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David L. Herndon, Bank Commissioner

Laura Kelly, Governor

September 15, 2025

Mr. Adam Proffitt
Secretary of Administration
Landon State Office Building, Room 504
Topeka, KS 66612-1590

Dear Mr. Proffitt,

I hereby submit, on behalf of the Office of the State Bank Commissioner (OSBC), our budget request for FY 2026 and FY 2027. The budget has been prepared in accordance with your instructions.

Should you have any questions or require additional information, OSBC staff and I would welcome the opportunity to meet with you and our budget analyst, Stephanie Buchanan. Thank you for your consideration.

Respectfully,

David L. Herndon
Bank Commissioner

DLH
Enclosures

cc: Stephanie Buchanan, Division of Budget
Arianna Waddell, Legislative Research Department

AGENCY OVERVIEW

The mission of the Office of the State Bank Commissioner (OSBC) is to uphold the integrity of Kansas's regulated financial services through responsible, proactive oversight—while protecting and educating consumers across the state. Importantly, OSBC is a fully fee-funded agency, receiving no support from the state's General Fund. As a self-funded agency, OSBC's financial independence reflects its ongoing commitment to fiscal responsibility. This context is helpful when considering the agency's resource needs and funding structure.

Core Values and Objectives

OSBC is committed to:

- Ensuring fair and reliable supervision of state-chartered banks, savings and loan associations, trust companies and departments, technology-enabled fiduciary financial institutions (TEFFIs), money transmitters, and providers of mortgage and consumer credit;
- Educating regulated entities to foster deeper understanding and compliance with applicable laws and regulations;
- Protecting Kansas consumers from unfair or predatory credit practices;
- Preserving the dual banking system through active chartering of new state banks, conversion of national banks to state charters, and diligent regulation of existing state-chartered institutions;
- Promoting and sustaining public trust in Kansas's financial system.

Organizational Structure

OSBC has three budgetary programs. Its regulatory responsibilities are primarily carried out by:

- **Banking and Trust Program** – Oversees the chartering and regulation of state-chartered banks, trust companies, trust departments, and TEFFIs;
- **Consumer and Mortgage Lending (CML) Program** – Licenses and supervises non-depository mortgage lenders, mortgage loan originators, consumer credit providers, credit service organizations, and money transmitters;
- **Administrative Program which includes the Finance and Administration, Legal, and Information Technology (IT) Departments** – Ensures the OSBC's internal operations and legal functions are aligned with its mission. The IT Department maintains OSBC's software, hardware, and helpdesk functions, and provides examiners to conduct IT examinations of regulated entities. These specialized examinations focus on cybersecurity oversight and data risk mitigation.

HISTORY and STATUTORY AUTHORITY

The Office of the State Bank Commissioner (OSBC) was established in 1891, under Section 28 of Chapter 43 of the Laws of Kansas to bring structure and stability to the state's banking system. Its authority is primarily codified in the Kansas Statutes Annotated (K.S.A.) Chapter 9, with broader statutory authority outlined in K.S.A. 75-1304 et seq. The OSBC is responsible for regulating state-chartered banks, trust companies, savings and loan associations, and a broad range of non-depository financial service providers, including mortgage lenders, consumer credit companies, money transmitters, and debt

management firms. In 1999, the Office of the Consumer Credit Commissioner was abolished, and its powers and duties were transferred to the OSBC by K.S.A. 75-1314 and 75-1315, forming the agency's Consumer and Mortgage Lending Division.

The OSBC also operates under the guidance of the State Banking Board, which is authorized by Kansas Statutes Annotated (K.S.A.) 74-3004 et seq. and serves in an advisory capacity to the Banking Division. The Banking Board's responsibilities are outlined in the Kansas Banking Code, but it has no involvement, oversight, or jurisdiction over any other divisions of the OSBC. Its dual mission remains to protect Kansas consumers and to ensure the safety and soundness of the state's financial institutions.

BUDGET SUPPLEMENTS/ENHANCEMENTS

The OSBC does not request any supplements for FY2026.

The OSBC requests two enhancement packages for FY2027:

- **Enhancement Package 1 (AC100):** The OSBC requests an enhancement of \$275,242 to continue the FY2026 pay plan increase adjustments.
- **Enhancement Package 2 (AC1):** The Office of the State Bank Commissioner requests **2.0 FTEs** to supervise Earned Wage Access (EWA) services as outlined in **K.S.A. 9-2401 et seq.** When the Legislature mandated OSBC oversight of EWA during the 2024 session, it recognized that additional resources would be needed. At that time, the consensus was that 1.0 FTE examiner would be needed (see **HB 2105 Supplemental Note** and **HB 2560 Conference Committee Report Brief**).

However, as of September 2025, Kansas has **20 registered EWA providers** and **5 additional applications under review**. Provider participation in the program has been significantly higher than anticipated at enactment. In order to manage licensing, examinations, complaint handling, and enforcement without delay, the agency requests 2.0 FTEs rather than the single position originally contemplated.

This increase will ensure the OSBC has sufficient staff to meet its statutory duties, protect consumers, and sustain a risk-based examination program for this new industry sector. The two positions are budgeted at **\$27.10 per hour**, with a total annual enhancement cost of **\$157,670**, including fringe benefits.

VEHICLE REQUEST

The agency requests authority to purchase an eight-passenger van for approximately **\$65,085** in FY 2026 to replace a 2014 Dodge Caravan with **120,244 miles** as of August 2025 that has incurred frequent and costly recent mechanical repairs.

Replacement is warranted given the vehicle's age and high mileage, which increase maintenance costs and reliability risk. An eight-passenger van supports multi-examiner travel statewide, improving scheduling efficiency and reducing mileage costs compared with using multiple smaller vehicles.

BUDGET OVERVIEW

Actual total expenses for FY2025 were **\$13,305,291**, compared to the approved budget of **\$13,757,797**. This favorable variance reflects OSBC's continued role as a responsible steward of its fee-generated funds.

The agency's largest expense remains **Salaries, Wages, and Benefits** for authorized full-time and part-time positions, which accounted for approximately **86%** of actual FY2025 expenditures. Three other significant components of operations are highlighted below:

1. **Rents (52300)**

OSBC operates its main office in Topeka along with field offices in Lenexa, Wichita, Hays, and Salina. By maintaining offices across the state, OSBC ensures a strong geographic presence near the entities it regulates. Locating examiners within their regions of activity:

- strengthens professional relationships with regulated entities,
- enhances awareness of regional economic and operational conditions, and
- reduces travel needs, allowing greater efficiency in scheduling and conducting examinations.

