

# POOLED MONEY INVESTMENT BOARD

## FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1  
**BUDGET OVERVIEW, FY 2022 – FY 2024**

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
<b>Operating Expenditures:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	730,416	812,795	812,795	805,463	805,463
<i>Subtotal</i>	<u>\$ 730,416</u>	<u>\$ 812,795</u>	<u>\$ 812,795</u>	<u>\$ 805,463</u>	<u>\$ 805,463</u>
<b>Capital Improvements:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL</b>	<u><b>\$ 730,416</b></u>	<u><b>\$ 812,795</b></u>	<u><b>\$ 812,795</b></u>	<u><b>\$ 805,463</b></u>	<u><b>\$ 805,463</b></u>
<b>Percentage Change:</b>					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(0.2) %	11.3 %	11.3 %	(0.9) %	(0.9) %
FTE Positions	5.0	5.0	5.0	5.0	5.0

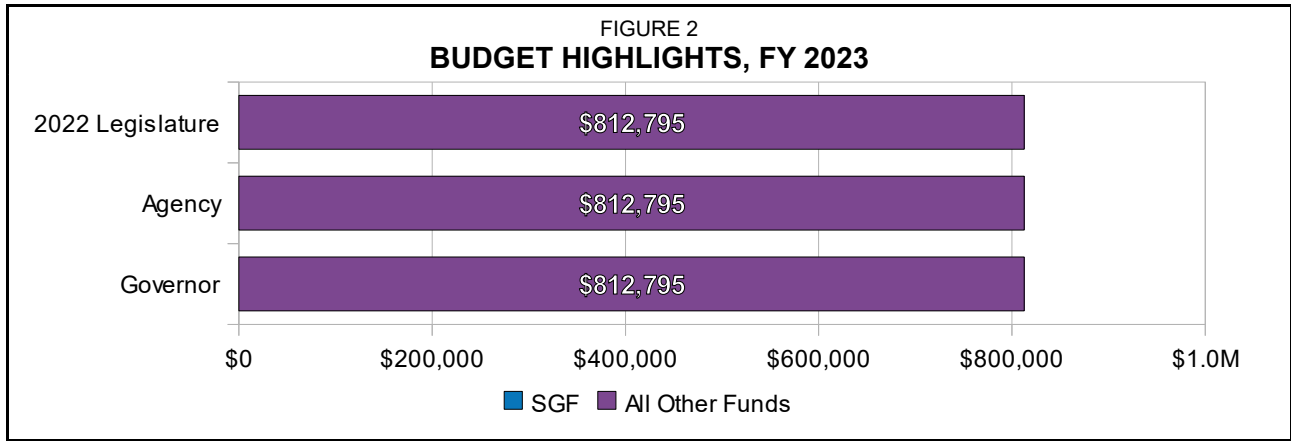
For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

The Pooled Money Investment Board (PMIB) and its authority are established under the State Monies Law, KSA 75-4201 *et seq.* The PMIB manages the investable state money available from the State General Fund (SGF) and the hundreds of other individual state agency funds received by the Office of the State Treasurer. PMIB also provides investment management services for individual state agencies with statutorily authorized investment authority. The agencies are referred to as “special funds,” and include the Kansas Department of Transportation and the Health Care Stabilization Fund.

In addition, PMIB administers the Kansas Municipal Investment Pool (MIP), a state program providing local municipal entities with an investment alternative for their idle funds. For investment and cash flow management purposes, MIP moneys are combined with investable state moneys to create the Pooled Money Investment Portfolio (PMIP). Under state statutes, investments are allowed in Kansas bank certificates of deposit, U.S. Treasury securities, U.S. governmental agency securities, high-grade commercial paper, high-grade corporate bonds, and overnight repurchase agreements.

