CONCLUSIONS AND RECOMMENDATIONS**

After discussion at its meeting on October 13-14, 2025, Committee members agreed on the following conclusions and recommendations to the 2026 Legislature:

- The January meeting be scheduled for Friday, January 23, 2026;
- A complex wheelchair and/or DME work group be formed and for the work group to report back to this Committee in January 2026 to provide at minimum an analysis of the preventative maintenance and/or safety check process and an analysis of the billing process;
- The state's long-term care resident rights (see KAR 26-39-103) be amended to include the right to a pharmacist or pharmacy of the long-term care resident's choice irrespective of the type of medication distribution system used by the facility, and to not be charged a fee or receive a financial incentive or disincentive for choosing a pharmacy

other than the facility's preferred pharmacy. The long-term care resident may not be charged for repackaging if that cost can be included on the facility cost report;

- A letter addressed to the Governor, subject to LCC approval per LCC Policy 33, be drafted by KLRD and signed by the Committee Chairperson, requesting inclusion of the Chairperson, Vice-chairperson, and Ranking Minority Member of this Committee in the Kansas Rural Health Innovation Alliance before stakeholder recommendations are sent to the Governor for the Rural Health Transformation Program application process and any future committees created for funding distribution;
- KDADS be commended for the agency's efforts to provide a certification program with the Kansas Direct Support Workforce Development Hub to develop direct support workforce career ladders to promote growth and advancement;
- An informational hearing on the availability and/or current use of AI health technology be held during the 2026 Legislative Session to the House Committee on Health and Human Services;
- KSA 39-947(a) be amended to create an independent surveying process and the creation of a committee of seven members for independent, informal dispute resolution;
- The 2026 Legislature thoroughly review HB 2386 to remove the year-specific language (2008) regarding the FPL for eligibility for the CHIP program;
- KDHE or KDADS, or both, request a billing code from CMS specifically for sedation dentistry mobile providers and, if a code is not available and/or during the pending of the CMS code approval process, to standardize a billing fee for

this service to be provided through available federal match modifiers;

- An additional 500 slots be funded for the I/DD waiver;
- Continued support for the CSW; and
- A bill be introduced in the Senate amending KSA 39-7,160 to remove the requirement that the April Committee meeting be held during the regular legislative session.

**APPENDIX A**  
**ROBERT G. (BOB) BETHELL JOINT COMMITTEE ON HOME AND COMMUNITY  
BASED SERVICES AND KANCARE OVERSIGHT**

**ANNUAL REPORT FOR THE 2026 LEGISLATIVE SESSION**

The Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight (Committee) is charged by statute to submit an annual written report on the statewide system for long-term care services to the President of the Senate and the Speaker of the House of Representatives at the start of each regular legislative session. The authorizing statute (KSA 39-7,159) creating a comprehensive and coordinated statewide system for long-term care services became effective July 1, 2008.

The Committee's annual report is to be based on information submitted quarterly to the Committee by the Secretary for Aging and Disability Services. The annual report is to provide:

- The number of individuals transferred from state or private institutions to home and community-based services (HCBS), including the average daily census in state institutions and long-term care facilities;
- The savings resulting from the transfer of individuals to HCBS as certified by the Secretary for Aging and Disability Services; and
- The current balance in the Home and Community Based Services Savings Fund.

The following tables and accompanying explanations are provided in response to the Committee's statutory charge.

**Number of Individuals Transferred from State or Private Institutions to HCBS, Including the Average Daily Census in State Institutions and Long-term Care Facilities**

The following summarizes the number of individuals transferred from intellectual/developmental disability (I/DD) institutional settings into HCBS during state fiscal year (FY) 2025, together with the number of individuals added to HCBS due to crisis or other eligible program movement during FY 2025. The following abbreviations are used in the table:

- ICF/IDD — Intermediate Care Facility for Individuals with Developmental Disabilities
- FY — State Fiscal Year

<b>I/DD INSTITUTIONAL SETTINGS AND WAIVER SERVICES*</b>	
Private ICFs/IDD: Average Monthly Caseload FY 2025	37
State I/DD Hospitals: Average Monthly Caseload FY 2025	252
I/DD Waiver Community Services: Average Monthly Caseload FY 2025	9,313
*Monthly averages are based upon program eligibility.	
Sources: FY 2025—Medicaid eligibility data as of October 2025. The data include people coded as eligible for services or temporarily eligible.	

The following summarizes the average monthly caseload. These additional abbreviations are used in the table:

- FE — Frail Elderly
- PD — Physical Disability
- BI — Brain Injury

<b>FE / PD / BI INSTITUTIONAL SETTINGS AND WAIVER SERVICES*</b>	
Nursing Facilities: Average Monthly Caseload FY 2025	9,306
Head Injury Rehabilitation Facility: Average Monthly Caseload FY 2025	48
FE Waiver: Average Monthly Caseload FY 2025	8,057
PD Waiver: Average Monthly Caseload FY 2025	5,969
BI Waiver: Average Monthly Caseload FY 2025	1,135
*Monthly averages are based upon program eligibility.	
Sources: FY 2025—Medicaid eligibility data as of October 2025. The data include people coded as eligible for services or temporarily eligible.	

**AVERAGE DAILY CENSUS IN STATE INSTITUTIONS AND LONG-TERM CARE FACILITIES**

**KANSAS NEUROLOGICAL INSTITUTE: AVERAGE DAILY CENSUS**

FY 2018 – 140  
FY 2019 – 138  
FY 2020 – 132  
FY 2021 – 126  
FY 2022 – 126  
FY 2023 – 126  
FY 2024 – 120  
FY 2025 – 114

**PARSONS STATE HOSPITAL AND TRAINING CENTER: AVERAGE DAILY CENSUS**

FY 2018 – 160  
FY 2019 – 162  
FY 2020 – 157  
FY 2021 – 151  
FY 2022 – 149  
FY 2023 – 147  
FY 2024 – 146  
FY 2025 – 145

**PRIVATE ICFS/MR (MENTAL RETARDATION): MONTHLY AVERAGE\***

FY 2018 – 137  
FY 2019 – 119  
FY 2020 – 110  
FY 2021 – 103  
FY 2022 – 44  
FY 2023 – 39  
FY 2024 – 38  
FY 2025 – 37

## **NURSING FACILITIES: MONTHLY AVERAGE\***

FY 2018 – 10,049

FY 2019 – 10,226

FY 2020 – 10,500

FY 2021 – 9,571

FY 2022 – 9,049

FY 2023 – 9,027

FY 2024 – 9,173

FY 2025 – 9,306

\*Monthly averages are based upon Medicaid eligibility data.

### **Savings Resulting from the Transfer of Individuals to HCBS**

In most, but not all, cases, services provided in the community do cost less than those provided in an institutional setting, such as an ICF/IDD or a nursing facility. However, “savings” are realized only if a bed is closed behind the person transferring to HCBS. Due to demand, beds are typically refilled by individuals requiring the level of care provided by the facilities; therefore, the beds are not closed.

As certified by the Secretary for Aging and Disability Services, despite individuals moving into community settings, which does have the effect of cost avoidance, the savings resulting from moving the individuals to HCBS during the preceding 12 months, as of September 30, 2025, was \$0.

### **Balance in the KDADS Home and Community Based Services Savings Fund**

The balance in the Kansas Department for Aging and Disability Services Home and Community Based Services Savings Fund as of September 30, 2025, was \$0.



# Report of the Joint Committee on Kansas Security to the 2026 Kansas Legislature

**CHAIRPERSON:** Representative Pat Proctor

**VICE-CHAIRPERSON:** Senator Craig Bowser

**OTHER MEMBERS:** Senators Rick Kloos, Virgil Peck, Patrick Schmidt, and Mary Ware; and Representatives Bradley Barrett, Blake Carpenter (October 24, 2025), Shawn Chauncey (October 23, 2025), Jarrod Ousley, and Louis Ruiz

**CHARGE**

*Review Various Security Matters*

KSA 46-3301 directs the Joint Committee to study, monitor, review, and make recommendations on matters related to the security of state officers or employees, state and other public buildings, and other property and infrastructure in the state, and to consider measures for the improvement of security for the State.



# Joint Committee on Kansas Security

## ANNUAL REPORT

### Conclusions and Recommendations

- The Joint Committee on Kansas Security (Committee) recommends the 2026 Legislature enact a bill to remove sunset provisions enacted in 2024 House Sub. for SB 291 (Chapter 95) regarding the authority of officials including the Chief Information Technology Officer and the Chief Information Security Officer for each branch, each agency led by an elected official, and the director of the Kansas Bureau of Investigation to develop cybersecurity plans and plans for information technology hardware that meets standards;
- The Committee concludes it should introduce a bill to authorize law enforcement officers to bring down unmanned aerial systems and that the definition of “law enforcement officer” for this purpose include corrections officers of the Department of Corrections;
- The Committee recommends legislation be considered during the 2026 Session to amend KSA 48-924 to authorize the Governor to issue an emergency declaration for the entirety of official FIFA World Cup 2026 activities, so that emergency operations, including coordination among law enforcement and emergency management personnel, can continue uninterrupted throughout the event;
- The Committee recommends the J. Russell (Russ) Jennings Joint Committee on Corrections and Juvenile Justice Oversight, the Joint Committee on Child Welfare System Oversight, the Joint Committee on Fiduciary Financial Institutions Oversight, and the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight, in a closed meeting, receive briefings of the Legislative Post Audit reports results regarding information technology security;
- The Committee recommends the 2026 Legislature consider legislation to give the State Finance Council sole authority to oversee distribution of funds the State receives in connections with FIFA World Cup 2026; and
- The Committee recommends appropriate legislative committees, including the House Committee on Energy, Utilities and Telecommunication and the Senate Committee on Utilities, investigate via hearings on security for power plants dedicated to powering data centers.

**Proposed Legislation:** One bill. The Committee recommends introduction of a bill to authorize law enforcement officers to bring down unmanned aerial systems.

## BACKGROUND

The 2004 Legislature created the Joint Committee on Kansas Security (Committee) (KSA 46-3301) to study, monitor, review, and make recommendations for the following:

- Matters relating to the security of state officers and employees;
- Security of buildings and property under the ownership or control of the State;
- Matters relating to the security of a public body or agency, public building, or facility;
- Matters relating to the security of the infrastructure of Kansas, including any information systems; and
- Measures for the improvement of security for the state.

The statute also directs the Committee to review and monitor federal moneys received by the State for the purposes of homeland security and other security matters.

## COMMITTEE ACTIVITIES

The Legislative Coordinating Council approved three meeting days for the Committee during the 2025 Interim. The Committee met at and toured the Kansas Bureau of Investigation's Forensic Science Laboratory in Topeka on October 23, 2025, and met at the Statehouse on October 24, 2025.

Some of the presentations to the Committee were conducted in closed sessions under provisions of KSA 2025 Supp. 75-4319(b)(12)(C), an exception to the Kansas Open Meetings Act regarding meetings to discuss security of public bodies, facilities, and information systems. Legislative staff were not present in the closed sessions.

## October 23, 2025, Meeting

At the October 23, 2025, meeting, the Committee heard information from organization representatives regarding operational updates from the Kansas Bureau of Investigation (KBI) and the Kansas Highway Patrol (KHP); federal elections-related activities from the National Conference of State Legislatures; energy grid security from the Kansas Corporation Commission (KCC); and a security and planning update from KC2026, the organization overseeing preparations for FIFA World Cup 2026 activities in the region.

In closed sessions, the Committee heard updates from KHP and the Legislative Division of Post Audit.

### *Kansas Bureau of Investigation Presentation*

#### *Crime Trends*

The Executive Officer of the KBI provided an overview of Kansas property and violent crime trends, noting more than 70,000 reported violent and property crimes, collectively known as index crimes, in 2024 represented a 16.7 percent decrease from the 10-year average. The Executive Officer reviewed index crime statistics, noting violent crime has decreased by 6.7 percent from 2023 and property crime decreased 12.9 percent from 2023.

**Crimes against children.** The Executive Officer reported on crimes against children, highlighting the usage of the Kansas Incident Based Reporting System and the Kansas Internet Crimes Against Children Task Force, which handles reports from the National Center for Missing and Exploited Children (NCMEC). He explained NCMEC reported an increase of between 192 percent and 194 percent in online enticement in 2024 from the previous year. The Executive Officer also discussed child homicides and drug-related child deaths.

**Domestic violence homicides.** The Executive Officer reported 21,911 domestic violence incidents in 2024, resulting in 10,658 arrests. He noted 17.1 percent of all 2024 murders were linked to domestic violence, and he provided information about early 2025 data, pointing to an uptick in domestic violence-related homicides in Kansas.

**Drug trafficking.** The Executive Officer discussed the Midwest High Intensity Drug Trafficking Area (HIDTA) threat assessment for 2025, stating synthetic opioids are the leading drug threat to the nation, calling to attention synthesized 7-hydroxymitragynine, a potent alkaloid found in small amounts in natural kratom, which laboratory testing has indicated has 13 times the potency of morphine. The HIDTA threat assessment found fentanyl and methamphetamines to be the top drug threats to Kansas, and the Executive Officer referenced the high demand, availability, and use of methamphetamines in Kansas. He noted KBI counterdrug operations seized more than 170 kilograms of methamphetamines in FY 2025.

**Marijuana legalization.** The Executive Officer provided information from the Midwest HIDTA's Threat Assessment, noting marijuana is both the most widely available and commonly abused illicit drug in its region. Additionally, the HIDTA report discussed the collaboration efforts between international investors and cartels, and how modern technology has bolstered illegal operations.

The Executive Officer discussed the recent KBI, local law enforcement, and Attorney General office's statewide marijuana enforcement operation, highlighting the operation involved executing search warrants at 18 locations across 11 communities, resulting in the seizure of thousands of pounds of illegal marijuana products.

The Executive Officer briefly mentioned cannabis use disorder and the effects of tetrahydrocannabinol (THC) on young brains.

**Human trafficking.** The Executive Officer stated the Polaris Project, a nonprofit that operates the National Human Trafficking Hotline, reported more than 9,600 potential cases nationally in 2023. Since the hotline's inception, Kansas has seen 934 identified cases involving 1,761 victims.

