

POOLED MONEY INVESTMENT BOARD

FY 2021 – FY 2023 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	731,757	762,595	762,595	787,603	787,603
<i>Subtotal</i>	<u>\$ 731,757</u>	<u>\$ 762,595</u>	<u>\$ 762,595</u>	<u>\$ 787,603</u>	<u>\$ 787,603</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 731,757</u>	<u>\$ 762,595</u>	<u>\$ 762,595</u>	<u>\$ 787,603</u>	<u>\$ 787,603</u>
Percentage Change:					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	2.0 %	4.2 %	4.2 %	3.3 %	3.3 %
FTE Positions	5.0	5.0	5.0	5.0	5.0

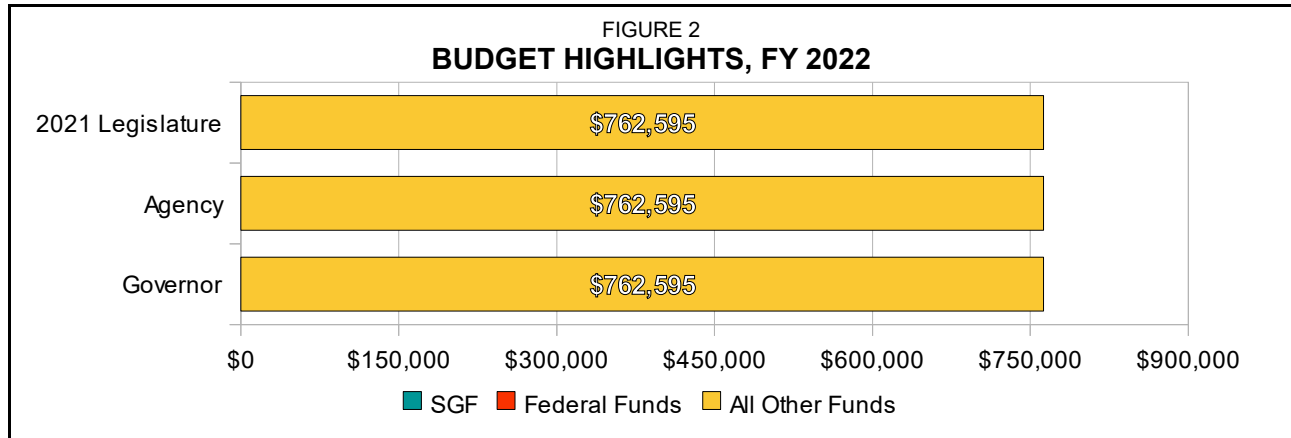
For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

The Pooled Money Investment Board (PMIB) and its authority are established under the State Moneys Law, KSA 75-4201 *et seq.* The PMIB manages the investable state money available from the State General Fund 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

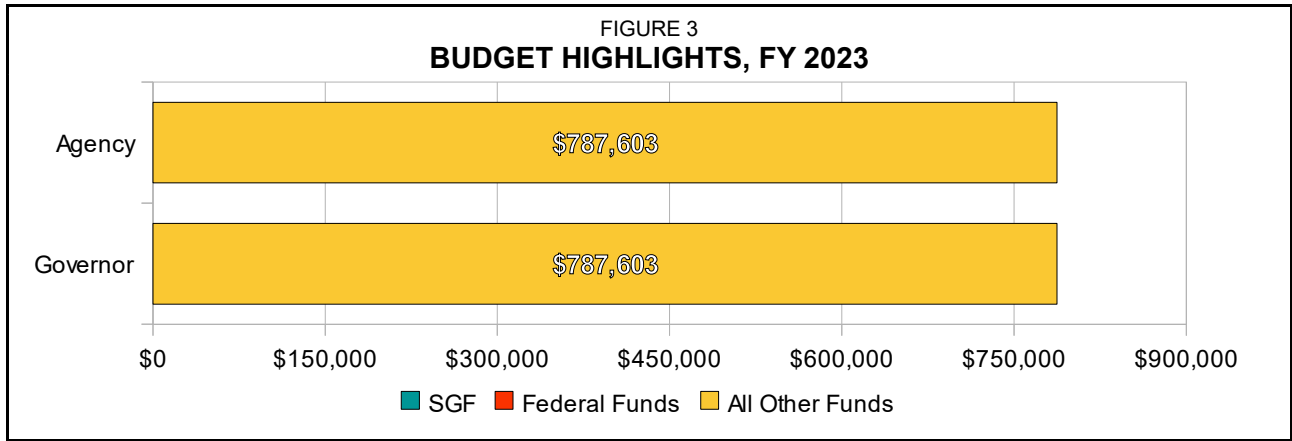
The 2021 Legislature approved \$762,595, all from the Pooled Money Investment Portfolio Fee Fund, for the Pooled Money Investment Board for FY 2022..



