

OFFICE OF THE STATE TREASURER

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	27,542,787	22,452,534	22,328,072	24,292,024	24,132,445	24,512,582	24,352,336
TOTAL	\$ 27,542,787	\$ 22,452,534	\$ 22,328,072	\$ 24,292,024	\$ 24,132,445	\$ 24,512,582	\$ 24,352,336
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 27,542,787	\$ 22,452,534	\$ 22,328,072	\$ 24,292,024	\$ 24,132,445	\$ 24,512,582	\$ 24,352,336

Percentage Change:

Operating Expenditures							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	37.8	(18.5)	(18.9)	8.2	8.1	0.9	0.9
FTE Positions	44.5	45.5	45.5	45.5	45.5	45.5	45.5
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	44.5	45.5	45.5	45.5	45.5	45.5	45.5

AGENCY OVERVIEW

The Office of the State Treasurer is the designated fiscal agent for the State of Kansas and is responsible for the timely receipt and deposit of all receipts and revenues into the state treasury. The State Treasurer administers several deposit loan programs and manages the Kansas Postsecondary Education Program (Learning Quest). The State Treasurer is the paying agent for state and municipal bonds and is also tasked with the disposition of unclaimed property. The State Treasurer is an *ex-officio* member of the Kansas Public Employees Retirement System (KPERs) Board of Trustees.

The State Treasurer is one of six state officials elected every four years and also serves as a member of the Pooled Money

Investment Board (PMIB), which invests state funds to provide optimum levels of safety, liquidity, and yield. The PMIB manages the state idle pool, which consists of cash available from hundreds of state funds, commingled for purposes of cash management and investment. The PMIB also manages the Municipal Investment Pool as an investment option for more than 4,000 municipal taxing units of the State. The PMIB provides investment management services for individual state agencies authorized to have investment authority, such as the Kansas Department of Transportation and the Health Care Stabilization Fund. Although reported under the agency designation of State Treasurer, the PMIB operates as a stand-alone agency.

MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** passed 2004 SB 399, which required that a policyholder's ownership in an insurance company that has demutualized or otherwise reorganized, be turned over to the State Treasurer after two years instead of five. Also, 2004 HB 2795 increased the contribution limit to the Kansas Postsecondary Education Program (Learning Quest) from \$2,000 to \$3,000 per person. Local aid payments from the Local *Ad Valorem* Tax Reduction Fund (LAVTRF) and the City and County Revenue Sharing Fund (CCRSF) were not funded for FY 2005. The Legislature also approved agency funding from fees charged to other state agencies.

The **2005 Legislature** again approved funding for the State Treasurer from fees charged to other state agencies, which forms a portion of the agency's non-reportable budget. LAVTRF and CCRSF payments were not funded for FY 2006.

The **2006 Legislature** approved \$50,000 from the State General Fund in FY 2007 for marketing and advertising the Kansas Investments Development Scholars (KIDS) matching grant program, aimed at low-income individuals who can receive a one-to-one match (up to \$600 per year) for their contributions to Learning Quest.

Additionally, the 2006 Legislature approved \$1.6 million in special revenue funding to continue the funding mechanism of cash management and voucher processing fees to fund the State Treasurer for FY 2007.

The **2007 Legislature** approved \$50,000 from the State General Fund in FY 2008 to continue marketing and advertising the KIDS program in FY 2008.

Additionally, the 2007 Legislature discontinued off-budget funding of the Administration and Cash Management programs and added language to provide \$1,337,376 of incoming unclaimed property receipts to fund these programs in FY 2008. These receipts would normally have been deposited into the State General Fund.

The **2008 Legislature** approved 2008 House Sub. for SB 387, which authorized the creation of the State Housing Loan Deposit Program to provide incentives for housing construction development loans. The program is effective from July 1, 2008, to July 1, 2011, provides up to \$60.0 million in allowable loans, authorizes the PMIB to make loans to eligible lending institutions at specified rates, and requires that half of the allowable loans be made available to developer borrowers building houses in certain counties.

The **2009 Legislature** enacted 2009 SB 225, which extended the KIDS matching grant program indefinitely, limited the number of program participants to 1,200, and set the maximum matching amount for each participant at \$600 per calendar year.

The 2009 Legislature also enacted 2009 HB 2331, which established a minimum interest rate on investments of 0.5 percent while maintaining a rate two percentage points below the market.

Additionally, the 2009 Legislature passed 2009 House Sub. for SB 23, which approved the State General Fund transfers to the tax sliders: the Business Machinery and Equipment Tax Reduction Fund and the Telecommunications and Railroad Machinery and Equipment Tax Reduction Fund. The transfers were reduced by 6.5 percent and divided into two payments occurring on March 2, 2009, and June 1, 2009. The combined tax slider payments were estimated at \$25.0 million on each date. The Legislature adopted Governor's Budget Amendment No. 2, which suspended the June 1, 2009, payment, keeping

\$25.0 million in the State General Fund. No tax slider payments were authorized for Fiscal Years 2010, 2011, or 2012.

The **2010 Legislature** passed 2010 SB 382, which amended the Kansas Housing Loan Deposit Program requirements to: expand the definition of "house" to include multi-family dwellings; expand the definition of "eligible developer borrower" to include not only new construction but also rehabilitation of existing homes; change the limit on the value of the eligible housing from a sale at or below 350.0 percent of the Kansas median household for the previous year to a sale or appraisal at or below the average purchase price safe harbor as established by the State Treasurer; delete the limit of the one outstanding housing loan per borrower and instead specify that no more than \$2.0 million in total loans can be outstanding at any one time to a developer borrower; and move the ending date for the loan requirement to designated cities forward from July 1, 2011, to December 31, 2010. Loans made under the program will be made available statewide starting January 1, 2011.

In addition, the **2010 Legislature** passed 2010 SB 415, which allowed taxing subdivisions that have the power to issue general obligation bonds to include pools of mortgage funds guaranteed by the Government National Mortgage Association (GNMA), commonly referred to as Ginnie Maes. The bill also allowed municipalities that issue revenue bonds to extend the time limitation specified for the maximum stated rate of interest on fixed or variable-rate bonds issued by a municipality or taxing subdivision from June 30, 2010, to June 30, 2012. Under existing law, the specified maximum stated interest rate is to be determined on the day the bonds are sold and shall not exceed the daily yield for the ten-year treasury bonds published by the Bond Buyer in New York, NY, plus a certain interest percentage. Specifically, the bill increases the interest percentages from 5.0 to 6.0 percent if the interest on the bonds is excluded from gross

income for federal tax purposes or from 6.0 to 7.0 percent if interest is included.