#### *Line-of-duty Deaths*

The Executive Officer briefly discussed the increase in line-of-duty deaths in Kansas, stating four officers have been killed since mid-2025, compared with zero reported in 2024.

#### ***Kansas Highway Patrol Presentation***

The Superintendent of the Kansas Highway Patrol (KHP) provided a review of KHP's statutory duties, agency organization, and trooper recruitment, noting 21 graduates from the KHP's basic training academy in 2025 and 13 students currently enrolled.

#### *Current Initiatives*

The Superintendent provided information regarding current KHP initiatives, which include:

- The creation of the Troop I Traffic Safety Unit, which includes a breath alcohol unit, a motorist assist program, a new motorcycle enforcement program, traffic safety grant management, and other special enforcement units;
- Various capital improvement projects, such as the completion of a new hangar at the Hays Regional Airport, planning for a new hangar in Wichita, and a new dispatch center in Salina;
- Technological improvements, such as grappler testing and evaluation, deployment of body-worn cameras, and the vehicle identification number modernization program;
- Retooling emergency preparedness planning and exercises;
- Support for local law enforcement, which includes assistance from KHP specialty units, involvement in local law enforcement organizations, and establishment of the Line-of-duty Death team;
- Supporting national operations, highlighting KHP's assistance in the upcoming FIFA World Cup 2026; and
- The reclassification of Capitol Police Law Enforcement Officers to State Troopers, the relocation of Capitol Police headquarters to the Docking State Office

Building, and the creation of Capitol Security Officer positions.

### *Future Initiatives*

The Superintendent provided a list of future KHP initiatives, which include:

- Several capital improvement projects, such as the relocation of General Headquarters, the replacement of scalehouses, and the reconfiguration of the Salina campus;
- Establishing a comprehensive employee wellness program;
- Work on the Kansas Statewide Interoperable Communication System; and
- Various policy initiatives, such as the clarification of the definition of “reckless driving” and “excessive speeding”, addressing license plate coverings, and aligning with U.S. Department of Transportation out-of-service criteria regarding commercial drivers and English language proficiency.

### *National Conference of State Legislatures’ Federal Election Law Presentation and Update*

The Project Manager of the Elections and Redistricting Program of the National Conference of State Legislatures provided an overview of common election security practices, cybersecurity and physical security, and the federal election landscape in 2025. He discussed various security measures, including:

- Pre-election equipment testing;
- Asset management and chain of custody, which includes locks, logs, and tamper-evident seals;
- Surveillance cameras; and
- State cybersecurity assets being made available to local election officials.

The Project Manager discussed popular post-election validation and security measures and practices, highlighting the usage of tabulation and procedural audits, and briefly reviewed four types of post-election audits.

The Project Manager provided election cybersecurity resource information, noting the increase in adoption of cyber navigators. He discussed physical security for election workers, including:

- Door locks and access modernization;
- Bulletproof glass;
- Panic buttons; and
- Local law enforcement coordination.

The Project Manager provided an update regarding federal resources and grant reductions, noting the following:

- Election security advisors hired to support state and local election officials were eliminated;
- Custom Department of Homeland Security-produced documents for state and local election offices are no longer available;
- U.S. Election Assistance Commission grant funding has been reduced to zero dollars in the proposed FY 2026 budget; and
- Long-term federal funding and the resource landscape are uncertain.

He followed by providing information about resources made available by the U.S. Election Assistance Commission and the Elections Infrastructure Information Sharing and Analysis Center.

## ***Kansas Corporation Commission Presentation***

### *Cybersecurity and Physical Security Standards for Kansas Utilities*

The Director of the Utilities Division (Director) of the Kansas Corporation Commission (KCC) explained the North American Electric Reliability Corporation (NERC) maintains the critical infrastructure protection (CIP) standards pertaining to both cybersecurity and physical security. The Director provided the Committee with a detailed list of the CIP standards, and noted that as of September 2025, the Federal Energy Regulatory Commission (FERC) directed NERC to make major revisions to the current CIP standards, and issued two different Notices of Proposed Rulemakings to strengthen NERC standards. He also discussed the National Association of Regulatory Utility Commissioners cybersecurity guidelines, cybersecurity implementation guidance, and KCC monitoring and oversight.

### *Utility Cost Recovery Treatment for Cybersecurity and Physical Security in Kansas*

The Director provided information regarding utility cost recovery for cybersecurity and physical security investments, noting that since 2015, the KCC has authorized several electric and gas utilities to utilize a tracker for cybersecurity and physical security investments.

### *Resource Adequacy*

The Director updated the Committee about resource adequacy and included information regarding anticipated electricity generation reserve margins. He provided information regarding the Southwest Power Pool's Expedited Resource Adequacy Study process, which allows load-serving entities to bypass the generation interconnection queue process in order to study the interconnection of new generation resources.

The Director highlighted the July 2025 KCC approval of Evergy's predetermination request to build, own, and operate, for the benefit of its Kansas customers, 50 percent of 2 710-megawatt (MW) combined cycle natural gas-fired, electrical generating units and one 159 MW solar facility.

## ***KCC Wildfire Mitigation Workshop***

The Director talked to the Committee about 2025 HB 2107, which requires the KCC to convene a wildfire risk mitigation workshop on or before July 1, 2026 (KSA 2025 Supp. 66-1295). He provided an overview of meeting topics of the wildfire mitigation workshop, noting that the KCC is partnering with Pacific Northwest National Laboratory to organize and plan the workshop.

## ***FIFA World Cup 2026 Preparations Update***

### *FIFA Requirements and Match Schedule*

The Chief Operations Officer (COO) of KC2026 described the Host Committee and its responsibility to fulfill specific FIFA requirements. She provided the match schedule for the events, which occur from June 11 to July 19, and involve three nations: Canada, Mexico, and the United States. She noted FIFA World Cup venues are planned for 16 U.S. cities.

### *World Cup Visitors and Regional Economic Impact*

The COO reviewed the projected travel profile, which includes an expected 54 percent of those traveling to FIFA World Cup cities would be international visitors spending an average of about 9.7 days in the United States. She stated the projected regional economic impact is \$653.0 million in direct event impact, involving a combined 73,592 full-time or part-time employees.

### *Training Sites*

The COO provided information about FIFA's two training site categories, noting there are three possible team base camp locations in the Kansas City area: the Compass Minerals National Performance Center in Kansas City, Kansas; the Kansas City Current's training facility in Riverside, Missouri; and Rock Chalk Park in Lawrence, Kansas. She noted the two venue-specific training sites are Children's Mercy Park in Kansas City, Kansas, and the CPKC (Canadian Pacific Kansas City) Stadium in Kansas City, Missouri.

### *Safety and Security Preparedness*

The Director of Safety and Security of KC2026 provided a safety and security

preparedness update to the Committee, highlighting the host city's responsibilities and budget factors. He noted FIFA is organizing around 18 areas of focus:

- Emergency preparedness;
- Command, control, and communication coordination;
- Training and exercise;
- Cybersecurity and critical infrastructure;
- Intelligence and threat analysis;
- Crowd management;
- Communications, public affairs, and community impact;
- Airport locations;
- Health and medical planning;
- Stakeholder management;
- FIFA Fan Fest venues;
- Public safety and private security integration;
- High-profile attendees and dignitaries;
- Physical security and access control;
- Private security resourcing;
- Crisis management and tactical coordination; and
- Fire emergency medical services.

The Director of Safety and Security reviewed the safety and security framework implementation for FIFA World Cup 2026, and discussed the four jurisdictions that have local control of FIFA sites.

### *Cross-jurisdictional Coordination Needs and Planning Efforts*

A Major of the Kansas City Kansas Police Department (KCKPD) reviewed current planning efforts, event challenges and solutions, and cross-jurisdictional coordination needs. He reviewed current plans and expected needs for each event location, and the KCKPD, Kansas City Kansas Fire Department, and Wyandotte County Sheriff's Office resources and capabilities. Concerns include resources for overtime pay and the increased numbers of calls associated with large crowds and enthusiastic fans. He concluded by providing an update from recent meetings regarding the tournament draw and team location changes.

### **October 24, 2025, Meeting**

At the October 24, 2025, meeting, the Committee heard information regarding National Guard operations and emergency management services, security updates from the Department of Administration, an operational and security update from the Kansas Information Security Office, information regarding the State 911 Board, an elections security officer update from the Kansas County Clerks and Election Officials Association, and a presentation regarding interagency collaboration from Wichita State University.

In closed session, the Committee heard updates from the Kansas Intelligence Fusion Center, the Kansas Information Security Office, and the Office of the Secretary of State.

### *Adjutant General's Department Updates*

#### *Kansas National Guard*

**Unmanned aerial systems (UAS).** The Chief of Government and Legislative Affairs provided details of various drone incursions, including events that occurred at Langley Air Force Base in Virginia, noting more than 600 drone incursions have occurred at military installations since 2022. The conferee further discussed drone-related events including:

- A UAS attack on a U.S. military installation in Jordan;
- The Russia-Ukraine war;

- Ukrainian Operation Spiderweb;
- Iranian Shahed drones;
- Israeli drone attacks;
- Attacks on the Pennsylvania power grid;
- Drone espionage on technology campuses, including those of Apple and Tesla, and drone waves near Meta and in the Northeast United States;
- Drone incursions on Scandinavian airports, including more than 500 drone sightings across Denmark and Norway; and
- Mexican cartels' use of drones to attack enforcement officers.

He briefly discussed the Secretary of Defense's memorandums regarding acceleration of efforts to U.S. military drone assets and expertise and the establishment of the Joint Interagency Task Force (JIATF) 401, and he explained several Kansas universities are involved in training, research, and development of UAS. He noted public and private partnerships using UAS, which include agriculture operations and inspections of highways, bridges, and railroads.

**Kansas airspace.** The Chief of Government and Legislative Affairs discussed Kansas airspace, stating it contains eight Federal Aviation Administration-designated Military Operations Areas, which are special-use areas to support military training activities, highlighting the Smoky Hill Air National Guard (ANG) Range, which at 34,000 acres, is one of the largest ranges in the country.

The Chief of Government and Legislative Affairs briefly provided an overview of the Salina Airport, which hosts various initiatives, missions, testing, and operations.

**Kansas' economic impact.** The Chief of Government and Legislative Affairs discussed the value Kansas brings to the country, highlighting its geographical, historical, military, academic,

governmental, and private industry benefits and expertise.

**Lines of effort.** The Chief of Government and Legislative Affairs provided a list of current lines of effort, which include:

- Detecting and deploying kinetic and non-kinetic electronic warfare;
- Directing energy platforms under realistic threat simulations;
- Working to secure the Air Combat Command's Point Defense Lab mission for the 184th Wing;
- Securing the Smokey Hill ANG Range as the test range for the JIATF 401;
- Establishing operating spaces and connecting with other airspace corridors;
- Leveraging UAS capabilities for protecting critical infrastructure and mass-gathering events, with consideration toward Emergency Management Assistance Compact, Federal Emergency Management Agency, and U.S. Department of Homeland Security missions;
- Validating attritable drones, artificial intelligence pilots, and "loyal wingman" (fighter drone) configurations;
- Fusing multi-sensor data into autonomous targeting and battlefield command logic;
- Simulating adversarial attacks and strengthening drone network survivability;
- Executing Guard-led training rotations and authoring national Terminal Procedures Publications; and
- Collaborating across universities to build future UAS operators and developers.

**Storm and disaster response.** The Deputy Director of the Kansas Division of Emergency Management (KDEM) explained, to date in 2025, Kansas has received five presidentially declared disaster declarations, with an additional request pending, and in response to severe storms in September 2025, KDEM has been actively conducting joint preliminary damage assessments in coordination with federal and local partners.

**Storm and disaster assistance programs.** The Deputy Director stated Kansas has received disaster loan support from the U.S. Small Business Administration for 19 counties.

**Funding.** The Deputy Director explained funding is a pressing concern due to the growing instability of funding from the federal government. In both federal FY 2024 and FY 2025, the U.S. Congress has reduced the U.S. Department of Homeland Security's budget allocation for the Emergency Management Performance Grant, which supports state and local emergency preparedness capabilities. She further explained that, since October 1, 2025, new conditions and requirements have been imposed on certain grant funding and the changes have caused additional administrative burdens and uncertainty for state and local offices. She stated uncertainty surrounding future support for the Federal Emergency Management Agency and its funding priorities has created challenges in planning and sustaining long-term emergency management capabilities, noting the current administration's intent to shift more responsibility to state and local governments raises concerns about the adequacy of resources and support available to meet increasing demands at the local level.

### ***Department of Administration Updates***

**Capitol Complex updates.** The Chief of Staff of the Department of Administration (DoA) discussed recently completed and ongoing security enhancements for various projects, including the Statehouse and grounds; Judicial Center; the Landon, Curtis, and Eisenhower state office buildings; Memorial Hall; and the Docking State Office Building. He noted there were currently no specific threats to any part of the Capitol Complex.

**Mail.** The Chief of Staff discussed mail scanning, and noted all mail and parcels delivered to the Statehouse by Central Mail are scanned by Capitol Police at an off-campus secured location for chemical and other hazards prior to delivery.

**Surveillance and building access.** The Chief of Staff stated surveillance and access control systems have been upgraded into a single integrated platform, and he briefly discussed a planned remodel backup and ancillary monitoring stations planned for spring 2026.

He informed the Committee about the new visitor screening equipment, which has been installed in the Statehouse and Docking State Office Building. He stated new gates and LED lighting fixtures were installed in the Statehouse garage, and projects such as radio-frequency reader systems installation for vehicle-mounted stickers and Wi-Fi coverage of all parking garage levels were underway.

The Chief of Staff discussed the installation of new traffic-rated planters (barriers) at the Statehouse Visitor Center, fixed bollards installed in the Statehouse upper drive, and pop-up bollards being installed for west and east gates.

The Chief of Staff also mentioned the following security installations on Capitol Complex buildings:

- Capitol Police guard stations have been remodeled and new turnstiles installed in the Landon, Curtis, and Eisenhower state office buildings;
- Traffic-rated planters have been installed outside some Capitol Complex buildings; and
- Capitol Security Officers will be present at all Capitol Complex buildings, in addition to the presence of the Capitol Area Guards.

