

ANNUAL REPORT 2025



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Kansas

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State Treasurer



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Steven Johnson KANSAS STATE TREASURER

Dear Fellow Kansans,

It is my pleasure to present the 2025 Annual Report of the Kansas State Treasurer's Office.

Over the past year, our office continued the long tradition of service Kansans expect from the Office of the State Treasurer, while taking important steps to modernize programs, strengthen protections for public funds and expand access to practical financial tools for families across the state.

Our office places a high value on partnership and collaboration. We work closely with state agencies, local governments, financial institutions, and community organizations to carry out our responsibilities effectively. This year I am especially proud of our team's work with cities and local leaders across Kansas. In 2025, I was honored to receive the League of Kansas Municipalities' Intergovernmental Leadership Award, an acknowledgment of the strong working relationships our office has built.

Highlighted in this year's report are the following accomplishments from the 2025 reporting year:

- Kansas Collateral Pool Program implemented - Following passage of 2025 House Bill 2152, the Treasurer's office officially launched the Kansas Collateral Pool Program on January 1, 2026. This will centralize the collateral process and oversight for all public deposits and will increase efficiency for banks to meet and maintain their collateral requirements.
- 529 education savings program modernized - After a competitive procurement process, TIAA-CREF Tuition Financing, Inc. was selected as the new manager of Kansas' 529 program. The transition to a newly rebranded and improved Quest529 in March 2026 will reduce average fees to about 0.08 percent, placing Kansas among the lowest-cost plans in the nation.

The work accomplished by our dedicated team and key partners builds a stronger financial future for Kansas families, communities and taxpayers.

Thank you for the privilege of serving as your Kansas State Treasurer.

Sincerely,

A handwritten signature in blue ink that reads "Steven Johnson". The signature is written in a cursive style.

Steven Johnson
Kansas State Treasurer

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SAVINGS PROGRAMS

Learning Quest® 529 Education Savings Program



Quest529SM

After three years of evaluating the competition in the 529 industry, putting the state's 529 program out for bid, negotiating terms and building a new investment product, Treasurer Johnson and the Kansas 529 team will soon launch one of the nation's premier 529 plans. On March 2, 2026, Learning Quest 529 will officially become Quest529 and Kansas will overnight go from the middle of the pack to a leading plan within the 529 education savings industry. Partnering with TIAA-CREF Tuition Financing, Inc. (TFI), Kansans will keep more of what they invest when the average fees in the state's direct-sold 529 plan drop by 78%.

The conversion from Learning Quest to Quest529 will bring multiple enhancements to the state's account owners. Some of these enhancements include:

- **Significant fee reduction** - The change to the new Quest529 will reduce total asset-based fees to 8 basis points (0.08%). This reduction will save families a combined total of more than \$5.6 million in annual fees. The fee reduction means a greater percent of invested contributions will go toward future career and education expenses.
- **Redesigned website** - Kansas will be upgrading our 529 program with a new award-winning website design featuring improved navigation, content and user tools. A new suite of tools will provide personalized insights taking into consideration an account owner's financial goals, investment timeline, risk tolerance and even the estimated tax savings from the Kansas state tax deduction. In addition, the online enrollment process to open new accounts has been completely updated and is more modern and streamlined.
- **Expanded call center hours** - Our call center hours are changing from weekdays, 8 a.m. to 5 p.m. (CST) to weekdays, 8 a.m. to 7 p.m. (CST). Account owners can speak directly with an education savings specialist for assistance with any questions.
- **New investment lineup** - Quest529's new investment portfolios will have minor changes in objective, risk profile and asset allocation from the current plan. Account owners can expect a more simplified investment selection process under the state's new plan.
- **More coverage** - Quest529 will come with additional resources to better serve the entire state. All 105 Kansas counties throughout the state can expect a more proactive outreach effort from the Quest529 team as well as an increase in resources and educational materials.