### EXECUTIVE SUMMARY

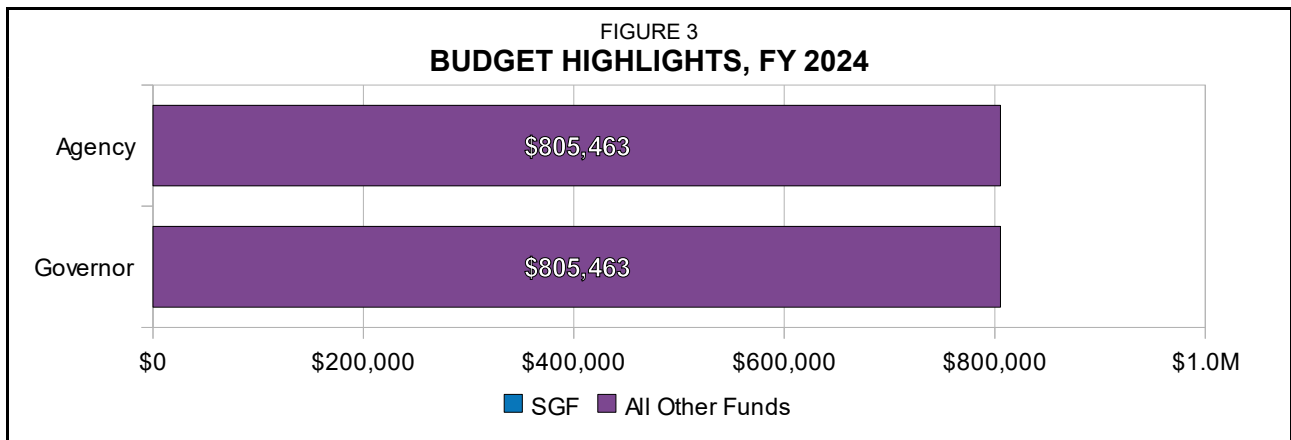
The 2022 Legislature approved a budget of \$812,795, all from the Pooled Money Investment Portfolio Fee Fund, for the Pooled Money Investment Board for FY 2023.



The **agency** requests a revised estimate of \$812,795, all from the Pooled Money Investment Portfolio Fee Fund, in FY 2023. This is unchanged from the amount approved by the 2022 Legislature.

The **agency** requests 5.0 FTE positions, which is unchanged from the approved number.

The **Governor** concurs with the agency's FY 2023 revised estimate.



The **agency** requests \$805,463, all from the Pooled Money Investment Portfolio Fee Fund, for FY 2024. This is a decrease of \$7,332, or 0.9 percent, below the FY 2023 revised estimate. This is mainly due to the statutory performance audit occurring every two years, and FY 2024 is not one of the years in which the audit is scheduled.

The budget request includes an increase in salaries and wages expenditures of \$3,639, or 0.6 percent, which is due to increased employer costs for group health Insurance with an offsetting decrease in contractual services of \$11,770, or 8.1 percent, due to the biennial statutory audit not occurring in FY 2024 .

The **agency** requests 5.0 FTE positions for FY 2024, which is the same number as in FY 2023.

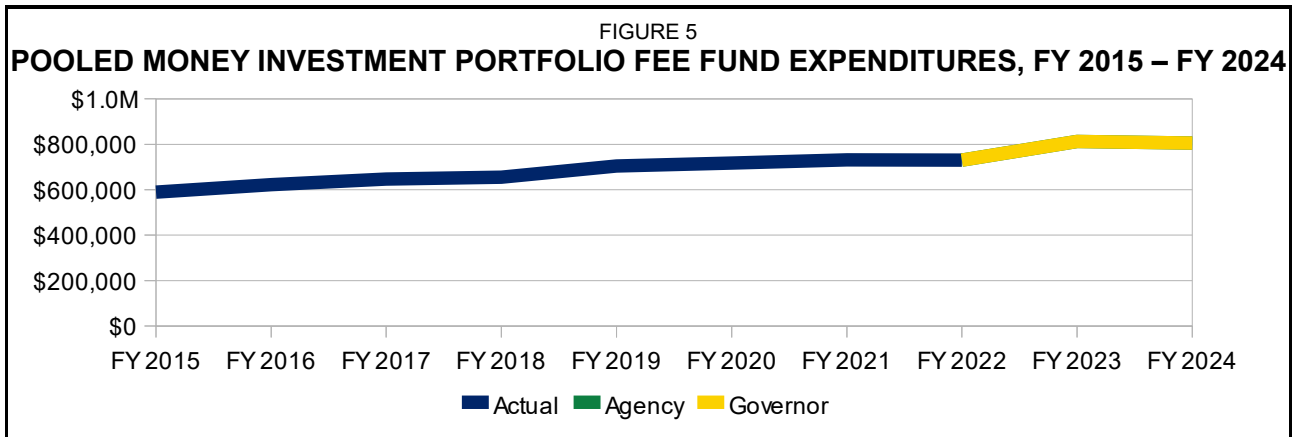
The **Governor** concurs with the agency's request for FY 2024.

