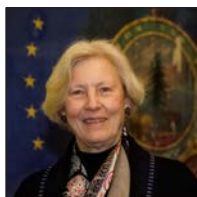




The Cost of Childcare

Dr. AJ Griffin

CEO, Potts Family Foundation, former member of the Oklahoma State Senate



Senator Jane Kitchel

Former Appropriations Chair, Vermont (retired)

Early childhood development has lasting consequences for individual health, educational achievement, and economic stability, according to Dr. A.J. Griffin, a former Oklahoma State Senator. Research on adverse childhood experiences demonstrates that trauma and deprivation during the first five years of life can contribute to poor health and economic outcomes in adulthood. Dr. Griffin argues that greater investment in early childhood could reduce future public expenditures..

Family economic stability is a major determinant of children's long-term success. Access to reliable childcare allows parents to maintain employment and improve household income, benefiting both children and the broader economy.

Childcare is inherently expensive because it is labor-intensive and must maintain low child-to-staff ratios for safety. Unlike other service businesses, childcare providers cannot substantially increase the number of customers served without increasing staffing. Consequently, families pay high prices while childcare workers receive relatively low wages.

The United States invests comparatively little public funding in early childhood care. Dr. Griffin argued that childcare should be treated as essential economic infrastructure, comparable to transportation, education, and other services that support workforce participation.

Oklahoma's experience with universal prekindergarten illustrates the complexity of childcare policy. Although universal pre-K expanded educational access, it did not

Childcare should be treated as essential economic infrastructure, comparable to transportation, education, and other services that support workforce participation.

produce the anticipated improvements in academic achievement. Moving four-year-olds into public schools also weakened the financial stability of childcare centers, which depend partly on older children to offset the higher costs of infant and toddler care.

Affordable childcare is particularly important for women's workforce participation. Dr. Griffin emphasizes that leaving employment to care for children can reduce lifetime earnings, retirement savings, and career opportunities. Childcare shortages also contribute to staffing difficulties in predominantly female professions, including nursing and teaching.

Childcare businesses frequently lack access to the economic development incentives, financing, and technical assistance available to other industries. These disadvantages are especially pronounced in rural communities, where small populations make childcare operations financially difficult to sustain.

Dr. Griffin recommended regulatory flexibility without compromising child safety. Licensing requirements

continued

should protect children while minimizing unnecessary administrative costs. Shared staffing arrangements, cooperative business structures, and centralized administrative services could reduce expenses for small childcare providers.

Additional recommendations include employer-supported childcare, business tax incentives, and partnerships with schools, hospitals, and faith-based organizations. Existing buildings could accommodate childcare programs if liability and insurance barriers were addressed.

Family-based and informal childcare should also be recognized as important components of the system. Grandparents, relatives, neighbors, and small home-based providers supply substantial amounts of care. Policies should preserve these arrangements while maintaining appropriate safety protections.

Smarter regulation, not weaker regulation	
States can make it easier to provide child care without making it less safe or lowering quality. Source: Center for American Progress.	
What does not work	Better reforms
<ul style="list-style-type: none"> Lowering educator qualifications may weaken the skilled interactions that support children's learning and development. Raising child-to-staff ratios reduces individual attention and can increase safety risks, especially for infants and toddlers. Sweeping cuts to health and safety rules shift risk to children and families without addressing major costs such as staffing and facilities. Lower standards alone cannot resolve the affordability paradox: families struggle to pay while providers operate on thin margins. 	<ul style="list-style-type: none"> Set clear licensing timelines and simplify applications so qualified providers can open or expand sooner. Modernize inspections with consistent checklists, timely feedback and risk-based scheduling while retaining essential safeguards. Allow flexibility in meeting requirements to accommodate different markets. Review rules for unnecessary administrative costs, but preserve staff qualifications, appropriate ratios and child safety protections.

Dr. Griffin advocated integrating childcare into state economic development strategies rather than treating it solely as a family responsibility or social service. Public investment, employer participation, and practical regulatory reforms could expand access without relying exclusively on new taxes.

Vermont's Childcare Reform and Economic Development

Retired Senator Jane Kitchel, Former Appropriations Chair in the Vermont Senate, reported that Act 76: Vermont's Landmark Child Care Law provides an ambitious childcare reform program designed to improve affordability, expand access, and strengthen its workforce. The legislation reflects a growing recognition that childcare is not simply a family responsibility but an essential component of economic development.

Vermont faces significant demographic challenges, including an aging population, low birth rates, and a shrinking workforce. Childcare shortages have made

it difficult for parents to remain employed, while low wages and high operating costs have threatened the survival of childcare providers.

The legislation emerged from a decade of advocacy and substantial employer support. Businesses recognized that inadequate childcare was contributing to labor shortages. A Democratic legislative supermajority ultimately overrode the Republican governor's veto, allowing the reforms to become law.

The reforms substantially expanded financial assistance to families. Eligibility for childcare subsidies increased from 200% to 575% of the federal poverty level, extending benefits to some families of four earning approximately \$160,000 annually. Families earning below 175% of the poverty level qualify for fully subsidized care.

The state also changed its copayment system from a charge per child to a single payment per family. This particularly benefits households with multiple young children. Provider reimbursement rates increased by 35%, improving financial stability and helping childcare programs attract and retain employees.

The reforms recognize the importance of both childcare centers and licensed home-based providers. However, infant care remains particularly expensive, and some reimbursement rates still fall below the actual cost of providing services.

Vermont finances the expansion primarily through a new payroll contribution of 0.44%. Combined with existing state and federal funding, this dedicated revenue source supports the enlarged childcare system. The payroll contribution is projected to generate approximately \$90 million in its first full year and more than \$92 million the following year.

Senator Kitchel acknowledged that although employers pay much of the payroll contribution, employees may ultimately bear some of its cost through slower wage growth.

An additional proposal would have provided 12 weeks of paid family leave following childbirth. Although Senator Kitchel considered this an important complement to childcare reform, political disagreements prevented its inclusion in the final legislation.

Early results suggest meaningful improvements in childcare availability. Senator Kitchel reported that enrollment is approaching 5,000 additional children, new childcare slots have been created, and more childcare centers are opening than closing. State funding has also expanded access for some immigrant families who may not qualify for federal assistance.

continued

Despite these gains, challenges remain. Vermont's childcare system relies on several overlapping funding streams and programs, creating administrative complexity. Senator Kitchel stressed the importance of coordinating these systems and evaluating whether public investments produce their intended results.

Regulatory modernization is another priority. Rules should protect children and maintain educational quality without imposing unnecessary costs or preventing innovative approaches to service delivery.

Vermont's experience demonstrates how substantial public investment in childcare can support working families, stabilize childcare providers, and strengthen a state's economy. The reforms combine expanded subsidies, higher provider payments, and a dedicated payroll tax to address longstanding structural problems.

Senator Kitchel emphasized that successful childcare policy depends on political leadership, sustained advocacy, employer participation, reliable financing, and continuing evaluation. Although the reforms are still relatively new, Vermont offers a potentially useful model for other states confronting childcare shortages and workforce challenges.

Successful childcare policy depends on political leadership, sustained advocacy, employer participation, reliable financing, and continuing evaluation.

Conclusion

Childcare is both an investment in children's futures and a fundamental requirement for a functioning economy. Improving affordability and availability would strengthen family financial stability, increase workforce participation, alleviate labor shortages, and support long-term economic growth.

The central policy recommendation is to treat childcare as an interconnected economic system, supporting families, providers, employers, and communities rather than addressing individual components.

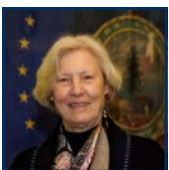
DISCUSSION



Senator Walter Michel (Vice Chair, Senate Rules Committee, Mississippi):

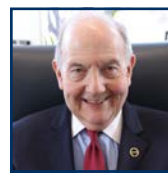
Did the legislation require the state to establish a new agency to oversee the distribution of \$90 million to private providers? Does the state regulate

providers' operating hours, service standards, meals, or other requirements? Does it place any limits on what private providers can charge for their services?