This new chapter for the Kansas 529 Postsecondary Education Savings Plan doesn't just impact current account owners, but future account owners as well. Thanks to the focused efforts during the lengthy procurement process, a new partnership between the Treasurer's office, TFI and Charles Schwab & Company will put Kansas at the forefront of the industry by decreasing the amount of resources taken from account owners while increasing the amount of resources directed to the state management of the 529 program. With an increase in educational resources, the Treasurer's office will have a better opportunity to expand our reach across the state to inform all Kansans about the benefits of owning a Quest529 account.

529 Program Growth Overview

All KS 529 Plans	2025 (as of 12.31.2025)	2024 (as of 12.31.2024)	YOY Change
Total Assets	\$14,667,069,058.92	\$12,286,492,085.73	+19.38%
Purchases	\$1,751,987,614.14	\$1,525,247,398.01	+14.87%
Withdrawals	(\$1,096,574,942.65)	(\$981,197,264.02)	+11.76%
Net Investment	\$655,412,671.49	\$544,050,133.99	+20.47%

Funded Accounts	416,819	373,452	+11.61%
New Accounts	61,551	53,666	+14.69%

Treasurer Johnson Earns Rating Upgrade

When Treasurer Johnson assumed office, Kansas was rated as “below average” by Morningstar in its oversight of the Kansas 529 program. Morningstar is widely recognized and respected as an industry rating agency. After the Treasurer's first year in office, the state was upgraded to “average” and this year the rating was again increased to “above average”. This change reflects the quality and depth of oversight the Treasurer brings to the Kansas 529 program. The Treasurer's office is committed to enhancing the Kansas 529 savings plan with the goal of making it a gold standard in the 529 industry.

Treasurer Johnson Selected To Lead National 529 Network

After three years as administrator of the Kansas 529 savings program, Treasurer Johnson was selected by his peers at the national level to chair the College Savings Plan Network (CSPN). As chair of this organization, Treasurer Johnson and Kansas will lead policy and administrative oversight to ensure that CSPN meets the objectives of helping American families achieve their career and educational dreams. The Treasurer will serve a two-year term beginning in 2026.

The One Big Beautiful Bill Act Strengthens 529 Accounts

On July 4, 2025, President Trump signed the “One Big Beautiful Bill Act” (OBBBA) into law. This legislation adds versatility to 529 plans by expanding the scope of federally approved qualified education expenses. What were once exclusively college savings vehicles, 529s can now be considered a career and educational savings tool. In Kansas, our 529 plan automatically aligns with all federal changes to section 529 of the Internal Revenue Code. Efforts are underway to inform Kansans about the recent changes to 529 accounts. These changes include:

New qualified career and credentialing expenses:

- Tuition, books and required fees for credential programs
- Testing fees to earn or maintain a certification or license
- Continuing education costs needed to renew a credential
- Credentials and programs authorized under the Workforce Innovation and Opportunity Act (WIOA)
- Certificates from registered apprenticeship programs
- Licenses issued or recognized by a state or federal agency
- Credentials approved by national credentialing organizations
- Credentialing Opportunities On-Line (COOL) credentials and Web Enabled Approval Management System (WEAMS) programs for members of the Armed Forces

New qualified K–12 expenses include:

- Curriculum and learning materials
- Online educational tools or platforms
- Tuition for qualifying tutoring and extracurricular educational programs
- National test fees (like SAT or ACT)
- Dual enrollment costs
- Special education therapies

Starting in 2026, families can now double the amount of 529 funds up to \$20,000 per year that can be used to pay for K–12 expenses. As artificial intelligence (AI) and workforce needs alter America’s relationship with college, we welcome these changes as forward-thinking. Expanding the versatility of 529 accounts allows Kansas families to financially support a wider range of career and educational paths.

KIDS Matching Grant Program

When Treasurer Johnson took office, we initiated a review of program operations to determine their effectiveness and efficiency. The administrative and clerical work required to manage the KIDS program was excessive relative to the benefits for program participants. The

formation of the Senate Committee on Government Efficiency in 2025 provided the Treasurer’s office the opportunity to work with legislators to review the effectiveness of all monies spent by the state general fund. The bipartisan passage of Sub. for Senate Bill 281 will sunset the KIDS program after 2027. This will eliminate a taxpayer funded liability of over \$400,000 annually and allow the Treasurer’s office to deploy resources toward more proactive and broad-reaching educational efforts. We appreciate working with the legislature to improve the state’s operational efficiency.