## EXPENDITURES AND FINANCING

FIGURE 4  
**BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2024**

Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Salaries and Wages	\$ 560,124	\$ 590,857	\$ 590,857	\$ 594,496	\$ 594,496
Contractual Services	164,158	145,142	145,142	133,372	133,372
Commodities	3,702	6,140	6,140	6,140	6,140
Capital Outlay	2,432	70,656	70,656	71,455	71,455
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 730,416</u>	<u>\$ 812,795</u>	<u>\$ 812,795</u>	<u>\$ 805,463</u>	<u>\$ 805,463</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 730,416</u>	<u>\$ 812,795</u>	<u>\$ 812,795</u>	<u>\$ 805,463</u>	<u>\$ 805,463</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
<b>TOTAL</b>	<u><b>\$ 730,416</b></u>	<u><b>\$ 812,795</b></u>	<u><b>\$ 812,795</b></u>	<u><b>\$ 805,463</b></u>	<u><b>\$ 805,463</b></u>
<b>Financing:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Pooled Money	730,416	812,795	812,795	805,463	805,463
Investment Portfolio					
Fee Fund					
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<b>TOTAL</b>	<u><b>\$ 730,416</b></u>	<u><b>\$ 812,795</b></u>	<u><b>\$ 812,795</b></u>	<u><b>\$ 805,463</b></u>	<u><b>\$ 805,463</b></u>
FTE Positions	5.0	5.0	5.0	5.0	5.0

### POOLED MONEY INVESTMENT PORTFOLIO FEE FUND



The Pooled Money Investment Portfolio Fee Fund was created by the 1996 Legislature in KSA 75-4234. Administrative fees are charged for portfolio management services from the investment earnings in the PMIP and deposited into the Pooled Money Investment Portfolio Fee Fund. Fees are based on the average balance of the portfolios. Pursuant to KSA 75-4235, fees not necessary for reimbursement of administrative expenses are transferred monthly to the SGF. The agency required interest earnings of 3.7 days in FY 2020, 22.2 days in FY 2021, 29.3 days in FY 2022, and will require interest for an estimated 3.0 days in FY 2023 and 2.0 days for FY 2024 to pay for the agency's administrative expenditures.

## FY 2023 ANALYSIS

FIGURE 6  
**SUMMARY OF BUDGET REQUEST, FY 2023**

	SGF		Special Revenue Funds	All Funds	FTE
<b>Legislative Approved:</b>					
Amount Approved by 2022 Legislature	\$	-	\$ 812,795	\$ 812,795	5.0
<i>Subtotal—Legislative Approved</i>	\$	-	\$ 812,795	\$ 812,795	5.0
<b>Agency Revised Estimate:</b>					
1. No Changes	\$	-	\$ -	\$ -	--
<i>Subtotal—Agency Revised Estimate</i>	\$	-	\$ 812,795	\$ 812,795	5.0
<b>Governor's Recommendation:</b>					
2. No Changes	\$	-	\$ -	\$ -	--
<b>TOTAL</b>	<b>\$</b>	<b>-</b>	<b>\$ 812,795</b>	<b>\$ 812,795</b>	<b>5.0</b>

### LEGISLATIVE APPROVED

The 2022 Legislature approved a budget of \$812,795 for the Pooled Money Investment Board for FY 2023. No subsequent adjustments were made to that amount.

### AGENCY ESTIMATE

The **agency** estimates revised expenditures of \$812,795, all from the Pooled Money Investment Portfolio Fee Fund, in FY 2023. This is unchanged from the FY 2022 approved amount. The agency requests 5.0 FTE positions, which is unchanged from the FY 2022 approved number.