Senator Kitchel: No new agency was established to administer the program. Instead, the state expanded existing administrative capacity, including additional tax department staff and IT upgrades to process a new revenue

stream. Community-based organizations also assist with eligibility applications. Overall, the program operates through existing state structures rather than creating new agencies.



Senator Martin Looney (Senate President Pro Tempore, Connecticut):

Connecticut struggled for years to expand early childhood education, partly because programs serving children from birth to age five lacked

the strong institutional and political advocates that supported K–12 education. Growing concern about children entering kindergarten unprepared, and the potential long-term consequences for academic achievement, employment, and involvement with the justice system, helped build support for reform.

The state established an early childhood endowment fund, allocating \$300 million in the previous year and an additional \$400 million this year. The long-term goal is to provide free childcare for families earning under \$100,000 annually and limit childcare costs to 7% of income for families earning more.

Workforce needs also influenced the discussion. Employers benefit when workers have access to reliable

childcare, although an earlier tax-credit program encouraging employer-sponsored childcare attracted limited participation. The new initiative aims to improve both the affordability and quality of childcare while supporting working families and the state's economy.



Senator Chris Karr (Senate President Pro Tempore, South Dakota): We experienced a childcare crisis in Sioux Falls after seven daycare centers closed, leaving hundreds of families scrambling for care. My visits to approximately 15 facilities revealed concerns about both financial sustainability and regulatory barriers.

Senator Kesha Ram Hinsdale (Senate Majority Leader, Vermont): As former chair of the Economic Development and Housing Committee, I recognize



that many homeowners associations (HOAs) prohibit home-based childcare. Addressing these restrictions involves federal issues related to financing and shared-ownership properties, as well as state and local regulations.



Dr. Griffin: The primary challenges to having adequate childcare that we identified included low childcare wages, restrictive subsidy eligibility, and high costs for families, in addition to regulatory barriers. The central goals of our new programs were to improve affordability, stabilize childcare services, ensure providers' financial sustainability, and expand childcare access to support workforce participation.



The Cost of Deferred Maintenance

David Draine

Principal Officer, Pew Charitable Trusts

Deferred maintenance is a growing threat to the sustainability of state infrastructure, David Draine reported to the Forum. Postponing repairs increases long-term costs, accelerates deterioration, and places greater financial burdens on future state budgets. Proactive maintenance and careful management of infrastructure liabilities can reduce these risks. Deferred maintenance increases long-term infrastructure costs and places additional demands on state budgets. Measuring and managing these liabilities helps states prioritize investments, control costs, and strengthen infrastructure resilience against extreme weather and other emerging risks.

States face substantial maintenance backlogs in roads, bridges, public transit, water systems, and government buildings.

States face substantial maintenance backlogs in roads, bridges, public transit, water systems, and government buildings. Rising construction costs and inadequate funding have widened the gap between infrastructure needs and available resources.

Transportation infrastructure is particularly affected. Most states report insufficient funding for road and bridge maintenance. Public transit repair backlogs increased from \$78 billion in 2008 to \$140.2 billion in 2022, reflecting deteriorating vehicles, stations, and other facilities.

Water infrastructure requires an estimated \$1.2 trillion in investment over the next 20 years. Aging systems, extreme weather, and growing cybersecurity threats are increasing costs and creating additional risks to public health and essential services.

Many states lack comprehensive information about the condition of their public buildings, making it difficult to establish maintenance priorities. States such as Idaho and Oklahoma are developing dedicated funding

mechanisms, while improved asset inventories and condition assessments can support more effective planning.

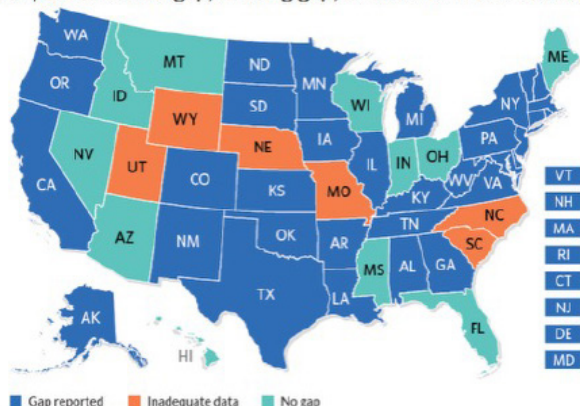
Transportation revenues have failed to keep pace with expenses. Although fuel tax receipts increased 50% between 2003 and 2023, construction costs nearly tripled. States are exploring mileage-based fees, electric vehicle charges, and tolls to supplement traditional funding sources.

Conclusion

Policymakers need timely, reliable data on infrastructure conditions,
continued

Most States Expect a Shortfall for Roads and Bridges

States reporting a 10-year condition gap, funding gap, or both for TAMP roads and bridges.



Note: The base year for 10-year projections varies by state.
Source: Pew analysis of states' 2022 and 2023 Transportation Asset Management Plans.

maintenance backlogs, projected repair and replacement costs, and funding gaps. They also need to understand how spending priorities support long-term asset management goals and whether available resources are sufficient to maintain infrastructure in good repair.

Mr. Draine concluded that preventive maintenance, reliable funding, and systematic asset management are essential to long-term infrastructure sustainability. Addressing deterioration early can reduce public expenditures, protect essential services, and prevent increasingly costly infrastructure failures.

Preventive maintenance, reliable funding, and systematic asset management are essential to long-term infrastructure sustainability. Addressing deterioration early can reduce public expenditures, protect essential services, and

DISCUSSION



Senator Nicholas Scutari (Senate President, New Jersey): Public buildings often are not owned by the state; instead, the state leases them. We maintain these buildings for all these years, and 30 years later, the owners

have a shiny, nice asset that's been well maintained and we have nothing. Senators need more information about what is owned versus leased. Do we lease? Do we purchase? Do we build? This is being thought through on the long-term life cycle. Our state is getting out of this leasing game and building more.



Mr. Draine: Decisions about whether to lease, purchase, or build facilities should consider long-term life-cycle costs. As states shift from leasing to owning facilities, it is important to estimate future maintenance expenses

and identify funding sources upfront. These costs can represent a substantial portion of the original construction cost over a building's lifetime.



Senator Kesha Ram Hinsdale (Senate Majority Leader, Vermont): The state's primary concern is quantifying deferred maintenance in school buildings. The state stopped funding school construction about 20 years

ago, and the maintenance backlog has continued to grow. Do states with school building authorities, such as Massachusetts, have better systems for tracking building conditions, collecting data, and ensuring transparency?



Senator Ronald Kouchi (President of the Senate, Hawaii): Our experience with school building authorities is that they do not work. Hawaii is the only state that manages the entire K–12 public education system statewide. The

state created a new school facilities office and dedicated staff to improve construction management, but after one year, only \$10 million of the \$300 million in available funding had been committed.

We had greater success expanding pre-K classrooms through a publicly accessible dashboard. By tracking progress publicly and holding stakeholders accountable, the state built more pre-K classrooms. The facilities office has since been returned to the Department of Education. It is apparent that leadership, transparency, and accountability are more effective than restructuring the organization.

Senator Kesha Ram Hinsdale (Senate Majority Leader, Vermont): Toll roads are also a question in our state. Vermont is one of the few states in its region without toll roads, partly because it wants to encourage people to drive through the state. I question whether avoiding tolls has become a financial burden that outweighs the benefits.

Mr. Draine:

Data show significant variation in how states fund their roads. Some rely heavily on fuel taxes, while others depend more on tolls. There is no single best approach; states use different combinations of funding sources to

continued

meet their transportation needs. The key is determining how to use the available funding tools most effectively rather than assuming that any one source is essential.

Citing Montana's experience, Mr. Draine noted that the state's 2019 Transportation Asset Management Plan (TAMP) identified bridge conditions that fell short of state goals. In response, the state increased bridge funding and refocused Department of Transportation efforts on improving bridge conditions, successfully closing the gap.