The **2010 Legislature** also passed the following.

- 2010 SB 415. This legislation allowed the investment in general obligation bonds by any Kansas municipality. This investment is subject to the provision in law that first requires a municipality to offer its idle funds to eligible financial institutions. Eligible institutions are those given the ability to offer to match the PMIB-published investment rate.
- 2010 SB 451. This legislation allowed municipalities the option of accepting the good faith deposit for a municipal bond in the form of cash, including cash deposited via electronic fund transfer. Previously, the good faith deposit could be made only in the form of a certified or cashier's check or surety bond.
- 2010 SB 463. This legislation added Norton County to those counties authorized to have a bonded indebtedness limit of 30.0 percent of the assessed value of all tangible taxable property. Previous law limited all counties to a 3.0 percent bonded indebtedness level, except Franklin and Wyandotte counties, for which the limit was 30.0 percent.

- 2010 House Sub. for SB 312. This legislation authorized counties paying large property tax refunds relative to a single property whose value exceeds five percent of the total countywide tax base to request a loan from the PMIB to assist in the payment of such refunds. The loans would bear interest, could not exceed an aggregate of \$50 million statewide, and must be repaid within four years. Participating counties were required to make equal annual tax levies sufficient to pay the loans within the four-year period.
- 2010 House Sub. for SB 312 also amended the statute providing a cap relative to the total amount of Pooled Money Investment Boards (PMIB) investments available for legislative mandate. The limitation was changed from the lesser of 10.0 percent or \$140.0 million of state monies invested to the greater of 10.0 percent or \$140.0 million of state monies invested.

The **2013 Legislature** deleted \$305,000 in transfers from the State General Fund to the Kansas Postsecondary Education Savings Trust Fund for FY 2014 and FY 2015. The Legislature also reduced estimated payments from the Unclaimed Property Fund in FY 2013 and FY 2014 by \$780,000 and \$1.5 million respectively.

The **2014 Legislature** added \$370,000 in expenditure authority for the Kansas Postsecondary Education Savings Trust Fund for FY 2015. The trust fund is funded by a demand transfer from the State General Fund.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates a revised FY 2015 operating budget of \$22.5 million, all from special revenue funds, a decrease of \$174,719, or 0.8 percent, below the amount approved by the 2014 Legislature. The reduction is attributable to lower than approved expenditures from the Kansas Postsecondary Education Savings Trust Fund. The Legislature approved \$720,000 in matching funds but the agency anticipates \$495,000 in applications, a reduction of \$225,000, or 31.3 percent, below the approved budget.

FY 2015 Governor Recommendation

The **Governor** recommends expenditures of \$22.3 million, all from special revenue funds, a reduction of \$124,462, or 0.6 percent below the FY 2015 agency revised estimate. The reduction is attributable to reduced employer retirement contributions for the second half of FY 2015 (\$25,947), not adopting the agency supplemental request for funding of a constituent services officer (\$50,281), and a reduction in funding

The reduction is partially offset by an increase in salaries and wages expenditures of \$50,281, or 1.8 percent, above the approved budget for FY 2015. The increase is attributable to a supplemental request to retain an additional employee to assist with constituent services. The employee would fill a currently vacant FTE position.

for a vacant position in the Pooled Money Investment Board (\$48,324).

The Governor further recommends the agency transfer \$500,000 from the State Treasurer Operating Fund to the State General Fund in FY 2015. This transfer leaves the fund with a projected ending balance of \$248,871 for FY 2015.

FY 2016 Agency Request

The **agency** requests a FY 2016 operating budget of \$24.3 million, all from special revenue funds, an increase of \$1.8 million, or 8.2 percent, above the FY 2015 agency request. The increase is attributable to \$1.6 million in increased estimates for non-operational aid for unclaimed property (\$1.5 million), Tax Increment Financing Revenue Replacement (\$78,210), and

Postsecondary Education Savings (\$71,000). The increase is also attributable to salaries and wages (\$83,044) and contractual services (\$119,091). The increases are partially offset by a reduction in commodities and capital outlay of \$9,855.

FY 2016 Governor Recommendation

The **Governor** recommends expenditures of \$24.1 million, all from special revenue funds, a reduction of \$159,579, or 0.7 percent below the FY 2016 agency request. The reduction is attributable to eliminating agency salary and wage increases (\$126,298), and reducing the employer contribution rate for group health insurance by 8.5 percent (\$33,281).

FY 2017 Agency Request

The **agency** requests a FY 2017 operating budget of \$24.5 million, all from special revenue funds, an increase of \$220,558, or 0.9 percent, above the FY 2016 agency request. The increase is attributable to \$83,000 in increased estimates for

The Governor further recommends the agency transfer \$300,000 from the State Treasurer Operating Fund to the State General Fund in FY 2016. This transfer leaves the fund with a projected ending balance of \$28,947 for FY 2016.

non-operational aid for unclaimed property. The increase is also attributable to salaries and wages (\$129,530) and contractual services (\$10,728). The increases are partially offset by a reduction in commodities and capital outlay of \$2,700.