Adoption Savings Accounts

On July 1, 2025 the Treasurer’s office began promoting a new financial tool available to parents looking to grow their family through adoption. The cost of adopting a child can vary, but too often the financial burden placed on adoptive parents-to-be is sizable. The Kansas Adoption Savings Account Act (HB 2465) gives financial support to establish a unique tax-advantaged savings account intended to help cover the costs of adopting a child. Account owners can establish an Adoption Savings Account at any qualified financial institution. Funds within the account can be used to cover a variety of eligible expenses tied to the adoption process, even if the adoption doesn’t end up being completed. Account holders are able to use these funds to cover legal fees related to the adoption, costs charged by adoption agencies, and any necessary expenses from court proceedings or placement hearings. In addition, the funds can cover medical costs for the birth mother during pregnancy and delivery, medical expenses for the child and reasonable living expenses for the birth mother that result from or occur during the pregnancy.



During the summer and fall, the Treasurer’s office conducted a comprehensive outreach campaign to multiple adoption stakeholders throughout Kansas. Our office is thankful for the role Representative Susan Estes and Senator Chase Blasi played in the creation of an educational video highlighting the benefits of the Kansas Adoption Savings Account. Building families is one of the best ways to build Kansas. The Treasurer’s office is excited about this new opportunity to help adoptive parents-to-be lower barriers associated with adoption.

Kansas ABLÉ Savings Plan



The Kansas ABLÉ Savings Plan experienced remarkable growth in 2025. Through a strong partnership with the Kansas Department for Children and Families, more than 500 eligible foster children across the state have been enrolled in the Kansas ABLÉ Savings Plan. This initiative is designed to give young people aging out of foster care a secure, structured way to save and plan as they transition into adulthood.

In addition to our ABLÉ account enrollment, the Treasurer’s office established a partnership with the Kansas Council on Developmental Disabilities (KCDD), the Kansas Council on Economic Education (KCEE) and the Kansas Department for Children and Families (DCF) to create and offer a financial empowerment course for Kansas foster children living with a disability. The course is designed to introduce participants to essential financial concepts and help them build confidence in managing their money.

This free class, offered on Tuesday and Thursday evenings, covers several topics such as:

- Developing a savings plan
- Building wealth through investing
- Protecting personal savings
- The Kansas ABLÉ Savings Account.



Throughout 2025, the office continued outreach to advocacy groups, service providers and community partners. Engaging disability stakeholders not only strengthens the credibility of the Treasurer’s office, but also supports our mission to help Kansans living with a disability and their families plan for a more secure financial future.

The Treasurer’s office continues to offer ABLÉ empowerment classes on Wednesday evenings and Friday mornings. Families who complete the course are eligible to receive a \$100 empowerment grant, deposited directly into a newly established ABLÉ account. Our “learn-to-earn” approach has been warmly embraced by the disability community, and stakeholder support has been instrumental in driving interest and participation in our online classes.

The Kansas ABLÉ Savings Plan remains modest in size but is deeply impactful. The Treasurer’s office looks forward to anticipated enhancements to ABLÉ accounts in 2026 and remains committed to proactively supporting Kansans living with a disability as they pursue greater independence, dignity and long-term financial security.

ABLE Plan Growth Overview

All KS 529 Plans	2025 (as of 12.31.2025)	2024 (as of 12.31.2024)	YOY Change
Total Assets	\$39,307,416.33	\$26,008,194.46	51.30%
Contributions	\$14,145,702.29	\$8,080,047.59	75.07%
Funded Accounts	3,307	2,246	47.24%
New Accounts	1,200	628	91.08%

First-Time Home Buyer Savings Program

Owning a home is crucial for families seeking stability and long-term financial security. First-Time Home Buyer Savings Accounts offer Kansans a practical way to achieve this goal with valuable tax benefits. Individuals can deduct up to \$3,000 annually, or \$6,000 for joint filers, from their Kansas adjusted gross income, while interest earned grows tax-free within limits.