The agency's estimate includes the following:

1. **NO CHANGES.** Shifts in expenditures include:
  - **SALARY ADJUSTMENTS.** The agency estimate includes \$590,857 in salaries and wages expenditures, which is a decrease of \$1,001, or 0.2 percent, below the FY 2022 approved amount. The decrease is due to a decrease in employer contributions to employee fringe benefits.
  - **COMPUTER SOFTWARE LEASE COSTS.** The agency estimate moves computer software lease costs within the budget from contractual services to capital outlay at the request of the House General Government Budget Committee. Therefore, contractual services expenditures decreased from \$206,342 to \$145,142, and capital outlay expenditures increased from \$8,455 to \$70,656.
  - **ALL OTHER ADJUSTMENTS.** Various other adjustments, mostly in capital outlay, include hardware replacement and software purchases.

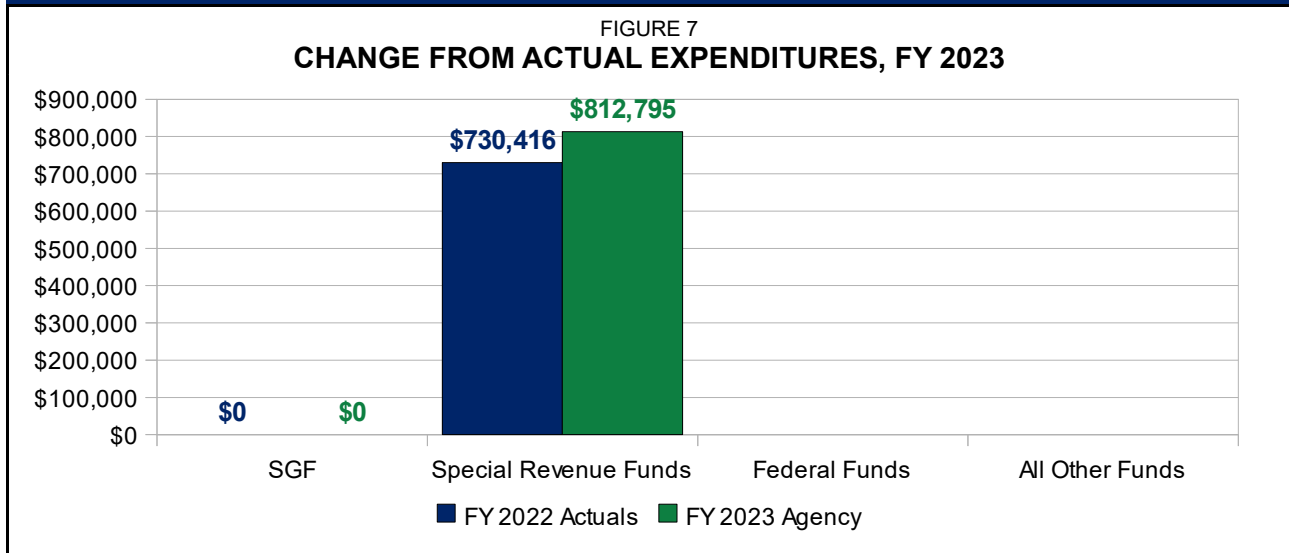
### GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's FY 2023 revised estimate. The fall 2022 Consensus Revenue Estimating (CRE) Group increased the estimated Pooled Money Investment Portfolio Fee Fund transfer to the SGF to \$7.8 million in FY 2023, which is an increase of \$1.8 million above the amount approved by the 2022 Legislature. This does not effect the agency's expenditures.

2. **NO CHANGES.** The Governor recommends no changes to the agency's FY 2023 revised estimate.

The **Governor's** recommendation also includes 5.0 FTE positions, which is the same as the agency's request.

## FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$812,795 in FY 2023, which is an increase of \$82,379 or 11.3 percent, above the FY 2022 actual amount. This increase is primarily attributable to salaries and wages expenditures (\$30,733), which reflects the 5.0 percent salary increase plus the associated benefits increases as authorized in the FY 2023 budget as well as increased employer contributions for both the Kansas Public Employees Retirement System (KPERs) and group health insurance. Other increases are partially attributable to an increase in commodities expenditures (\$2,438), which reflects both higher cost for the data processing supplies and more usage of the supplies, and within contractual services, including for professional fees for accountants and auditors (\$12,000) and bank and other fees (\$12,307). There is also a statutory performance audit (\$12,000), which occurs every two years.