The **agency** requests a revised estimate of \$762,595, all from the Pooled Money Investment Portfolio Fee Fund, for expenditures in FY 2022. This is unchanged from the FY 2022 approved amount.

The revised estimate includes 5.0 FTE positions, which is unchanged from the FY 2022 approved number.

The **Governor** concurs with the agency's revised estimate in FY 2022.



The **agency** requests \$787,603, all from the Pooled Money Investment Portfolio Fee Fund, for FY 2023, which is an increase of \$25,008 above the FY 2022 revised estimate. Every two years, a statutory performance audit is required to be performed on the PMIB. The agency requests \$12,000, all from the Pooled Money Investment Portfolio Fee Fund, to cover anticipated costs for this audit for FY 2023. The agency requests additional adjustments of \$13,008 for FY 2023. This increase includes travel expenditures to attend annual investment conferences and for the agency's technology hardware replacement plan, which includes \$3,855 for annual software licenses and assurance fees.

The agency requests 5.0 FTE positions, which is unchanged from the FY 2022 revised estimate.

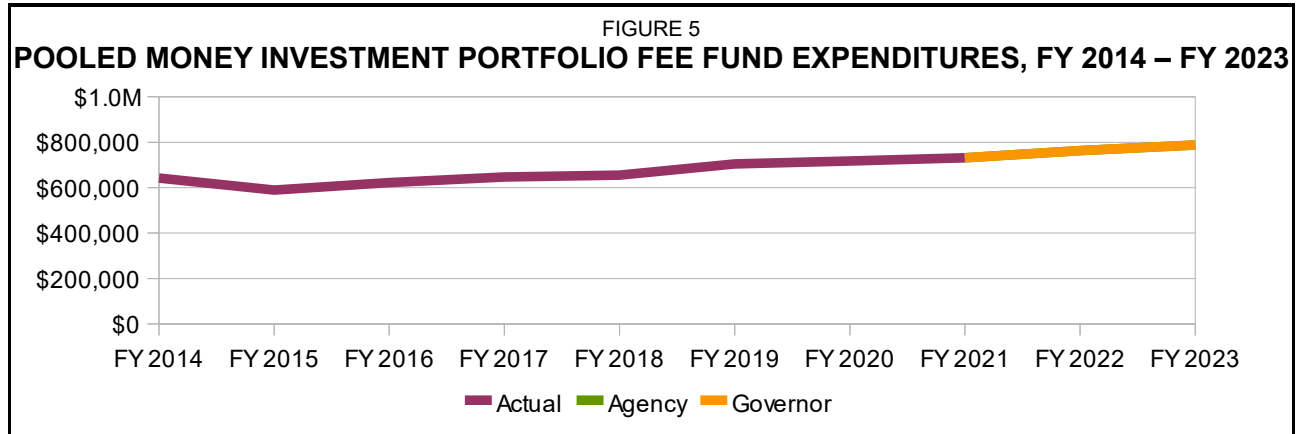
The **Governor** concurs with the agency's request for FY 2023.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Category of Expenditure:					
Salaries and Wages	\$ 547,423	\$ 566,093	\$ 566,093	\$ 566,666	\$ 566,666
Contractual Services	175,009	183,302	183,302	206,342	206,342
Commodities	5,515	5,900	5,900	6,140	6,140
Capital Outlay	3,810	7,300	7,300	8,455	8,455
Debt Service Interest	-	-	-	-	-
Subtotal	\$ 731,757	\$ 762,595	\$ 762,595	\$ 787,603	\$ 787,603
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
Subtotal—Operating	\$ 731,757	\$ 762,595	\$ 762,595	\$ 787,603	\$ 787,603
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
TOTAL	\$ 731,757	\$ 762,595	\$ 762,595	\$ 787,603	\$ 787,603
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Pooled Money	731,757	762,595	762,595	787,603	787,603
Investment	-	-	-	-	-
Portfolio Fee Fund	-	-	-	-	-
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
TOTAL	\$ 731,757	\$ 762,595	\$ 762,595	\$ 787,603	\$ 787,603
FTE Positions	5.0	5.0	5.0	5.0	5.0