The Chief of Staff was joined by the Commander of the Capitol Police when answering questions.

## ***Kansas Information Security Office Operational and Security Update***

The Chief Information Technology Officer (CITO) of the Kansas Information Security Office (KISO) reviewed the agency's use of people, process, and technology to provide network access and technology, professional, and security services across all three branches of government. He briefly reviewed the Executive Branch information technology (IT) governance structure and the IT operational structure, noting some state agencies implement different solutions or actively choose not to use the Office of Information Technology Services (OITS) solutions and services.

The CITO discussed 2024 House Sub. for SB 291 provisions, which include IT integration and changes to the Information Technology Exchange Council (ITEC) governance committee. He explained that, since the bill's implementation, the ITEC meets monthly to work on several specific tasks, including integrating all Executive Branch IT with the OITS. He briefly reviewed the IT integration project's four goals, and noted a report will be presented to Senate Committee on Ways and Means and House Committee on Legislative Modernization in January 2026. The CITO updated the Committee on the IT integration planning initiative, stating as of October 16, 2025, the project is working through gap analysis, which identifies variables and gaps that would inhibit successful integration.

The Chief Information Security Officer (CISO) provided an update regarding KISO operations, noting the full-time employees, internship program, budget, services, and policy-setting abilities.

The CISO discussed the service model change that occurred in FY 2024. He explained OITS changed its process to provide services to agencies at no charge.

The CISO concluded by reviewing core KISO services and solutions, enterprise cyber efforts, the Security Operations Center, cybersecurity training and engagements, critical infrastructure changes, and the KISO-sponsored internship programs.

## ***State 911 Board Update***

**State 911 Board transition.** The Executive Director of the State 911 Board reviewed the provisions of 2024 HB 2690 and progress in the agency transition from the 911 Coordinating Council to the State 911 Board, stating that transition is expected to be completed by January 2, 2026. She stated the funds will move to the State Treasury, and all accounting for the agency will be handled by the state accounting system. She explained the operations of the agency will include overseeing the 911 fee collection, distribution, and use; monitoring 911 services from the carrier to the public safety answering point; using statewide coordination to reduce costs and strengthen 911 service; and managing the statewide 911 phone system.

The Executive Director explained the state's hosted solution, used for Next Generation 911 (NG911), broadband connectivity, call-handling software, and mapping and data systems. She stated the hosted solution system is used by all Kansas public safety answering points (PSAPs) outside of the Mid-America Regional Council footprint, 96 percent of all PSAPs; those PSAPs include 105 statutorily required PSAPs with 7 backup sites, 1 PSAP located on the Prairie Band Potawatomi Nation Reservation, and 3 secondary PSAPs located at the University of Kansas, Kansas State University, and American Medical Response, a private company that offers services in two Kansas counties. All hosted solution network elements are certified and monitored at all times by AT&T's security operations center with independent third-party oversight from Seculore. She explained network operations are monitored with security that adheres to various security frameworks, guidelines, measures, standards, and recommendations.

**Security initiatives.** The Executive Director discussed the agency's most significant new security initiative: the Critical Facility Mapping Grant Program. She explained that the program is designed to enhance situational awareness for first responders by providing standardized indoor maps of schools and other critical facilities. She noted the Legislature allocated \$2.0 million in funds, which are being distributed on a per-facility basis beginning with K-12 schools. Grant applications had been received for 290 facilities, including 232 K-12 schools plus postsecondary education

institutions, and government and health care facilities. She noted applications for K-12 schools would have priority.

The Executive Director briefly discussed compliance efforts regarding the Federal Communications Commission's Report Order 24-78, which requires modernization, including redundant circuits for 911 calls and two points of interconnection, and PSAP and workforce security projects and trainings.

### ***Elections Security Officer Update***

The Harvey County Clerk and Chairperson of the Elections Committee of the Kansas County Clerks and Elections Officials Association (KCCEOA) stated KCCEOA is a statewide organization with 109 members, including all county clerks and election commissioners in Kansas. He discussed the duties and manners in which elections are carried out, including cybersecurity of election systems and data, physical security of equipment and documents, and personal safety of poll workers. He noted most county election officials are elected and perform county clerk duties and IT duties as well as elections work, with small staffs. He noted federal changes, including that some federal election security guidance and intelligence has become available only on a subscription basis. He emphasized the elections process has specific deadlines that must be met, and suggested the Committee consider a recommendation to increase funding to assist counties in protecting and monitoring their election systems and election security measures.

The Director of Elections for the Secretary of State briefly addressed authority regarding ballot drop boxes and moneys received through the Help America Vote Act.

### ***Wichita State University Interagency Collaboration Presentation***

The Vice President of Strategy and Government Relations at Wichita State University (WSU) stated WSU has taken steps to address the issue of graduates leaving the state by focusing on attracting businesses and creating job opportunities for students. He highlighted 50 companies currently offer employment to WSU students, allowing them to gain work experience

while completing their degrees. WSU identified the seven industry clusters in Kansas:

- Agriculture;
- Energy;
- IT;
- Transportation logistics,
- Health care;
- Aviation; and
- Additive manufacturing.

He explained WSU recognized the law enforcement industry is undergoing a massive transformation from paper to digital operations, which requires new equipment and skilled workers to operate new equipment.

The Executive Director of the Midwest Criminal Justice Institute, Director of the Gun Crimes Investigation and Intelligence Institute, WSU Liaison, and Official External Law Enforcement and Criminal Justice Agency Point of Contact discussed the partnership timeline among WSU, the Wichita Police Department, and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), an agency within the U.S. Department of Justice, highlighting the establishment and opening of the Wichita-Sedgwick County Law Enforcement Training Center. She noted additional WSU partners include U.S. Marshals and Kansas State Fire Marshals.

She additionally highlighted the growth of WSU's forensic science program, which has increased from 10 enrolled students in 2013 to 137 enrolled students as of 2025. She reviewed new and emerging WSU programs and briefly mentioned the upcoming new Master of Forensic Biology program and Master of Forensic Firearms program, which will be available for enrollment in fall 2026.

The Chief of Staff and Executive Director of Government Relations discussed applied learning,

explaining the importance of developing a workforce pipeline through student employment opportunities. He informed the Committee the goal of these programs and partnerships is to ensure pathways into programs featuring a national standard in curriculum and applied learning opportunities to produce preeminent talent in law enforcement, intelligence, and forensics.

## CONCLUSIONS AND RECOMMENDATIONS

At the conclusion of the presentations, the Committee discussed the topics covered over the meeting's two days. The Chairperson requested the Committee make recommendations via consensus. Consensus was not reached on a recommendation that the general public not be permitted inside the Statehouse with firearms. Members shared their additional thoughts and considered the information presented to reach consensus on the following recommendations:

- The Committee recommends the 2026 Legislature enact a bill to remove sunset provisions enacted in 2024 House Substitute for SB 291 (Chapter 95) regarding the authority of officials including the CITO and the CISO for each branch, each agency led by an elected official, and the Director of the KBI to develop cybersecurity plans and plans for information technology hardware meeting standards;
- The Committee concludes it should introduce a bill to authorize law enforcement officers to bring down UAS and that the definition of "law enforcement officer" for this purpose include corrections officers of the Kansas Department of Corrections;
- The Committee recommends legislation be considered by the 2026 Legislature to amend KSA 48-924 to authorize the Governor to issue an emergency declaration for the entirety of official FIFA World Cup 2026 activities so that emergency operations, including coordination among law enforcement and emergency management personnel, can continue uninterrupted throughout the event;
- The Committee recommends the J. Russell (Russ) Jennings Joint Committee on Corrections and Juvenile Justice Oversight, the Joint Committee on Child Welfare System Oversight, the Joint Committee on Fiduciary Financial Institutions Oversight, and the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight, in a closed meeting, receive briefings of the Legislative Post Audit reports results regarding IT security;
- The Committee recommends the 2026 Legislature consider legislation to give the State Finance Council sole authority to oversee distribution of funds the state receives in connection with FIFA World Cup 2026; and
- The Committee recommends appropriate legislative committees, including the House Committee on Energy, Utilities and Telecommunication and the Senate Committee on Utilities, investigate and hold hearings on security for power plants dedicated to powering data centers.



# Report of the Joint Committee on Pensions, Investments and Benefits to the 2026 Kansas Legislature

**CHAIRPERSON:** Representative Nick Hoheisel

**VICE-CHAIRPERSON:** Senator Brenda Dietrich

**OTHER MEMBERS:** Senators Michael Fagg, Marci Francisco, Pat Pettey, and Kellie Warren; and Representatives Mike King, Cindy Neighbor, Tobias Schlingensiepen, Angela Stiens, Gary White, and Rui Xu

**CHARGE**

***Monitor, Review, and Make Recommendations Regarding the Retirement System***

KSA 2023 Supp. 46-2201 directs the Committee to monitor, review, and make recommendations regarding investment policies and objectives formulated by the Kansas Public Employees Retirement System (KPERS) Board of Trustees; review and make recommendations relating to benefits for KPERS members; consider and make recommendations relating to the confirmation of members of the KPERS Board; review and make recommendations relating to the inclusion of city and county correctional officers as eligible members of the Kansas Police and Firemen's Retirement System; and review reports regarding working-after-retirement exceptions (KSA 74-4914 and 74-4937).



# Joint Committee on Pensions, Investments and Benefits

## ANNUAL REPORT

### Conclusions and Recommendations

The Joint Committee on Pensions, Investments and Benefits submits the following recommendations:

- **Extraordinary transfer.** The Committee recommends the appropriate standing committees (House Committee on Appropriations, Senate Committee on Ways and Means) consider transferring \$500.0 million from the State General Fund to the Kansas Public Employees Retirement Fund in FY 2026 to make an additional contribution toward the reduction of the Kansas Public Employees Retirement System (KPERS) unfunded actuarial liability;
- **KPERS 3 Cash Balance Plan.** The Committee supports and recommends enactment of HB 2086, which would increase the KPERS 3 discretionary dividend credit from 75 percent of the five-year average net compound rate of return to 80 percent. The bill would also reduce the discretionary dividend credit threshold from 6 percent to 5 percent of the five-year average net compound rate;
- **Deferred Retirement Option Program.** The Committee recommends the appropriate standing committees (House Committee on Financial Institutions and Pensions and Senate Committee on Financial Institutions and Insurance) explore expanding the Deferred Retirement Option Program to include unified school district school employees; and
- **Cost-of-living adjustments.** The Committee recommends the appropriate standing committees (House Committee on Financial Institutions and Pensions, Senate Committee on Financial Institutions and Insurance) explore opportunities and options to address cost-of-living adjustments, including dedicated funding sources for potential solutions.

*Proposed Legislation:* None.

### BACKGROUND

The Joint Committee on Pensions, Investments and Benefits (Committee) was created in 1992 and is authorized by KSA 46-2201 to:

- Monitor, review, and make recommendations regarding investment policies and objectives formulated by the Kansas Public Employees Retirement

System (KPERS or the Retirement System) Board of Trustees (Board);

- Review and make recommendations related to KPERS benefits;
- Consider and make recommendations on the confirmation of members nominated by the Governor to serve on the Board; and

- Introduce legislation it determines to be necessary.

## COMMITTEE ACTIVITIES

The Legislative Coordinating Council authorized one meeting day for the Committee during the 2025 Interim. The Committee met on October 14, 2025, to receive reports and updates and hold discussion on the KPERS 2024 actuarial valuation, KPERS budget and pension administration system modernization, pensions obligation bond proceeds, membership and retirement trends, investment performance, and implementation of 2025 law.

### Review of KPERS Law and Legislation

A Senior Assistant Revisor, Office of Revisor of Statutes, reviewed legislation pertaining to KPERS: two bills enacted into law in 2025, five bills with legislative consideration, and other KPERS-related bills introduced during the 2025 Legislative Session.

### *KPERS Bills Enacted into Law*

**SB 64** amends KPERS statutes. The bill extends the timeline for a KPERS member to request an administrative hearing to appeal a decision made by the KPERS Board without a hearing. The bill updates KPERS statutes to align with federal Internal Revenue Code regulations relating to the applicable age for required minimum distribution of pension benefits, recalculation of life expectancy for determining benefits, distributions from a defined contribution or deferred compensation plan, and the addition of a SIMPLE IRA (Savings Incentive Match Plan for Employees Individual Retirement Account) that meets specific rollover requirements to the list of eligible retirement plans.

**HB 2062** amends law regarding child support to require such support be calculated from the date of conception, to require the court to consider the value of a qualified retirement account in determination of child support orders in certain circumstances, and to eliminate the exemption of such accounts from claims to collect child support. The bill also allows a personal exemption for any unborn child for the purposes of income taxation.

### *KPERS Bills Receiving Legislative Consideration*

**HB 2086** would adjust the KPERS 3 dividend interest credit by lowering the dividend interest credit threshold from 6 percent to 5 percent and increasing the dividend share from 75 percent to 80 percent. This adjustment would apply to both a KPERS 3 member's annuity savings account and retirement annuity account.

**HB 2129** would transfer all active and inactive teacher members enrolled in the KPERS 3 cash balance plan to the KPERS 2 plan. The bill would also convert any teacher who is first employed by a participating employer on or after July 1, 2025, into a member of KPERS 2. "Teacher" is defined as any professional employee who is required to hold a certificate to teach in any school district and any teacher instructor in any technical college or community college.

**HB 2130** would allow KPERS benefits to be paid either on a biweekly or monthly basis, at the election of a member or benefit recipient.

**HB 2194** would provide an exemption from the working-after-retirement employer contribution rate for school districts employing retirants as teachers in positions for which a certificate to teach is required. The statutory waiting period before returning to work would continue to apply to such retirants.

**SB 282** would establish the Kansas Retirement Investment and Savings Plan beginning July 1, 2027.

### *Other KPERS Bills Introduced*

**HB 2006** would make the Department of Corrections an eligible employer to affiliate with the Kansas Police and Fireman's Retirement System (KP&F), for security officers employed by the Department of Corrections.

**HB 2008** would change the definition of a "security officer" as it pertains to coverage in the KPERS-Correction Group, to add juvenile correctional officer positions to the statutory definition.