Total rental costs, with office space rental as the largest portion, were **\$548,857**, or **4%** of total expenditures.

2. **Travel (52500)**

Travel primarily supports examinations and training. Travel expenditures for FY2025 totaled **\$311,410**, or **2%** of total expenditures.

3. **Other Contractual Services (52900)**

\$189,495 was spent on **Other Contractual Services**, representing about **1.4%** of total expenditures. The largest line item in this category was dues paid to the **Conference of State Bank Supervisors (CSBS)**, the national trade association and accrediting body for state bank regulators. CSBS also owns and operates the **Nationwide Multistate Licensing System & Registry (NMLS)**, established in January 2008 under the SAFE Act, which impacts several non-depository companies regulated by OSBC.

CSBS awards accreditation to state financial regulatory agencies in three categories: **Banking, Mortgage, and Money Services**. OSBC holds accreditation in all three.

During the pandemic, most training shifted to virtual formats, producing significant savings over two years. As in-person training and examinations resumed in 2023, travel and lodging costs began to rise. In FY2025, OSBC strategically used virtual training options to keep actual travel and lodging expenses below budget. These costs are projected to increase in FY2026 and FY2027 as in-person participation expands.

Examination Protocols and Travel Projections

Following the pandemic, OSBC adopted a **hybrid examination model** that blends onsite and remote components depending on an institution's size, complexity, and location. This approach has been well received by both examination staff and regulated entities, providing efficiency while maintaining examination quality.

OSBC is committed to maintaining a comprehensive training and professional development program for agency staff. Financial Examiners are required to complete at least one continuing education, training, or professional development session each year. Supervisors and executive staff also participate in industry-specific training, conferences, and professional meetings as appropriate.

For the **Banking Division**, most training and educational programs are offered through the Conference of State Bank Supervisors (CSBS), Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank (FRB), Graduate Schools of Banking, and a range of trade associations and academic institutions.

For the **Consumer and Mortgage Lending (CML) Division**, continuing education and development are primarily provided by the American Association of Residential Mortgage Regulators (AARMR), National Association of Consumer Credit Administrators (NACCA), and the Money Transmitter Regulators Association (MTRA).

The table below displays service levels for FY2026 and FY2027:

Service Levels / Approved Budget	
Fiscal Year	Approved Budget
2026	\$ 14,142,641
2027	\$ 13,911,453

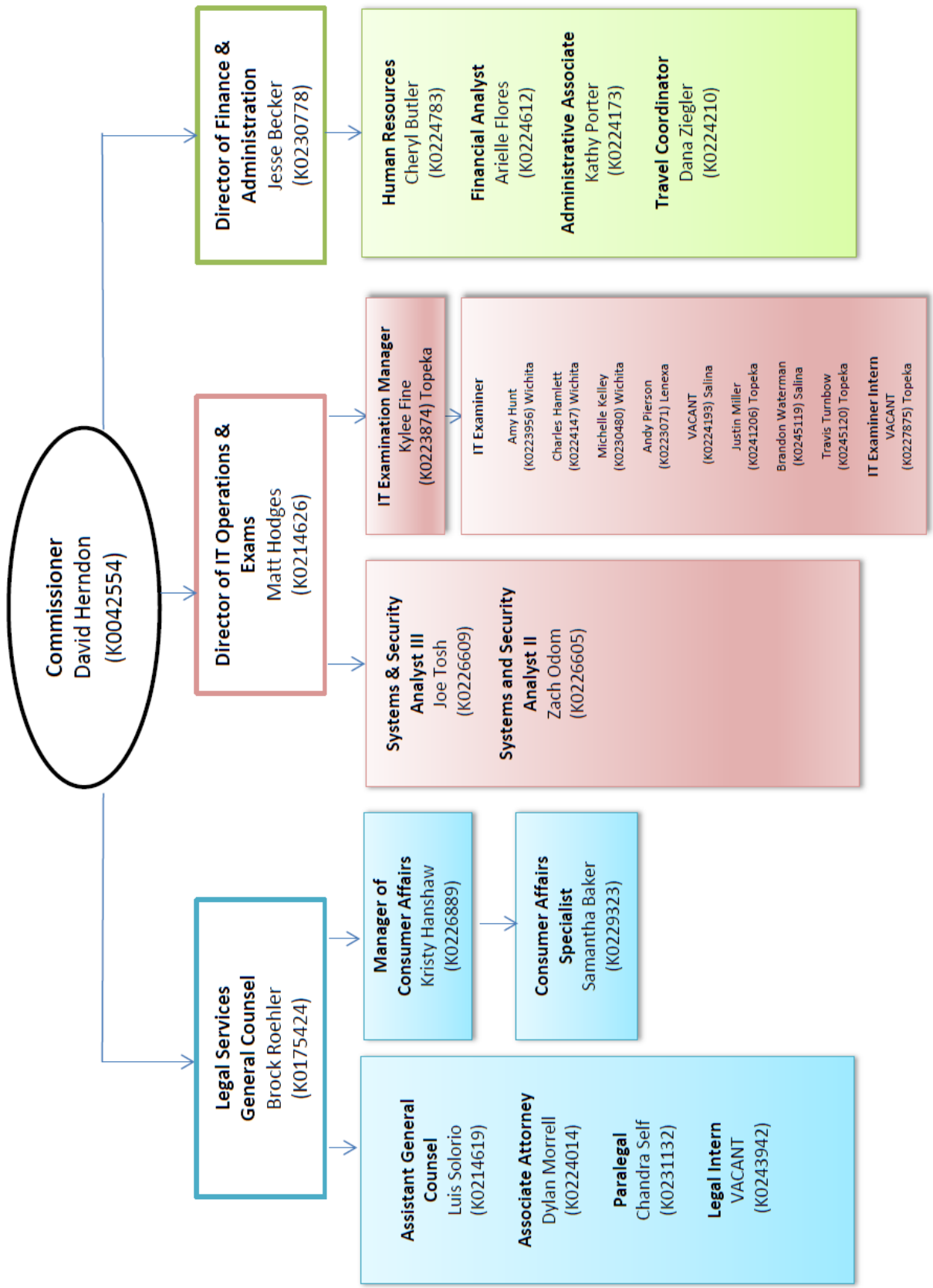
The OSBC was authorized 110.0 FTE and 4.0 non-FTE unclassified permanent positions for a total of 114.0 FTEs for FY2026 and FY2027.