POOLED MONEY INVESTMENT PORTFOLIO FEE FUND



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 State General Fund (SGF). The agency required interest for 3.7 days in FY 2019, 3.7 days in FY 2020, 22.2 days in FY 2021, and will require interest for an estimated 71.0 days in FY 2022 and 56.4 days for FY 2023 to pay for the agency's administrative expenditures.

FY 2022 ANALYSIS

FIGURE 6
SUMMARY OF BUDGET REQUEST, FY 2022

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2021 Legislature	\$ -	\$ 762,595	\$ 762,595	5.0
1. No Changes	-	-	-	--
<i>Subtotal—Legislative Approved</i>	\$ -	\$ 762,595	\$ 762,595	5.0
Agency Revised Estimate:				
2. Salary Adjustments	\$ -	\$ 14,053	\$ 14,053	--
3. Travel Reduction	-	(5,120)	(5,120)	--
4. Banking Fees	-	(3,597)	(3,597)	--
5. All Other Adjustments	-	(5,336)	(5,336)	--
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 762,595	\$ 762,595	5.0
Governor's Recommendation:				
6. No Changes	\$ -	\$ -	\$ -	--
TOTAL	\$ -	\$ 762,595	\$ 762,595	5.0

LEGISLATIVE APPROVED

1. **NO CHANGES.** The 2021 Legislature approved an FY 2022 budget of \$762,595, all from the Pooled Money Investment Portfolio Fee Fund. No subsequent changes were made to the approved amount.

AGENCY ESTIMATE

The **agency** estimates revised expenditures of \$762,595, all from the Pooled Money Investment Portfolio Fee Fund, in FY 2022. This is unchanged from the FY 2022 approved amount. The agency requests 5.0 FTE positions, which is unchanged from the FY 2022 approved amount.