The agency estimate also moves computer software lease expenditures within the budget from contractual services to capital outlay at the request of the House General Government Budget Committee. Therefore, contractual services expenditures decreased from \$206,342 to \$145,142 and capital outlay expenditures increased from \$8,455 to \$70,656.

The agency's revised estimate includes 5.0 FTE positions, which is unchanged from the FY 2023 approved number.

## FY 2024 ANALYSIS

FIGURE 8  
**SUMMARY OF BUDGET REQUEST, FY 2024**

	SGF	Special Revenue Funds	All Funds	FTE	
<b>Agency Revised Estimate, FY 2023</b>	\$	-	\$ 812,795	\$ 812,795	5.0
<b>Agency Request:</b>					
1. All Other Adjustments		-	(7,332)	(7,332)	--
<i>Subtotal—Agency Estimate</i>	\$	-	\$ 805,463	\$ 805,463	5.0
<b>Governor’s Recommendation:</b>					
2. No Changes	\$	-	-	-	--
<b>TOTAL</b>	<b>\$</b>	<b>-</b>	<b>\$ 805,463</b>	<b>\$ 805,463</b>	<b>5.0</b>

### **AGENCY REQUEST**

The **agency** requests \$805,463, all from the Pooled Money Investment Portfolio Fee Fund, for FY 2024. This is a decrease of \$7,332 or 0.9 percent, below the FY 2023 revised estimate. The agency requests 5.0 FTE positions, which is unchanged from FY 2023 revised estimate.

The **agency** request includes the following adjustments:

1. **ALL OTHER ADJUSTMENTS.** The agency's revised estimate includes the following adjustments:
  - **SALARY ADJUSTMENTS.** The agency estimate includes \$594,496 in salaries and wages expenditures, which is an increase of \$3,639, or 0.6 percent, above the FY 2023 revised estimate. This increase reflects employer contributions for group health insurance.
  - **CONTRACTUAL SERVICES ADJUSTMENTS.** The agency estimate includes a decrease in contractual services of \$11,770, or 8.1 percent, below the FY 2023 revised estimate. This decrease is due to the lack of a performance audit in FY 2024, as the performance audit is done every two years, and this is an off year for the statutory audit.
  - **ALL OTHER ADJUSTMENTS.** The agency requests additional adjustments including an increase of \$799, or 1.1 percent, for FY 2024. This increase is mostly due to the estimated cost of the computer software lease costs being raised slightly.

### **GOVERNOR’S RECOMMENDATION**

The **Governor** concurs with the agency's request for FY 2024. The fall 2022 Consensus Revenue Estimating (CRE) Group increased the estimated Pooled Money Investment Portfolio Fee Fund transfer to the SGF to \$5.4 million for FY 2024, which is a decrease of \$1.2 million below the agency's budget request. This does not impact expenditures in the agency's budget.

2. **NO CHANGES.** The Governor recommends no changes to the agency's request for FY 2024.

The **Governor’s** recommendation also includes 5.0 FTE positions, which is the same as the agency's request.

## SPECIAL TOPICS: KANSAS MUNICIPAL INVESTMENT POOL

Created in 1992 pursuant to KSA 12-1677a, the Municipal Investment Pool (MIP) is a state program providing local municipal entities with an investment alternative for their idle funds. For investment and cash flow management purposes, MIP moneys are combined with investable state moneys to create the Pooled Money Investment Portfolio (PMIP). In December 1996, the MIP structure was modified to eliminate the variable rate options and introduce fixed-rate investment alternatives of 90, 180, or 365 days. In November 2000, the Board added a 30-day fixed-rate option and allowed municipalities to pick their own maturity date between 30 and 179 days. In January 2016, PMIB added 550-day and 730-day fixed-rate options and allowed municipalities to pick their own maturity date between 30 and 725 days.

MIP balances totaled approximately:

- \$1.363 billion on June 30, 2022;
- \$1.151 billion on June 30, 2021;
- \$1.281 billion on June 30, 2020;
- \$1.310 billion on June 30, 2019;
- \$1.165 billion on June 30, 2018;
- \$1.235 billion on June 30, 2017;
- \$951.9 million on June 30, 2016;
- \$1.056 billion on June 30, 2015;
- \$1.223 billion on June 30, 2014;
- \$962.0 million on June 30, 2013; and
- \$834.0 million on June 30, 2012.

