Narrative Information—DA 400

Division of the Budget | Agency Pooled Money Investment Board

State of Kansas | Program Agency Overview

PROGRAM EXPLANATION:

The Pooled Money Investment Board (PMIB) and its authority are established under the State Moneys Law, K.S.A. 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 State Treasurer's Office. The 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 (KDOT) and the Health Care Stabilization Fund (HCSF). In addition, the 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 CDs (no more than 15% of the PMIP, per investment policy), U.S. Treasury securities, U.S. governmental agency securities, high-grade commercial paper, high-grade corporate bonds, and overnight repurchase agreements. Investments are restricted to a maximum maturity of four years. Investments in commercial paper must have a rating of A1/P1 or higher and may not exceed 270 days in maturity. Investments in corporate bonds must be rated AA-/Aa3 or higher and may not exceed two years in maturity (with the exception of HCSF which are allowable up to 10 years). The combined investment in commercial paper and corporate bonds may not exceed 60% of the portfolio. The combined value of all these portfolios was approximately $10.0 on 6/30/2026, $10.7 billion on 6/30/2025, $10.6 billion on 6/30/2024, and $10.4 billion on 6/30/2023.

Kansas Municipal Investment Pool (MIP): Created pursuant to legislation passed during the 1992 Legislative Session. In December 1996, the Board revamped the existing MIP structure by eliminating the variable rate options, previously referred to as SMIP and IMIP, and introducing three new fixed-rate investment alternatives. The new alternatives of 90, 180, or 365 days all offered a fixed interest rate for a specific maturity. This allowed the Board to more closely match its cash flows and virtually eliminate any exposure to liquidity risk. The MIP currently offers these fixed terms, as well as an overnight investment option. 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, the Board 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 $1.0 billion on 6/30/2026, $1.13 billion on 6/30/2025, $1.25 billion on 6/30/2024, and $1.44 billion on 6/30/2023.

Special Funds: Funds that, by statute, have independent investment authority. These funds have specific statutes and independent investment policies that govern the type of investments allowed, maximum holding percentages by asset type, and maximum maturities. Special Funds invested in the portfolio totaled approximately $259.0 million on 6/30/26, of which all of the funds were invested for the HCSF. KDOT had a no term funds invested in the portfolio as of this date.

Pooled Money Investment Portfolio Fee Fund: Created by the 1996 Legislature in K.S.A. 75-4234. The statute allows for an administrative fee to be netted from investment earnings on the PMIP. An administrative fee 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. For fiscal year 2026, $9.1 million in administrative fees were transferred from the PMIP Fee Fund to the State General Fund.

Loan Programs: The PMIB supports various Linked Deposit lending programs. The Linked Deposit programs are administered by the State Treasurer's Office. These programs provide qualified banks with low-cost funding to support agricultural production and remediation, home construction and renovation, and not-for-profit adult care facility construction and renovation. Once the Treasurer's Office certifies a loan under a specific linked deposit program, the PMIB will place funds with the participating bank in the amount of the loan at a rate which is 2% below the market rate. (The market rate is defined in K.S.A. 75-4237 and amendments thereto.) As interest rates began to drop to historically low levels (beginning in late-2008), a bill (HB 2331) was introduced (and ultimately became law) during the 2009 Legislative session setting a minimum interest rate (floor) of 0.50% at which money would be placed with banks participating in any of these linked deposit loan programs. Interest payments on all outstanding linked deposit loans is collected on January 1 and July 1 of each year. The interest rate resets on the first business day in January and July of each year. Linked deposits for agricultural production loans are limited to $55 million and $5 million for agricultural remediation. The combination of home construction/renovation loans and not-for-profit adult care facility construction/renovation loans are limited to $60 million. (There are additional statutory requirements for the adult care facility loans.) Two (2) additional loan programs during the 2021 Legislative Session; 1) Extraordinary Utility Costs Loan Program and 2) Kansas Economic Recovery Loan Program. The PMIB is also authorized to lend money to various state agencies as directed by statute. During the 2025 Legislative Session, a new Aviation Linked Loan Program was created for $30.0 million.

During the 2011 legislative session, a bill (SB 77) was introduced and ultimately became law. Specifically, Section 8 (f) 1-5 allow the Secretary of the Kansas Department of Labor (KDOL) to borrow money from the PMIB to fund debt obligations to the federal government that may have been, or continue to be, incurred by the employment security fund. The line of credit (LOC) so extended shall be at an interest rate not to exceed 2%; and shall remain in effect for a period of three years from the date of the first loan requested. ***The PMIB may reauthorize this line of credit following the initial three-year period if deemed mutually beneficial by the Board and the Secretary of Labor.*** The outstanding balances of such loans in the aggregate shall not exceed the PMIB's statutory loan limit as described in K.S.A. 2010 Supp. 75-4209(d), and amendments thereto. The PMIB, Secretary of Labor, and State Treasurer shall coordinate as needed to make the appropriate transfers and payment of moneys.