**HB 2298** would create a cost-of-living adjustment (COLA) for certain KPERS retirees, transfer \$1.0 billion from the Budget Stabilization Fund to a newly created KPERS Liability Reduction Fund, and establish requirements for the expenditure or transfer of funds from the Budget Stabilization Fund.

**HB 2380** would provide a COLA for KPERS retirees who are 85 years of age or older. The bill would provide a \$150 per month increase to the retirement benefit, pension, or annuity.

**SB 34** would allow the KPERS Board to invest and reinvest in Bitcoin exchange-traded products issued by an investment company registered in Kansas.

**SB 232** would amend law regarding unclaimed property funds invested by KPERS. The bill would add to the current list of allowable investments, to include bonds, notes, debentures, or similar obligations of a foreign government that the International Monetary Fund lists as an industrial country.

**SB 238** would provide for a COLA for certain KPERS retirees based on the date of retirement. Adjustments would range from 1 percent to 5 percent.

### **KPERS 2024 Actuarial Valuation Report**

The Committee reviewed the latest actuarial valuation, which serves as a snapshot of the financial condition of the Retirement System as of December 31, 2024. The Executive Director of KPERS indicated all membership groups remain at the full actuarial required contribution (ARC) rate, which is a key factor in reducing the unfunded actuarial liability (UAL) and improving funded ratios of each group. [Note: This annual actuarial valuation, which measures assets and liabilities, provides the basis for calculating future employer contribution rates.]

The 2024 valuation is used to set the FY 2028 contribution rates for State/School employers and calendar year (CY) 2027 contribution rates for local employers, and it serves as the baseline for any cost studies performed during the 2026 Legislative Session.

### **Key Findings**

**Assets.** As of December 31, 2024, the actuarial value of assets totaled \$28.6 billion. Actuarial assets are calculated by averaging, or “smoothing,” investment gains and losses over a five-year period. There is a net loss of \$543.6 million to be realized in the outlying years. Net investment on a market-value basis was 8.8 percent in CY 2024. Due to smoothing, the return on actuarial assets was 6.2 percent.

**Funded ratio and unfunded actuarial liability.** The Retirement System’s overall funded ratio of assets to liabilities remains at 74.0 percent from the 2023 to 2024 valuations. [Note: The standards for public pension plans suggest a public retirement system should be funded between 80.0 percent and 100.0 percent of future liabilities owed.] The UAL for the Retirement System increased from \$9.7 billion (2023 valuation) to \$10.0 billion.

The Executive Director noted that, if all funding assumptions are met in future years, the State/School Group UAL would increase until CY 2028 due to deferred investment losses, after which it would resume declining. Under these conditions, the legacy UAL for the State/School Group would be paid off in the 2039 valuation.

**Contribution rates.** The report indicated the ARC rates for KPERS State/School employers increase from 11.32 percent in FY 2027 to 11.38 percent for FY 2028. The statutory employer contribution rate continues to be at the full ARC rate for FY 2028, which will be the eighth consecutive year the statutory and actuarial rates have been equal.

### **Investment Performance**

The Chief Investment Officer (CIO), KPERS, provided an overview of the KPERS Trust Fund performance in FY 2025: a positive return of 10.3 percent, exceeding the actuarial rate of return of 7.0 percent but trailing the policy index, or asset class benchmark, of 12.0 percent. The portfolio’s market value increased from \$27.3 billion in FY 2024 to \$29.3 billion in FY 2025.

The CIO noted the Board recently concluded an Asset Allocation Review project and developed an implementation plan in response to the increase

in the statutory cap on alternative investments to 25 percent. As part of the implementation plan, the naming convention for some asset classes was changed. The Board's recommended targets for the portfolio otherwise remain unchanged from its 2024 recommendation:

- 23 percent U.S. Equity;
- 18 percent international equity;
- 13 percent real assets;
- 12 percent real estate;
- 12 percent core fixed income;
- 11 percent private equity;
- 8 percent non-core fixed income; and
- 3 percent cash equivalents.

**Fund performance.** Over 1, 5, 10, and 20 years, portfolio returns have exceeded the actuarial assumed rate of return, and performance over the past 5, 10, 20, and 25 years has exceeded the System's policy benchmark. In FY 2025, the portfolio experienced positive returns on all asset classes, with U.S. and international equities performing the best, at 15.3 percent and 12.7 percent, respectively. By contrast, real estate and cash equivalents experienced the lowest returns, at 3.3 percent and 5.1 percent respectively.

**Economic and market observations.** The CIO indicated domestic equity markets continue to demonstrate considerable strength, closing FY 2025 with the Russell 3000 Index up 8.2 percent for July, August, and September 2025. The CIO recognized the U.S. Federal Reserve lowering of the Federal Funds interest rate in September, with two additional changes expected in 2025 and early 2026. As in prior years, further movement will be dependent on inflation, employment, and economic growth. Other influences include the impact of policy prescriptions of the current presidential administration as well as geopolitical risks that may create short-term volatility.

## **KPERS Operating Budget and Pension Administration System Modernization**

### ***KPERS Operating Budget***

The Chief Fiscal Officer of KPERS detailed the KPERS operating budget, which includes general expenses (such as staff, contracts, and office space), investment-related expenses (such as manager fees and investment staff), and administration of the Death and Disability and KPERS 457 programs.

KPERS estimates expenditures totaling \$93.7 million in FY 2026 and \$99.3 million for FY 2027, the majority of which is financed by the KPERS Trust Fund, at \$92.2 million and \$97.8 million, respectively. General and investment-related expenses compose the largest portion of the operational budget, at \$38.3 million and \$53.9 million, respectively, in FY 2026.

KPERS anticipates modernization expenditures totaling \$15.1 million in FY 2026 and \$18.4 million for FY 2027, all financed from the KPERS Trust Fund. Most expenses will be for contractual services paid to the vendor.

Benefits payments are considered non-expense items for budgeting purposes and are not included when discussing operational expenditures. KPERS estimates total benefits expenses of \$2.482 billion in FY 2026 and \$2.602 billion for FY 2027.

### ***KPERS Pension Administration System Modernization***

The Deputy Executive Director for Modernization for KPERS outlined the purposes of the pension administration system, which provides the functionality needed to collect data and contributions from employers and to process and pay benefits. KPERS started using its present system in 2005. The existing system remains capable of providing these processes but, due to the required customizations over the years, has become less efficient and more unstable over time. [Note: See the 2024 Interim Committee Report of the Joint Committee on Pensions, Investments and Benefits to the 2025 Kansas Legislature for background information on the decision to modernize the system.]

In 2024, the Board negotiated contract terms with Tegrit Software Ventures and its Arrivos pension platform. The project has a five-year time frame with a total cost of \$74.0 million to implement. KPERS commenced the project in October, completing initial planning work in December.

In 2025, KPERS completed initial setup work and began the implementation process, which is expected to occur in 11 iterations over a 60-month period. Scheduled work for the year includes design for member information and beneficiaries, employer reporting, and member services.

In 2029, KPERS anticipates completing design and configuration work, training, and system readiness preparations, with a full roll out planned for November. After that point, there will be a one-year warranty period.

## **Contemporary KPERS Topics and Issues**

### ***Alternative Investments Cap***

Among its provisions, 2024 HB 2711 increases the statutory cap on alternative investments from 15.0 percent to 25.0 percent. Following enactment of the bill, the Retirement System revisited the Asset/Liability Study, which was completed in May 2023 under the 15.0 percent cap. The 2024 Asset Allocation Review Project was completed in September 2024, and the Board adopted an implementation plan setting initial, interim, and long-term asset allocation targets in November 2024. At that time, private market pacing plans were updated to align with interim asset allocation targets for private equity, infrastructure, private real estate, and timber. Initial targets were implemented in January 2025.

The CIO noted increasing the cap allowed the System to set long-term allocation targets and reduce risk while maintaining target returns. The CIO further indicated only a portion of the 25.0 percent cap is projected to be utilized—approximately 19.0 percent in the long-term, around 2032. Commenting further, the CIO said he expects these projections to remain under the cap under stressed market environments.

### ***Deferred Retirement Option Program***

Under the Deferred Retirement Option Program (DROP), eligible members with normal unreduced retirement initiate the calculation of retirement benefits but choose to defer the actual receipt of the benefits for a three-, four-, or five-year period. During the DROP period, the member does not earn additional service credits but continues to work and contribute into DROP. Retirement benefits are held in a separate account and, at the end of the period, the member receives the lump sum with interest. The DROP account can earn interest according to a statutory formula; currently, the formula allows for 3.0 percent interest in any year in which KPERS investments reach the 7.0 percent investment return assumption.

In 2015, the DROP was created as a five-year pilot program for troopers, examiners, and officers of the Kansas Highway Patrol. In 2019, the DROP was expanded to include agents of the Kansas Bureau of Investigation.

In 2023, HB 2196 expanded eligibility further to include all eligible KP&F members who choose to participate and extended the sunset date to January 1, 2031. The Executive Director noted participation in DROP has increased significantly since the program was extended to all eligible KP&F members and employers, nearly doubling since enactment of the 2023 bill, with 88 applications in CY 2024 and 46 applications in CY 2025 as of September 30.

As of September 30, 2025, 280 members, representing 34 employers, were enrolled in the DROP. Of those members, 71 DROP accounts have been paid out, with approximately \$12 million in distributions total. Distributions ranged from \$7,000 to \$460,000.

### ***Kansas Retirement Investment and Savings Plan (KRISP) Act***

#### ***Background***

A Senior Assistant Revisor provided an overview of 2025 SB 282—the Kansas Retirement Investment and Savings Plan (KRISP) Act. The bill would create the KRISP, making it the default for new hires starting July 1, 2027, although such employees may elect not to participate. Existing

KPERS 1, 2, and 3 members would be given a one-time, 30-day election period to convert to the KRISP.

The plan would function like a 401(k) rather than a traditional pension. The Board would select investment fund options, while KRISP members would be responsible for investment elections.

Active members would contribute 6 percent to a mandatory contribution account and 1 percent to a deferred compensation account, the latter of which would increase by 1 percent annually until such contributions reach 10 percent. Both accounts would vest immediately upon membership, whereas rollover accounts would vest from the date contributions are credited.

Employers would contribute 4 percent to active members' accounts, plus an additional 0.5 to 1 percent to the members' deferred compensation accounts depending on member contributions to said account—1 percent and 2 percent respectively. Employer accounts would vest after five years of service.

Members could withdraw vested balances any time they leave employment through direct payment or rollover. Furthermore, members could purchase an annuity through KPERS upon retirement.

#### *Testimony*

Representatives from Americans for Tax Reform, Prime Capital Financial, and Reason Foundation spoke in favor of the KRISP Act. Proponents noted KPERS members would benefit from the more flexible and portable benefit offered by the KRISP, with only 41 percent of employees expected to remain long enough to vest in KPERS 3 benefits. Proponents also identified potential modifications to improve the plan, including incorporating guaranteed income solutions such as Income America 5ForLife, which is an in-plan collective investment trust administered by Great Gray Trust Company.

A representative for the Kansas Coalition of Public Retirees and Kansas Association of Retired School Personnel provided written testimony against the KRISP Act on four grounds: the unknown impact to the current KPERS system, the potential to incur and exacerbate negative effects to the KPERS 3 plan, removal of guaranteed benefits to retirees, and that the UAL would still need to be paid.

## CONCLUSIONS AND RECOMMENDATIONS

The Committee submits the following comments and recommendations:

- **Extraordinary transfer.** The Committee recommends the appropriate standing committees consider transferring \$500.0 million from the State General Fund to the Kansas Public Employees Retirement Fund in FY 2026 to make an additional contribution toward the reduction of the KPERS UAL;
- **KPERS 3 Cash Balance Plan.** The Committee supports and recommends enactment of HB 2086, which would increase the KPERS 3 discretionary dividend credit from 75 percent of the five-year average net compound rate of return to 80 percent and reduce the discretionary dividend credit threshold from 6 percent to 5 percent of the five-year average net compound rate;
- **Deferred Retirement Option Program.** The Committee recommends the appropriate standing committees explore expanding the DROP to include unified school district school employees; and
- **Cost-of-living adjustments.** The Committee recommends the appropriate standing committees explore opportunities and options to address COLAs, including dedicated funding sources for potential solutions.

# Report of the Joint Committee on State Building Construction to the 2026 Kansas Legislature

**CHAIRPERSON:** Representative Leo Delperdang

**VICE-CHAIRPERSON:** Senator Rick Kloos

**RANKING MINORITY LEADER:** Senator Marci Francisco

**OTHER MEMBERS:** Senators Rick Billinger and Patrick Schmidt; and Representatives John Alcala, Avery Anderson, Bob Lewis, and Jarrod Ousley

**CHARGE**

*Study, Review, and Make Recommendations on Capital Improvement Expenditures and Other State-owned Properties and Leases*

The Committee is authorized by KSA 2024 Supp. 46-1701, which includes provisions allowing the Committee to meet on call of its chairperson at any time and place within the state and to introduce legislation. The Committee is authorized to study, review, and make recommendations on all agency five-year capital improvements plans, leases, land sales, and statutorily required reports by agencies, and to travel throughout the state to observe state-owned buildings.



# Joint Committee on State Building Construction

## ANNUAL REPORT

### Conclusions and Recommendations

All five-year capital improvement plans were reviewed and recommended by the Committee, except the Hutchinson Correctional Facility central unit project. The Committee also requested additional information:

- To clarify a request for \$750,000 for repairs to the Docking State Office Building;
- For any future decisions pertaining to the racetrack at the Kansas State Fair;
- About repairs to roads through parks;
- Regarding a timeline for the planning and implementation of a nursery at the Topeka Correctional Facility;
- Regarding the ability to expand cells in the central unit at the Hutchinson Correctional Facility; and
- Regarding the number of annual visitors at Kansas State Historical Society sites.

It also recommended the Committee revisit the Hutchinson Correctional Facility proposal for renovation or reconstruction of the central unit during the 2026 Legislative Session.

*Proposed Legislation:* None.

### BACKGROUND

The Joint Committee on State Building Construction was established during the 1978 Legislative Session. The Special Committee on Ways and Means recommended the bill creating the Committee, 1978 HB 2722, as a result of its interim study of state building construction procedures.