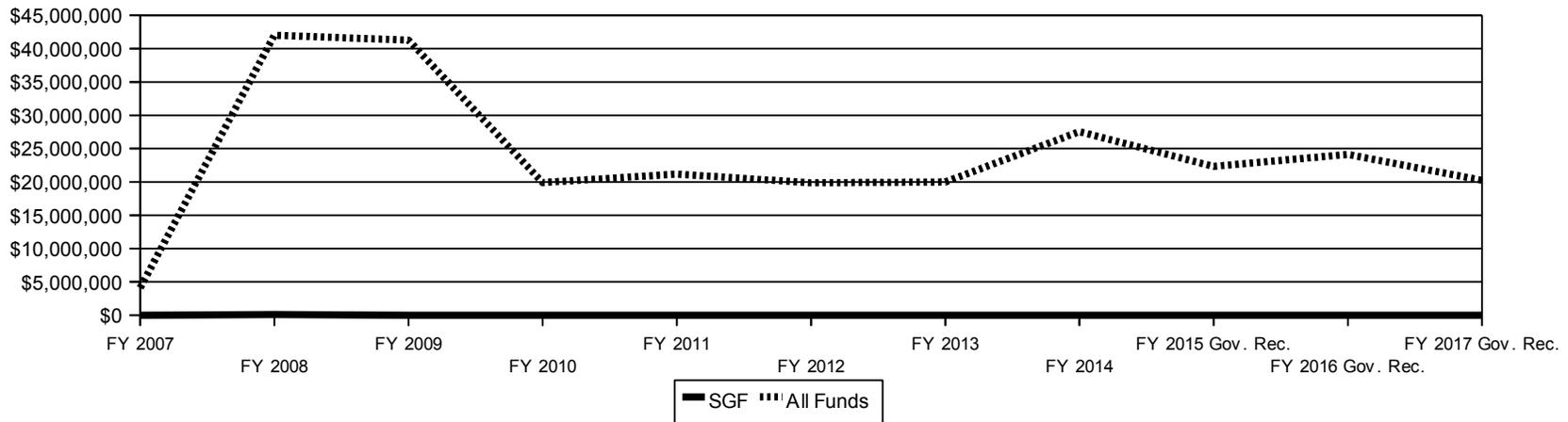
FY 2017 Governor Recommendation

The **Governor** recommends expenditures of \$24.4 million, all from special revenue funds, a reduction of \$160,246, or 0.7 percent below the FY 2017 agency request. The reduction is

attributable to eliminating agency salary and wage increases (\$126,298), and reducing the employer contribution rate for group health insurance by 8.5 percent (\$33,948).

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 9,071	100.0 %	\$ 4,112,675	(69.4)%	55.5
2008	89,699	888.9	42,012,349	921.5	55.5
2009	0	(100.0)	41,284,203	(1.7)	55.5
2010	0	--	19,905,213	(51.8)	53.5
2011	0	--	21,171,537	6.4	52.5
2012	0	--	19,865,615	(6.2)	46.5
2013	0	--	19,984,132	0.6	43.0
2014	0	--	27,542,787	37.8	44.5
2015 Gov. Rec.	0	--	22,328,072	(18.9)	45.5
2016 Gov. Rec.	0	--	24,132,445	8.1	45.5
2017 Gov. Rec.	0	--	24,352,336	0.9	45.5
Eleven-Year Change	\$ (9,071)	(100.0)%	\$ 20,239,661	492.1 %	(10.0)

* For FY 2008, the 2007 Legislature discontinued off-budget funding of the Administration and Cash Management programs, and added language to provide \$1,337,476 of incoming unclaimed property receipts to fund these programs for FY 2008. This funding would normally have been deposited into the State General Fund.

* The 2009 Legislature transferred a total of \$299,191 from the State Treasurer's Office and Pooled Money Investment Board to the State General Fund in FY 2009 and \$176,094 for FY 2010.

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 26,900,632	\$ 21,736,234	\$ 23,626,189	\$ 1,889,955	8.7 %	\$ 21,664,522	\$ 23,470,063	\$ 1,805,541	8.3 %
Pooled Money Investment Board	642,155	716,300	665,835	(50,465)	(7.0)	663,550	662,382	(1,168)	(0.2)
TOTAL	\$ 27,542,787	\$ 22,452,534	\$ 24,292,024	\$ 1,839,490	8.2 %	\$ 22,328,072	\$ 24,132,445	\$ 1,804,373	8.1 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 2,630,541	\$ 2,807,594	\$ 2,890,638	\$ 83,044	3.0 %	\$ 2,683,132	\$ 2,731,059	\$ 47,927	1.8 %
Contractual Services	1,573,993	1,608,505	1,727,596	119,091	7.4	1,608,505	1,727,596	119,091	7.4
Commodities	40,508	53,680	50,180	(3,500)	(6.5)	53,680	50,180	(3,500)	(6.5)
Capital Outlay	47,187	63,965	57,610	(6,355)	(9.9)	63,965	57,610	(6,355)	(9.9)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 4,292,229	\$ 4,533,744	\$ 4,726,024	\$ 192,280	4.2 %	\$ 4,409,282	\$ 4,566,445	\$ 157,163	3.6 %
Aid to Local Units	1,014,286	921,790	1,000,000	78,210	8.5	921,790	1,000,000	78,210	8.5
Other Assistance	22,236,272	16,997,000	18,566,000	1,569,000	9.2	16,997,000	18,566,000	1,569,000	9.2
TOTAL	\$ 27,542,787	\$ 22,452,534	\$ 24,292,024	\$ 1,839,490	8.2 %	\$ 22,328,072	\$ 24,132,445	\$ 1,804,373	8.1 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Operating Funds	4,292,252	4,533,744	4,726,024	192,280	4.2	4,409,282	4,566,445	157,163	3.6
Unclaimed Property	21,807,768	16,502,000	18,000,000	1,498,000	9.1	16,502,000	18,000,000	1,498,000	9.1
Post-Secondary Education	428,481	495,000	566,000	71,000	14.3	495,000	566,000	71,000	14.3
TIF Revolving Funds	1,014,286	921,790	1,000,000	78,210	8.5	921,790	1,000,000	78,210	8.5
TOTAL	\$ 27,542,787	\$ 22,452,534	\$ 24,292,024	\$ 1,839,490	8.2 %	\$ 22,328,072	\$ 24,132,445	\$ 1,804,373	8.1 %