FY 2026 & FY 2027 FTE Breakdown			
Program	FTE Positions	Non-FTE Unclassified Permanent	Total
Administration	14.0	1.0	15.0
Bank and Trust Regulation	63.0	0.5	63.5
Consumer and Mortgage Lending Regulation	33.0	2.5	35.5
Total:	110.0	4.0	114.0

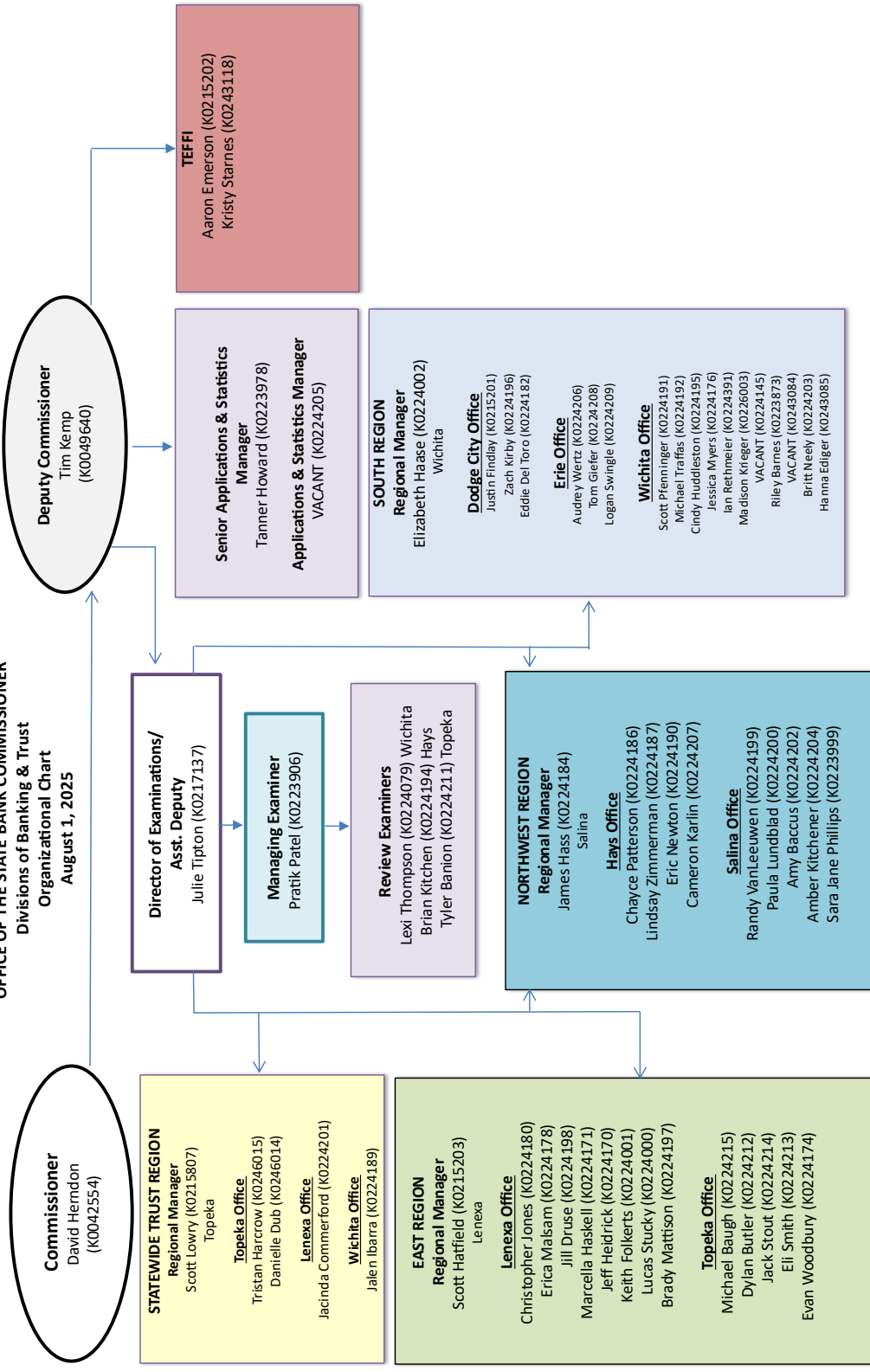
OSBC Organization Charts

The following three pages contain the organization charts for Administration, Banking and Trust, and CML.

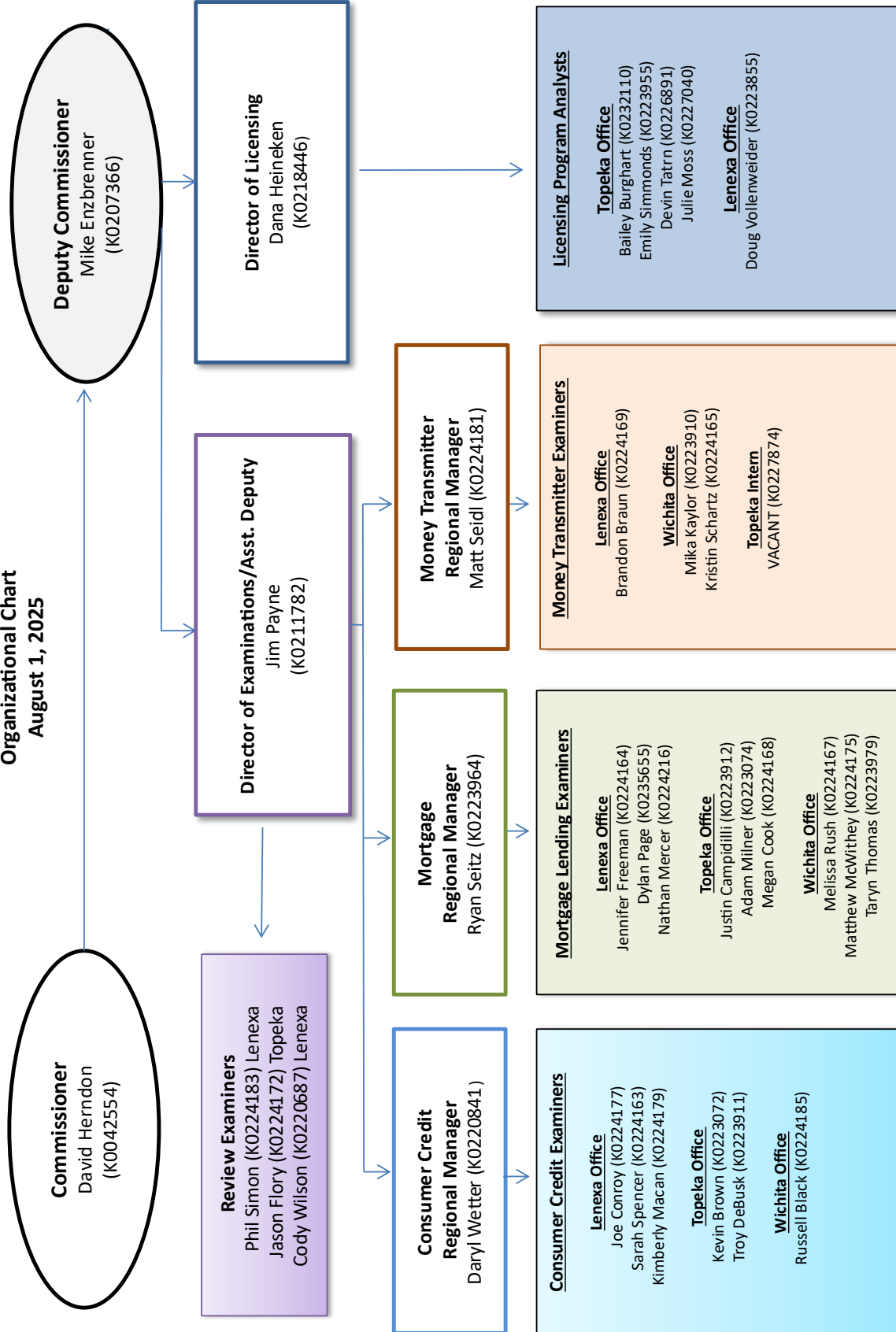
OFFICE OF THE STATE BANK COMMISSIONER
Administration Organizational Chart
August 1, 2025