The Treasurer's office has been working to enhance awareness of these accounts, collaborating with various organizations to provide guidance for financial institutions and prospective home buyers. This year we began a partnership with nbkc bank in Kansas City to reach consumers and provide access directly to these accounts. We are excited to have nbkc add to the resources found on our website and would welcome other partners across the state to do the same. The Treasurer's office offers a comprehensive resource page with registration details, eligibility criteria, tax forms, and FAQs, all aimed at making homeownership a reality aided by this simple but effective strategy.

UNCLAIMED PROPERTY UP

The Unclaimed Property Division's mission is to reunite Kansans or their heirs with their unclaimed property. Common examples include safe deposit box contents, bank accounts, shares of stock, dividends, mineral royalties, uncashed checks, drafts or money orders, insurance policy payouts, and utility deposits.

Unclaimed
Property



The year began in the national spotlight as our office partnered with Good Morning America and host Will Reeve during March Madness Fan Fest in Wichita. With thousands of fans in town for the NCAA Tournament, it was a unique opportunity to remind Kansans and visitors from across the country to check for missing money. That visibility paid dividends, and we look forward to working with them again at future events. We greatly appreciate the support of Mayor Lily Wu and the City of Wichita for helping us to spread the word nationally.

WATCH THE SEGMENT



As of December 31, 2025, the Unclaimed Property Division holds over \$681 million in unclaimed property.

Later in the year, we teamed up with Kansas City baseball icon George Brett to record a statewide public service announcement. George had unclaimed property of his own, making the message authentic and relatable. His voice helped reinforce a simple point — anyone can have unclaimed property, and checking the state’s database can lead to a home run.



WATCH HERE



We closed out 2025 with a holiday partnership with WIBW-TV in Topeka. The “Christmas Cash” effort ran throughout the day on its broadcasts and led to more than 3,000 claims filed, helping Kansans find extra money when it mattered most.

Alongside these high-profile efforts, our office continued the work Kansans expect. We traveled to dozens of counties, attended local fairs and maintained a strong presence at the Kansas State Fair. By year’s end, the office processed 29,247 claims and returned more than \$21 million in unclaimed property to Kansans with an average claim of \$635.01.



Unclaimed Property Fund Investments

Following the passage of HB 2577 during the 2024 legislative session, the Treasurer's office gained the flexibility to collaborate with KPERS in making strategic investment decisions to diversify the fund portfolio.

Historically, the focus had been on maximizing returns across multiple asset classes, but the portfolio had recently been restricted to cash holdings. While this conservative approach delivered strong results through 2023 and 2024, it was heavily reliant on favorable short-term interest rates. In FY 2025, \$200,000,000 was deployed into a 70/30 portfolio of quality bonds and stocks. The value of that portfolio as of December 31, 2025 was \$214,420,248 after cash distributions to the SGF.

As we look ahead to an anticipated decline in short-term rates, the partnership with KPERS allows us to reposition the portfolio for a more balanced, long-term growth strategy. By expanding into a broader range of investment vehicles, the fund is better equipped to weather market shifts and generate sustainable returns for the state.

FINANCIAL LITERACY & OUTREACH

Women & Money Conference

The Treasurer's office continued its commitment to expanding financial confidence and opportunity for women across Kansas. The second annual Women & Money Conference, held in Wichita, brought together women from every corner of the state for a day focused on practical tools, honest conversations, and the empowerment that comes from understanding your finances.

We were honored to welcome financial expert and commentator Jean Chatzky as our keynote speaker. Her clear, straightforward approach set the tone for a day grounded in real-world planning. Throughout the conference, speakers led sessions on saving, budgeting, retirement planning and avoiding common financial pitfalls. The conference focused on topics that resonate with women at every stage of life.



Equally powerful were the personal stories shared by participants and presenters. Each one reinforced why this work matters and why creating space for financial literacy and connection is so essential. Financial independence is not an abstract idea; it is a steady path to stronger homes, stronger communities and a stronger Kansas.

