BUDGET REVIEW SUBCOMMITTEE ON HEALTH AND FAMILY SERVICES

Minutes of the 1st Meeting of the 2026 Interim

July 1, 2026

Call to Order and Roll Call

The second meeting of the Budget Review Subcommittee on Health and Family Services was held on July 1, 2026, at 10:30 AM (ET)/9:30 AM (CT) in Room 129 of the Capitol Annex. Representative Wade Williams, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Wade Williams, Co-Chair; Senator Craig Richardson, Co-Chair; Senators Stephen Meredith and Lindsey Tichenor; and Representatives Samara Heavrin, Kimberly Poore Moser, Robert Duvall, Ken Fleming, DJ Johnson, Rebecca Raymer, and Nick Wilson.

Guests: Mary Carpenter, DCBS Executive Advisor, Cabinet for Health and Family Services; Jennifer Thornhill, DCBS Assistant Director, Cabinet for Health and Family Services; and Steven Stack, Secretary, Cabinet for Health and Family Services.

LRC Staff: Savannah Fritsch and Jennifer Luttrell.

Approval of Minutes

Senator Richardson proposed the approval of the minutes from the June 3, 2026 meeting. Representative Fleming seconded the motion, and the minutes were approved unanimously.

Department for Community Based Services (DCBS)

Mary Carpenter, Executive Advisor at the Department for Community Based Services (DCBS); Jennifer Thornhill, Assistant Director at DCBS; and Steven Stack, Secretary of the Cabinet for Health and Family Services, provided an overview of Child Welfare Prevention Services, including funding and expenditures for fiscal years 2021 to 2025. They also presented an update on the Family First Prevention Services Act (FFPSA).

In response to Chair Williams, Assistant Director Thornhill stated that DCBS's strategy involves integrating evidence-based practices into existing prevention programs to enhance implementation. The agency has automated processes in the child welfare information system to optimize claims processing. The additional funding from 2022 RS HB 1 was crucial, with Secretary Stack noting that it includes a 50/50 match and allocates $20 million for prevention efforts. She mentioned that the Kentucky Strengthening Ties & Empowering Parents program (KSTEP) does not require a 50/50 match. It employs both non-evidence-based and evidence-based practices in its intervention model. Ms. Carpenter also noted that DCBS is working to have this program rated in the clearinghouse so it qualifies for a 50% match.

In response to Representative Fleming, Secretary Stack elaborated on DCBS's methodology for potential contract reductions in 2027. This approach includes organizing future meetings to clarify the legislature's objectives, the executive branch's capabilities given available resources, and the community's existing needs. Should the proposed 7% funding reduction be enacted, it would affect 38 contracts for prevention services. The reduction would be proportionally distributed among all contracted vendors, resulting in a 7% decrease relative to the fiscal year 2026 funding level.

In response to Senator Meredith, Assistant Director Thornhill explained that the program's success varies depending on the specific services delivered. The primary metrics for evaluating success are the percentages of children who remain at home at 6 and 12 months post-discharge, and the types of placements they are in. The cost per family is compared to the average cost per child in foster care as another measure of success. However, it is challenging to gauge overall success when out-of-home care costs and the number of children in such care are increasing for various reasons, often creating a cyclical effect.

In response to Representative Moser, Ms. Carpenter noted that Wendy's Wonderful Kids is part of the Dave Thomas Foundation, which trained DCBS staff to support children with terminated parental rights in finding adoptive families. Secretary Stack confirmed that no employees would be terminated; their work will be integrated into the existing infrastructure. While the Dave Thomas program may not be replicated, social workers will continue frontline work, and Wendy's staff will assist with adoption paperwork. Every state will be required to pay 25% more for administrative matching starting this fall. However, beginning next federal fiscal year, Kentucky will not face an additional 5% penalty since its error rate was below 6%.

In response to Representative Heavrin, Secretary Stack confirmed that DCBS shared the program's funds, specifically the Title IV dollars, with Chair Williams. He mentioned that he regularly meets with committee chairs and testifies before various committees on similar topics. Achieving alignment can be challenging because not everyone hears the same information, which often results in gaps in information or understanding. However, the cabinet is committed to addressing questions and supporting individual areas of focus. He acknowledged the complexities of implementing programs effectively in accordance with federal and state laws and funding requirements, not only for the executive branch but also for the stakeholders, who may seek to stay informed. He expressed appreciation for the members' understanding and willingness to engage with the cabinet. Chair Williams expressed regret for not previously disseminating the information provided to the committee and has committed to doing so. Representative Heavrin expressed frustration that funding is allocated to programs without a clear plan, such as universal Pre-K, while crucial prevention programs receive no support.

In response to Representative DJ Johnson, Secretary Stack addressed his concern that there would be a 7% reduction in General Funds for prevention contracts across the board, regardless of those programs' success or failure. The cabinet seeks to allocate resources to high-performing investments and reduce them for lower-performing programs.

In response to Representative Wilson's inquiry, Secretary Stack emphasized that the cabinet strives to meet the budget line items as established by the legislature. Nevertheless, challenges arise when the baseline and the resources received are misaligned. In such instances, it becomes necessary to reduce funding for existing programs to allocate the required resources.

Adjournment

With no further business to discuss, the meeting was adjourned at 11:30 AM (ET)/10:30 AM (CT).