FIGURE 9  
**MUNICIPAL INVESTMENT POOL - DEPOSITS  
(AS OF DECEMBER 31, 2022)**

Deposits	OMIP*	FX 30**	FX 90**	FX 180**	FX 365**	FX 550**	FX 730**	TOTAL
State Agencies	\$ 1,263,481	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	<b>1,263,481</b>
Cities	250,552,844	1,060,248	31,494,115	83,980,974	37,362,738	26,000	0	<b>404,476,919</b>
Counties	368,370,304	27,000,000	21,595,000	12,645,000	4,100,000	0	0	<b>433,710,304</b>
Schools	387,175,801	6,213,066	18,375,037	49,365,927	5,210,000	0	0	<b>466,339,831</b>
Other	143,155,549	320,214	5,111,130	9,457,893	4,310,219	750,923	445,497	<b>163,551,425</b>
<b>Total</b>	<b>\$ 1,150,517,979</b>	<b>\$ 34,593,528</b>	<b>\$ 76,575,282</b>	<b>\$ 155,449,794</b>	<b>\$ 50,982,957</b>	<b>\$ 776,923</b>	<b>\$ 445,497</b>	<b>\$ 1,469,341,960</b>

\*OMIP is the Overnight Municipal Investment Pool option, with deposits of a minimum original duration of one day

\*\* FX are fixed-rate deposits with 30, 90, 180, 365, 550 or 730 day maturities

## PROGRAM AND PERFORMANCE MEASURES OVERVIEW

FIGURE 10  
**EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024**

Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
<b>Expenditures:</b>					
Administration	\$ 730,416	\$ 812,795	\$ 812,796	\$ 805,463	\$ 805,463
<b>FTE Positions:</b>					
Administration	5.0	5.0	5.0	5.0	5.0

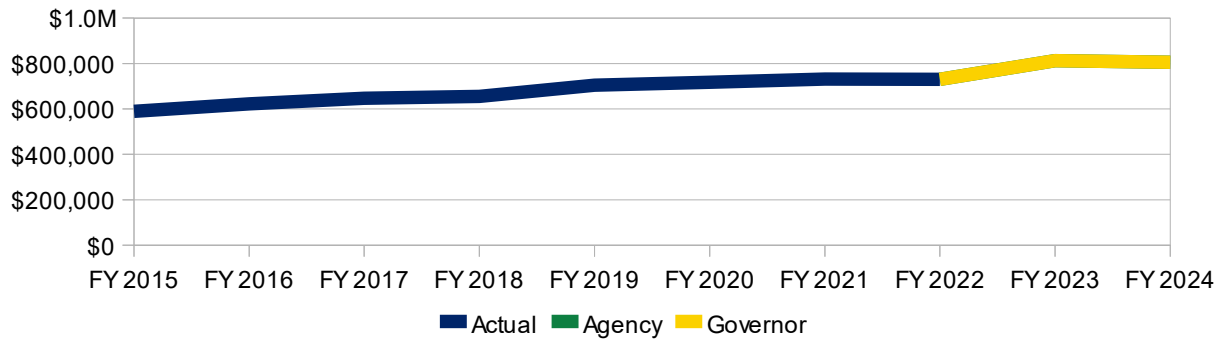
### **PERFORMANCE MEASURES**

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.



# ADMINISTRATION

FIGURE 11  
ADMINISTRATION EXPENDITURES, FY 2015 – FY 2024



**STATUTORY BASIS:** • KSA 75-4201 *et seq.*

**PROGRAM GOALS:** • The Pooled Money Investment Board aspires to be a premier financial services organization; serving both the citizens and the State of Kansas through professionalism, integrity, and efficiency. The agency strives to maximize the return on those resources entrusted to our care while remaining steadfast to the primary objectives of safety and liquidity.