Planning is already underway for the third Women and Money Conference, which will be held in Lawrence. The mission remains the same: to support Kansas women wherever they are on their financial journey, whether they are just beginning, advancing in their careers, preparing for retirement or seeking greater financial independence. The conference welcomes women from all backgrounds and financial situations, united by a shared goal of building a more financially secure future.

Kansas Financial Empowerment Program

Thanks to a partnership with the Kansas Council on Economic Education (KCEE), the Kansas Department for Children and Families (DCF), and the Kansas Council on Developmental Disabilities (KCDD), the Treasurer's office was able to expand our financial empowerment efforts in 2025 by adding two new financial literacy classes on Tuesday and Thursday evenings and a class held once a month on a Saturday. These practical money skill classes are in addition to our Wednesday and Friday ABLÉ savings classes. Our financial empowerment efforts focus on building savings, understanding investing, budgeting and protecting personal finances. Our financial literacy efforts are free and open to the general public to ensure all Kansans have access to clear, relatable information that can help strengthen financial well-being for themselves and their families.

Student Banks and Credit Unions

The Treasurer continues to support schools looking to establish a bank or credit union onsite. In 2025, the Treasurer joined Topeka High School as it became one of the newest schools to embrace a student-run credit union as a practical way to build financial literacy at an early age. While schools and local financial institutions lead these efforts, the Treasurer's office plays a connecting role by helping bring educators and banks together to establish student banks. These programs give students hands-on experience with saving and managing money, teaching basic skills that carry into adulthood. By encouraging these partnerships, the focus remains on simple, real-world learning that helps prepare young Kansans for lifelong financial empowerment.



Fraud Prevention and Scam Awareness

The Treasurer's office partnered with Kansas Bankers Association to help educate the public about rising financial scams. In recent years, Kansans have reported more than \$100 million in fraud-related losses, underscoring the need for fraud awareness. The effort focused on guidance to help people recognize phishing emails, fake texts, and impostor calls. We appreciate the Kansas Bankers Association for creating these tools to protect families and keep hard-earned dollars safe.



FIDUCIARY DUTY

Treasurer Johnson serves as a statutory member of the Kansas Public Employees Retirement System (KPER) Board of Trustees and the Pooled Money Investment Board. He is the only statewide elected official serving on either board. In these roles, the Treasurer has a clear fiduciary duty to Kansas taxpayers and KPER members. That duty is simple and direct. Board decisions must protect retirement assets and public funds by focusing on long-term returns, managing risk responsibly and keeping politics out of investment decisions. Treasurer Johnson has been consistent in discussions about fiduciary standards. He believes investment decisions should be based on measurable financial factors such as performance, risk and fees. We will continue to focus on matching the risks in the portfolio to the appropriate timeframe we have to invest.

Treasurer Johnson's role as a fiduciary also extends to his oversight of programs like the Learning Quest Education Savings Program and the Kansas ABLÉ Savings Program. Treasurer Johnson and staff are proud to have their role as fiduciaries over the 529 plan evaluated by Morningstar and subsequently upgraded to "above average" in 2025. This was a quick and beneficial turnaround from the state's fiduciary rating of "below average" in 2022.

PROGRAMS AT WORK FOR KANSAS

Build Kansas Matching Grant Fund

The Build Kansas Matching Grant Fund was established by the Legislature in 2023 with \$50 million appropriated. Administered by the Treasurer's office, the fund provides matching dollars to help local governments secure federal funding for projects under the Infrastructure Investment and Jobs Act.

A nine-member committee, appointed by the governor and legislative leadership, reviews applications. Upon Federal grant approval, the Treasurer's office enters into a Matching Grant agreement with the local government entity. As of December 31, 2025, 48 agreements have been executed for \$11.17 million dollars in matching grants.

Pregnancy Compassion Awareness Program

In 2023, the Legislature established the Alternatives to Abortion program and tasked the Office of the State Treasurer with the selection of a qualified nonprofit to administer the program. After a thorough bid process, the Kansas Pregnancy Care Network (KPCN) was selected as the contractor. The program has been renewed by the legislature in each subsequent year and has been rebranded as the Pregnancy Compassion Awareness Program.