The speaker asked for comments from the Senators on their experiences raising gas taxes and compensating for revenues lost to electric vehicles (EV).



Senator Amy Sinclair (President of the Senate, Iowa): Raising our gas tax was a brutal exercise as the issue became politicized, despite the requirement for bipartisan support. Regarding EV taxation, the state has implemented

an additional vehicle registration fee and taxes related to charging stations. In Iowa, where EV use is limited, particularly in rural areas, the additional registration fee and charging-related fees are the primary approaches.



Senator Rod Bray (Senate President Pro Tempore, Indiana): Gasoline prices are highly visible to the public, making fuel taxes politically sensitive. Indiana's governor suspended the gas tax in April and May in response to rising fuel prices.

Although this provided temporary relief to drivers, it created a \$1.2 billion shortfall that the legislature must address in the next session.

As the state considers how to fund roads amid rising costs, tolling is one option, although it is unpopular in Indiana. We could consider redirecting the more than \$1 billion the state has been contributing annually to public employee pensions toward road funding, now that the pension system is expected to be fully funded within the next 12 months.



Senator Robert Stivers (President of the Senate, Kentucky): After attending the Senate Presidents' Forum in Germany (2004), and a session focused on electric vehicles, Kentucky began developing additional EV registration

fees based on average annual vehicle mileage. By addressing the issue early, before EV ownership became widespread, the state hoped to avoid political resistance.

We are exploring another source of revenue by identifying and monetizing surplus public property.

We are exploring another source of revenue by identifying and monetizing surplus public property. Road construction projects often leave unused parcels, such as land near highway interchanges. The state is assessing these properties and estimates that surplus transportation land could be worth several hundred million dollars. It is also reviewing other state-owned properties that are no longer needed. In addition, the state is encouraging school districts to evaluate surplus property and either sell it to another government entity at an appraised value or offer it for sale through competitive bidding. Although selling surplus property will not provide a sustainable long-term funding solution, it could help address temporary budget shortfalls.

Senator Kesha Ram Hinsdale (Senate Majority Leader, Vermont): Last year, I introduced a \$2 billion infrastructure bill using tax increment financing (TIF) to support housing and neighborhood development. Traditionally, the state's TIF program funded projects such as downtown revitalization and public works. The new approach allows municipalities to partner with private developers and direct municipal and education funding toward specific housing and public works projects.



Senator Rob Wagner (President of the Senate, Oregon): Oregon has spent the past 18 months struggling to develop a sustainable transportation funding plan. Historically, large transportation packages involved political bargaining

over new projects and funding for legislators' districts. Recent efforts focused instead on addressing deferred maintenance for roads and bridges, supporting public transit, and increasing revenue.

Environmental groups proposed a 400% increase in the payroll tax to fund statewide transit. Lawmakers pursued a more modest transit tax increase and higher gas taxes and fees, but the package failed to secure the required supermajority. During a special session called by the governor, legislators approved a smaller gas tax and fee increase. However, opponents gathered 250,000

continued

signatures in six weeks to refer the measure to voters, who rejected it with only 19% support. Now, lawmakers are working across party lines to develop a more modest funding package to sustain the Department of Transportation and maintain roads and bridges.

Water infrastructure presents another challenge, particularly in rural communities with significant unmet needs. State capital funding often requires balancing competing requests from smaller communities across Oregon. The state is in a difficult position: Infrastructure investment can save money over the long term, but elected officials face short election cycles and immediate political pressures. The central challenge is finding the political support to fund essential infrastructure before deferred maintenance becomes even more costly. Transportation funding will be the biggest issue in the 2027 session.



John Cullerton (Moderator): Are there other ways to fund transportation? Tolling has changed significantly. In the past, drivers had to stop and pay at tollbooths, causing traffic backups.

Today, electronic tolling allows vehicles to pass through without stopping, making toll payments less noticeable and potentially more acceptable to drivers.

Mr. Draine: States vary considerably in how they fund roads, and we see a lot of band-aid approaches. Some rely heavily on fuel taxes, while others depend more on tolling or other revenue sources. The data suggest there is no single best approach. Rather, states have a range of funding tools available and must determine which combination best meets their transportation needs.

Mr. Draine queried the Forum: States get substantial funding from the federal government. These funds could shrink, so how will states fill the gap?

Senator Ronald Kouchi (President of the Senate, Hawaii): Accessing federal transportation funding often requires states to provide matching funds. In 2016, the state's transportation director persuaded the Senate to propose a gas tax increase, arguing that low fuel prices made it an opportune time. However, the bill never received a hearing in the House.

Since then, fuel tax revenue has been sufficient only to help maintain existing highway infrastructure and draw down available federal funds, leaving little money for new construction. Although lawmakers recognize the need to repair roads, the House has never advanced a gas tax increase.

The state has relied partly on federal disaster funding to repair roads and bridges damaged by storm surges and severe flooding. However, despite these repairs, the state has not built a new road in a decade.

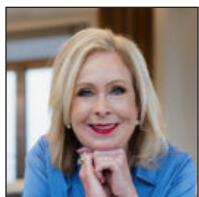


Senator Rick Kloos (Senate Majority Whip, Kansas): For years, highway funds had been transferred to the state budget, which created infrastructure challenges. To address this, Kansas implemented the IKE transportation

program, committing approximately \$1 billion annually over 10 years in road and bridge construction and preservation. By protecting these funds, Kansas has improved its roads and remains on track to meet its infrastructure goals.

The state is also reviewing its real estate portfolio, which includes 17 state-owned agency buildings and 63 leased facilities, to identify opportunities for greater efficiency, including a plan to demolish deteriorating university buildings that cost millions to maintain, allowing institutions to avoid continued spending on facilities that are no longer worth preserving.

Water scarcity is another priority. A 16-member committee is developing solutions to declining water supplies, particularly in western Kansas, where the Ogallala Aquifer is severely depleted.



Healthcare Workforce Pathways

Barb Clapp, CEO

Dwyer Workforce Development

Dwyer Workforce Development (DWD) is a nonprofit organization founded in 2020 to address two interconnected problems: The national shortage of healthcare workers and the limited economic opportunities available to disadvantaged populations. Its mission is to help individuals overcome barriers to employment while creating a sustainable pipeline of skilled healthcare professionals.

The organization operates on the principle that job training alone is insufficient to achieve lasting employment. Participants, known as Dwyer Scholars, receive individualized case management and support with childcare, transportation, housing, food insecurity, and other challenges that might otherwise prevent them from completing training or maintaining employment.

Case management is the central feature of the Dwyer model. Case managers help participants develop workplace skills, resolve personal difficulties, and navigate the transition from training to employment. Support continues after graduation, reducing the likelihood that participants will leave their jobs when difficulties arise.

Case managers help participants develop workplace skills, resolve personal difficulties, and navigate the transition from training to employment.

DWD initially concentrated on training certified nursing assistants (CNAs), providing an accessible entry point into healthcare employment. The program has since expanded to support advancement into licensed practical nursing, registered nursing, emergency medical services, surgical technology, and other healthcare professions. Its long-term objective is to

One journey, many hands



help participants move beyond entry-level employment toward financial stability and middle-class careers.

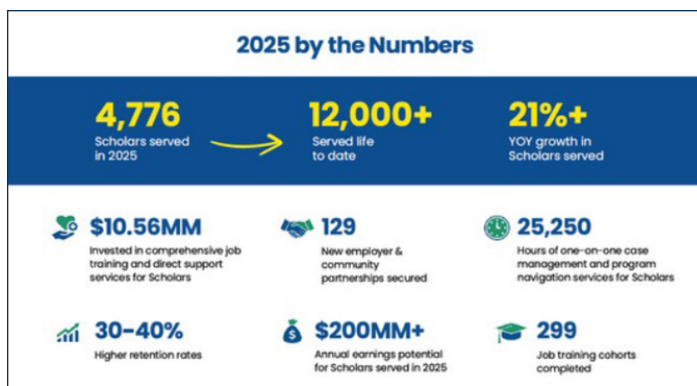
DWD works through partnerships rather than operating its own training institutions. Community colleges, private training providers, workforce development boards, hospitals, and skilled nursing facilities provide education and employment opportunities. DWD coordinates these relationships, assists with job placement, and holds partners accountable for supporting participants' success.