OFFICE OF THE STATE BANK COMMISSIONER
Divisions of Banking & Trust
Organizational Chart
August 1, 2025



OFFICE OF THE STATE BANK COMMISSIONER
Division of Consumer and Mortgage Lending
Organizational Chart
August 1, 2025



AGENCY REVENUE SOURCES

The OSBC receives no money from the State General Fund. Instead, all revenue is generated through assessments and fee income collected by both the Banking and Trust Division and the Consumer and Mortgage Lending (CML) Division.

The Banking and Trust Division's revenue is primarily derived from assessments and application fees paid by state-chartered banks, trust entities, and TEFFIs, pursuant to K.S.A. 9-1703. Assessments are calculated before the beginning of each fiscal year. For banks, assessments are based on assets reported to the FDIC as of March 31. For trust entities, assessments are based on fiduciary assets reported on the December 31 Call Report. Under the TEFFI Act, TEFFIs are subject to a statutory minimum annual assessment of \$1,000,000. Of this amount, \$750,000 is retained by the OSBC, and \$250,000 is routed to the Kansas Department of Commerce and utilized for Strategic Economic Expansion and Development (SEED) grants.

Utilizing a tiered rate schedule, assessments for state-chartered banks have consistently remained below those charged to national banks by the Office of the Comptroller of the Currency (OCC). This differential provides a significant incentive for banks to retain—or convert to—a state charter.

In determining annual assessment levels, the OSBC considers:

- Authorized expenditure levels for the upcoming year,
- Carryover funds in the Bank Commissioner's Fee Fund to the credit of the Bank Division,
- The total dollar amount of assets under management by regulated entities, and
- Required transfers to the State General Fund.

The following tables outline the current and historical assessments for banks and trust entities:

Bank Assessment Fees				
Bank Assets as of the March 31 Call Report	FY26 Rates	FY25 Rates	FY24 Rates	FY23 Rates
< \$250,000,000	0.000160			
\$250,000,000 to \$500,000,000	0.000160			
< \$500,000,000*		0.000160	0.000160	0.000160
\$500,000,000 to \$1,000,000,000	0.000135	0.000135	0.000135	0.000135
\$1,000,000,000 to \$5,000,000,000	0.000110	0.000110	0.000110	0.000110
> \$5,000,000,000	0.000090	0.000090	0.000090	0.000090

*Beginning in FY 2026, the <\$500M marginal rate was divided into <\$250M and \$250M-\$500M

Trust Assessment Fees				
Trust Assets as of the December 31 Annual Report	FY26 Rates	FY25 Rates	FY24 Rates	FY23 Rates
Inactive	\$ 100	\$ 100	\$ 100	\$ 100
\$0 to \$10,000,000	2,500	2,500	2,500	2,500
\$10,000,000 to \$100,000,000	4,000	4,000	4,000	4,000
\$100,000,000 to \$1,000,000,000	5,800	5,800	5,800	5,800
\$1,000,000,000 to \$5,000,000,000	14,500	14,500	14,500	14,500
\$5,000,000,000 to \$25,000,000,000	22,000	22,000	22,000	22,000
\$25,000,000,000 to \$50,000,000,000	44,000	22,000+*	22,000+*	
\$50,000,000,000 to \$100,000,000,000	65,000			
\$100,000,000,000 to \$200,000,000,000	\$ 100,000			

*Rate was \$22,000 plus \$5,000 for every one billion asset dollars

State statutes also establish **application fees** for certain financial institution changes or activities requiring approval from either the Bank Commissioner or the State Banking Board. The actual revenue generated each year depends directly on the number and type of applications submitted and processed. These fees are deposited into the **Investigative Fee Fund**, from which all expenses related to approving or denying applications are paid. Any remaining balance may, at the discretion of the Commissioner, be transferred to the **Bank Commissioner Fee Fund** for the express purpose of paying operating expenses. Because application revenue depends entirely on the volume of submissions, it is inherently difficult to predict.

Revenue for the **Consumer and Mortgage Lending (CML) Division** is derived from fees paid by licensed consumer credit providers, mortgage licensees, money transmitters, and credit services organizations. The following schedule outlines the current and historical fee structure for these regulated entities:

Consumer and Mortgage Lending (CML) Fees			
	FY26 Rate	FY25 Rate	FY24 Rate
Mortgage & Consumer Credit			
Company new/renewal license application for principal place of business*	\$400 - 600	\$400 - \$600	\$400
Company new or renewal license for branch office	\$100 - 400	\$100	\$100
Loan originator new license	\$100	\$100	\$100
Loan originator renewal license	\$100	\$100	\$50
Annual licensing fee** (per \$100,000)	\$2.00 - \$20.00	\$2.00 - \$6.00	\$2.00 - \$6.00
Annual licensing fee** (per loan)	\$0.20 - \$4.00	\$0.20 - \$2.50	\$0.20 - \$2.50
Notification location fee	\$30	\$25	\$25
Notification volume fee (per \$100,000)	\$10 - \$15	\$5 - \$15	\$5 - \$15
Money Transmitters			
Company new license application	\$2,500	\$1,750	\$1,750
Annual licensing fee	tiered % based on volume	tiered % based on volume	tiered % based on volume
Earned Wage Access			
Company new or renewal license for principal place of business*	\$1,500		

*Credit Services Organization renewal license fee is \$150.