The Committee was expanded from six members to ten members by 1999 HB 2065. It is composed of five members of the Senate and five members of the House of Representatives. Two members each are appointed by the Senate President, Senate Minority Leader, Speaker of the House of Representatives, and House Minority

Leader. The Chairperson of the Senate Committee on Ways and Means and the Chairperson of the House Committee on Appropriations serve on the Committee or appoint a member of such committee to serve (KSA 46-1701).

The Committee may meet at any location in Kansas on call of the Chairperson and is authorized to introduce legislation (KSA 46-1701).

The primary responsibilities of the Committee are set forth in KSA 46-1702. The Committee is to review and make recommendations on all agency capital improvement budget estimates and five-year capital improvement plans, including all project program statements presented in support of appropriation requests, and to continually review

and monitor the progress and results of all state capital construction projects. The Committee also studies reports on capital improvement budget estimates that are submitted by the State Building Advisory Commission. The Committee makes annual reports to the Legislature through the Legislative Coordinating Council (LCC) and other such special reports to the appropriate committees of the House of Representatives and the Senate.

Each state agency budget estimate for a capital improvement project is submitted to the Committee, the Division of the Budget, and the State Building Advisory Commission by July 1 of each year. Each estimate includes a written program statement describing the project in detail (KSA 75-3717b). The budget estimate requirement does not apply to federally funded projects of the Adjutant General's Department or to projects for buildings or facilities of the Kansas Correctional Industries of the Department of Corrections that are funded from the Correctional Industries Fund. In those instances, the Adjutant General reports to the Committee each January regarding federally funded projects, and the Director of the Kansas Correctional Industries advises and consults with the Committee prior to commencing such projects for the Kansas Correctional Industries (KSA 75-3717b and 75-5282).

The Secretary of Administration issues monthly progress reports on capital improvement projects, including all actions relating to change orders and changes in plans. The Secretary of Administration is required to first advise and consult with the Committee on each change order or change in plans that increases project cost by \$125,000 or more, prior to approving the change order or change in plans (KSA 75-1264). Similar requirements were prescribed in 2002 for projects undertaken by the State Board of Regents for research and development facilities and the state educational facilities (KSA 76-786).

If the Committee will not be meeting within ten business days, and the Secretary of Administration determines it is in the best interest of the State to approve a change order or change in plans with an increase in project costs of \$125,000 or more, KSA 75-1264(d) provides an alternative method for achieving approval by the Committee. A summary description of the proposed change order or change in plans is transmitted to each

member of the Committee, and a member may request a presentation of the proposal at a meeting of the Committee. If, within seven business days of the date the notice was transmitted, two or more members notify the Director of Legislative Research of a request to have a meeting on the matter, the Director will notify the Chairperson, and the Chairperson will call a meeting as soon as possible. At that point, the Secretary of Administration is not to approve the proposed action prior to presentation of the matter at a meeting of the Committee. If one or no members request the proposed matter be heard by the Committee, the Secretary of Administration is deemed to have advised and consulted with the Committee and may approve the proposed change order or change in plans.

The "comprehensive energy bill," 2009 Senate Sub. for HB 2369, required the State to establish energy-efficient performance standards for state-owned and -leased real property and for the construction of state buildings. State agencies are required to conduct energy audits at least every five years on all state-owned property, and the Secretary of Administration is prohibited from approving, renewing, or extending any building lease unless the lessor has submitted an energy audit for the building or it is not economically feasible to conduct such energy audit (KSA 75-37,128).

Each year, the Secretary of Administration is required to submit a report to the Committee that identifies properties where an excessive amount of energy is being used (KSA 75-37,128).

## **COMMITTEE ACTIVITIES**

The LCC approved four meeting days for the Committee during the 2025 Interim. The Committee toured the state-owned Hutchinson Correctional Facility on September 5 and Kansas Highway Patrol Training Academy on October 2. The Committee met on August 28 and October 7 to review five-year capital improvement plans. During those meetings, the Committee reviewed all agency five-year capital improvement plans, received the Department of Transportation's Excess Right-of-Way Annual Report, and reviewed a proposed lease for Kansas Bureau of

Investigation space in Wichita and two change orders over \$125,000.

## **Presentation of Five-year Capital Improvement Plans**

**Department of Administration.** A representative from the agency reviewed the five-year capital improvement plan for the Capitol Complex. Discussion topics included the Curtis, Docking, and Landon state office buildings; Judicial Center electrical work; Memorial Hall; and the new laboratory for the Kansas Department of Health and Environment.

**Department of Labor.** A representative from the agency reviewed the five-year capital improvement plan. The agency noted it has undergone a downsizing and corresponding building sale over the past year, while continuing building maintenance of remaining facilities.

**Department of Commerce.** A representative from the agency reviewed the five-year capital improvement plan projects going on at the Garden City, Hays, and Topeka workforce centers. The agency noted the Garden City and Hays workforce centers are in need of roofing replacement and the Topeka Workforce Center requires replacement of its boiler and HVAC systems.

**Kansas Bureau of Investigation.** A representative from the agency reviewed the five-year capital improvement plan, including annual maintenance needs. Additional updates were provided regarding the new headquarters facility and Pittsburg forensic laboratory facility projects. The agency is working in conjunction with the Department of Administration on determinations for the headquarters project.

**Kansas Department of Transportation.** A representative from the agency reviewed the five-year capital improvement plan, for which the agency has prioritized preservation. Discussion included information about the roofing projects of rest areas and salt storage facilities; subarea facility modernization, including information about equipment size and access limitations; rest area safety projects; and updates on the completion of the District One headquarters.

**Judicial Branch.** A representative from the agency reviewed the five-year capital improvement plan. The agency provided updates on a learning center for the Judicial Center; the agency is seeking additional, outside funding for its upcoming second phase.

**Kansas Department for Aging and Disability Services.** A representative from the agency reviewed the five-year capital improvement plan, including updates on state hospital razing projects. The agency noted a complete facilities assessment was conducted to update five-year program needs. Discussion included the renovation projects taking place at the current facilities and updates on the South Central Regional Mental Health Hospital being constructed in Sedgwick County.

**Adjutant General's Department.** A representative from the agency reviewed the five-year capital improvement plan, noting that a primary focus is on rehabilitation and repair. Discussion included updates on energy resilience and conservation investment program projects at Forbes Field and in Salina, readiness centers in Hays and Fort Riley, and the machine shop in Great Bend.

**Kansas Department for Children and Families.** A representative from the agency reviewed the five-year capital improvement plan. Discussion included maintenance of the facility roof and parking garage. Additional details were provided regarding the lease-to-buy agreement of the agency's Topeka facility.

**Kansas State Fair Board.** A representative from the agency reviewed the five-year capital improvement plan. Discussion topics included ongoing maintenance and road repairs, work on the arena, status of the racetrack, and safety improvements.

**Kansas Department of Wildlife and Parks.** A representative from the agency reviewed the five-year capital improvement plan, focusing on changes from the initial agency submission. Discussion topics included the infrastructure projects carried out in fiscal year 2025, federal funding of fiscal year 2026 projects, and dam repairs.

**Kansas Department of Corrections.** A representative from the agency reviewed the five-year capital improvement plan. Discussion focused on the Hutchinson Correctional Facility and potential additions to the Winfield Correctional Facility. Additional information was provided about the rehabilitation and repair projects for other facilities.

**Kansas State Historical Society.** A representative from the agency reviewed the five-year capital improvement plan. Discussion topics included the Shawnee Indian Mission West building restoration, mobile shelving repairs, Grinter Place parking lot repairs, and the Marais des Cygnes Massacre site.

**Kansas School for the Deaf.** A representative from the agency reviewed the five-year capital improvement plan, focusing on the current and upcoming fiscal years. Discussion topics included utility repairs and upgrades, safety and security systems, roofing replacement, HVAC system upgrades, demolitions, and modifications to Emery Elementary.

**Kansas School for the Blind.** A representative from the agency reviewed the five-year capital improvement plan, focusing on the current and upcoming fiscal years. Discussion topics included utility repairs and upgrades, HVAC system upgrades, safety and security systems, and replacement of the Edlund Hall roof.

**Kansas Office of Veterans Services.** A representative from the agency reviewed the five-year capital improvement plan, focusing on the current fiscal year projects. Discussion topics included the veterans' homes, electrical and HVAC upgrades and repairs, Timmerman Hall renovations, Bleckley Hall kitchen replacement, facility expansions, and updates on the Northeast Kansas Veterans' Home.

**Kansas Highway Patrol.** A representative from the agency reviewed the five-year capital improvement plan, focusing on changes from the initial agency submission. Discussion topics included the Salina Training Academy; headquarters relocation to the Curtis State Office Building; new Central Dispatch center; Sedgwick County partnership for the Wichita hangar;

relocation of the Troop C headquarters and Troop S facilities, including office space to be leased to the Kansas Bureau of Investigation; and annual replacement and repair of scale houses.

**Kansas Board of Regents.** A representative from the agency reviewed the five-year capital improvement plan. Discussion focused on the Facilities Renewal Initiative, including aspects of accumulated deferred maintenance and removal of buildings to reach a state of good repair across facilities.

**Fort Hays State University.** A representative from the agency reviewed the state of capital projects at the University. Discussion topics included the recently completed Gross Coliseum HVAC project; ongoing projects renovating Forsyth Library, adding on to Stroup Hall, upgrading the Tomanek Hall HVAC system, and upgrading the Bickle-Schmidt Athletic Complex; future projects for renovations at Malloy Hall, Gross/Cunningham parking lots, and Beach-Schmidt Performing Arts Center; and HVAC modifications for Beach Hall and Cunningham Hall.

**Pittsburg State University.** A representative from the agency reviewed the state of the campus, noting recent completion of Block 22. Discussion topics also included ongoing projections for the university regarding the Kelce College of Business replacing Kelce Hall; upgrades to the outdoor track complex; expansions to the Tyler Research Center; repairs to the utility tunnels; construction of a Kansas Bureau of Investigation Regional Crime Center facility; and a new facility for the Diesel and Heavy Equipment, Automotive, Collision, and Hybrid Electric Vehicles programs.

**Wichita State University.** A representative from the agency reviewed the status of capital projects at the university. Updates were provided on the University Stadium projects, with phase 1a completed in May 2025, phase 1b in progress, and phase 2 in design stages. Updates were also provided on the expansion of Wilkins Stadium, with phase 1a completed and phase 1b in design stages. Additional discussion topics included upgrades to the National Institute for Aviation Research Hub; renovations of the Geology Building; demolition of Neff Hall; Wichita

Biomedical Campus; a proposed drone-focused Shocker Fly Lab; and a partnership with the Bureau of Alcohol, Tobacco, Firearms and Explosives for a forensic gun crimes facility.

**Emporia State University.** A representative from the agency reviewed the status of campus capital projects, noting the recent completion of upgrades to sporting facilities. Discussion topics included ongoing work on a new Nursing and Student Wellness Center, upgrades to sporting facilities, deferred maintenance and safety projects, and updates with the campus master plan.

**Kansas State University.** A representative from the agency provided updates on campus capital projects. Discussion topics included the Agronomy Research and Innovation Center and Global Center for Grain and Food Innovation, a new veterinary diagnostic laboratory, renovations and reopening of buildings across the campus, and a proposed interdisciplinary health and engineering hub.

**University of Kansas Medical Center.** A representative from the agency reviewed the status of capital projects across the campus. Recently completed projects include renovations to the morgue, relocation of the chapel, and completion of the Applegate Hall boiler replacement and curtain wall renovations. Discussion also included topics of ongoing and future projects regarding the construction of a cancer center, improvements to the Wichita Biomedical Campus, demolition of the Olathe Building and Student Center, a bio-specimen repository storage, and a neuroscience research center.

**University of Kansas.** A representative from the agency reviewed the status of capital projects on the campus. Discussion topics included updates about the age of buildings on campus, ongoing roofing problems, completion of Chiller Plant #4, future districting of the campus for the Blake and Watson corner and the engineering district, and renovations to Lindley Hall.

### **Building Leases and Land Sales**

A representative from the Department of Administration presented a new lease for the Kansas Bureau of Investigation Wichita office. The new lease includes 22,174 square feet,

including 9,960 square feet of storage space, at a rate of \$15.78 per square foot.

### **Change Orders over \$125,000**

A representative from the Department of Administration presented a change order for the University of Kansas Medical Center for the Wescoe complex. The change order in the amount of \$145,867.68 is for inclusion of the north facade windows, which was originally intended but excluded until the base bid came in under budget.

The Secretary of Administration deemed to have advised and consulted the Committee pursuant to KSA 75-1264(d) for change orders associated with the Clinton State Park Visitor Center. A representative from the Kansas Department of Wildlife and Parks presented a change order for Clinton State Park. The change order includes additions to landscaping and irrigation, improved accessibility, additional propane tanks, electrical load distribution, and modifications to the HVAC concrete pad.

## **CONCLUSIONS AND RECOMMENDATIONS**

All five-year capital improvement plans were reviewed and recommended by the Committee, except the Hutchinson Correctional Facility central unit project. The Committee also requests additional information:

- To clarify \$750,000 for repairs to the Docking State Office Building;
- For any future decisions pertaining to the racetrack at the Kansas State Fair;
- About repairs to roads through parks, noting that roads at Cheney State Park need repair work;
- Regarding a timeline for the planning and implementation of a nursery at the Topeka Correctional Facility;
- Regarding the feasibility of expanding cells in the central unit at the Hutchinson Correctional Facility; and

- Regarding the number of annual visitors at Kansas State Historical Society sites.

It also recommended the Committee revisit the Hutchinson Correctional Facility proposal for renovation or reconstruction of the central unit during the 2026 Legislative Session.

# Report of the Senate Committee on Government Efficiency to the 2026 Kansas Legislature

**CHAIRPERSON:** Senator Renee Erickson

**VICE-CHAIRPERSON:** Senator Michael Murphy

**RANKING MINORITY MEMBER:** Senator Cindy Holscher

**OTHER MEMBERS:** Senators Larry Alley, Rick Billinger, Patrick Schmidt, Doug Shane, Adam Thomas, and Mike Thompson

**CHARGE**

The Committee is directed to review responses to the Government Efficiency Portal and examine non-governmental organizations, state incentives, and other budgetary matters.