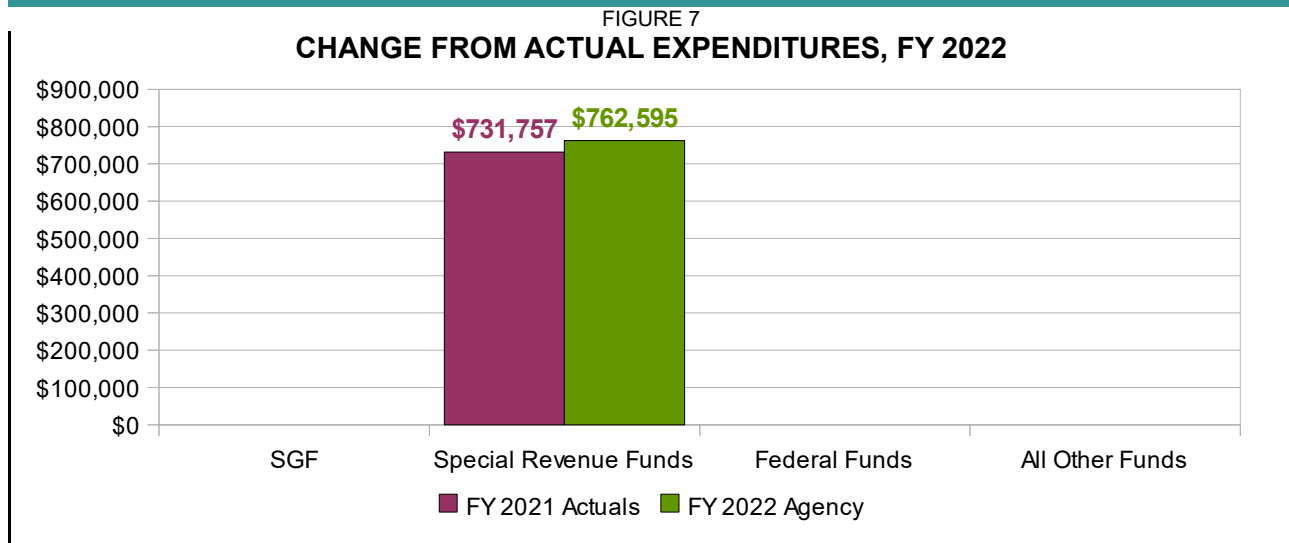
2. **SALARY ADJUSTMENTS.** The agency estimate includes \$566,093 in salaries and wages expenditures, which is an increase of \$14,053, or 2.5 percent, above the FY 2022 approved amount. The increase is attributable to performance-based salary increases for four unclassified positions and increases in employer contributions to salaries and wages fringe benefits.
3. **TRAVEL REDUCTION.** Costs for travel are estimated to decrease by \$5,120, mostly for meals and lodging.
4. **BANKING FEES.** Banking fees are estimated to decrease by \$3,597 due to lower transaction volume.
5. **ALL OTHER ADJUSTMENTS.** Various other adjustments, mostly in contractual services, decrease expenditures by \$5,336. Such expenditures include information technology services and the State Buildings Operating Charge.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's revised estimate in FY 2022.

6. **NO CHANGES.** The Governor recommends no changes to the agency's revised estimate in FY 2022.

FY 2022 CHANGE FROM ACTUAL EXPENDITURES



The agency requests a revised estimate of \$762,595 in FY 2022, which is an increase of \$30,838, or 4.2 percent, above the FY 2021 actual amount. This increase is primarily attributable to salaries and wages expenditures (\$18,670) for performance-based salary increases for four unclassified positions and employer contributions to fringe benefits such as group health insurance. Other increases are partially attributable to an increase in contractual services (\$8,293), which includes fees for investment banking services and audit services as well as planned expenditures for travel and attendance at annual investment conferences that did not occur during FY 2021 due to the COVID-19 pandemic.

The agency's revised estimate also includes an increase in capital outlay (\$3,490) due to the agency's planned technology hardware replacement program. These expenditures include \$3,600 for three out-of-warranty computer central processing units and \$600 for two out-of-warranty printers. Additionally, the agency has planned expenditures of \$2,700 for annual software licenses and assurance fees. The agency's revised estimate includes 5.0 FTE positions, which is unchanged from the FY 2022 approved amount.

FY 2023 ANALYSIS

FIGURE 8
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2022	\$ -	\$ 762,595	\$ 762,595	5.0
Agency Request:				
1. Statutory Audit	\$ -	\$ 12,000	\$ 12,000	--
2. All Other Adjustments	-	13,008	13,008	--
<i>Subtotal—Agency Estimate</i>	\$ -	\$ 787,603	\$ 787,603	5.0
Governor's Recommendation:				
3. No Changes	\$ -	\$ -	\$ -	--
TOTAL	\$ -	\$ 787,603	\$ 787,603	5.0

AGENCY REQUEST

The **agency** requests \$787,603, all from the Pooled Money Investment Portfolio Fee Fund, for FY 2023. This is an increase of \$25,008, or 3.3 percent, above the FY 2022 revised estimate.