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 23,626,189	\$ 23,817,681	\$ 191,492	0.8 %	\$ 23,470,063	\$ 23,660,957	\$ 190,894	0.8 %
Pooled Money Investment Board	665,835	694,901	29,066	4.4	662,382	691,379	28,997	4.4
TOTAL	\$ 24,292,024	\$ 24,512,582	\$ 220,558	0.9 %	\$ 24,132,445	\$ 24,352,336	\$ 219,891	0.9 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 2,890,638	\$ 3,020,168	\$ 129,530	4.5 %	\$ 2,731,059	\$ 2,859,922	\$ 128,863	4.7 %
Contractual Services	1,727,596	1,738,324	10,728	0.6	1,727,596	1,738,324	10,728	0.6
Commodities	50,180	47,180	(3,000)	(6.0)	50,180	47,180	(3,000)	(6.0)
Capital Outlay	57,610	57,910	300	0.5	57,610	57,910	300	0.5
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 4,726,024	\$ 4,863,582	\$ 137,558	2.9 %	\$ 4,566,445	\$ 4,703,336	\$ 136,891	3.0 %
Aid to Local Units	1,000,000	1,000,000	0	0.0	1,000,000	1,000,000	0	0.0
Other Assistance	18,566,000	18,649,000	83,000	0.4	18,566,000	18,649,000	83,000	0.4
TOTAL	\$ 24,292,024	\$ 24,512,582	\$ 220,558	0.9 %	\$ 24,132,445	\$ 24,352,336	\$ 219,891	0.9 %
Financing:								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Operating Funds	4,726,024	4,863,582	137,558	2.9	4,566,445	4,703,336	136,891	3.0
Unclaimed Property	18,000,000	18,000,000	0	0.0	18,000,000	18,000,000	0	0.0
Post-Secondary Education	566,000	649,000	83,000	14.7	566,000	649,000	83,000	14.7
TIF Revolving Funds	1,000,000	1,000,000	0	0.0	1,000,000	1,000,000	0	0.0
TOTAL	\$ 24,292,024	\$ 24,512,582	\$ 220,558	0.9 %	\$ 24,132,445	\$ 24,352,336	\$ 219,891	0.9 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	22,627,253	22,452,534	(174,719)	22,328,072	(299,181)
TOTAL	<u>\$ 22,627,253</u>	<u>\$ 22,452,534</u>	<u>\$ (174,719)</u>	<u>\$ 22,328,072</u>	<u>\$ (299,181)</u>
FTE Positions	45.5	45.5	0.0	45.5	0.0

The **agency** estimates a revised FY 2015 operating budget of \$22.5 million, all from special revenue funds, a decrease of \$174,719, or 0.8 percent, below the amount approved by the 2014 Legislature. The reduction is attributable to lower than approved expenditures from the Kansas Postsecondary Education Savings Trust Fund. The Legislature approved \$720,000 in matching funds but the agency anticipates \$495,000 in applications, a reduction of \$225,000, or 31.3 percent, below the approved budget.

The reduction is partially offset by an increase in salaries and wages expenditures of \$50,281, or 1.8 percent, above the approved budget for FY 2015. The increase is attributable to a supplemental request to retain an additional employee to assist with constituent services. The employee would fill a currently vacant FTE position.

The **Governor** recommends expenditures of \$22.3 million, all from special revenue funds, a reduction of \$124,462, or 0.6 percent below the FY 2015 agency revised estimate. The reduction is attributable to reduced employer retirement contributions for the second half of FY 2015 (\$25,947), not adopting the agency supplemental request for funding of a constituent services officer (\$50,281), and a reduction in funding for a vacant position in the Pooled Money Investment Board (\$48,324).

The Governor further recommends the agency transfer \$500,000 from the State Treasurer Operating Fund to the State General Fund in FY 2015. This transfer leaves the fund with a projected ending balance of \$248,871 for FY 2015.

Supplemental Detail

FY 2015 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Constituent Services Assistant	\$ 0	\$ 50,281	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$50,281, all from special revenue funds, to fund a constituent services employee. The position has been filled since January of 2014. The position responsibilities include the following items.

- Managing and maintaining the Treasurer’s official calendar schedule, such as allotting time to attend PMIB & KPERs meetings; meet with other government officials, civic organizations, and the general public.
- Meeting with constituents or groups on behalf of the Treasurer.

- Drafting original correspondence, congratulatory letters, responses and other written documents as requested by the State Treasurer and Assistant State Treasurer.
- Assisting in handling constituent written correspondence (including email), phone calls, and face to face meetings and maintain any resulting records of such interaction.
- Creating and maintaining various databases for the Treasurer.

The **Governor** does not recommend adoption of the agency supplemental request.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 24,292,024	\$ 24,132,445	\$ (159,579)
FTE Positions	45.5	45.5	0.0
Change from FY 2015:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	1,839,490	1,804,373	
TOTAL	<u>\$ 1,839,490</u>	<u>\$ 1,804,373</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	8.2	8.1	
TOTAL	<u>8.2 %</u>	<u>8.1 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests a FY 2016 operating budget of \$24.3 million, all from special revenue funds, an increase of \$1.8 million, or 8.2 percent, above the FY 2015 agency request. The increase is attributable to \$1.6 million in increased estimates for non-operational aid for unclaimed property (\$1.5 million), Tax Increment Financing Revenue Replacement (\$78,210), and Post-Secondary Education Savings (\$71,000). The increase is also attributable to salaries and wages (\$83,044) and

contractual services (\$119,091). The increases are partially offset by a reduction in commodities and capital outlay of \$9,855.

The request includes 45.5 FTE positions.

- **Salaries and Wages:** The agency requests \$2.9 million for salaries and wages, an increase of

\$83,044, or 3.0 percent, above the FY 2015 agency request. The increase is in the State Treasurer's Office due to an increase of \$24,106 in regular compensation and \$58,938 in fringe benefits, including increased employer contributions for public employee retirement. The increase is attributable to a requested 2.5% compensation increase for FY 2016. The increase is partially offset by a reduction in the Pooled Money Investment Board of \$49,744 including \$39,804 in regular compensation and \$9,940 in fringe benefits. The salaries and wages budget continues to reflect the additional FTE for a constituent services assistant.

- **Contractual Services:** The agency requests \$1.7 million for contractual services, an increase of \$119,091, or 7.4 percent, above the FY 2015 agency request. There are substantial shifts in the allocations of resources; however, the net increase is attributable to an increase of \$11,500 for repair and service of computer equipment, \$65,000 for investment consulting services related to the State 529 plan and \$50,000 in an increased SMART development fee.
- **Commodities:** The agency requests \$50,180 for commodities, a decrease of \$3,500, or 6.5 percent, below the FY 2015 agency request. The decrease is attributable to a reduction in computer supplies such as paper and ink of \$5,800 partially offset by a request of \$3,000 for clothing. The clothing request is to purchase State Treasurer branded shirts to be worn at the State Fair and other public constituent meetings.