**Certain credit transactions are assessed on a per loan basis and others on dollar volume

ADMINISTRATION PROGRAM (09401)

The Administration program provides support for the supervisory and regulatory functions of the OSBC, which encompasses many functions, including:

- Administration of OSBC policies;
- Fiscal systems and processes, including accounting, budget, and human resource functions;
- Legal services in execution of regulatory requirements;
- Support technology utilized by the Agency; and
- Cash requirements for transfers to State General Fund.

The Administration program is authorized 14.0 FTE positions and 1.0 non-FTE positions for FY2026 and FY2027.

EXPENDITURE SUMMARY:

Administration Expenditure Summary 0940101000 (Admin), 0940102000 (Legal), 090103000(IT)			
Account Category	FY25 Actuals	FY26 Approved	FY27 Approved
Salaries and Wages (51XXX)	\$ 1,634,818	\$ 1,698,313	\$ 1,683,615
Contractual Services (52XXX)	569,590	566,082	584,218
Commodities (53XXX)	26,724	21,900	21,800
Capital Outlay (54XXX)	52,930	24,850	40,050
Other Assistance (55XXX)	-	-	-
Capital Improvements (542XX)	3,448	-	-
Total:	\$ 2,287,510	\$ 2,311,145	\$ 2,329,683

ACTUAL ADMINISTRATION EXPENDITURE DATA FOR FY2025:

Administrative Actual Expenses FY2025 0940101000 (Admin), 0940102000 (Legal), 090103000(IT)			
Object Code	Description of Object Code	Amount	Notes and Examples
51000	Salaries & Wages	\$ 1,634,818	Salaries, wages, and fringe benefits
52000	Communications	48,262	Phone service, cell phones, postage
52100	Freight	970	FedEx charges
52200	Print & Advertising	133	Business cards, letterhead
52300	Rents	291,828	Office rental space (five locations)
52400	Repair & Service	73,086	Computer service agreements, vehicle repair
52500	Travel	27,593	Conference travel, training travel
52600	Other Service Fees	96,956	Training & Conf., DoA MOUs, Monumental Building Srchrg
52700	Professional Services Fees	25,134	KBI background checks, translation, cyber security services
52900	Other Contractual Services	5,628	Vehicle insurance, dues & subscriptions
53000	Clothing	5,673	Staff apparel
53200	Other Supplies	5,125	Food for human consumption
53500	Vehicle Parts/Gasoline	2,483	Vehicle tires, wiper blades, gasoline
53600	Professional Supplies	355	Sessions Law
53700	Office Supplies	8,099	Office supplies including printer toner
53900	Other Supplies	4,989	Security badges, household supplies
54000	Office Furniture & Equipment	12,620	Misc furniture and chairs
54100	Computer Equipment	40,310	Employee laptops, servers (2)
54200	Buildings & Improvements	3,448	Card reader replacements
	Total:	\$ 2,287,510	

BANK AND TRUST REGULATION PROGRAM (09402)

The Bank and Trust Division is responsible for the oversight and supervision of all state-chartered banks, trust entities, and TEFFIs. Total assets supervised in banks and trust entities (excluding TEFFIs) rose from \$145.3 billion in FY 2024 to **\$161.8 billion** in FY 2025. The program's core responsibilities include:

- Supervising state-chartered banks, trust entities, and TEFFIs with transactional authority, including regulatory oversight and examination functions;
- Establishing enforcement actions to address problem institutions and restore them to a safe and sound condition;
- Providing information and guidance to prospective state-chartered financial institutions;
- Administering and developing policies and programs related to bank, trust, and TEFFI supervision;
- Reviewing and investigating applications for new institutions or changes in corporate activities;
- Coordinating with federal and other state banking agencies on supervisory matters;
- Researching and responding to inquiries from regulated institutions, attorneys, consultants, industry organizations, and the public; and
- Building and maintaining positive relationships with regulated entities and trade associations through outreach and education.

PROGRAM GOALS

The OSBC is committed to regulating state-chartered banks and trust entities in an efficient, capable, fair, and professional manner. As required by **K.S.A. 9-1701**, all state-chartered banks must be examined at least once every eighteen months. More frequent examinations are required in certain circumstances, including:

- when a bank's assets exceed **\$3 billion**,
- when a bank is classified as a "problem bank," or
- when management is deemed less than satisfactory.

In these cases, examinations must occur at least annually. As a result, approximately two-thirds of Kansas state-chartered banks are examined each fiscal year. Examinations conducted by the **FDIC** or the **Federal Reserve Bank (FRB)** may be accepted in lieu of a state examination.

Banks are evaluated under the **Uniform Financial Institutions Rating System**, which assigns a score of 1–5 across six components collectively referred to as the **CAMELS** rating:

Capital adequacy
Asset quality
Management
Earnings
Liquidity
Sensitivity to market risk

These component scores are combined into a composite rating. Institutions with Composite ratings of 3, 4, or 5 are defined as "troubled."

Due to restrictions in the TEFFI Act, **Safety and Soundness examinations are not conducted for TEFFIs**, and they are not assigned CAMELS ratings.

The following schedule reflects the OSBC examination compared to benchmarks for FY2025:

Bank Exam Statistics by Region As of 6/30/2025					
State Region	Number of Banks	Number of Exams to Meet Objectives	Number of Exams Completed by State (Includes Joint Exams)	Number of Exams by FDIC/FRB Only	Total Number of Exams +Above/- Below the Criteria
East	58	39	24	13	-2
Northwest	44	29	18	16	5
South	57	38	17	18	-3
Total:	159	106	59	47	0

*Assets of State-Chartered Banks are lower than in past years due to CrossFirst Bank being acquired by another bank in another state. For 3/31/2025, CrossFirst Bank's total assets were \$7,447,108,000.