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

1. **STATUTORY AUDIT.** Every two years, a statutory performance audit is required to be performed on the PMIB. The agency requests \$12,000, all from the Pooled Money Investment Portfolio Fee Fund, to cover anticipated costs for this audit for FY 2023.
2. **ALL OTHER ADJUSTMENTS.** The agency requests additional adjustments of \$13,008 for FY 2023. This increase includes travel expenditures to attend annual investment conferences and for the agency's technology hardware replacement plan, which includes \$3,855 for annual software licenses and assurance fees.

The agency requests 5.0 FTE positions, which is unchanged from FY 2022 revised estimate.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's request for FY 2023.

3. **NO CHANGES.** The Governor does not recommend any changes to the agency's request for FY 2023.

SPECIAL TOPICS

TOPIC 1

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. 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 two new fixed-rate options—a 550 day and a 730 day—and allowed municipalities to pick their own maturity date between 30 and 725 days.

MIP balances totaled approximately:

- \$1.151 billion on June 30, 2021;
- \$1.281 billion on June 30, 2020;
- \$1.310 billion on June 30, 2019;
- \$1.166 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;
- \$834.0 million on June 30, 2012, and
- \$932.0 million on June 30, 2011.

MUNICIPAL INVESTMENT POOL—DEPOSITS (AS OF DECEMBER 31, 2021)

DEPOSITS	OMIP*	FX 30**	FX 90**	FX 180**	FX 365**	FX 550**	FX 730**	TOTAL
Agencies	\$ 1,884,916	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,884,916
Cities	253,858,818	0	7,158,583	42,983,504	0	0	0	304,000,905
Counties	547,097,595	2,000,000	16,380,000	13,843,328	265,000	0	0	579,585,923
Schools	280,601,911	210,737	5,398,562	500,000	0	0	0	286,711,210
Other	116,639,394	0	10,774,276	5,100,005	0	50,808	445,497	133,009,980
TOTAL	\$ 1,200,082,634	\$ 2,210,737	\$ 39,711,421	\$ 62,426,837	\$ 265,000	\$ 50,808	\$ 445,497	\$ 1,305,192,934

*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

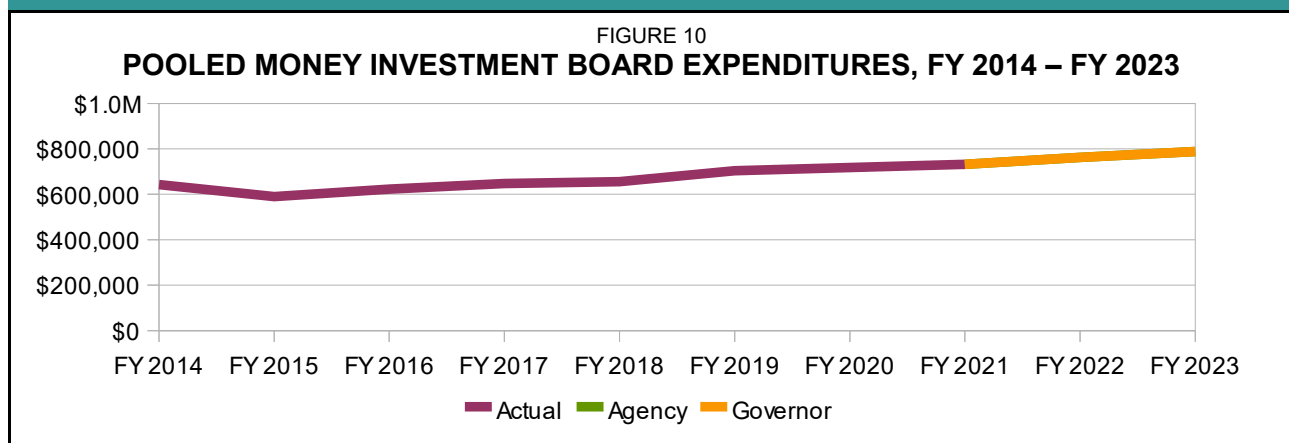
PROGRAM AND PERFORMANCE MEASURES OVERVIEW

FIGURE 9 EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2021 – FY 2023					
Programs	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Expenditures:					
Administration	\$ 731,757	\$ 762,595	\$ 762,595	\$ 787,603	\$ 787,603
FTE Positions:					
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.