- **Capital Outlay:** The agency requests \$57,610 for capital outlay, a decrease of \$6,355, or 9.9 percent, below the FY 2015 agency request. The decrease is attributable to a one time server purchase in FY 2015.
- **Aid to Locals:** The agency requests \$1.0 million for aid to local units of government an increase of \$78,210, or 8.5 percent, above the FY 2015 agency request. The increase is due to higher projected TIF payments.
- **Other Assistance:** The agency requests \$18.6 million for other assistance, an increase of \$1.6 million, or 9.2 percent, above the FY 2015 agency request. The increase is attributable to an increased estimate for the Kansas Post Secondary Education Savings Trust Fund grants of \$71,000 and increased distributions of unclaimed property of \$1.5 million. Increased distributions from the Unclaimed Property fund are being driven by legislative changes allowing the Department of Revenue to share more identifying information with the State Treasurer's Office and generally higher volume for the fund.

The **Governor** recommends expenditures of \$24.1 million, all from special revenue funds, a reduction of \$159,579, or 0.7 percent below the FY 2016 agency request. The reduction is attributable to eliminating agency salary and wage increases (\$126,298), and reducing the employer contribution rate for group health insurance by 8.5 percent (\$33,281).

The Governor further recommends the agency transfer \$300,000 from the State Treasurer Operating Fund to the State General Fund in FY 2016. This transfer leaves the fund with a projected ending balance of \$28,947 for FY 2016.

Enhancements Detail

FY 2016 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Constituent Services Assistant	\$ 0	\$ 51,893	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$51,893, all from special revenue funds, for a constituent services employee for FY 2016.

The **Governor** recommends does not recommend adoption of the agency enhancement request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 24,512,582	\$ 24,352,336	\$ (160,246)
FTE Positions	45.5	45.5	0.0
<i>Change from FY 2016:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	220,558	219,891	
TOTAL	<u>\$ 220,558</u>	<u>\$ 219,891</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	0.9	0.9	
TOTAL	<u>0.9 %</u>	<u>0.9 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests a FY 2017 operating budget of \$24.5 million, all from special revenue funds, an increase of \$220,558, or 0.9 percent, above the FY 2016 agency request. The increase is attributable to \$83,000 in increased estimates for non-operational aid for unclaimed property. The increase is also attributable to salaries and wages (\$129,530) and contractual services (\$10,728). The increases are partially offset by a reduction in commodities and capital outlay of \$2,700.

The request includes 45.5 FTE positions.

- **Salaries and Wages:** The agency requests \$3.0 million for salaries and wages, an increase of \$129,530, or 3.0 percent, above the FY 2015 agency request. The increase is in the State Treasurer’s Office due to an increase of \$78,530 in regular compensation and \$51,000 in fringe

benefits including increased employer contributions for public employee retirement. Of the increase, approximately \$96,918 is attributable to increased employer contributions for employee retirement.

- **Contractual Services:** The agency requests \$1.7 million for contractual services, an increase of \$10,728, or 0.6 percent, above the FY 2016 agency request. The net increase is attributable to an increase of \$2,659 in rent and the State Building Operating Charge, \$5,000 for assigned counsel and \$2,375 in fees for outside accountants and auditors.
- **Commodities:** The agency requests \$47,180 for commodities, a decrease of \$3,000, or 6.0 percent, below the FY 2016 agency request. The decrease is attributable to the elimination of clothing expenditures.

- **Aid to Locals:** The agency requests \$1.0 million for aid to local units of government for TIF payments the same amount as FY 2016.
- **Other Assistance:** The agency requests \$18.7 million for other assistance, an increase of \$83,000, or 0.4 percent, above the FY 2016 agency request. The increase is attributable to an increased estimate for the Kansas Post Secondary Education Savings Trust Fund. Unclaimed property distributions are held flat between FY 2016 and FY 2017.

The **Governor** recommends expenditures of \$24.4 million, all from special revenue funds, a reduction of \$160,246, or 0.7 percent below the FY 2017 agency request. The reduction is attributable to eliminating agency salary and wage increases (\$126,298), and reducing the employer contribution rate for group health insurance by 8.5 percent (\$33,948).

Enhancements Detail

FY 2017 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Constituent Services Assistant	\$ 0	\$ 54,230	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$54,230, all from special revenue funds, for a constituent employee for FY 2017.

The **Governor** does not recommend adoption of the agency enhancement request.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$12,986, all from special revenue funds, and affects 42 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$3,880, all from special revenue funds, and FY 2017 longevity payments total \$3,920, all from special revenue funds.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$33,281, all from special revenue funds, for FY 2016. This is reduction of \$33,948, all from special revenue funds, for FY 2017.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund to be paid back over 30 years and extending the amortization on the current bonds by ten years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
Education Savings Trust Fund	2.3 %	2.3 %	2.6 %	2.7 %
TIF Revenue Fund	4.1	4.1	4.1	4.1
Unclaimed Property Fund	74.1	74.6	74.1	73.9
All Operating Funds	19.5	18.9	19.5	19.3
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

State Treasurer Operating Fund

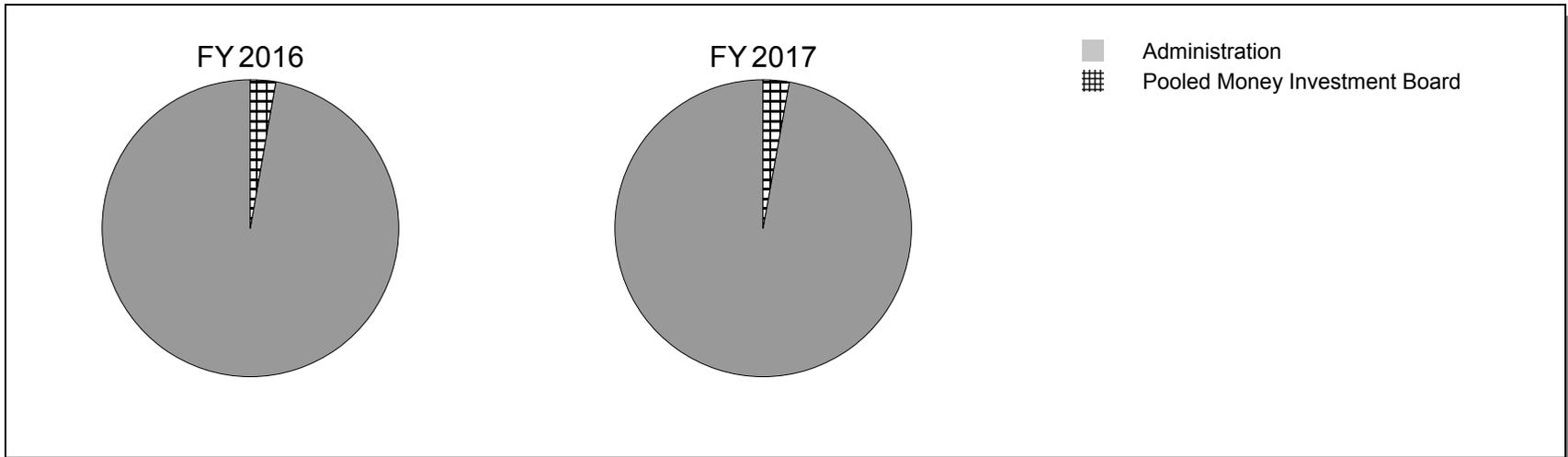
Beginning with FY 2008, the general operations of the State Treasurer's office are funded through a transfer from receipts of unclaimed property, which would normally be deposited to the State General Fund. This funding is transferred to the agency's State Treasurer Operating Fund.