# Senate Committee on Government Efficiency

## REPORT

### Conclusions and Recommendations

The Senate Committee on Government Efficiency recommends a meeting of the State Fire Marshal and stakeholders be facilitated to explore potential legislation to resolve conflicting regulatory authority, to clarify the bounds of authority of the State Fire Marshal, and to create conflict resolution mechanisms.

**Recommendations:** None.

### BACKGROUND

The Legislative Coordinating Council (LCC) approved the request of the Senate Committee on Government Efficiency (Committee) to meet during the 2025 Interim to continue its review of state agencies and programs to reduce spending and increase government efficiencies and to begin the study of non-governmental organizations, state incentives, and other budgetary matters.

### COMMITTEE ACTIVITIES

The LCC approved six meeting days for the Committee during the 2025 Interim. The Committee met May 13, June 10, September 9, September 10, and October 21, 2025, in the Statehouse.

#### May 13, 2025, Meeting

##### *Review of Transparency Portal Submissions*

The Revisor of Statutes discussed the Transparency Portal established during the 2025 Legislative Session for citizens to provide suggestions and input on how the State could be more efficient. He noted this system to collect public feedback is new to the Legislature. The Revisor of Statutes discussed the public record statement provided to persons submitting comments, which included a warning not to provide certain personal information.

The Revisor of Statutes next discussed a Kansas Open Records Act request that had been made to obtain the Portal submission records. He stated that these submissions were determined to be public records in the custody of the Chairperson. Office of the Revisor of Statutes (Revisor) staff redacted identifying information before certain records were released.

##### *Committee Study Discussion*

The Committee Chairperson led a discussion with members concerning Portal submissions. She asked members to consider the broad themes and topics that could be gleaned from the submissions, which would be used to frame the work of the Committee during the Interim.

During discussion, members noted submissions concerning topics such as property taxes, vetting of third-party vendors, unemployment and workers compensation, public data accessibility, non-governmental organizations, and procurement. Additional fiscal-related topics were noted, including cost-plus contracts of state agencies, state agency advertisement expenditures, and zero-based budgeting. Members also requested information regarding internal audits conducted by agencies and discussed utilizing the Division of Legislative Post Audit's resources to review previously conducted agency audits.

Committee members agreed to priorities of interagency communication and cooperation to identify potential efficiencies.

## **June 10, 2025, Meeting**

### ***Presentations on Interagency Cooperation***

#### *Judicial Branch*

The Special Counsel to the Chief Justice discussed recent work by the Judicial Branch to make operational changes, standardize business processes, and unify various databases. She also discussed the centralized case management system, which consolidates payment of fees and allows for electronic case filing.

Regarding efficiencies, the Special Counsel cited specific programs and initiatives, including digital marriage license applications, a protection order portal, and a statewide self-help center. The Special Counsel also discussed interagency cooperation between the Branch and counties and the Branch and special courts, and provided information on joint meetings on mental health and child welfare. Regarding potential efficiency issues, the Special Counsel stated a statutory barrier exists for information technology procurement services and that recent reductions occurred in federal grant amounts.

#### *Kansas Highway Patrol*

The Superintendent of the Kansas Highway Patrol discussed the agency's history, interagency cooperation, and efficiencies. Regarding interagency cooperation, he stated the agency provides services to local law enforcement and collaborates with interagency enforcement entities.

Regarding capital improvement projects, the Superintendent discussed a new dispatch center for the Kansas Department of Transportation and improvements to the Kansas Intelligence Fusion Center.

In reference to efficiencies, the Superintendent discussed recent agency initiatives such as structural reorganization, digital vehicle identification number (VIN) inspections, statutory authorization of data sharing, and better trooper coverage through the implementation of ten-hour shifts. Regarding potential efficiency barriers, the Superintendent noted radio encryption limits how

agencies can access the radio channels of adjacent agencies and that limited local funding can be a barrier to providing effective law enforcement.

#### *Kansas Bureau of Investigation*

The Director of the Kansas Bureau of Investigation described KBI interagency cooperation. He stated the central mission of the agency is to support local law enforcement, provide specialized services, and partner with federal law enforcement agencies and entities. The Director stated the KBI provides access to many specialized records to law enforcement agencies and noted that future initiatives include an enhanced tracking system for sexual assault cases and a DNA scanning program.

#### *Department for Children and Families*

The Secretary for Children and Families discussed current interagency cooperation efforts of the Department for Children and Families (DCF). The Secretary discussed a statewide shared caseload database related to food and energy assistance, data-sharing agreements with other state agencies concerning child support, and other initiatives related to adult protection and foster care.

In reference to efficiency opportunities, the Secretary stated that a court trustee program is not available in all counties. She further discussed opportunities related to child support enforcement.

#### *Kansas Department of Labor*

The Secretary of Labor discussed initiatives related to the Department of Labor. She provided an overview of the Unemployment Insurance System and noted new features that enhance the experience for users. The Secretary noted that the new system has reduced claims processing time and has reduced the staff turnover rate.

Regarding other efficiencies, the Secretary discussed data sharing, enhanced security, and other initiatives related to the data housed by the agency. She stated the agency has agreements with many state agencies, federal agencies, and some local court trustees. The Secretary concluded by discussing how making improvements to the labor data systems in Kansas will help shape economic research and how additional efficiencies could

occur through the use of artificial intelligence. Potential barriers cited by the Secretary included outdated federal technology and the reduction of federal funds.

### **September 9, 2025, Meeting**

#### ***Discussion on State Procurement Processing***

The Secretary of Administration described the procurement process for state agencies. The Secretary stated that agencies lead the procurement process with oversight by the Office of Procurement and Contracts. He discussed three types of bid events: a request for quote, invitation for bid, and request for proposal.

#### ***Presentation on Performance-based Budgeting and Metrics***

The Director of the Budget, Division of the Budget, discussed performance-based budgeting (PBB). He discussed the history of PBB and stated the goal is to emphasize performance measures to demonstrate a correlation between funding, outcomes, and objectives.

#### ***Review of 1.5 Percent Budget Reduction and Impacts to Nonprofit or Provider Associations***

A Revisor staff member reviewed a section of the 2025 appropriations bill that required state agencies to lapse 1.5 percent of funds received for FY 2026. He noted certain agencies were exempt and that agency leaders were given discretion in determining which agency funds would be reduced. A Kansas Legislative Research Department (KLRD) staff member discussed implementation of the lapse provisions. He stated the Director of the Budget and the Director of Legislative Research certified a total amount lapsed of \$7.7 million in State General Fund moneys. The Director of the Budget discussed information regarding specific state agency lapses to meet the 1.5 percent requirement. He stated the Division of the Budget will continue to review reappropriations as part of its budget review and recommendation process.

#### ***Update on Candy and Soda Exemption from EBT Purchases***

A Revisor staff member addressed a provision of the 2025 appropriations bill related to a candy and soft drink waiver for Supplemental Nutrition

Assistance Program (SNAP) benefits. He stated this provision of the bill required DCF to submit a waiver request to the U.S. Department of Agriculture, which, if approved, would allow Kansas to restrict the purchase of candy and soft drinks within the state using SNAP benefits.

The DCF Director of Economic and Employment Services presented additional information on the implementation of the waiver provisions. The Director stated that the requirements will be implemented through a statewide work group working with a third-party facilitator. She stated the facilitator will be selected using a request for proposal.

#### ***Discussion on Fire Marshal Building Inspections***

Various stakeholders presented testimony concerning building inspections conducted by the Office of the State Fire Marshal (OSFM). Representatives of LeadingAge Kansas, the Kansas Healthcare Association, and Kansas Centers for Assisted Living stated these building inspections have been inconsistent and that their providers have had adversarial relationships with the OSFM. They stated their providers have experienced confusion, additional costs, and risks to resident safety due to the enforcement of certain fire safety regulations.

A representative of the Kansas Building Industry Association discussed concerns with OSFM regulation enforcement that has resulted in new construction buildings being retrofitted with certain safety mechanisms that were not required by local officials.

Additional testimony was provided by representatives of several adult care homes concerning specific instances in which their homes were cited by the OSFM or in which they believed certain OSFM regulations were in conflict with those of other regulating entities such as the Kansas Department for Aging and Disability Services.

Representatives of a Sedgwick County fire district and building enforcement office discussed conflict between local and state fire code provisions and asked that the Legislature address these conflicts.

The State Fire Marshal provided testimony to the Committee concerning the history of the OSFM and on the process of development of a national fire safety code. He stated that local units of government may not have a fire code that is less strict than the state code, and he noted that many local units of government use the state code as a base and add additional local requirements. The State Fire Marshal stated the current state administrative rules and regulations process is not efficient when considering large safety codes.

### **September 10, 2025, Meeting**

#### ***Update on Office of the Inspector General Operations***

The Inspector General, Office of the Inspector General (OIG), provided an update on the operations of his office. He noted that the authority of his office had recently expanded to include review of cash assistance and welfare programs. The Inspector General discussed a recently completed audit related to payments to schools for students with individualized education plans. He stated the OIG found up to \$1.8 million per month could be saved in duplicate payments. The Inspector General also discussed a finding that many schools were not conducting background checks on Medicaid providers, although each teacher in the district was subject to a background check.

The Inspector General discussed a recent audit on Medicaid managed care organizations (MCOs). He discussed the audit's findings on topics such as the peer-to-peer review process, whether Medicaid beneficiaries are not correctly being classified for treatment, and whether MCOs are consistent in their level-of-care determinations, noting there appear to be delays in the peer-to-peer review process, some patients should be admitted to the hospital rather than being defaulted to observation status, and that there is no standard for level-of-care determinations.

The Inspector General noted that the OIG was reviewing topics including pharmacy benefit manager dispensing fees and the Home and Community Based Services (HCBS) waiver program. He also discussed investigations conducted by the OIG, noting that a particular investigation resulted in a person entering a guilty plea to two criminal counts related to fraudulent

applications for Medicaid and food assistance. The Inspector General also discussed eight other investigations that have been referred for prosecution. In response to questions, the Inspector General stated criminal penalties for such cases tend to consist of fines or jail time.

#### ***Presentation on Using Artificial Intelligence to Detect Opportunities for Efficiencies in Government***

Representatives of Accenture, Inc., gave a presentation on the use of artificial intelligence to improve government services through creating efficiencies. The representatives provided an overview of what artificial intelligence (AI) is and how it can be responsibly used. They also discussed how their company's software can leverage AI to automate repetitive tasks, which allows staff to focus on more analytical work. They also noted the ability of their software to analyze and identify potential efficiencies in administrative rules and regulations. The representatives also noted they have seen other states' governments leverage AI to gain greater efficiencies in these areas:

- Assisting procurement offices;
- Education;
- Health care; and
- Analysis of governmental practices, organizations, and structures.

### **October 21, 2025, Meeting**

#### ***Presentation and Discussion on Kansas E-Lien System***

A Kansas Department of Revenue (KDOR) Management System Analyst presented information concerning the electronic titling process for vehicles with liens. She stated that Kansas transitioned to electronic titling for vehicles with liens in 2003 due to legislation enacted in 2002, which aimed to improve the process.

The Management System Analyst discussed the current process, including required paperwork, noting that electronic title records are created once

a vehicle purchase transaction that includes a lien is finalized. She also noted various costs involved in the process for vehicle purchasers, sellers, and banks. She also stated KDOR costs include staffing by 11 staff members and that other costs include title paper stock and costs paid to the State Printer for printing titles once a lien has been satisfied.

### ***Presentation and Discussion on University Fees***

A KLRD staff member presented information concerning fees charged by public universities in Kansas. The staff member provided an overview of enrollment trends at public universities over the past decade, noting that total enrollment has remained relatively stable. He also provided information on undergraduate tuition and fees over the past decade, noting that tuition at most of the institutions has risen beginning in 2023. He further discussed special revenue and enterprise funds among these institutions, stating that the funds are a mix of fees, dedicated revenues, state funds, and other revenues.

A KLRD staff member provided the Committee with financial data for public university General and Restricted Fee Funds. He explained the specific categories of expenditures by each four-year university and discussed what data are readily available and what data would require additional outreach to the universities.

The State Board of Regents Vice President for Finance and Administration provided information to the Committee concerning the process used by the Board to review proposed tuition and fees at these institutions. The Vice President covered topics such as the timeline for submission of tuition proposals, how the Board reviews submissions, and how universities develop proposals prior to Board review.

### ***Update and Discussion on State Procurements***

A KLRD staff member demonstrated the KanView and eSupplier systems. He discussed how these two systems can provide legislators and the public information on contracts awarded by state agencies. However, he noted the information available on both systems is retrospective in nature.

### ***Update on Managed Care Organization Prior Authorization Audit Report***

The Inspector General discussed the findings of an OIG report concerning MCOs that was discussed at the September 10 meeting. He reviewed particular findings that had been discussed at that meeting and stated that the results of the report have been shared with the Department of Health and Environment.

The Inspector General stated that the audit found MCOs regularly deny inpatient claims, which require hospitals to submit the claims as outpatient. He also stated that MCOs regularly deny claims related to the readmission of a patient to the hospital within 30 days of discharge.

In response to a question, the Inspector General stated the OIG was in the process of auditing data sharing between DCF and agencies with Medicaid and SNAP data and reviewed the audits underway, concerning pregnant women, HCBS waiver services, and fees charged by pharmacy benefit managers to dispense medication.

### ***Update on Rules and Regulations Modernization Project***

The General Counsel of the Office of Secretary of State presented information concerning a rules and regulations modernization project. He stated the agency has been working with the Legislature and within its own role in the rules and regulations review process to make improvements.

The General Counsel discussed the current five-year review process for state agencies, which has resulted in more than 300 revocations of unnecessary rules and regulations. He also stated the Office of Secretary of State has digitized the Kansas Administrative Regulations, which allows for digital reference of rules and regulations rather than requiring the use of bound volumes.

The Director of Communications and Policy of the Office of Secretary of State discussed the review aspects of the modernization project. She stated the current paper-based system for agencies to submit proposed rules and regulations will be modernized to be a fully-digital system beginning in spring 2026. She stated the new system will be

more efficient because it will use less paper and will have less room for error. The Director also noted that the public will have greater access within the new system, because the public will be made more aware of rules and regulations under review. She stated the current system provides awareness only of rules and regulations that have been set for a public comment hearing.