Ms. Clapp reported that DWD's first-year retention rates for CNAs are 30–40% higher than comparison rates. The organization attributes its success primarily to individualized support and continued intervention when participants encounter employment difficulties.

Once participants complete training and are ready for licensing and certification, the program helps them find employment with partner hospitals and skilled nursing facilities. Job placement is individualized, taking into account family responsibilities, preferred work hours, location, and other employment commitments.

DWD has experienced substantial growth. It trained 4,776 participants in 2025, representing a 21% annual increase. The organization now reports nearly 16,000 participants served, 64 employees, and operations in 11 states, with plans to expand into seven additional states.

continued



Financial sustainability and partnerships are essential to further expansion. DWD prioritizes states where public workforce programs, grants, and employer partnerships can help cover training expenses. It recently received a rural healthcare transformation grant in Maryland and is pursuing similar opportunities elsewhere.

The organization's stated goal is to train 100,000 individuals by 2030, creating a substantial workforce

pipeline while improving participants' long-term economic prospects. Ms. Clapp emphasized that rural communities present particular recruitment and retention challenges and could benefit from adapting this model.

Conclusion

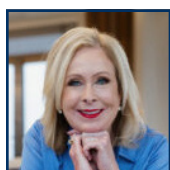
Dwyer Workforce Development offers an integrated approach to two persistent social problems: healthcare workforce shortages and economic disadvantage. Its defining innovation is the combination of professional training, sustained case management, practical assistance, and career advancement opportunities.

Investing in the long-term success of disadvantaged workers can simultaneously strengthen healthcare systems, improve employee retention, and promote economic mobility for individuals and families. Its broader implication is that effective workforce development requires sustained social support and wrap-around services, not simply access to vocational education.

DISCUSSION



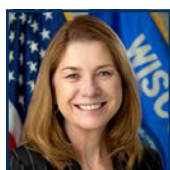
Senator Rod Bray (Senate President Pro Tempore, Indiana): Where do your funds come from and what is the role of the states in providing funding?



Ms. Clapp: The program is funded through private donations, partnerships with state organizations, and revenue from a related healthcare business. Its annual CareForce Collective Breakfast is a major fundraising event, with

contributions continuing to grow.

To create a sustainable funding source, Jack Dwyer led a \$590 million acquisition of 52 skilled nursing facilities in Texas in 2022, subsequently rebranding the business as Well Central Health. The company has since expanded to 70 facilities, operating under a “people over profits” philosophy. And after deal covenants are met, their profits help fund the Workforce Development Program.



Senator Mary Felzkowski (President of the Senate, Wisconsin): We have a very robust technical college system that does a great job with CNA training, et cetera. We've done a huge expansion

with the UW Milwaukee nursing program, but finding preceptors is the challenge. How would your program work with our technical colleges and how are you addressing the preceptor issue?

Ms. Clapp: We're working with a lot of technical colleges and community colleges. And again, it's not one size fits all. We find partners that will work with us and provide wrap-around services to support our Scholars.



Senator Bill Ferguson (President of the Senate, Maryland): A few years ago, everybody was talking about the nursing crisis in Maryland, and especially in rural healthcare. But in the last three years, everybody's talking

about the Dwyer Workforce Solutions. How does a state work with DWD? What are the costs to the states?

Ms. Clapp: The program builds state partnerships by engaging governors, senior administration officials, and workforce agencies, while the program's partnership team manages ongoing relationships. Support from state leadership has been particularly valuable.

Implementing the program requires financial investment, but funding can come from multiple

continued

sources, including state appropriations, workforce development grants, Rural Health Transformation Program funds, hospitals, nursing homes, and workforce boards. Maryland, for example, uses EARN grants and other state funding sources.

Although states must contribute resources, workforce shortages and unemployment also impose significant economic costs. Expanding the program requires shared financial commitments from government agencies, healthcare employers, and workforce development partners.



John Cullerton (Moderator): Why is there a shortage of healthcare workers?

Ms. Clapp: Covid burned people out. They left in record numbers. And that has been extraordinarily challenging for the industry. And wages have not kept up with the level of work that is required.

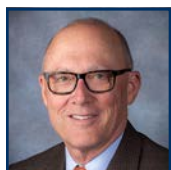


Senator Chris Karr (Senate President Pro Tempore, South Dakota): We face persistent nursing shortages despite substantial investments over the past five or six years in technical colleges, universities, and healthcare partnerships.

These efforts have increased the number of certified nursing assistants (CNAs), licensed practical nurses (LPNs), and registered nurses (RNs) entering the workforce.

However, retaining graduates remains a major challenge. Many leave for higher-paying positions in other states or pursue travel nursing opportunities. Healthcare systems have introduced tuition assistance tied to employment commitments, but what additional strategies, beyond higher salaries, could help states retain the nurses they have invested in training.

Ms. Clapp: In our program, once a Dwyer scholar, always a Dwyer scholar. So one of the incentives is that they will get to grow in their careers in that state. And a lot of programs require that grant recipients have to stay in that state.



Speaker John Arch (Speaker of the Legislature, Nebraska): In Nebraska, the primary barriers to expanding the healthcare workforce are not a lack of interested students but shortages

of qualified faculty and clinical training placements. Healthcare providers, particularly those in private practice, may be reluctant to accept students because supervision reduces productivity and revenue. Are other states experiencing similar challenges?

Ms. Clapp: The Dwyer Workforce Development Program attributes much of its success to its flexibility in adapting to the needs of individual states and communities. Many participants have relied on public assistance, and the program helps them transition into employment, reducing dependence on social services and contributing to the economy.

The program recognizes that barriers to employment extend beyond financial limitations. Participants may face limited work experience, social pressures, and personal challenges. Dedicated case managers provide individualized support, help resolve problems, and guide participants through training and employment.

Program leaders also actively address systemic obstacles, including delays in testing and professional licensure. They work with legislators, nursing boards, and other state agencies to remove barriers and help participants enter the workforce. This combination of individualized case management and persistent advocacy is considered central to the Dwyer Workforce Development Program's success.

This combination of individualized case management and persistent advocacy is considered central to the Dwyer Workforce Development Program's success.



Senator Robert Stivers (President of the Senate, Kentucky): We found that state-imposed enrollment caps had restricted nursing education despite severe workforce shortages. Rather than incrementally increasing enrollment

limits, the state eliminated the caps and gave public and private nursing schools responsibility for expanding faculty and securing clinical placements in partnership with healthcare employers.

The state is also seeking to redirect more than \$110 million accumulated by its hospital association through a 1% share of state-directed payments toward healthcare workforce training, primarily for nurses and physicians.



History that Doesn't Suck

Professor Greg Jackson

Utah Valley University

Professor Greg Jackson's presentation drew parallels between the nineteenth century and contemporary American politics, including disputed elections, partisan journalism, misinformation, and threats of political violence. Professor Jackson argued that today's divisions are serious but not historically unprecedented.

His lesson in history examined the fiercely contested presidential election of 1876 between Republican Rutherford B. Hayes and Democrat Samuel J. Tilden. Although Tilden won the popular vote and initially appeared certain to become president, disputed electoral returns from four states created a constitutional crisis.

The 1876 election was marked by widespread fraud, political corruption, and racial violence. In South Carolina, Florida, and Louisiana, intimidation and attacks against Black voters undermined the electoral process. Both political parties engaged in questionable practices, including ballot manipulation, bribery, and partisan decisions about which votes should count.

The disputed states produced competing electoral certificates. South Carolina and Louisiana experienced rival claims to legitimate state government, while Florida's election board overturned an apparent Democratic victory. Oregon's dispute involved the eligibility of a Republican presidential elector.

Congress faced an unresolved constitutional question: Who had authority to determine which electoral votes were valid? The Constitution provided little guidance, and earlier elections had established inconsistent precedents. The crisis exposed serious weaknesses in the nation's presidential election procedures.