The State Treasurer also pays operating expenses from the Bonds Services Fee fund, Postsecondary Education Savings Trust Fund, Pooled Money Investment Portfolio Fee Fund, and the Unclaimed Property Expense Fund.

<u>Resource Estimate</u>	<u>Actual FY 2014</u>	<u>Agency Estimate FY 2015</u>	<u>Governor Rec. FY 2015</u>	<u>Agency Request FY 2016</u>	<u>Gov. Rec. FY 2016</u>	<u>Agency Request FY 2017</u>	<u>Gov. Rec. FY 2017</u>
Beginning Balance	\$ 506,777	\$ 713,252	\$ 713,252	\$ 713,252	\$ 248,871	\$ 713,252	\$ 28,947
Revenue	1,559,572	1,597,457	1,597,457	1,650,687	1,650,687	1,682,741	1,682,741
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 2,066,349	\$ 2,310,709	\$ 2,310,709	\$ 2,363,939	\$ 1,899,558	\$ 2,395,993	\$ 1,711,688
Less: Expenditures	1,353,097	1,597,457	1,561,838	1,650,687	1,570,611	1,682,741	1,602,453
Transfers Out	0	0	500,000	0	300,000	0	0
Off Budget Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 713,252</u>	<u>\$ 713,252</u>	<u>\$ 248,871</u>	<u>\$ 713,252</u>	<u>\$ 28,947</u>	<u>\$ 713,252</u>	<u>\$ 109,235</u>
Ending Balance as Percent of Expenditures	52.7%	44.6%	15.9%	43.2%	1.8%	42.4%	6.8%

PROGRAM DETAIL

EXPENDITURES BY PROGRAM—GOVERNOR’S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. All Funds FY 2017	Percent of Total
Administration	\$ 23,470,063	97.3 %	\$ 23,660,957	97.2 %
Pooled Money Investment Board	662,382	2.7	691,379	2.8
TOTAL	\$ 24,132,445	100.0 %	\$ 24,352,336	100.0 %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

Program	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Administration	39.5	40.5	40.5	40.5	40.5	40.5	40.5
Pooled Money Investment Board	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL	44.5	45.5	45.5	45.5	45.5	45.5	45.5

A. Administration

The Administration program is comprised of the Administration and Information Technology sections, which are together responsible for the overall management of the office. The Administration section also establishes policy, assigns and directs the work of other operating programs, determines priorities, allocates available resources on the basis of those priorities, and requires internal reviews of operations and procedures.

The Information Technology section provides for computer and support services for the office and at times other state

agencies. During FY 2003, a “billing” module was added to the State of Kansas Interactive Internet Interfund System (SOKI3) to accommodate collection of the cash management fees. SOKI3 is an electronic method for state agencies to transfer funds between agencies.

The other operating programs directed by Administration are: Municipal Bond Services; Cash Management; Unclaimed Property; and the Postsecondary Education Savings Program, also known as Learning Quest.

ADMINISTRATION
SUMMARY OF EXPENDITURES FY 2014 – 2017

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 2,227,636	\$ 2,336,665	\$ 2,264,953	\$ 2,469,453	\$ 2,313,327	\$ 2,579,802	\$ 2,423,078
Contractual Services	1,356,904	1,380,114	1,380,114	1,498,626	1,498,626	1,499,769	1,499,769
Commodities	33,721	45,000	45,000	41,500	41,500	38,500	38,500
Capital Outlay	31,813	55,665	55,665	50,610	50,610	50,610	50,610
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 3,650,074	\$ 3,817,444	\$ 3,745,732	\$ 4,060,189	\$ 3,904,063	\$ 4,168,681	\$ 4,011,957
Aid to Local Units	1,014,286	921,790	921,790	1,000,000	1,000,000	1,000,000	1,000,000
Other Assistance	22,236,272	16,997,000	16,997,000	18,566,000	18,566,000	18,649,000	18,649,000
TOTAL	<u>\$ 26,900,632</u>	<u>\$ 21,736,234</u>	<u>\$ 21,664,522</u>	<u>\$ 23,626,189</u>	<u>\$ 23,470,063</u>	<u>\$ 23,817,681</u>	<u>\$ 23,660,957</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	26,900,632	21,736,234	21,664,522	23,626,189	23,470,063	23,817,681	23,660,957
TOTAL	<u>\$ 26,900,632</u>	<u>\$ 21,736,234</u>	<u>\$ 21,664,522</u>	<u>\$ 23,626,189</u>	<u>\$ 23,470,063</u>	<u>\$ 23,817,681</u>	<u>\$ 23,660,957</u>
FTE Positions	39.5	40.5	40.5	40.5	40.5	40.5	40.5
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>39.5</u>	<u>40.5</u>	<u>40.5</u>	<u>40.5</u>	<u>40.5</u>	<u>40.5</u>	<u>40.5</u>

Municipal Bond Services

The Municipal Bond Services program is responsible for the registration of all municipal bonds issued in the state. In addition, this program provides registrar and paying agent services for the majority of local bond issues, as well as state issues. When the State Treasurer is named the fiscal agent for registered form bonds, a fee is charged to the issuing

municipality for the services provided. Effective in FY 2002, the program is entirely financed from bond service fees. Total fees collected and credited to the bond services fee fund in FY 2013 were approximately \$897,600. The sub-program contains 9.0 FTE positions.