The Treasurer's office continues to be a part of this program for purposes of contracting and ensuring that quarterly payments are made to the contractor in accordance with the directives of the Legislature. Commencing on July 1, 2025, the program was appropriated \$3,000,000 for continuation of the statewide program.

Community Talent Recruitment Grant Program

The Legislature created the Community Talent Recruitment Grant Program (Home in the Heartland) to help Kansas communities attract new residents and strengthen local economies. The program provides competitive grants that local leaders can use to design relocation incentives, marketing campaigns and workforce recruitment strategies tailored to their unique needs.

This effort awarded more than \$1.5 million in grants to cities, counties, chambers of commerce and economic development organizations across Kansas. Participating communities are using the funds to launch targeted efforts to bring new households to their towns, with measurable goals tied to income and relocation outcomes.

The Home in the Heartland grant program grew out of ongoing conversations about population decline and workforce challenges facing many Kansas communities. It reflects a commonsense approach to supporting local leaders with real tools and resources, rather than one-size-fits-all solutions. By partnering state support with local vision and investment, the program helps communities work toward sustainable growth and opportunity for families and employers.

FISCAL SERVICES

Cash Management

The Fiscal Services Division functions as Kansas's central bank, managing all state receipts, disbursements and financial records. It serves as the "collateral custodian" for the Pooled Money Investment Board (PMIB), administers four linked deposit loan programs, distributes taxes to local governments, processes license plate royalty fees and manages funds from district courts and county treasurers.

Efficiency is a core focus of the division. In FY 2025, 93.9% of state receipts and disbursements were processed electronically, and checks received by state agencies were scanned and electronically deposited with the contract bank. The number of checks paid decreased to 494,082 from the previous fiscal year. The Treasurer's office continues to enhance online tools, enabling courts and county treasurers to report fees and submit ACH payments securely, reducing paper and postage costs.

The program ensures all deposits in Kansas banks are secured by FDIC insurance or approved collateral. Weekly, the PMIB places available cash with Kansas banks as Certificates of Deposit, tracked through "The Vault" software system to ensure compliance with state statutes.

To maximize interest earnings, we continue to use a daily sweep account to invest idle cash overnight. This strategy generates additional interest on cash that might otherwise be idle in our liquid checking account. Benefits include:

- Capturing late wire transfers that are automatically swept into the account.
- Investing unprocessed funds, sometimes as much as \$300 million.
- Operating on tighter cash balances due to precise end-of-day projections.

The Treasurer's office also provides cash concentration services for agencies who have authorization to hold funds outside of the Treasury such as Department of Children and Families, Department of Corrections, and Department of Wildlife and Parks. At the direction of their fiscal staff, we pull excess dollars from their fee accounts into the State's investment pool, maximizing cash availability and investment earnings. Working with the Department of Revenue the Treasurer's office facilitates the return of taxes and fees to local entities by distributing the following funds - Sales Tax, Compensating Use Tax, Transient Guest Tax, Liquor Tax, Vehicle Excise Taxes, Distinctive License Plate Royalty Fees, Community Development District Tax, etc.

The office also acts as escrow agent for STAR Bonds and Economic Revitalization funds. As of FY 2025, there were 18 active STAR Bond projects and one Economic Revitalization program, with combined balances exceeding \$39.87 million. These funds are monitored and distributed to designated bond-paying agents per issuance requirements.

To support STAR Bond districts impacted by reduced food sales tax, the STAR Bonds Food Sales Tax Revenue Replacement Fund was established. In FY 2025, \$5.1 million was transferred from the State General Fund to offset revenue losses, though further transfers were not yet approved by the legislature.

In fiscal year 2025, the State earned \$4,364,204.88 as a result of the commercial paper sweep.

Municipal Bond Services Program

The Municipal Bond Services Program oversees the registration of all municipal bonds and temporary notes issued in Kansas and provides registrar and transfer agent services for most state and local bond issues, including those authorized by the Kansas Department of Transportation and the Kansas Development Finance Authority.