In response to questions, the General Counsel stated historical rules and regulations are being scanned into the new system so that the public can access the prior versions of rules and regulations.

### ***Presentation on Rules and Regulations Five--year Review Process and Sunset Dates***

A KLRD staff member presented information to the Committee concerning the current five-year review process for rules and regulations. He stated the law enacted in 2022 requires all rules and regulations adopted by state agencies to be reviewed every five years, with agencies submitting a report to the Joint Committee on Administrative Rules and Regulations in a designated year. Rules and regulations identified by agencies as being unnecessary can be revoked using an expedited process.

He also noted that KLRD staff prepare and distribute a form to each agency in its designated year. He provided statistics to the Committee for each of the three years that reviews have occurred, noting that the final reviews of the first cycle will occur in calendar years 2026 and 2027.

A KLRD staff member also provided information to the Committee concerning states' sunset policies for administrative rules and regulations. He explained that these policies broadly require that rules and regulations expire after a certain period of time, but that states vary in the scope of sunset provisions. Furthermore, some states allow their legislature to set the sunset interval and those intervals vary from one year to ten years. The scope of these sunset provisions could include the rules and regulations of an entire agency, an entire program, or all rules and regulations.

Currently, 19 states, including Kansas, require agency review of rules and regulations. He noted that Kansas has a five-year review process. No sunset requirement is in place in nine of those states.

## **CONCLUSIONS AND RECOMMENDATIONS**

At the conclusion of the October 21 meeting, the Committee discussed various topics that had been presented during the Interim. Following the discussion, the Committee made the following recommendation:

- A meeting should be facilitated between the State Fire Marshal and stakeholders to explore potential legislation to resolve conflicting regulatory authority, to clarify the bounds of authority of the State Fire Marshal, and to create conflict resolution mechanisms.

# Report of the Education Funding Task Force to the 2026 Kansas Legislature

**CHAIRPERSON:** Senator Renee Erickson

**VICE-CHAIRPERSON:** Representative Susan Estes

**OTHER MEMBERS:** Senators Beverly Gossage (January 1, 2025 - August 28, 2025), Scott Hill (August 28, 2025 - Current), and Pat Pettey; and Representatives Jason W. Goetz, Scott Hill (January 1, 2025 - July 1, 2025), Nikki McDonald, Megan Steele (July 1, 2025 - Current), and Kristey Williams

**NON-LEGISLATIVE (VOTING):** Cory Gibson, Cathy Hopkins (Substitute July 1-2), Brad Kempf (Substitute July 1-2), Brad Neuenswander, and Jim Porter

**NON-LEGISLATIVE (NON-VOTING):** Frank Harwood, Bert Moore, Adam Proffitt, Melissa Rooker, and Dean Zajic (Substitute May 6-7)

## CHARGE

Provisions in the 2024 education finance bill (New Section 4 of House Sub. for SB 387), codified in KSA 72-8194, direct the Task Force to review the:

- Current school finance system in Kansas, including, but not limited to, the Kansas School Equity and Enhancement Act;
- Current methods for determining and disbursing Special Education State Aid;
- Inputs of the current school finance system, including, but not limited to, funding levels, funding sources, and funding impacts;

- Outputs of the current school finance system, including, but not limited to, academic achievement outcomes and other measures of student success;
- Current academic reporting requirements with respect to state assessments and student achievements; and
- Achievement goals established by Kansas State Department of Education in the Consolidated State Plan submitted to the U.S. Department of Education pursuant to the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act. Those goals include, but are not limited to, having 75 percent of all students and student subgroups achieve proficiency on the statewide assessments in English language arts and mathematics by 2030; “proficiency” for this purpose has been defined by the State Board as requiring students to score in performance levels 3 and 4 combined on such assessments.

The bill also requires the Task Force to prepare and submit a report to the Legislature and the Governor on or before January 11, 2027.

# Education Funding Task Force

## REPORT

### Conclusions and Recommendations

The Task Force made no formal recommendations to the 2026 Legislature. During the course of its meeting days, the Task Force discussed principles the school finance formula should be based on, reviewed the current finance formula, reviewed potential changes to or replacements for current weightings, and had presentations and discussion on other topics related to school finance, such as, but not limited to, accountability measures, other state formulas, and school budgets.

**Proposed Legislation:** None.

### BACKGROUND

The Education Funding Task Force (Task Force) was established in 2024 pursuant to KSA 72-8194. The Task Force is composed of the following eleven voting members and four non-voting members:

- Two members of the House of Representatives appointed by the Speaker of the House of Representatives;
- One member of the House of Representatives appointed by the Minority Leader of the House of Representatives;
- Two members of the Senate appointed by the President of the Senate;
- One member of the Senate appointed by the Minority Leader of the Senate;
- One member of the State Board of Education appointed by the State Board of Education;
- A parent of a public K-12 student appointed by the Speaker of the House;
- A current or retired public school teacher appointed by the President of the Senate;
- A superintendent of a rural school district appointed by the State Board of Education;
- A superintendent of an urban school district appointed by the State Board of Education;
- The Deputy Commissioner of Fiscal and Administrative Services of the Kansas State Department of Education (KSDE) or the Deputy Commissioner's designee (non-voting);
- The Chairperson of the Kansas Children's Cabinet or the Chairperson's designee (non-voting);
- The Director of the Budget or the Director's designee (non-voting); and
- The Director of Special Education and Title Services for KSDE or the Director's designee (non-voting).

The Task Force is charged with reviewing the following items:

- The current school finance system in Kansas, including, but not limited to, the Kansas School Equity and Enhancement Act (KSEEA) (KSA 72-5131 *et seq.*);
- The methods for determining and disbursing Special Education State Aid;
- The inputs of the current school finance system, including, but not limited to, funding levels, funding sources, and funding impacts;
- The outputs of the current school finance system, including, but not limited to, academic achievement outcomes and other measures of student success;
- The current academic reporting requirements with respect to state assessments and student achievement; and
- The achievement goals established by KSDE in the consolidated state plan submitted to the U.S. Department of Education pursuant to the Elementary and Secondary Education Act.

The Task Force is charged with providing a report, including recommendations, to the Legislature and the Governor on or before January 11, 2027. The Task Force is scheduled to sunset on July 1, 2027.

## TASK FORCE ACTIVITY

The Task Force met during the 2025 Legislative Session on January 31, February 24, and March 31, 2025. The Task Force also met during the 2025 Interim, as authorized by the LCC, on May 6–7, June 3–4, July 1–2, August 13–14, and September 3–4, 2025.

### Task Force Introduction

The Task Force met for an introductory meeting on January 31, 2025. Legislative staff

reviewed its statutory charges under KSA 72-8194 and the types of education funding currently provided by the State. The Task Force also discussed the timeline of the Task Force, information requests for staff, and its meeting schedule.

### Current School Finance Funding

#### *Kansas*

##### *KSDE Legal Max*

The Task Force received an overview from staff on the Legal Max document produced by KSDE at the February 24, 2025, meeting. Staff discussed how the Legal Max is produced by KSDE using information submitted by all school districts following the student count on September 20 of each year. The document captures the FTE enrollment and weighting counts that determine the amount of State Foundation Aid that each district receives. Staff noted the preliminary document usually is released in November or December of each year and is then updated as KSDE completes audits of school district enrollment and weighting numbers, with a final version being released after the close of the fiscal year.

##### *Current Weightings*

Kansas Legislative Research Department (KLRD) staff presented an overview of the student weightings within the Kansas School Equity and Enhancement Act (KSEEA) at the February 24, 2025, meeting. The information provided included an overview of each of the following weightings and how each is calculated:

- At-risk and high-density at-risk weighting;
- Bilingual weighting;
- Career and technical education (CTE) weighting;
- Transportation weighting;
- Low and high enrollment weightings;
- Ancillary weighting; and
- Cost-of-living weighting.

The Task Force received tables for each weighting that showed each school district's weighting for the prior school year, the data used to determine said weighting, and an estimate of how much State Foundation Aid that weighting generated. Each table provided was sorted both by school district number and by the percentage of a school district's overall weighted full-time equivalent students (weighted FTE) that weighting comprised.

At the May 7, 2025, meeting, staff with the Office of the Revisor of Statutes (Revisor) reviewed current school funding statutes that include either an appropriation or other form of financial assistance but are not generally considered part of the KSEEA. Examples of these forms of financial assistance include, but are not limited to, the state paying for high school students to take the ACT, Pre-ACT, and ACT Workkeys; career technical education tuition funding; and the Mentor Teacher Program.

### ***Multi-state Surveys***

#### *50-state Survey*

At the March 31, 2025, meeting, KLRD staff provided information on a 50-state survey of school finance. The presentation covered different ways that states provide for school funding. The presentation also included information on high-level components of school finance formulas found in many states, such as, but not limited to, weighting amounts and mechanisms, base state aid, special education funding, and resource allocation.

At the May 7, 2025, meeting, representatives of the Education Commission of the States (ECS) presented their research regarding school funding across the country. The presentation focused on K-12 education spending levels, state funding models, student and district characteristics, K-12 finance trends, and elements of a funding formula. The presenters also provided a digital resource document detailing and providing links to other information ECS has on K-12 education funding.

#### *Kansas and Other States*

The Task Force received a presentation from KLRD staff at the March 31, 2025, meeting comparing the school finance formulas of

Colorado, Missouri, Nebraska, and Oklahoma with the current school finance formula in Kansas.

At the July 1, 2025, meeting, KLRD staff provided information on small-size, isolated, or sparsity funding mechanisms used in Kansas and other state funding formulas. For Kansas, this mechanism is the Low Enrollment Weighting, which provides additional funding to districts with small student populations.

### ***Other States***

At the March 31, 2025, meeting, KLRD staff described the school funding formulas of Arkansas, Colorado, Iowa, Missouri, Nebraska, and Oklahoma.

#### *Arkansas*

The Arkansas school finance formula utilizes a student-based model that uses a matrix to determine base state aid per pupil by determining the costs to staff and operate a prototypical 500 student school. Arkansas also uses average daily membership to determine school district enrollment for funding purposes and provides teacher salary equalization funding to school districts that have an average annual teacher salary below the statewide target average.

#### *Colorado*

Colorado also has a student-based model that utilizes several inflation components, including a constitutional requirement that funding increase with inflation, a cost-of-living adjustment, personnel and non-personnel cost factors, and a district size factor, to annually adjust base state aid to school districts.

It was also noted that Colorado had recently adopted a new school finance formula and was in the process of phasing in the new formula, which would occur from FY 2025 through FY 2031. The transition appears to be designed to transition districts to the new funding formula by allowing them to take the larger of either the new formula funding or a percentage of the old formula funding. Each year the percentage of the old formula funding a district would receive is to be reduced until FY 2031.

## *Iowa*

Iowa utilizes a student-based model with a complex set of factors to determine a district's Foundation Aid using percentages of statewide cost per pupil, a district's assessed valuation, and other elements.

## *Missouri*

Missouri uses a student-based model with weightings that utilizes a weighted average daily attendance to determine school district enrollment for funding purposes. Additionally, state funding calculations are made utilizing current expenditure levels of "performance districts," which are school districts that meet certain performance standards and indicators established by the Missouri Department of Elementary and Secondary Education.

## *Nebraska*

Nebraska's formula is a student-based model with weightings that determine a school district's total state aid. The State then subtracts select resources and revenues of the district to determine the amount of funding provided by the State.

## *Oklahoma*

Oklahoma utilizes a student-based model with weightings that determine the difference between school district revenues and tax sources from the formula calculated aid, with the State providing the difference in funding.

## **Student Weightings and Models**

At the May 7, 2025, meeting, the Task Force discussed, among other things, what guiding principles the Task Force wanted to use before beginning to create and review models for possible changes to the school funding formula. The Task Force generally agreed to adopt the base tenets of the Seven Norms of Collaboration. Additionally, the Task Force discussed and generally agreed to utilize the policy tools contained in the ECS "K-12 Funding Toolkit" of a school funding formula being transparent, student-centered, adequate, fair, and sustainable. Further discussion included the topic of the Task Force adopting the goal of identifying how the funding formula impacts students and teachers. The Task Force generally

agreed to maintaining a student-based funding model.

At the June 3, 2025, meeting, Revisor staff reviewed the weightings within KSEEA and how they work within the formula to determine a school district's State Foundation Aid.

## ***High Enrollment Weighting***

At the June 3, 2025, meeting, the Task Force reviewed the High Enrollment Weighting. Revisor staff provided an overview of how the High Enrollment Weighting currently works within KSEEA, what changes have been made to the weighting within the KSEEA formula, and the history of the weighting since the first school finance formula in 1992. KLRD staff then provided the Task Force with the following scenarios, showing the effects on each district:

- Exclude the High Enrollment Weighting from the school finance formula;
- Exclude the High Enrollment Weighting from the school finance formula and increase Base Aid for Student Excellence (BASE) Aid by the aggregate amount of the weighting;
- Increase the High Enrollment Weighting threshold to 1,900 student FTE and adjust the multiplier to 0.009031;
- Increase the High Enrollment Weighting threshold to 1,900 student FTE and retain the current 0.03504 multiplier; and
- Increase the High Enrollment Weighting threshold to 10,000 student FTE and retain the current 0.03504 multiplier.

## ***Low Enrollment Weighting***

At the June 3, 2025, meeting, the Task Force reviewed the Low Enrollment Weighting. Revisor staff reviewed how the Low Enrollment Weighting currently works within KSEEA, what changes have been made to the weighting within the KSEEA formula, and the history of the weighting since 1992. KLRD staff then provided the Task Force with the following scenarios:

- Exclude the Low Enrollment Weighting from the school finance formula;
- Exclude the Low Enrollment Weighting from the school finance formula and increase BASE Aid by the aggregate amount of the weighting;
- Lower the top Low Enrollment Weighting formula maximum from 1,621.9 student FTE to 500.0 student FTE;
- Lower the top Low Enrollment Weighting formula maximum from 1,621.9 student FTE to 999.9 student FTE; and
- Raise the top Low Enrollment Weighting formula maximum from 1,621.9 student FTE to 1,899.9 student FTE.