FIGURE 12  
ADMINISTRATION, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Spread to Benchmark (+/-)	0.06 %	(0.14) %	0.05 %	+/- 0.10 %	+/- 0.10 %
2. Number of Days Interest Earning to Cover PMIB Annual Budget*	22.2	29.3	18.4	3.0	2.0
3. SGF Fee Transfer (in thousands)*	\$ 3,225 \$	4,225 \$	3,850 \$	6,500 \$	6,500
<b>Output Measure:</b>					
4. Pooled Money Investment Portfolio Average Balance (in thousands)*	\$ 5,057,000 \$	6,816,000 \$	5,277,666 \$	6,850,000 \$	6,350,000
5. Pooled Money Investment Portfolio Net Interest Income (in thousands)*	\$ 12,000 \$	9,100 \$	30,466 \$	100,000 \$	150,000
6. Pooled Money Investment Portfolio Weighted Average Rate Earned Rate*	0.15 %	0.15 %	0.60 %	2.25 %	3.00 %
7. Pooled Money Investment Portfolio Weighted Average Maturity (Days)*	54.0	76.0	60.3	60.0	60.0
8. Interest earned on the idle portfolio: All Funds (in millions)	\$ 14.37 \$	24.23	-- \$	125.00 \$	175.00
9. Total assets under management (in billions)	\$ 5.53 \$	7.06	-- \$	7.46 \$	6.66
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	731,757	730,416		812,795	805,463
<b>TOTAL</b>	<b>\$ 731,757</b>	<b>\$ 730,416</b>		<b>\$ 812,795</b>	<b>\$ 805,463</b>

FIGURE 12  
**ADMINISTRATION, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Percentage Change:</b>					
SGF	-- %	-- %		-- %	-- %
All Funds	2.0 %	(0.2) %		11.3 %	(0.9) %
FTE Positions	5.0	5.0		5.0	5.0

\* The Governor's Office does not utilize this measure for evaluation purposes.

## PERFORMANCE ANALYSIS

### BENCHMARK INDEX

The Pooled Money Investment Board utilizes two benchmarks to measure the performance of the Pooled Money Investment Portfolio (PMIP). Benchmark "A" utilizes the S&P Local Government Pool Index. Benchmark "B" utilizes a blend of federal agency discount notes and high-grade commercial paper. The PMIP exceeded Benchmark "A" by 2.8 basis points in FY 2022, primarily due to the increasing difference of the asset mix between the PMIP and Benchmark "A". In FY 2023, the PMIP trailed Benchmark "B" by 13.7 basis points. Using these two benchmarks, the agency estimates the PMIP yield to be within 0.10 percent of both Benchmark "A" and Benchmark "B" in FY 2023 and for FY 2024.

### INTEREST EARNINGS TO COVER PMIB ANNUAL BUDGET

Administrative fees are charged for portfolio management services and deposited into the Pooled Money Investment Portfolio Fee Fund. Fees are based on the average balance of the portfolios. Pursuant to KSA 75-4235, fees not necessary for reimbursement of administrative expenses are transferred monthly to the SGF. The agency estimates that it will take required interest for 3.0 days in FY 2023 and 2.0 days for FY 2024 to pay for the agency's administrative expenditures.

### SGF TRANSFER

The 1996 Legislature established the Pooled Money Investment Portfolio Fee Fund. KSA 75-4234 allows for an administrative fee to be netted from investment earnings on the PMIP. An administrative fee of up to 10 basis points is assessed on the amortized cost of state moneys and up to 25 basis points on moneys deposited in the MIP. The current fee on MIP deposits is 15 basis points. Fees collected that are not required to cover the cost of PMIB administrative costs are transferred to the SGF monthly. For FY 2022, \$4.2 million in administrative fees were transferred from the PMIP Fee Fund to the SGF. The agency estimates transfers from the PMIP to the SGF of \$6.5 million in FY 2023 and \$6.5 million for FY 2024.

### AVERAGE BALANCE

The amount of available investable state funds has continued to increase. Short-term interest rates have also increased to levels not seen since 2005. The agency anticipates a continued increase in investable state moneys in FY 2023 as the state received additional federal during the last quarter of FY 2022. The agency estimates overall cash balances to decline modestly for FY 2024 as remaining federal American Rescue Plan Act (ARPA) and Coronavirus Aid, Relief, and Economic Security (CARES) Act funds are deployed.