As of June 30, 2025, the State Treasurer manages 2,139 registered bonds and temporary notes, with a total outstanding principal exceeding \$19.5 billion. The office serves as the paying agent for 89% of the 114 new bond issues and 89% of the 45 temporary note issues recorded in FY 2025.

When acting as paying agent, the Treasurer collects principal and interest payments in advance from municipalities to ensure timely payouts. Fees for these services, authorized under K.S.A. 10-506, K.S.A. 10-603, and K.S.A. 10-627, are credited to the Bond Services Fee Fund. This self-funded program also collects registration fees for bonds where the Treasurer is not the paying agent.

In FY 2025, the program collected \$423,853.36 in fees and processed \$3.08 billion in payments for bond issues. The program operates entirely on these fees, ensuring efficient and reliable service for Kansas municipalities.

Kansas Collateral Pool Program

In 2025, the Legislature created the Kansas Collateral Pool Program to more efficiently collateralize public monies held in banks. This program was established by the Legislature through HB 2152, took effect on January 1, 2026. It applies to state agencies, counties, cities, school districts and other public entities across Kansas.

When public funds in a bank go above the \$250,000 protected by federal deposit insurance, the bank must provide dollar for dollar protection, or collateral. Under the new system, banks pledge safe investments like U.S. government securities to cover those funds. Instead of each local government tracking this on its own, the Treasurer's office oversees the process through one central system.

The Treasurer first looked at the best practices of other states and then built a system to maximize efficiency for both the process and for managing collateral. Banks will now manage to a total of all required collateral rather than to a requirement for each public entity.

The Kansas Collateral Pool is a practical modernization to better serve our banks and ensure public funds are protected at all times.

Water Contract Arbitrage

In 2023, House Bill 2302 directed the Treasurer's office to invest funds set aside for two water reservoir notes in higher-yield Treasury Bills, leveraging an "arbitrage" opportunity to earn interest above the low rates on the notes. This strategy has consistently generated returns over the rates paid on the notes, creating an additional revenue stream for the State. Current projections suggest this opportunity will remain viable through the next year.

To date, \$6.2 million has been earned on matured T-Bills with an additional \$793 thousand expected from outstanding investments. As of December 31, 2025, \$20.29 million is invested at 3.90% maturing February 2026, and \$20.47 million is invested at 3.69% maturing May 2026. The average yield across the two notes is 3.93%.

The Treasurer's office remains committed to maximizing returns on these assets to benefit the State while providing flexibility to pay the water notes if needed.

Aid to Local Units of Government

Through the Aid to Local Units of Government subprogram, the State Treasurer distributes monies to city and county governments according to statutory directives. In FY 2025, the City and County Highway Distribution subprogram, the Highway Equalization subprogram and the Tax Increment Revenue Replacement were the only programs disbursing money.

Kansas Agricultural Production Loan Deposit Program

The Kansas Agricultural Production Loan Deposit Program, established in 2000, supports Kansas farmers with high debt-to-asset ratios or lenders lacking sufficient cash to fund additional loans. Administered by the Treasurer's office in partnership with Kansas banks, the program allows borrowers to obtain low-interest operating loans. Lenders must sign a Participation Agreement with the Treasurer's office, while borrowers certify their eligibility and intended use of funds.

The Legislature caps available funding at \$55 million, with repaid funds recycled to issue new loans. Since inception, the program has funded 1,895 loans totaling \$278.5 million. In FY 2025, 37 loans were issued and 87 loans remained outstanding at FY year-end, totaling \$17.44 million across 28 Kansas counties.

Loan interest rates are set daily by the PMIB at 2% below market rates and allow banks a 4% spread to offset risk. Rates on outstanding loans adjust semiannually and interest is collected biannually. Since 2000, the program has generated \$10.58 million in interest for the State General Fund, including \$422,575 in FY 2025.

The program's Certificates of Deposit have a statutory minimum interest rate of 0.5%, with the rate as of July 1, 2025, at 1.96%. By design, the State faces no risk of losing principal or interest, ensuring stable support for Kansas agriculture.