Assets of Regulated Banks and Trusts			
	Actuals as of 6/30/25	Projected as of 6/30/26	Projected as of 6/30/27
Number of State-Chartered Banks	159	150	143
Assets of State-Chartered Banks*	\$55,753,000,000	\$58,500,000,000	\$62,250,000,000
Total assets of problem banks as a percentage of total bank assets	0.56%	0.95%	0.80%
Number of problem banks as a percentage of total number of banks	2.52%	4.00%	2.80%
Number of State-Chartered Trust Companies/Departments	43	45	46
Assets of State-Chartered Trust Companies/Departments	\$161,780,000,000	\$265,000,000,000	\$310,000,000,000

*Assets of State-Chartered Banks are lower than in past years due to CrossFirst Bank being acquired by an out-of-state bank. CrossFirst's assets on 3/31/2025 were \$7,447,108,000

Composite Ratings and Problem Banks					
Fiscal Year Ending	Number of banks	CAMELS Ratings:			Change in Problem Banks (3,4,5) from Prior Year
		1	2	3,4,5	
6/30/2021	183	68	107	8	-7
6/30/2022	177	79	94	4	-4
6/30/2023	171	75	92	4	0
6/30/2024	168	69	91	8	4
6/30/2025	159	77	78	4*	-4

* One problem institution was acquired 7/1/2024; one is under contract to be sold with closing expected in Q3 2025.

An essential outcome of the examination process is to ensure the **financial integrity** of supervised institutions through the issuance of an examination report and a CAMELS rating. The CAMELS rating

provides a framework for identifying and monitoring problem institutions. When necessary, the OSBC may impose corrective measures, including **Board Resolutions, Memorandums of Understanding, or Consent Orders**, to address deficiencies and restore institutions to a safe and sound condition.

Bank Corrective Actions					
Type of Action (in Order of Severity)	As of 6/30/2021	As of 6/30/2022	As of 6/30/2023	As of 6/30/2024	As of 6/30/2025
Consent Orders	5	2	3	3	2
Memorandum of Understanding	3	2	1	4	3
Written Agreements	0	0	0	0	0
Board of Directors' Resolution	0	0	0	1	0
Total:	8	4	4	8	5

Applications from financial institutions and trust entities must be reviewed promptly and acted upon by the appropriate authority within the statutory or agency-established time frames. The following chart shows Turn-Around-Times

OSBC Turn-Around Times to Process Actions									
Action	FY2023			FY2024			FY2025		
	Received	Approved/Denied	Turn-Around Time (Average Days)	Received	Approved/Denied	Turn-Around Time (Average Days)	Received	Approved/Denied	Turn-Around Time (Average Days)
Merger	7	7	56	5	5	27	11	9	21
Acquisitions	0	0	NA	0	0	NA	0	0	NA
Change of Control	2	2	188	2	2	39	3	3	47
Conversion	0	0	NA	0	0	NA	0	0	NA
Relocations	4	4	24	2	2	8	4	4	6
New Branch/TSO	10	10	28	5	5	21	6	6	11
New Charter	2	2	135	0	0	NA	1	0	NA
Name Change	2	2	15	0	0	NA	1	1	1
Trust Powers	0	0	NA	0	0	NA	0	0	NA
Reduction of Capital Account	5	5	20	2	2	25	4	4	34
Revenue Bonds	0	0	NA	0	0	NA	0	0	NA
Subsidiary	0	0	NA	0	0	NA	0	0	NA
Total:	32	32	67	16	16	24	30	27*	20

*Two pending mergers not approved and one pending charter not approved

STAFFING LEVEL

The Bank, Trust and TEFFI Division is authorized 63.0 FTEs and 0.5 non-FTE positions.

EXPENDITURE SUMMARY:

Bank & Trust Expenditure Summary 094020100 (Banking), 0940202000 (Board), 0940203000 (Trust), 0940205000 (TEFFI)			
Account Category	FY25 Actuals	FY26 Approved	FY27 Approved
Salaries and Wages (51XXX)	\$ 6,326,165	\$ 6,543,921	\$ 6,370,348
Contractual Services (52XXX)	548,520	888,017	895,473
Commodities (53XXX)	13,900	12,000	12,000
Capital Outlay (54XXX)	23,578	50,250	30,250
Other Assistance (55XXX)	-	-	-
Capital Improvements (542XX)	-	-	-
Total:	\$ 6,912,163	\$ 7,494,188	\$ 7,308,071

ACTUAL EXPENDITURE DATA FOR FY2025:

Banking, Trust, and TEFFI Actual Expenses FY2025 094020100 (Banking), 0940202000 (Board), 0940203000 (Trust), 0940205000 (TEFFI)			
Object Code	Description of Object Code	Amount	Notes and Examples
51000	Salaries & Wages	\$ 6,326,165	Salaries, wages, and fringe benefits
52000	Communications	37,046	Phone service, cell phones, postage
52100	Freight	417	FedEx charges
52200	Print & Advertising	86	Business cards
52300	Rents	142,059	Office rental space (five locations)
52400	Repair & Service	8,914	Vehicle repair
52500	Travel	135,501	Conference travel, training travel
52600	Other Service Fees	78,230	Training & Conferences
52700	Professional Services Fees	553	KBI record checks
52900	Other Contractual Services	145,714	CSBS accreditation fees
53200	Other Supplies	1,156	Food for human consumption
53500	Vehicle Parts/Gasoline	9,910	Gasoline, struts
53600	Professional Supplies	18	Miscoded office supplies
53700	Office Supplies	2,236	Office supplies including printer toner
53900	Other Supplies	580	Household supplies
54000	Office Furniture & Equipment	(5,442)	Sale of retired vehicle
54100	Computer Equipment	29,020	Employee laptops
Total:		\$ 6,912,163	

INVESTIGATION PROGRAM

The Investigation Program (Fund 1010) incurs expenses related to applications submitted to the State Banking Board for approval. These requests are primarily for new bank charters and new trust company charters. When necessary, the State Banking Board conducts a hearing on an application, and the resulting expenses are paid through this program.

This program is established as a “No Limit” fund, allowing expenditures to match the volume and complexity of applications received.