POOLED MONEY INVESTMENT BOARD



The Pooled Money Investment Board was part of the Office of the State Treasurer until the 2016 Legislature directed the PMIB budget to be reported separately from the State Treasurer budget starting in FY 2017.

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

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

FIGURE 11
POOLED MONEY INVESTMENT BOARD, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Output Measure:					
1. Yield on Idle Portfolios in Excess of Comparable Federal Agency Discount Notes and Commercial Paper	0.23 %	0.06 %	0.12 %	0.00 % to 0.10 %	0.00 % to 0.10 %
2. Number of Days of Interest Earnings to Cover Annual Budget*	3.7	22.2	9.9	71.0	56.4
3. SGF Fee Transfer (<i>In Millions</i>)*	\$ 4.0	\$ 3.2	\$ 4.0	\$ 2.4	\$ 2.5
4. Pooled Money Investment Portfolio Investment Average Balance (<i>In Billions</i>)*	\$ 4.0	\$ 5.0	\$ 4.1	\$ 6.2	\$ 5.5
5. Total Assets Under Management (<i>In Billions</i>)	\$ 4.59	\$ 5.53	--	\$ 6.67	\$ 5.80
6. Pooled Money Investment Portfolio Net Interest Income (<i>In Millions</i>)*	\$ 70.3	\$ 12.0	\$ 50.3	\$ 3.9	\$ 5.1
7. Interested Earned on the Idle Portfolio: All Funds (<i>In Millions</i>)	\$ 73.7	14.4	--	\$ 10.9	11.5
8. Pooled Money Investment Portfolio Weighted Average Rate Earned*	1.513 %	0.149 %	1.336 %	0.070 %	0.100 %
9. Pooled Money Investment Portfolio Weighted Average Maturity (<i>Days</i>)*	51.0	54.0	51.3	60.0	60.0
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	717,622	731,757		762,595	787,603

FIGURE 11 POOLED MONEY INVESTMENT BOARD, PERFORMANCE MEASURES					
	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
TOTAL	\$ 717,622	\$ 731,757		\$ 762,595	\$ 787,603
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(1.9) %	2.0 %		4.2 %	3.3 %
FTE Positions	5.0	5.0		5.0	5.0
* The Governor's Office does not utilize this performance measure.					

BUDGET 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 underperformed Benchmark "A" by 7.5 basis points in FY 2021 primarily due to the increasing difference of the asset mix between the PMIP and Benchmark "A". In FY 2021, the PMIP exceeded Benchmark "B" by 6.4 basis points. Using these two benchmarks, the agency estimates the PMIP yield to be within 0.10 percent of Benchmark "A" and to be flat or exceed Benchmark "B" by 0.10 percent in FY 2022 and for FY 2023.

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 required interest for 71.0 days in FY 2022 and 56.4 days for FY 2023 to pay for the agency's administrative expenditures.

SGF TRANSFER

The 1996 Legislature, in KSA 75-4234, established the Pooled Money Investment Portfolio Fee Fund. This statute 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 Municipal Investment Pool (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 2021, \$3.2 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 \$2.4 million in FY 2022 and \$2.5 million for FY 2023.

AVERAGE BALANCE

The amount of available investable state funds has increased while short-term interest rates remain at historic low levels. The agency anticipates a moderate increase in investable state moneys in FY 2022 as the state receives additional federal American Rescue Plan Act (ARPA) funds during the last quarter of FY 2022. The agency estimates overall cash balances to decline modestly in FY 2023 as remaining federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and ARPA funds are deployed.