To resolve the 1876 crisis over competing electoral certificates, Congress established a 15-member Electoral Commission composed of legislators and Supreme

Court justices. The commission ultimately awarded all 20 disputed electoral votes to Hayes, giving him the presidency despite Tilden's popular-vote victory.

To resolve the 1876 crisis over competing electoral certificates, Congress established a 15-member Electoral Commission composed of legislators and Supreme Court justices.

The political settlement came at a devastating cost to Black Americans. Republican leaders agreed to withdraw federal troops from the South, effectively ending Reconstruction. This weakened federal protection of Black voting rights and helped enable the rise of Jim Crow segregation. The crisis also exposed the dangers of partisan control over election certification. Professor Jackson explained how the Electoral Count Act of 1887 subsequently attempted to clarify procedures and limit the authority of the U.S. Senate's presiding officer.

Professor Jackson's central lesson is that democracy does not automatically produce just outcomes. Political compromise may preserve governmental stability while sacrificing the rights of vulnerable populations. The election of 1876 illustrates both the resilience of American institutions and the profound consequences when political expediency takes precedence over equal rights.

The election of 1876 illustrates both the resilience of American institutions and the profound consequences when political expediency takes precedence over equal rights.

continued

Impact of AI on our Democracy

In his closing remarks, Professor Jackson asked Forum participants for their opinions on the impact of Artificial Intelligence (AI) on the political process. He noted that AI presents both opportunities and risks. History offers parallels: industrialization displaced workers and provoked resistance, but also created new industries and opportunities. AI may similarly disrupt jobs, including creative professions, while generating benefits and careers we cannot yet imagine. Much of today's anxiety stems from uncertainty about the future. History suggests that neither utopia nor dystopia is inevitable;

AI will likely create new challenges while helping solve existing ones.

Professor Jackson: The blank page of tomorrow is what terrorizes us. That is what we face with AI right now.

The blank page of tomorrow is what terrorizes us. That is what we face with AI right now.

– Professor Jackson

DISCUSSION



Senator Gary Stevens (President of the Senate, Alaska): Alaska has two U.S. Senate candidates with the name Dan Sullivan. Although they are distinguished on the ballot by their middle initials—Daniel S. Sullivan and

Daniel J. Sullivan—the Elections Committee has also identified one as the incumbent, raising concerns about fairness. Has a similar situation occurred elsewhere in the United States?



Professor Jackson: Candidates with identical names have appeared in other elections, including in Utah. Such situations raise questions about election fairness and the public's responsibility to hold election boards

accountable. History demonstrates the resilience of American institutions despite repeated challenges and abuses. Their strength depends on citizens demanding ethical conduct and continuing to strive toward a more perfect union.

Examining the darkest moments of our history has reinforced my belief in the resilience of our institutions.

Examining the darkest moments of our history has reinforced my belief in the resilience of our institutions. Despite repeated challenges and abuses, they endure because enough Americans appeal to their better

angels. Whether Alaska handles this situation ethically will depend on citizens holding election officials accountable. Our history is not one of perfection, but of continually striving toward a more perfect union.



Senator Bill Ferguson (President of the Senate, Maryland): What was the role of the press in this, and how did the free press contribute—or not—to shifting the narrative?

Professor Jackson: Most newspapers assumed Samuel Tilden had won the 1876 presidential election, and nearly all congratulated him on November 8. However, the staunchly Republican New York Times insisted that the election remained contested.

That reporting sparked a necessary controversy, even if the eventual resolution was imperfect. Without the press challenging the presumed outcome, allegations of violence, voter intimidation, and election fraud might have been overlooked or forgotten. Ironically, it was a partisan newspaper defending its preferred candidate that helped bring these issues to light.

A free press is essential to democracy, despite its flaws.

A free press is essential to democracy, despite its flaws. However, the press can also deliver “Fake News”—deliberately deceptive reporting—when editors

continued

knowingly publish false information. In contrast, strongly partisan reporting, even when misleading or inaccurate, is different if those responsible genuinely believe what they are saying.

Thomas Jefferson argued that citizens, rather than government officials, should determine what is true. He famously preferred “a nation with newspapers but no government to one with government but no newspapers.”



Senator Martin Looney (Senate President Pro Tempore, Connecticut):

Would Samuel Tilden have pursued a different Reconstruction policy than Rutherford B. Hayes? President Grant reportedly wanted to continue

Reconstruction but lacked congressional support for the necessary funding, troops, and resources. Is that accurate?

Professor Jackson: Tilden’s policies were very similar to Hayes’s, so his election likely would not have changed the outcome. The country had grown weary of Reconstruction and was moving toward abandoning it. Even Grant, despite his stature as a Civil War hero, could not reverse that political shift.

Are there any states that resolve election contests in the legislature?



Senator Robert Stivers (President of the Senate, Kentucky): In Kentucky, contested statewide elections, including races for governor and attorney general, are decided by the state Senate rather than through the procedures used for

local races. One speaker recalled a disputed election involving hanging chads that required legislative intervention. When Andy Beshear narrowly defeated incumbent Governor Matt Bevin in 2019, Bevin also had the option to contest the result before the Senate.



Senator Thomas Alexander (President of the Senate, South Carolina): A contested House election can be appealed to the full House of Representatives, and a Senate

race nearly reached the state Senate two years ago. In extremely close elections, politics can influence recounts, particularly when officials must interpret ambiguous ballots, such as those with partially punched chads.



Senator Ronald Kouchi (President of the Senate, Hawaii):

Hawaii’s recent Republican primaries produced two unusually close races. In a state House race, the incumbent initially won by one vote, while in a state Senate race,

the incumbent lost by seven votes. Under Hawaii law, voters have a limited period to correct rejected ballots, including those with signature problems.

After ballot corrections, both races ended in ties. Hawaii law provides for resolving tied elections by drawing names by lot, and in both cases the challengers were selected.

The House incumbent challenged the result in court, alleging irregularities in the drawing process. The court subsequently found that certain ballots had been improperly rejected, potentially affecting the outcome, and ordered a new primary election. The Senate incumbent also attempted to challenge the result, but missed the filing deadline, so the challenge was dismissed.

The House primary must now be rerun, with no Democratic candidate competing in the general election. The situation illustrates how a handful of ballots, election procedures, and legal deadlines can determine an election outcome.

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Prediction Markets

Marvin Yates

Vice President, Strategic Government Relations, MultiState Associates

Prediction markets are financial contracts tied to the outcomes of future events, including elections, economic developments, and sporting competitions. Contract prices reflect the market's estimated probability that an event will occur. Although prediction markets date to 1988, their recent expansion into sports has created substantial regulatory controversy.

The central legal question is whether prediction markets constitute gambling or financial services. Companies such as Kalshi, Polymarket, Robinhood, and Crypto.com argue that their products fall under federal regulation by the Commodity Futures Trading Commission (CFTC). States contend that sports-related

contracts resemble conventional sports betting and should be subject to state gambling laws.

The central legal question is whether prediction markets constitute gambling or financial services.

The dispute involves numerous stakeholders, including financial institutions, gaming companies, professional sports leagues, college athletics, federal regulators,

and state governments. Traditional financial exchanges are particularly concerned that restrictions on sports prediction markets could inadvertently affect legitimate financial contracts involving economic indicators, commodities, and weather.