CONSUMER AND MORTGAGE LENDING REGULATION PROGRAM

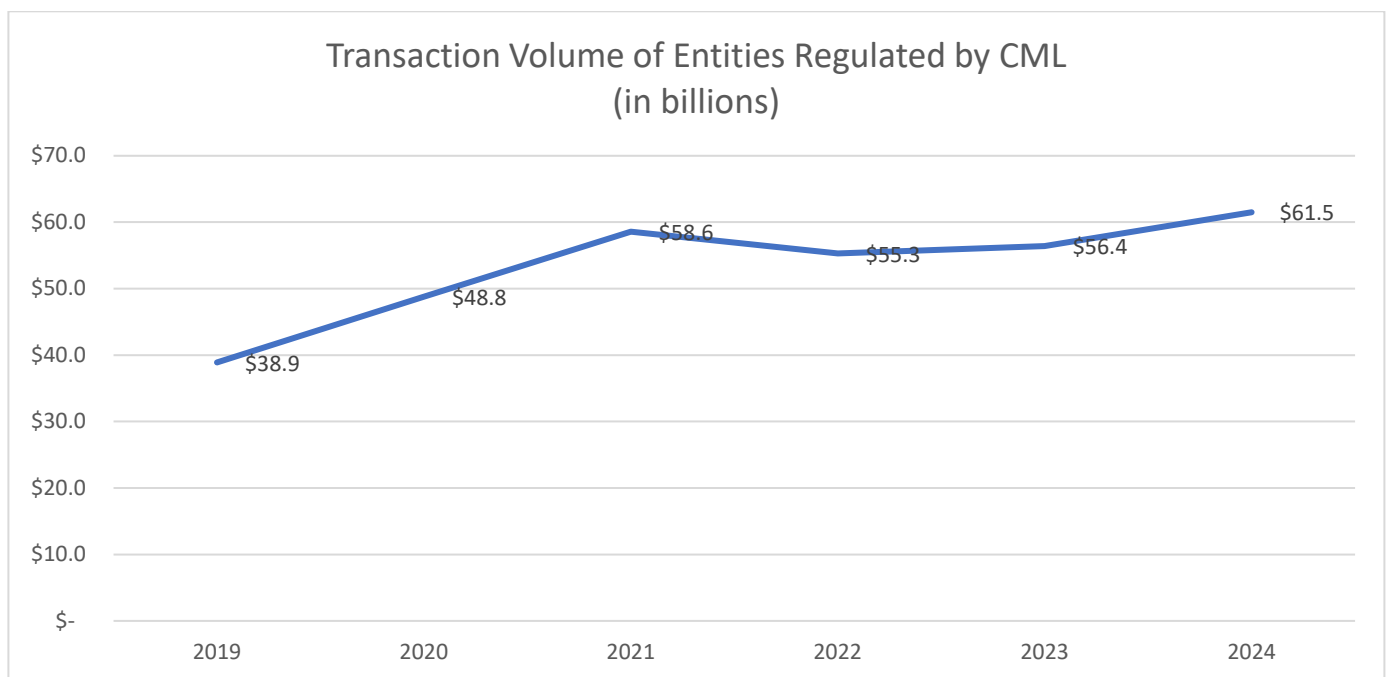
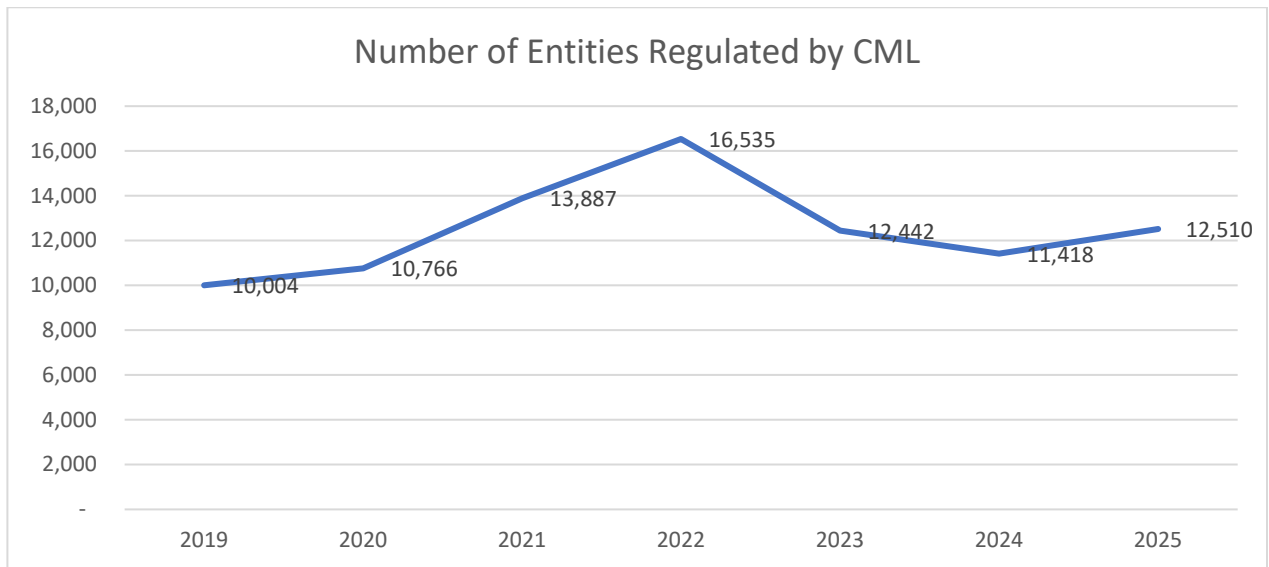
The Consumer and Mortgage Lending (CML) Division oversees and supervises **consumer credit lenders, mortgage lenders, servicers and brokers, money transmitters, debt management companies, sales finance companies, earned wage access service providers, and other credit providers**. The Division administers the **Uniform Consumer Credit Code (UCCC), Kansas Mortgage Business Act (KMBA), Kansas Money Transmitter Act (KMTA), and Credit Services Organization (CSO) Act**, along with applicable federal laws such as **Regulation Z, Regulation M, the Real Estate Settlement Procedures Act (RESPA), the Fair Debt Collection Practices Act, the Fair Credit Reporting Act, and the Equal Credit Opportunity Act**.

PROGRAM GOALS

The CML Division's goals are to:

- Ensure a regulatory environment that balances reasonable oversight of regulated entities with a fair, competitive marketplace where consumers can obtain credit;
- License mortgage, consumer credit, and money service providers in compliance with state and federal law;
- Conduct periodic examinations of regulated entities to promote lawful credit practices and ensure compliance;
- Take enforcement actions to address violations of state law;
- Operate a consumer complaint investigation and response program to assist consumers with questions and concerns; and
- Facilitate financial education statewide by collaborating with other Kansas financial regulatory agencies to improve consumer access to financial resources.

CML Licensed Entities as of 6/30/2025	
Mortgage Companies	644
Mortgage Company Branches	1,261
Mortgage Loan Originators	8,407
Supervised Lenders	368
Supervised Lender Branches	302
Earned Wage Access Service Providers	17
Credit Services Organizations	21
Money Transmitters	196
Notification Filers	1,294
Total:	12,510



Note: Transaction volume is reported annually; therefore, 2025 data is not available at time of budget submission.