Cash Management

The Cash Management sub-program is responsible for several functions, including distributing aid to local units of government and processing the receipt and disbursement of state monies. In addition, the State Treasurer distributes the amounts due to local units of government from the Special City and County Highway Fund and the County Equalization and Adjustment Fund, which are included in the Department of Transportation budget. The aid to local units of government funds include the following items.

A. Local *Ad Valorem* Tax Reduction Fund (LAVTRF)

By statute, these payments are a demand transfer from the State General Fund. The distribution of local *ad valorem* aid is made on January 15 and July 15 to county governments under the statute. The amount distributed equals 3.63 percent of the total sales and compensating use taxes credited to the State General Fund in the prior calendar year, based upon a formula allocating 65.0 percent to the counties by population and 35.0 percent by property valuation. The Legislature, from time to time, has placed limitations on the distribution amounts. The Governor and the Legislature eliminated the second half distribution in FY 2003, and there was not a distribution through FY 2009. In 2009 Senate Sub. for HB 2354, the Legislature eliminated the distributions for FY 2009, FY 2010, and FY 2011. The 2010 Legislature, in 2010 SB 572, eliminated the distributions for FY 2012. The 2011 Legislature, in 2011 Senate Substitute for HB 2014, eliminated the distributions for FY 2013.

The 2013 Appropriations Bill, 2013 SB 171, suspends all transfer to the LAVTRF for FY 2013, FY 2014 and FY 2015 and states transfers will resume in FY 2016 and FY 2017 at \$54.0 million as demand transfers from the State General Fund.

B. County and City Revenue Sharing Funds (CCRSF)

The State Treasurer's Office distributes payments to local units of government under the law providing for County and City Revenue Sharing. The payments are demand transfers from the State General Fund. Under the current statute, county and city revenue sharing is distributed on July 15 and December 10 in an amount equal to 2.823 percent of the total credited to the State General Fund in the prior calendar year from sales and compensating use taxes. The formula allocates 65 percent among the counties by population and 35 percent by equalized assessed tangible property valuation. Each county receives 50 percent of its entitlement and the remaining 50 percent is distributed to its cities on the basis of population.

Receipts were \$34,876,349, for FY 2002 and \$16,740,646, for FY 2003. The Governor and the Legislature eliminated the second-half distribution in FY 2003. No distributions have been made since FY 2003. The 2013 Legislature, in SB 171, Sec. 275, states that no money shall be transferred from the State General Fund to the county and city revenue sharing fund during fiscal years 2013, 2014, 2015, and 2016.

Under current law, transfers to the CCRSF resume in FY 2017 at \$35.3 million.

C. Tax Increment Financing Revenue Replacement Fund

Created by the 1997 Legislature, this program provides that the State Treasurer is to pay certain local units of government for lost tax revenues due to legislative changes in the school finance property tax. Cities that have established a redevelopment district prior to July 1, 1996, are entitled to receive from the state the revenues which otherwise would have

been collected from the redevelopment district but for legislative changes in the school district finance formula. The State Treasurer, prior to April 15 of each year, shall pay each city its certified amount. Currently six cities and 22 redevelopment districts receive payments. These payments are financed by a transfer from the State General Fund.

**TAX INCREMENT REVENUE
REPLACEMENT FUND**

Fiscal Year		Receipts
FY 2009	\$	1,259,070
FY 2010		1,194,477
FY 2011		752,745
FY 2012		915,169
FY 2013		861,567
FY 2014		1,014,286
FY 2015 est.		921,790
FY 2016 est.		1,000,000
FY 2017 est.	\$	1,000,000

D. Unclaimed Property

The Unclaimed Property program seeks to return various forms of unclaimed property to the rightful owners or heirs. The Disposition of Unclaimed Property Act (KSA 58-3901, *et seq.*) authorizes the State Treasurer to take possession of specified types of abandoned personal property and become the custodian in perpetuity, while reserving the right of the original owner and other persons to claim the property.

After a period of five years of dormancy, abandonment may be declared by the State Treasurer for certain types of personal property including bank deposits, funds paid toward the

purchase of shared in financial organizations, certified checks, drafts or money orders, contents of safe deposit boxes removed for nonpayment of rent, unclaimed funds held by insurance companies under life insurance policies, utility deposits, stocks and dividends, and miscellaneous intangible property held by one party for another. Those required to report unclaimed property may aggregate amounts under \$100.

When property qualifies, the State Treasurer publishes a notice in local newspapers of general circulation where the property was reported abandoned in an effort to locate the owner of the property. Owners may also locate assets held by the State Treasurer via the agency's website. If the property is not claimed, the State Treasurer is authorized to dispose of the property, with receipts of the sale of the property credited to the State General Fund, with two exceptions. The exceptions are balances in the Unclaimed Property Claims Fund, which is used for the payment of claims, and the Unclaimed Property Expense Fund, which is used to finance the operations of the Unclaimed Property program.

By statute, unclaimed property is deposited in the State General Fund. Payments from the Unclaimed Property Claims Fund are funded by transfers from the State General Fund. As of June 30, 2014, the total amount of unclaimed property held in trust within the State General fund is \$298.0 million.

E. Postsecondary Education Savings Program

The Postsecondary Education Savings program (Learning Quest Education Savings Program, Learning Quest Advisor, and Schwab 529 College Savings Plan) was created by the 1999 Legislature to provide an opportunity for individuals and organizations to save for postsecondary education expenses under a qualified tuition savings plan (529). Following a negotiated bid process through the Division of Purchases, the

State Treasurer's Office contracted with American Century Investments as the program manager in December 1999 and renewed the contract in December 2006. The program became operational on July 1, 2000. Effective in FY 2002, the program is financed entirely by service fees. As of November 30, 2009, more than 132,171 accounts have been opened and funded, with Kansas residents representing almost half of the total accounts. After seven years of operation, assets total over \$3.8 billion.

The Kansas Investments Development Scholars (KIDS) matching grant program was created as a three-year pilot program in FY 2006 and is part of the Learning Quest program. The KIDS program is designed to encourage low-income families to establish postsecondary savings accounts by providing state matches (up to \$600 per participant) for contributions to such accounts.