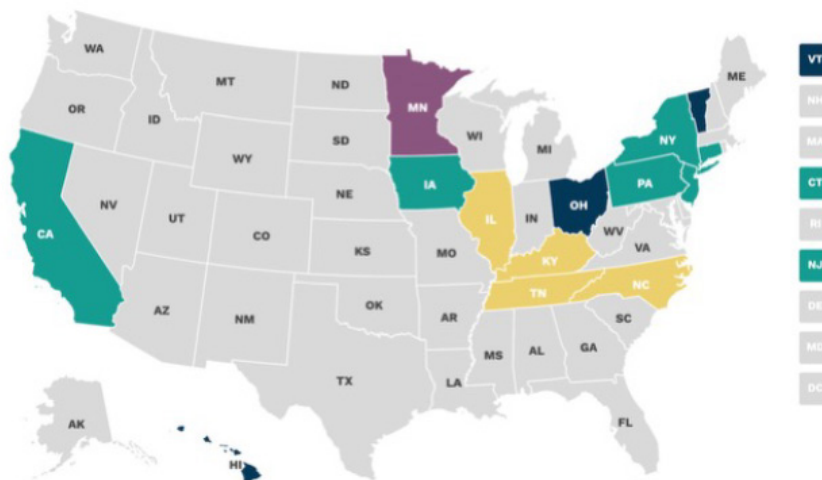
Federal courts have issued conflicting decisions about regulatory authority; one federal appellate court favored federal jurisdiction, while two others supported state authority. The disagreement could ultimately require resolution by the U.S. Supreme Court.

States have adopted different legislative approaches. Approximately 20 states have pursued legal action against prediction market operators, while 15 introduced legislation in 2026. Some have attempted outright prohibitions, while others have considered taxation, consumer protections, or further study.

continued

Which States Considered Prediction Market Legislation in 2026

- Bill Banning Prediction Markets Introduced
- Bill Banning Prediction Markets Enacted
- Bill Regulating Prediction Markets Introduced
- Bill Regulating Prediction Markets Enacted



Source: MultiState. Data as of September 15, 2026.

North Carolina offers an alternative approach, allowing federal regulation to continue while imposing a 6% state tax on certain prediction market activities. Connecticut has pursued a study process to evaluate regulatory options before adopting comprehensive legislation.

Mr. Yates emphasized the importance of distinguishing sports-related contracts from traditional financial derivatives. Broadly written legislation could unintentionally disrupt established financial markets while attempting to regulate products that resemble sports gambling.

Sports prediction markets raise particular concerns about competition integrity. Contracts involving individual athletes' performance may create opportunities for manipulation, match-fixing, and improper use of confidential information. These risks can be greater when contracts concern specific actions rather than the overall outcome of a game.

Consumer protection is another major policy concern. Potential safeguards include minimum age requirements, deposit limits, restrictions on insider trading, and measures to prevent exploitation of vulnerable participants. Such protections might be adopted without completely prohibiting prediction markets.

Mr. Yates recommended that lawmakers clearly identify the specific problems they intend to address before developing legislation. States should consider whether their primary objectives involve taxation, consumer safety, sports integrity, or establishing regulatory authority.

Conclusion

Prediction markets occupy an increasingly contested intersection of financial regulation, sports gambling, and state authority. Mr. Yates advocates a measured regu-

latory approach that distinguishes legitimate financial products from sports-related speculation, protects consumers, and preserves market integrity.

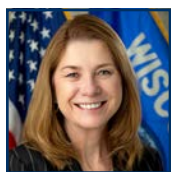
Prediction markets occupy an increasingly contested intersection of financial regulation, sports gambling, and state authority.

Until federal and state jurisdiction is clarified, policymakers should prioritize carefully defined legislation and practical consumer safeguards rather than sweeping restrictions that could produce unintended economic consequences.

Just days after this session, 40 Attorneys General signed a letter and the NFL sent a brief to the Supreme Court supporting the New Jersey ruling that sports prediction markets are gambling: Majority of states join New Jersey in calling on Supreme Court for prediction market regulation.

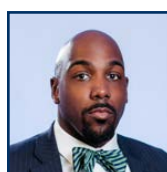
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DISCUSSION



Senator Mary Felzkowski (President of the Senate, Wisconsin): Are there any federal regulators, such as the Commodity Futures Trading Commission (CFTC), that perform any of the safety and age-gating or consumer protections around these markets?

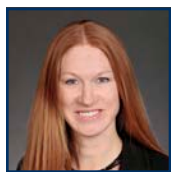
Mr. Yates: No. Event-contract platforms have been able to operate under existing financial-services regulations, with participation generally available to individuals aged



18 and older. Congress is now examining concerns about insider trading and the use of confidential information as these markets expand.

The primary user demographic appears to be adults aged 25–35. However, event contracts may attract younger users because the minimum age is sometimes 18, compared with 21 for sports betting in some states. Aligning age restrictions across these markets may help address this regulatory gap.

continued



Senator Amy Sinclair (President of the Senate, Iowa): Do you see a potential for federal or state regulations governing event contracts affecting agricultural commodity futures markets?

For an agricultural state, overlapping regulations could create complications for farmers who rely on futures contracts to hedge against price fluctuations and manage the risk of future crop sales.

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– Sen. Amy Sinclair, Iowa

Mr. Yates: Legislation must clearly distinguish sports betting from prediction markets to avoid unintended regulatory consequences. Broad definitions of prediction markets or event contracts could create complications for farmers, the energy sector, and other industries that use these markets to hedge business risks.

Many states have adopted generic definitions that may capture a wide range of activities. To develop appropriate regulations, lawmakers should consult not only prediction-market companies and industry associations, but also farmers, educational institutions, and others who use these markets for legitimate business or educational purposes. Clear definitions and broad stakeholder input are essential to avoid unnecessary regulatory burdens.



Senator Valarie Lawson (President of the Senate, Rhode Island): I'm concerned about how much prediction markets have grown, how they are likely to evolve, and how states should respond. My central concern is that

these markets may be diverting activity—and potential tax revenue—from state-regulated sports betting. What should we know in order to develop an appropriate regulatory and revenue strategy?

Mr. Yates: Billions of dollars are being traded through prediction markets. Some companies avoid operating in states where sports betting is legal, so legalizing sports betting may help redirect activity into regulated markets. However, states must consider how to capture tax revenue without imposing rates so high that platforms withdraw or drive consumers toward illegal markets.

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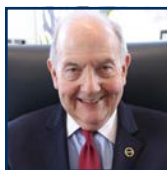
Before legislating, states should clarify their goals: Raising revenue, protecting consumers, or understanding how prediction markets operate. Unlike traditional sportsbooks, prediction markets often facilitate peer-to-peer contracts, with participants taking opposing positions rather than betting against the house. Excessive taxation of these platforms could undermine their viability, making it important to understand their business model before establishing regulations.



Senator Bill Ferguson (President of the Senate, Maryland): Can you speak to iGaming and the intersection between iGaming and prediction markets?

Mr. Yates: The growth of prediction markets parallels the modernization of gaming through technology, including online gaming (iGaming) and digital lotteries (iLottery). Although prediction markets have existed since 1988, greater accessibility, technological advances, and growing public acceptance of sports betting have expanded their appeal. However, prediction markets remain distinct products with different uses.

One potential development is the introduction of near-instantaneous contracts, similar to betting on the next pitch in a baseball game or even individual slot-machine outcomes. Currently, prediction markets generally focus on events further in the future. Moving toward instant outcomes could significantly change the market and the platforms' business models.

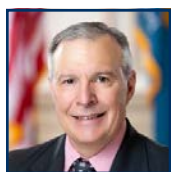


Senator Martin Looney (Senate President Pro Tempore, Connecticut): Connecticut faced a unique situation because existing agreements with Native American tribes governing casino

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operations required the state to negotiate with them before legalizing additional forms of gambling. Those negotiations were completed when the state legalized sports betting.

Public support for legalizing sports betting in Connecticut reflected its perceived inevitability and the desire to keep revenue within the state. Many residents viewed it as preferable to allow people to wager legally and tax the activity rather than lose that revenue to neighboring states.



Senator David Sokola (Senate President Pro Tempore, Delaware): I want to push back a little on the idea that there's no "house" making a profit in prediction markets. If the University of Delaware plays Connecticut in

football, and Senator Looney and I make a private wager on who wins the coin toss, there's no house involved. But if we place that same wager through Kalshi or another prediction market platform, the company is making money – it is "the house." How transparent are those fees? Where does that revenue come from, and how does that affect the distinction between gambling and prediction markets?