The UCCC, KMBA, and KMTA authorize the CML Division to examine licensed mortgage, consumer credit, and money service providers. The target examination cycle is 36 to 48 months, a timeframe chosen to align with state and federal recordkeeping requirements for mortgage and credit transactions.

STAFFING LEVEL

The Consumer and Mortgage Lending Regulation Program is authorized 33.0 FTE positions and 2.5 non-FTE positions for FY2026 and FY2027.

EXPENDITURE SUMMARY:

CML Expenditure Summary 094040100 (CML), 0940402000 (Consumer Education)					
Account Category	FY25 Actuals	FY26 Approved	FY26 Adjustments	FY26 Adjusted Totals	FY27 Approved
Salaries and Wages (51XXX)	\$ 3,496,877	\$ 3,587,119	\$ -	\$ 3,587,119	\$ 3,526,272
Contractual Services (52XXX)	394,635	503,789	(30,085)	473,704	514,227
Commodities (53XXX)	10,562	9,000	-	9,000	9,000
Capital Outlay (54XXX)	15,494	37,400	30,085	67,485	24,200
Other Assistance (55XXX)	188,050	200,000	-	200,000	200,000
Capital Improvements (542XX)	-	-	-	-	-
Total:	\$ 4,105,618	\$ 4,337,308	\$ -	\$ 4,337,308	\$ 4,273,699

ACTUAL CML EXPENDITURE DATA FOR FY2025:

CML Actual Expenses FY2025 094040100 (CML), 0940402000 (Consumer Education)			
Object Code	Description of Object Code	Amount	Notes and Examples
51000	Salaries & Wages	\$ 3,496,877	Salaries, wages, and fringe benefits
52000	Communications	17,963	Phone service, cell phones, postage
52100	Freight	149	FedEx charges
52200	Print & Advertising	7,125	Business cards, advertising/press releases
52300	Rents	114,970	Office rental space
52400	Repair & Service	15,711	Software maintenance, vehicle repair
52500	Travel	148,316	Conference travel, training travel
52600	Other Service Fees	48,990	Training & Conferences
52700	Professional Services Fees	3,258	Office of Administrative Hearings
52900	Other Contractual Servies	38,153	CSBS accreditation fees
53200	Other Supplies	1,864	Food for human consumption
53500	Vehicle Parts/Gasoline	4,547	Tires and vehicle parts
53600	Professional Supplies	6	Miscoded office supplies
53700	Office Supplies	3,927	Office supplies including printer toner
53900	Other Supplies	218	Security badges, household supplies
54000	Office Furniture & Equipment	(2,038)	Sale of retired vehicle
54100	Computer Equipment	17,532	Employee laptops
55160	State Aid Qual Non-State	188,050	Grants, scholarships
Total:		\$ 4,105,618	

CONSUMER PROTECTION AND EDUCATION

In addition to its regulatory and supervisory responsibilities, OSBC plays a vital role in protecting consumers and advancing financial education across Kansas. An important part of the OSBC's mission is to protect and educate consumers. A primary goal of the Legal Division is to ensure consumers receive the protections afforded under state and federal law. To help meet this objective, the Consumer Affairs Department handles consumer complaints by communicating with both consumers and financial service providers to resolve disputes. These efforts often result in refunds or other financial benefits to consumers.

During the complaint process, data is also gathered to identify trends and assist with examinations of providers. These activities require resources for investigation, examination, preparation, and enforcement actions against entities found to have committed violations.

OSBC provides information to both consumers and regulated entities through its website, which offers details on laws, regulations, application requirements, and an online system for inquiries and complaints.

In addition, regulated entities benefit from OSBC's efforts to maintain a level playing field, ensuring fair competition across the financial marketplace. The agency also serves as a resource for institutions—both established and prospective—by providing guidance on applicable laws, regulations, and application procedures.

Consumer Inquiries and Complaints		
FY23	FY24	FY25
1,540	1,451	1,556

CONSUMER EDUCATION AND TRAINING PROGRAM GRANTS AND LOCAL ASSISTANCE – FY2025

OSBC supports financial education initiatives across Kansas through consumer education grants and staff-led outreach. In addition to periodic presentations by the Commissioner and staff, OSBC awards grants to educators, nonprofits, and other organizations to expand financial literacy programs.

- In FY2024, OSBC awarded \$200,091 in grant funding.
- In FY2025, OSBC awarded \$188,050 in grant funding.

A record ten grant applications were submitted in FY2025, of which seven were approved. These programs collectively reached more than 1.1 million Kansas consumers of all ages.

FY2025 Grant Recipients:

- **Mirror, Inc. – \$4,050**
Work for Success program (Lawrence and Topeka): Provided financial literacy classes, budgeting tools, and employment readiness training to participants.

- **Kansas Bankers Educational Foundation – \$20,000**
Supported financial literacy initiatives and scholarships, including statewide financial education ad campaigns.
- **Kansas Council for Economic Education (KCEE) – \$20,000**
Helped teachers integrate economics and personal finance into classrooms and sponsored the annual Personal Finance Challenge for middle and high school students.
- **Jobs for America’s Graduates – Kansas (JAG-K) – \$25,000**
Funded in-school elective classes and competitions in financial literacy, employability, and public speaking for at-risk students.
- **Omni Circle Group, Inc. – \$25,000**
Provided financial education, mentorship, and entrepreneurship training to underrepresented communities, with a focus on closing the racial wealth gap.
- **Consumer Credit Counseling Service of the Heartland – \$30,000**
Continued the long-standing tradition of financial literacy and one-on-one financial and housing counseling following the merger of Kansas CCCS with the Springfield, MO agency.
- **The Pando Initiative – \$55,000**
Delivered the Reality U financial literacy simulation to students and awarded 26 scholarships (\$500 each) to rural and economically disadvantaged students.

Besides grants, the OSBC funds three additional initiatives:

- **Post-Secondary Scholarships – \$9,000**
Through the *Kansas Financial Scholars Essay Contest*, four high school students pursuing postsecondary education in Kansas received scholarships to support their studies.
- **Women and Money Conference**
OSBC serves as an underwriter and sponsor of the Kansas State Treasurer’s annual *Women and Money* conference.
- **Fraud Awareness Campaign**
In partnership with the Kansas Bankers Educational Foundation, OSBC co-sponsored a statewide fraud awareness campaign that included television and radio spots as well as printed materials distributed throughout Kansas.

For FY2026, 13 grant applications had been received as of September 1, 2025. OSBC’s Grant Committee plans to make award determinations in Fall 2025.