Kansas Housing Loan Deposit Program

The Kansas Housing Loan Deposit Program, established by the 2008 Legislature, is administered by the Treasurer's office through the Cash Management Program. Modeled after the Kansas Agricultural Production Loan Deposit Program, it provides low-interest loans for building or rehabilitating homes and adult care facilities. Interest rates are calculated daily by the PMIB and published online, with a minimum rate of 0.5% set by the 2009 Legislature.

The program underwent key changes to expand its reach:

2010 Legislative Changes:

- The maximum qualifying home value was linked to federal average area purchase price safe harbors for mortgage revenue bonds (varying limits for single- and multi-family homes).
- Developers became eligible to borrow up to \$2 million through multiple loans.
- Loans for rehabilitation projects were permitted.

2012 Legislative Changes:

- Eligibility was extended to not-for-profit developers of adult care facilities, with a \$2 million borrowing cap.

Despite these efforts, the program has remained unused for 13 consecutive years, with no outstanding loans as of the end of 2025. The Treasurer's office continues to provide information about the program to community leaders, lenders and developers to raise awareness and encourage utilization.

A list of lenders participating in linked deposit loan programs is available on the State Treasurer's website.

City Utility Low-Interest Loan Program

The City Utility Low-Interest Loan Program, enacted in March 2021, allowed the Treasurer's office to provide loans to Kansas cities facing extraordinary electric and natural gas costs from the February 2021 extreme weather event.

A total of 54 cities and one municipal energy agency received \$78.41 million in approved loans. As of December 31, 2025, 18 cities and the municipal energy agency have repaid their loans in full, leaving 36 cities with an outstanding balance of \$25.28 million.

Kansas Extraordinary Utility Costs Loan Deposit Program

The Kansas Extraordinary Utility Costs Loan Deposit Program, established in April 2021, was designed to assist wholesale natural gas customers in Kansas with extraordinary costs incurred during the February 2021 winter weather event. Unused funds from the City Utility Low-Cost Loan Program were allocated for this purpose.

As of the end of 2025, no loans have been issued under this program. Pursuant to K.S.A. 75-4285, \$20 million remains available for loan; however, no future loans are anticipated due to the time elapsed since the weather event.

Kansas Economic Recovery Loan Deposit Program

The Kansas Economic Recovery Linked Deposit Program, established in April 2021 and administered by the Treasurer's office, supports small commercial and agricultural businesses in Kansas by providing low-interest loans for operating expenses. Modeled after the Kansas Agricultural Production Loan Deposit Program, the program's interest rate is calculated daily by the PMIB and published online, with a legislatively mandated minimum CD rate of 0.25%.

Funding for the program is capped at \$60 million, with approximately \$39.1 million available for lending as of year-end. In FY 2025, 126 loans totaling \$18.9 million were issued. As of year-end, there were 142 outstanding loans with a combined balance of \$20.8 million, benefiting businesses across 21 Kansas counties. Aggregate amounts deposited in connection with loans under the program total \$26,827,778 as of year-end. The Treasurer's office continues to market this program and raise awareness as market conditions evolve.

Aviation Jobs Loan Program

As directed by the Legislature in 2025 SB 125, the Office of the State Treasurer was tasked with administering the Aviation Jobs Loan Program and distributing funds as directed by law.

The Aviation Jobs Program consists of two major parts: 1) a direct appropriation of \$10,000,000 for the purpose of making a direct loan to an eligible borrower engaged in the business of maintaining, repairing or overhauling aircraft in Kansas provided the borrower demonstrates a need for such loan that will result in the creation of new aviation jobs; and 2) a grant of authority to the State Treasurer to certify to the Director of Investments an amount not to exceed \$30,000,000 in unencumbered funds available for aviation jobs linked deposit loans. The program requires an eligible borrower to certify on the loan application that the loan will be used exclusively for expenses involved in the maintaining, repairing or overhauling of aircraft in Kansas.

As of December 31, 2025, all authorized funds have been loaned in accordance with the Legislature's directive through a single direct appropriation loan and two linked deposit loans. The Treasurer's office continues to monitor the repayment of these loans.



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