Mr. Yates: Prediction market platforms generate revenue primarily through brokerage and transaction fees, much like traditional financial services platforms. Some operate as direct exchanges, while others use companies such as Kalshi to provide back-end services. Fees may be charged between the exchange, the hosting platform, and the customer.



Senator Ronald Kouchi (President of the Senate, Hawaii): Although Kalshi operates as a peer-to-peer prediction market, it charges disclosed transaction fees, similar to fees on financial trades. However, participants do not know who

holds the opposing contracts or whether those individuals can influence the outcome. This lack of transparency raises concerns about potential conflicts of interest and market manipulation, particularly when participants have inside knowledge or control over the events being predicted.

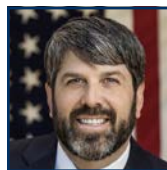
Mr. Yates: Another concern is the potential involvement of major financial institutions, including banks, that may be investing substantial amounts in particular event contracts. Individual customers may not know

who is on the other side of their wagers. This raises important regulatory questions about transparency and the identities of market participants. While brokerage and transaction fees should be disclosed to customers, the involvement of large institutions and the sources of money flowing into these markets are not necessarily transparent.

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– Mr. Marvin Yates



Senator Garlan Gudger (Senate President Pro Tempore, Alabama):

Alabama is in a different position because we don't even have a state lottery. We anticipate a new governor who may support comprehensive

gambling legislation, and we want to give voters the opportunity to decide. Now prediction markets have introduced an entirely new dimension to gambling, attracting people who previously had no interest in betting. For example, my wife has no interest in sports betting, but she might wager on what Melania Trump will wear to an event. Prediction markets are drawing in entirely new groups of participants, and billions of dollars are already flowing through these platforms.

We need clear definitions, appropriate taxation policies, and a thoughtful approach to regulation and that begins with bringing the right stakeholders to the table.

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– Sen. Garlan Gudger, Alabama

Mr. Yates: There are some models such as North Carolina's prediction market legislation, which is considered one of the better models by the industry,

continued

although its definitions need greater clarity, particularly regarding which activities should be regulated. New York and New Jersey offer useful provisions addressing insider trading and consumer protections. However, no state has developed a comprehensive model.

About 15 states have introduced legislation, with six or seven passing measures addressing taxation, consumer protections, or restrictions on minors. This patchwork approach creates regulatory challenges, raising questions about federal versus state jurisdiction. Connecticut's ongoing study may help identify a more comprehensive approach.

This patchwork approach creates regulatory challenges, raising questions about federal versus state jurisdiction.



Senator Rob Wagner (President of the Senate, Oregon): Kalshi has hired lobbyists in our state and expressed a willingness to be regulated and taxed. However, we anticipate that tribal gaming interests may push for an

outright ban, potentially following Minnesota's approach.



Senator Bobby Joe Champion (President of the Senate, Minnesota): Our state has banned prediction markets outright. The legislation drew support and opposition from both parties, with concerns about gambling addiction

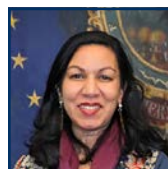
playing a significant role. The law is now the subject of litigation.

Initially, prediction market companies resisted state regulation, arguing that they were already regulated by the Commodity Futures Trading Commission (CFTC) and threatening litigation rather than engaging with state legislators. More recently, however, these companies have shifted their approach, expanding their state-level teams and becoming more willing to discuss regulation with lawmakers.

Mr. Yates: Prediction market companies are increasingly hiring state lobbyists and engaging with legislators. These discussions should include not only major platforms like

Polymarket and Kalshi, but also farmers, engineers, and small businesses that may use prediction markets to hedge financial risks.

Open dialogue can help states develop appropriate regulations and tax policies. Companies have shown a willingness to consider certain regulations, including taxes and contributions to problem gambling prevention and treatment funds.



Senator Kesha Ram Hinsdale (Senate Majority Leader, Vermont): Gambling addiction was a major factor in passing our state's sports betting legislation, which provided additional funding for prevention and treatment. We continue

to evaluate how effectively those funds are being used.

Prediction markets raise new concerns about gambling addiction, particularly when combined with smartphone dependency and social isolation. Unlike traditional gambling, these platforms allow people to wager from home on virtually anything, including the weather. Increased competition may also encourage companies to target younger audiences.

These concerns will make it difficult to persuade legislators to support prediction markets simply as a way to bring illegal gambling into a regulated system. States may need stronger consumer protections, such as prohibiting credit card payments, raising minimum age requirements, and establishing safeguards against gambling addiction before the problem becomes unmanageable.

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- Sen. Kesha Ram Hinsdale, Vermont

Mr. Yates: States need to work with prediction market companies and other stakeholders to address gambling addiction and establish appropriate safeguards. Sports betting offers several models, including requiring companies to contribute a fixed annual amount or a percentage of revenue to problem gambling prevention and treatment funds.



Rural Healthcare

Hemi Tewarson, JD, MPH

Executive Director, The National Academy for State Health Policy

Ms. Tewarson explored the long-standing challenges facing rural health care and the role of the federal Rural Health Transformation Program (RHTP) in addressing these challenges. People in rural communities are aging while their healthcare systems are contracting. Hospital consolidation, facility closures, shortages of maternity and behavioral-health services, and difficulty recruiting and retaining health professionals have made access increasingly fragile.

The RHTP was created to stimulate new approaches to these problems. Congress authorized \$50 billion over five years beginning in fiscal year 2026, distributed among eligible states. Although substantial, the funding is temporary and cannot permanently solve rural healthcare problems. Ms. Tewarson therefore describes it as “catalytic” funding: States should use it to develop systems and investments that can survive after federal funding ends.

The program has five broad goals:

1. Improving rural population health through prevention and chronic-disease management;
2. Preserving sustainable access to care;
3. Strengthening the rural healthcare workforce;
4. Developing innovative models of care and payment; and
5. Using technology to make rural healthcare more efficient and accessible. Because traditional fee-for-service systems depend on patient volume, they may be poorly suited to sparsely populated or shrinking rural communities.

Implementation has been unusually rapid. States had only a few months to create administrative structures, establish procurement procedures, select projects, and obligate their first-year funds. At the same time, federal guidance continued to evolve. This created significant

administrative difficulties, particularly because states risked losing money they failed to obligate by the deadline.

Demand for the funding greatly exceeds available resources. In Alaska, for example, roughly 1,800 applications were submitted, while only a few hundred were expected to receive funding. Ms. Tewarson argued that states therefore need transparent procedures for deciding who receives money and must ensure that small rural organizations are not disadvantaged simply because larger institutions are better equipped to navigate complicated grant applications.

Demand for the funding greatly exceeds available resources.

A central concern is sustainability. States should avoid creating programs that disappear when federal funding ends after five years. Telehealth infrastructure, for example, should be paired with reimbursement arrangements that allow providers to continue offering telehealth after grant funding expires. Georgia is exploring a different approach for rural hospitals: Replacing conventional fee-for-service reimbursement with a global budget, which could provide greater financial stability when patient volume is low.

States are experimenting with several specific strategies. In maternity care, these include birthing centers, mobile clinics, community-based services, and technology-supported care. Arkansas is supporting mobile clinic teams serving rural pregnant patients. In primary care, states are integrating primary care with behavioral and specialty services, expanding telehealth, improving information systems, and experimenting

continued

with alternative payment models. Maine, for example, is developing statewide virtual primary care and closer coordination between primary and behavioral health services.

Workforce development is another major priority. Utah provides an example of a comprehensive strategy based on identifying workforce shortages through data and then targeting those shortages through graduate medical education, career-training programs, early-career pathways, preceptor programs, expanded practitioner roles, and recruitment and retention incentives. The broader principle is that rural workforce policy should be based on identified local needs rather than isolated recruitment programs.

Finally, states face financial accountability to the federal government. CMS can potentially claw back funds if states fail to fulfill commitments contained in their applications, including promised policy changes such as scope-of-practice reforms or participation in interstate workforce compacts. The overall message is that the RHTP represents a major opportunity, but its success will depend on whether states use temporary

federal funding to create durable structural changes in rural health care rather than temporary programs.