The Agency requests expenditures from the Kansas Postsecondary Education Savings Trust Fund of \$495,000 in FY 2015, \$566,000 in FY 2016 and \$649,000 in FY 2017. The Governor concurs with the agency estimates.

F. (SUNSETTED) Business Machinery and Equipment Tax Reduction Assistance Fund

KSA 79-2978 created the Business Machinery and Equipment Tax Reduction Assistance Fund. The difference in

total *ad valorem* taxes levied by the counties on machinery and equipment property taxes for the tax year 2005 and the total of such *ad valorem* taxes levied for tax year 2007 will be available for transfer. Based on the computation by the Department of Revenue, county treasurers will receive a percentage of the difference as defined in statute. For FY 2009, the transfer totaled approximately \$20.0 million. Through the appropriation bill process, no transfers have been made since FY 2009.

G. (SUNSETTED) Telecommunications and Railroad Machinery and Equipment Tax Reduction Assistance Fund

KSA 79-2979 created the Telecommunications and Railroad Machinery and Equipment Tax Reduction Assistance Fund. The difference in the total *ad valorem* taxes levied by the counties on the machinery and equipment property taxes for the tax year 2005 and the total of such *ad valorem* taxes levied for tax year 2007 will be available for transfer. Based on the computation by the Department of Revenue, county treasurers will receive a percentage of the difference as defined in the statute. For FY 2009, the transfer totaled approximately \$5.0 million. Through the appropriation bill process, no transfers have been made since FY 2009.

B. Pooled Money Investment Board

The Pooled Money Investment Board (PMIB) was created by the 1974 Legislature to assume all powers, duties, and responsibilities of the then abolished State Board of Treasury Examiners. The PMIB manages a large pool of money consisting of cash available from hundreds of state funds, commingled for the purposes of cash management and investment. In addition, the program is responsible for providing depositories for state and special monies in demand deposit and interest-bearing accounts, giving consideration to fair and equitable distribution and the service level required.

The investment program (investable state monies) consists of the Pooled Money Investment Portfolio (PMIP), the Kansas Department of Transportation (KDOT), the Health Care

Stabilization Fund portfolio, and various other funds. The PMIB actively manages and administers the Kansas Municipal Investment Pool (MIP), in which local units of government participate. Other operations include the designation of various state bank depositories, as well as the administration of the Kansas Bank CD and the Agricultural Loan programs. While the PMIB is considered a part of the State Treasurer's budget for administrative purposes, the PMIB operates as an independent instrument not under the direction of the State Treasurer.

The PMIB invests conservatively to minimize risk and potential loss and has maintained Standard and Poor's highest investment rating of AAAs/S1+.

**POOLED MONEY INVESTMENT BOARD
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Expenditures:							
Salaries and Wages	\$ 402,905	\$ 470,929	\$ 418,179	\$ 421,185	\$ 417,732	\$ 440,366	\$ 436,844
Contractual Services	217,089	228,391	223,391	228,970	228,970	238,555	238,555
Commodities	6,787	8,680	8,680	8,680	8,680	8,680	8,680
Capital Outlay	15,374	8,300	8,300	7,000	7,000	7,300	7,300
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 642,155	\$ 716,300	\$ 658,550	\$ 665,835	\$ 662,382	\$ 694,901	\$ 691,379
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 642,155</u>	<u>\$ 716,300</u>	<u>\$ 658,550</u>	<u>\$ 665,835</u>	<u>\$ 662,382</u>	<u>\$ 694,901</u>	<u>\$ 691,379</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	642,155	716,300	663,550	665,835	662,382	694,901	691,379
TOTAL	<u>\$ 642,155</u>	<u>\$ 716,300</u>	<u>\$ 663,550</u>	<u>\$ 665,835</u>	<u>\$ 662,382</u>	<u>\$ 694,901</u>	<u>\$ 691,379</u>
FTE Positions	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>

The **Pooled Money Investment Board** requests FY 2016 operating expenditures of \$665,835, all from special revenue funds, a reduction of \$50,465, or 7.0 percent, below the FY 2015 agency request for the program. The reduction is attributable to reduced salary and wage expenditures of \$49,744, or 10.6 percent. The 2014 Legislature deleted 1.0 FTE from the program but did not lapse the associated funding.

The **Governor** recommends expenditures of \$662,382, a reduction of \$3,453, or 0.5 percent, below the agency request. The reduction is attributable to reduced employer contributions for employee health insurance.

The **Pooled Money Investment Board** requests FY 2017 operating expenditures of \$694,901, all from special revenue

funds, an increase of \$29,066, or 4.4 percent, above the FY 2016 agency request for the program. The increase is attributable to \$19,181 for the 27th payroll which occurs in that fiscal year and increased public employee retirement contributions and \$9,500 in contractual services for a statutorily required financial audit.

The **Governor** recommends expenditures of \$691,379, a reduction of \$3,522, or 0.5 percent, below the agency request. The reduction is attributable to reduced employer contributions for employee health insurance.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Administration:					
New agriculture production loans	50	13	15	50	50
Administrative cost per item deposited	\$0.0117	\$0.0999	\$0.1106	\$0.0117	\$0.0117
Annual number of electronic checks deposited	1,500,000	1,547,280	1,500,000	1,500,000	1,500,000
Percent of items received by 2:30 p.m. deposited the same day	100.0%	100.0%	100.0%	100.0%	100.0%
Number of outstanding bond issues	N/A	2,490	2,539	2,591	2,642
Value of unclaimed property receipts to State General Fund (in millions)	\$25.0	\$52.2	\$34.0	\$35.5	\$35.5
Number of unclaimed property claims approved	64,700	83,710	77,500	77,500	77,500
Total number of postsecondary education savings accounts (cumulative)	185,000	185,121	198,100	212,000	227,000
Total new dollars deposited (in millions) in postsecondary education savings accounts	\$501.0	\$523.0	\$559.0	\$599.0	\$641.0
Pooled Money Investment Board:					
Interest earned on all funds (in millions)	\$10.3	\$12.7	\$10.0	\$10.1	\$12.6
Standard and Poor's rating of PMIB	AAAf/S1+	AAAf/S1+	AAAf/S1+	AAAf/S1+	AAAf/S1+
Yield on idle portfolios in excess of average yield of comparable U.S. Treasury mutual funds	0.05%	(0.02%)	0.05%	0.05%	0.05%