### ***Combined Low and High Enrollment Weightings***

At the July 1, 2025, meeting, the Task Force received follow-up scenarios from KLRD that combined the Low and High Enrollment Weightings into one weighting. The scenarios provided to the Task force included:

- Exclude the High Enrollment Weighting, reduce the Low Enrollment Weighting by a commensurate amount, and increase BASE Aid by the aggregate amounts of the weighting decreases;
- Replace the Low and High Enrollment Weightings with a Density Weighting based on the state’s median school district density;
- Replace the Low and High Enrollment Weightings with a Density Weighting based on the state’s median school district density and increase BASE Aid by the aggregate difference between Low and High Enrollment Weightings and Density Weighting; and
- Replace the Low and High Enrollment Weightings with a Density Weighting

based on the state’s average school district density.

### ***Transportation Weighting***

At the June 3, 2025, meeting, Revisor staff provided information on how the Transportation Weighting currently works within the school funding formula, how the state has historically funded school transportation, and what requirements and authority school districts have regarding the transportation of students. Staff noted that the current Transportation Weighting is based upon, and significantly similar to, the historical model for transportation funding used by the State from 1965 until the enactment of KSEEA.

The Task Force also received a presentation from KLRD staff regarding elements that other states use in determining state transportation aid, as well as available data regarding student transportation in Kansas.

### ***Bilingual Weighting***

At the June 4, 2025, meeting, the Task Force reviewed the Bilingual Weighting. Revisor staff provided the Task Force with an overview of how the Bilingual Weighting currently works within KSEEA, what changes have been made to the weighting within the KSEEA formula, and the history of the weighting since 1992. KLRD staff then provided the Task Force with the following scenarios:

- Exclude the Bilingual Weighting from the school finance formula;
- Exclude the Bilingual Weighting from the school finance formula and increase BASE Aid by the aggregate amount of the weighting;
- Use only a school district’s hours providing bilingual services to students with a multiplier of 0.2 to determine a school district’s Bilingual Weighting;
- Use only a school district’s hours providing bilingual services to students

with a multiplier of 0.395 to determine a school district's Bilingual Weighting;

- Use only a school district's headcount of students receiving bilingual services with a multiplier of 0.185 to determine the school district's Bilingual Weighting; and
- Change the Bilingual Weighting to a two-tiered weighting with students receiving bilingual services deemed as "Newcomers" receiving a 0.395 multiplier and all other students receiving bilingual services receiving a 0.185 multiplier.

### ***At-Risk Weighting***

At the July 1, 2025, meeting, the Task Force reviewed the At-Risk Weighting. Revisor staff reviewed how the At-Risk Weighting currently works within KSEEA, what changes have been made to the weighting within the KSEEA formula, and the history of the weighting since 1992. KLRD staff then provided the Task Force with the following scenarios:

- Exclude At-Risk Weighting while retaining the High-Density At-Risk Weighting in the school finance formula;
- Exclude At-Risk Weighting, retain the High-Density At-Risk Weighting, and increase BASE Aid by the aggregate amount of the At-Risk Weighting;
- Change At-Risk Weighting to be based on a school district's Federal Title I percentage and maintain High-Density At-Risk Weighting;
- Change At-Risk Weighting to be based on the school district's highest Level 1 percentage on either the ELA or Math State Assessments;
- Change At-Risk Weighting to be based on the school district's highest Levels 1 and 2 percentage on either the ELA or Math State Assessments;

- Change At-Risk Weighting to be based on the school district's highest Level 1 percentage on either the ELA or Math State Assessments and adjust the weighting factor to maintain current At-Risk Weighting funding amount;
- Change At-Risk Weighting to be based on the school district's highest Level 1 and Level 2 percentage on either the ELA or Math State Assessments and adjust the weighting factor to maintain current At-Risk Weighting funding amount;
- Change At-Risk Weighting to be based on a school district's poverty-level percentage;
- Change At-Risk Weighting to be based on a school district's poverty-level percentage and adjust the weighting factor to maintain the current At-Risk Weighting funding amount;
- Change At-Risk Weighting to be based on the average of a school district's free-lunch student FTE and the highest Level 1 percentage on either the ELA or Math State Assessments; and
- Change At-Risk Weighting to be based on the average of a school district's free-lunch student FTE and the highest Levels 1 and 2 percentage on either the ELA or Math State Assessments.

### ***Success Weighting***

In addition to the At-Risk Weighting scenarios described above, KLRD staff also provided a Success Weighting at the July 1, 2025, meeting. The combined At-Risk and Success Weighting models utilized the At-Risk Weighting models previously discussed that based the At-Risk Weighting on a school district's highest percentage of either Level 1 or Levels 1 and 2 on the ELA or Math State Assessments. The Success Weighting is based upon a school district's highest percentage of Levels 3 and 4 on the ELA or Math State Assessments and weighted at half the factor of the

At-Risk Weighting. The scenarios provided to the Task Force included:

- At-Risk Weighting for Level 1 on either the ELA or Math State Assessment percentage at the current 0.484 factor with a Success Weighting;
- At-Risk Weighting for Level 1 on either the ELA or Math State Assessment percentage at a 0.597 factor with a Success Weighting;
- At-Risk Weighting for Levels 1 and 2 on either the ELA or Math State Assessment percentage at a 0.299 factor with a Success Weighting;
- At-Risk Weighting for Level 1 on either the ELA or Math State Assessment percentage with a Success Weighting and the total funding equaling the current At-Risk Weighting funding amount; and
- At-Risk Weighting for Levels 1 and 2 on either the ELA or Math State Assessment percentage with a Success Weighting and the total funding equaling the current At-Risk Weighting funding amount.

### ***High Density At-Risk Weighting***

At the July 2, 2025, meeting, the Task Force reviewed the High Density At-Risk Weighting. Revisor staff reviewed how the High Density At-Risk Weighting currently works within KSEEA, what changes have been made to the weighting within the KSEEA formula, and the history of the weighting since 1992. KLRD staff then provided the Task Force with the following scenarios:

- Exclude both the At-Risk and High-Density At-Risk Weightings from the school finance formula;
- Exclude both the At-Risk and High-Density At-Risk Weightings and increase BASE Aid by the aggregate amount of funding for both weightings;

- Exclude only the High Density At-Risk Weighting from the school finance formula;
- Exclude only the High Density At-Risk Weighting and increase BASE Aid by the aggregate amount of funding for the weighting;
- Use the building calculations only for determining a district's weighting;
- Increase weighting brackets from 35.0 percent and 50.0 percent to 45.0 percent and 60.0 percent; and
- Maintain current weighting brackets and add an additional bracket at 60.0 percent.

### ***Special Education Models***

At the August 14, 2025, meeting, the Task Force reviewed student-based models that could be alternatives for the current reimbursement model for special education. The models provided to the Task Force were based upon models used in other states. Each model had two versions, one showing the estimated funding impact if the model was adopted as is from the other state and one that adapted the model to maintain current Special Education State Aid by creating a “Special Education BASE Aid” for purposes of the model. The models reviewed by the Task Force included the following:

- Maine's model based upon the percentage of a school district's students that receive special education services (density);
- Louisiana's model based on a single weighting factor for students who receive special education services;
- New York's model that has special education weightings for students currently receiving special education services and for students who received special education services the year prior but are no longer receiving services;

- Mississippi’s model that has three tiers of weighting factors for students receiving special education services based upon the student’s exceptionality and includes a 0.05 factor for gifted students;
- Mississippi’s model that has three tiers of weighting factors for students receiving special education services based upon the student’s exceptionality and includes gifted students in Tier I;
- Oklahoma’s model that establishes weighting factors for each type of special education exceptionality;
- The District of Columbia model based upon the number of hours of special education services a student receives; and
- The District of Columbia model based upon the number of hours of special education services a student receives along with additional weightings for compliance and attorney fees.

***Career and Technical Education (CTE) Weighting***

The Task Force received a presentation from Revisor Staff at the September 3, 2025, meeting on the CTE Weighting and the Excel in CTE Initiative established in 2012 SB 155. Staff discussed how the CTE weighting is calculated within KSEEA and that it is only for students enrolled in “approved” CTE programs. Regarding the Excel in CTE Initiative, staff detailed how the program prohibits colleges offering CTE programs for high school students from charging tuition for those programs and, in exchange, the State provides the State Board of Regents with funding to reimburse colleges for said waived tuition. No scenarios were provided.

**Special Education**

***Kansas***

At the May 6, 2025, meeting, KLRD staff presented information on special education funding in Kansas. Staff provided an overview of how the rate is determined, including the statutory

state special education funding as 92.0 percent of the aggregate excess costs that school districts pay beyond the “normal” education costs for educating a student. The Legislature then appropriates an amount of funding to be distributed by KSDE as Special Education State Aid using several distribution formulas, for Catastrophic Aid, Medicaid Replacement State Aid, Special Education Teacher Aid, and Transportation Aid. Staff also provided documents describing the organization of special education services in school districts utilizing one of three models: independent provision, special education cooperative, or special education interlocal agreement. Additional reference documents were provided to the Task Force.

At the August 13, 2025, meeting, the Task Force received presentations from Revisor and KLRD staff on special education funding in Kansas. Revisor staff provided an overview and history of special education funding in Kansas and how special education funding determines the Special Education Weighting within KSEEA. KLRD staff provided reviews of special education services and state aid in Kansas similar to presentations provided during the May 6, 2025, meeting. KLRD staff also provided information on special education outcomes on both State Assessments and the National Assessment of Educational Progress (NAEP).

A representative of KSDE addressed the Task Force on questions previously asked by Task Force members on special education topics: paraeducators, outcomes for special education students, and additional special education resources.

Representatives from Kansas Connection Academy and Kansas Virtual Academy presented information about how special education services are provided within their virtual schools. The conferees also discussed their experience and understanding of how the current special education funding formulas interact with virtual schools.

At the August, 14, 2025, meeting, KLRD staff provided the Task Force with models showing how special education funding could be changed to be a student-based model rather than a reimbursement model. [*Note:* Details of the provided models can

be found in the “Student Weightings” section of this report.]

At the September 4, 2025, meeting, representatives of ANW Special Education Cooperative and Butler County Special Education Interlocal presented the results of a special education working group, facilitated by KSDE at the request of the Task Force, for the purposes of providing possible special education funding models. The working group devised three special education funding models to the Task Force. The first two were both variations of Maine’s density model, which provides one weighting for a district’s students up to a defined student enrollment threshold with special education FTEs exceeding that threshold receiving a lesser weighting. Both models presented used a threshold of 17.0 percent (the national identification rate average of special education students) for determining the higher and lower weightings while also having an additional 0.5 weighting for school districts with fewer than 20 special education students. The two models differed with regards to the weightings given that one had a weighting of 2.0 for under 17.0 percent and 1.75 for over 17.0 percent while the other had weightings of 1.55 and 1.25, respectively. The other model presented was a full reimbursement model similar to what is used in Wyoming. The conferees also presented suggestions for how they believe the current reimbursement model could be improved.

KSDE also reviewed how the process was instituted and the membership of the working group that created the recommended models.

### ***Other States***

KLRD staff provided an overview of how other states address special education funding at the May 6, 2025, meeting. Staff reviewed several documents regarding special education in other states, including, but not limited to, a memorandum that discussed which other states statutorily define “excess cost.” Additionally, staff reviewed information provided by ECS on how states fund special education costs. This information included which states use what type of funding mechanism, such as single-weighting, multiple-weightings, reimbursement, or other models. The research also included other state

statutes that establish equity considerations or spending caps.

At the September, 4 2025, meeting, KLRD staff presented options used by other states for providing High-Cost Special Education Funding to school districts. Staff provided summary descriptions of programs used in other states as well as additional documentation explaining how these states determined and provided additional aid to districts with high-cost special education students.

### **Other Topics**

#### ***Legislative Post Audit Presentations***

At the July 1, 2025, meeting, the Task Force received presentations from Legislative Division of Post Audit staff on the following audits:

- **2019:** K-12 Education: Evaluating At-Risk Student Counts, Weights, and Expenditures; and
- **2023:** Evaluating At-Risk Expenditures and Statutory Compliance.

#### ***KSDE Presentations***

##### ***School Finance Survey***

At the July 1, 2025, meeting, a representative of KSDE reviewed a recent survey its staff had conducted of school district leadership that attended KSDE budget workshops during June 2025. The survey asked general school finance questions of school district leadership such as, but not limited to, which weightings were the most impactful for school districts, preferences on the balance between BASE Aid and weightings, and special education funding. KSDE noted that the number of respondents did not represent the equivalent number of school districts as some districts send multiple staff members to budget workshops and each would have been able to complete a survey.

##### ***At-Risk Accountability Plans Pilot Update***

At the July 2, 2025, meeting, a representative of KSDE provided an update on the At-Risk Accountability Pilot Program. The program is offered in school districts that volunteered to pilot

the At-Risk Accountability Plans that all districts will be required to create and implement starting in the 2026–2027 school year.

### ***KLRD Presentations***

At the September 3, 2025, meeting, KLRD staff presented information on the following topics:

- CTE initiatives and programs in Kansas;
- Virtual schools in Kansas;
- Student enrollment and demographics in Kansas and public schools; and
- School district fiscal information.

During the CTE presentation, staff noted that the primary federal CTE funding is through funds awarded under the Carl D. Perkins Career and Technical Education Improvement Act to all states based upon a formula using population, per capita income, and other factors. Staff also discussed

KSDE’s approved CTE pathways and CTE transportation funding provided by the State. Additional reference documents were also provided to Task Force members for their review.

The overview of school district financial information also included a fiscal calendar that KLRD staff had created noting typical dates or date ranges for events or activities that impact school finances and financial decisions. The presentation detailed school district funds and how they work, along with breakdowns of revenues and expenditures into the various types of funds that school districts maintain.

KLRD staff provided additional supporting documentation and request responses at the May 7, 2025, and July 2, 2025, meetings.

### **CONCLUSIONS AND RECOMMENDATIONS**

The Task Force provided for and held discussion throughout its meetings in 2025. However, the Task Force made no recommendations to the 2026 Legislature.