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Conclusion

Looking ahead, Ms. Tewarson emphasized transparency, accountability, coordination, and long-term planning. States must track where money goes and whether programs produce meaningful results. They also need to coordinate RHTP investments with Medicaid, infrastructure, economic-development, and workforce policies. Rural providers must have a fair opportunity to compete for funding, rather than allowing resources to flow primarily to organizations with sophisticated grant-writing capacity.

DISCUSSION



Senator Mary Felzkowski (President of the Senate, Wisconsin): Is it likely that changes in the federal political landscape following this fall's elections could eliminate some of these requirements. The state has not approved

scope-of-practice changes and has yet to submit its Section 1310 SNAP waiver to CMS, potentially jeopardizing \$50 million in funding. Is it possible that requirements involving scope of practice, SNAP waivers, and interstate compacts could be reduced or eliminated under a new legislative majority? Or are these requirements essentially fixed, regardless of the election results?



Ms. Tewarson: Rural Health Transformation Program (RHTP) requirements will remain in place throughout the current administration. Changes would likely require substantial revisions to federal legislation, which seem unlikely

in the coming year. States should plan on meeting existing requirements rather than anticipating federal changes.



Senator Thomas Alexander (President of the Senate, South Carolina): What are the RHTP grant criteria concerning operational and recurrent expenses?

Ms. Tewarson: CMS allows grant funding for workforce operations and infrastructure but emphasizes sustainability beyond the five-year funding period. States must demonstrate how these investments will continue to support providers after federal funding ends. Salary support is negotiated on a state-by-state basis and is generally viewed as less sustainable. CMS prefers investments in technology, infrastructure, and practice development that improve long-term efficiency and expand access to care without requiring ongoing federal support. These issues are being negotiated on a state-by-state basis.



Senator Robert Stivers (President of the Senate, Kentucky): We feel pressure to address immediate workforce shortages, however, we are experimenting with programs that could

continued

provide sustainable solutions by recruiting students from rural communities into dual-credit programs that allow high school and college students to accelerate their education and gain professional certification. Such programs could shorten training by one or two years for careers in nursing, medicine, and radiology. These students are more likely to return to practice in their home areas. The question is whether CMS will fund these longer-term workforce development pipelines.

Ms. Tewarson: CMS negotiates with each state but has allowed RHTP funding for long-term healthcare workforce pipelines, including accelerated education and credentialing programs, even when participants may not enter the workforce for 10–15 years. These initiatives are considered investments in building a sustainable rural healthcare workforce.

CMS favors state applications with a clear overarching mission that connects individual initiatives to broader goals. Accelerated training programs that shorten the time required to earn credentials and increase the supply of rural healthcare providers align with this approach.



Senator Bart Hester (Senate President Pro Tempore, Arkansas): Of all the applications submitted for RHTP funds, what's the best role model?

Ms. Tewarson: States are exploring innovative ways to expand rural healthcare access, including greater use of emergency medical services (EMS), mobile clinics, and technology to serve remote communities where permanent physicians or specialists are not feasible.

Long-term sustainability also requires reforming payment models for rural providers. Low patient volumes often make traditional reimbursement inadequate, and continued subsidies are not a viable permanent solution. Alternative payment structures, combined with new approaches to healthcare delivery, could improve both access and financial sustainability.



John Cullerton (Moderator): Since this program is specifically for rural hospitals, how does the federal government define rural or suburban or poor hospitals?

Ms. Tewarson: States have considerable flexibility in defining rural areas and determining which healthcare providers qualify for RHTP funding. The federal defini-

tion of a critical access hospital is one in an area that is essentially rural; however, states may include other rural healthcare facilities and providers in their grants.

The program is not intended primarily to resolve rural hospitals' financial difficulties. Consequently, direct funding to rural hospitals is capped at 15% of program funds, with the remainder supporting broader rural healthcare transformation initiatives.



Senator Kesha Ram Hinsdale (Senate Majority Leader, Vermont): Our governor proposed maternal healthcare facility closures in Brattleboro, but this generated significant public opposition. Although the governor subsequently

reversed his position, the controversy heightened concerns about creating maternal healthcare deserts in rural communities. How do federal officials view public disagreements over state healthcare decisions, particularly when those decisions appear to conflict with the state's overarching rural health transformation goals?

Ms. Tewarson: Maternity ward closures are accelerating nationwide, often driven by financial pressures and decisions made by individual health systems. A maternity care desert initiative operating across 40 states is exploring alternatives, recognizing that not all hospital closures can be prevented. Options include expanding birthing centers, increasing access to midwives and doulas, and establishing clear emergency transfer protocols. However, distance and travel time remain significant risks when serious complications arise. Long-term solutions may also require new hospital payment models.



Senator Chris Karr (Senate President Pro Tempore, South Dakota): I'm concerned about our legislature's limited involvement in administering RHTP funds. Executive agencies control funding decisions, while legislators receive

updates but have little opportunity to influence how funds are allocated or spent.



Senator Thomas Alexander (President of the Senate, South Carolina): We have taken a more collaborative approach, with legislators participating in project planning from the outset through their relationship with the state's health agency.

continued

Senator Mary Felzkowski (President of the Senate, Wisconsin): In Wisconsin, we had difficulties obtaining information on how RHTP funds were being used and considered using public records requests to improve transparency. We are also concerned that significant federal reforms, such as shifting from fee-for-service to bundled payments, may require CMS waivers and take several years to implement, complicating our ability to influence the program within its five-year funding period.

Ms. Tewarson: Legislative involvement varies by state, partly because executive agencies faced tight deadlines during the initial application process. Greater transparency and collaboration are needed to ensure that program investments align with broader state healthcare priorities.

Federal changes to the RHTP are unlikely in the near term because the administration strongly supports the program and significant revisions would require congressional action.

Federal changes to the RHTP are unlikely in the near term because the administration strongly supports the program and significant revisions would require congressional action.

Senator Chris Karr (Senate President Pro Tempore, South Dakota): Have the cutbacks in Medicaid hit states' budgets yet? Has the implementation been delayed?

Ms. Tewarson: Major Medicaid funding changes will begin taking effect in 2027. Community engagement requirements, effective January 1, 2027, will affect Medicaid eligibility. Reductions in allowable provider taxes, which many states use to finance their share of Medicaid costs, will begin in 2027 and 2028. State-directed payments, which some states use to increase Medicaid funding to hospitals, will also begin declining in 2028.

These changes could significantly reduce funding for rural healthcare providers. However, the RHTP was not designed to fully offset these losses. Its funding is limited,

and only 15% can go directly to rural hospitals.

States will therefore face two interconnected challenges: Managing reductions in Medicaid funding while making strategic rural healthcare investments. Coordinating these efforts will be essential to maintaining access to care and supporting the long-term financial sustainability of rural providers.

Managing reductions in Medicaid funding while making strategic rural healthcare investments. Coordinating these efforts will be essential to maintaining access to care and supporting the long-term financial sustainability of rural providers.

Senator Karen Spilka (President of the Senate, Massachusetts): Massachusetts has made substantial investments in healthcare workforce development and primary care reform. Initiatives include tuition-free community college programs, financial support for medical students who commit to practicing in underserved areas for five years, and efforts to transition from fee-for-service to global payments. The state is also working toward directing 15% of healthcare spending to primary care, including behavioral health.

However, we have serious concern about the impact of federal Medicaid changes, citing projections that more than 350,000 Massachusetts residents could lose coverage. This would increase uncompensated care costs for hospitals and providers, potentially shifting substantial financial responsibility to the state. These anticipated losses and uncertainty about their magnitude make long-term healthcare planning difficult, limiting the state's ability to sustain or expand investments in healthcare reform.

Ms. Tewarson: The Rural Health Transformation Program is one smaller piece of the puzzle of the broader sort of healthcare challenges that you all are navigating, all impacting you somewhat differently across your states. Think about how RHTP complements other things you are thinking about doing.