During the 2012 legislative session, K.S.A. 79-2005 became law. This statute allows for counties across Kansas to receive loans from the PMIB in the event a taxpayer (within the county) appeals to the court of tax appeals (pursuant to the provisions in K.S.A. 79-1609 and amendments thereto) or pays taxes under protest related to one property whereby the assessed valuation of such property exceeds 5% of the total county assessed valuation of all property located within such county and the taxpayer receives a refund of such taxes paid under protest or a refund made pursuant to the provisions of K.S.A. 79-1609, and amendments thereto, the county treasurer may request the PMIB to make a loan to such county. The PMIB is authorized and directed to loan to such county sufficient funds to enable the county to refund such taxes to the taxpayer. Each loan shall bear interest at a rate equal to the net earnings rate of the pooled money investment portfolio at the time of the making of such loan. The total aggregate amount of loans under this program shall not exceed $50,000,000. Any such loan authorized pursuant to this subsection shall be repaid within four years. The county shall make no more than four equal annual tax levies at the time fixed for the certification of tax levies to the county clerk following the making of such loan sufficient to pay such loan within the time period required under such loan. During the 2013 legislative session, K.S.A 79-2005 was amended to allow (in addition to the county treasurer), the governing body of any taxing subdivision within a county to request a loan from the PMIB. During the 2021 legislative session the Kansas Legislature passed and the Governor signed into law the City Utility Low-Interest Loan Program (CULILP). The Kansas State Treasurer's Office administrators the loan program, which allowed Cities to borrow funds related to extraordinary utility expenses incurred as a result of the historically cold weather during February, 2021.

As of 6/30/26, the balance of linked deposits placed in Kansas banks was approximately $92.6 million; statutory loans to agencies as of 6/30/26 was $0; the balance of the CULILP was approximately $22.7 million; the balance on KDOL LOC was $0; the loan balance to local taxing districts was approximately $12.0 million.

State Bank Account Depositories: The State Moneys Law and other specific statutes provide that accounts for deposit of state and special moneys must be placed with banks approved by the Pooled Money Investment Board. The Board approves depositories of state fee agency, custodial and other miscellaneous agency accounts. Large fee agency accounts are awarded on a competitive bid basis. These agencies work directly with Procurement and Contracts (formerly the Division of Purchasing). A Financial Services Negotiating Committee (FSNC) is formed to review all bids and present a formal recommendation to the Board for review and approval. All other accounts are generally awarded to the bank of the agency's choice. The Board further has the responsibility for determining frequency of remittances into the state treasury, if remittances are less frequent than daily.

Expanded Investment Authority: K.S.A. 12-1677(b) allows Kansas cities, counties, and school districts to apply for expanded investment authority, if they have a written investment policy which has first been approved by their governing body. The statute permits public entities with expanded investment authority to invest in Federal agency securities, in addition to the investments permitted under K.S.A. 12-1675, and to extend investment maturities up to a maximum of four years. The PMIB is responsible for reviewing and approving applications for expanded investment authority, as well as, conducting an annual review of those entities with expanded investment authority. SB 39, passed during the 2009 Legislative Session, amended K.S.A. 12-1677(b) to make school districts eligible to apply for expanded investment authority, and added new reporting requirements for all entities with expanded investment authority. During the 2014 Legislative session, SB 422 / HB 2312 amended K.S.A. 12-1675 (effective July 1, 2014); adding Federal Agency securities (excluding mortgage-backed securities) to the asset mix of Kansas Bank CD's, Repurchase Agreements, U.S. Treasury instruments, and the Municipal Investment Pool (in addition to the investments allowed by K.S.A. 12-1675). The maximum maturity for any authorized investment (as defined in K.S.A. 12-1675) remains unchanged at two (2) years. Thus, the only difference between K.S.A. 12-1677(b) and K.S.A. 12-1675 is the ability to extend investment maturities up to a maximum of four (4) years. As a reminder, attaining "expanded powers" status does not allow any entity to bypass the basic public funds investment process of offering any available funds to their local financial institutions as outlined in subsection (c) of K.S.A. 12-1675.

STATUTORY HISTORY:

The PMIB was created by the 1974 Legislature and came into being on January 13, 1975, assuming all powers, duties, and functions of the then-abolished State Board of Treasury Examiners. The organization, primary functions and duties of the Board may be found under the State Moneys Law, K.S.A. 75-4201 et. seq. During the 1992 Legislative Session, SB 480 increased the membership of the Board from three to five members; four were appointed by the Governor and the fifth, the State Treasurer, served as the chairperson of the Board as defined by the statute. SB 476, Session Laws of 1996, further changed the composition of the Board. The membership increased to six, comprised of four gubernatorial and two statutory appointments. Both the State Treasurer and the State Securities Commissioner were members per statute. Additionally, the Governor was responsible for appointing the Chairman. The State Securities Commissioner served as a non-voting member. As part of the 1997 Legislative Session, the membership was reduced to five with the passage of SB 282, which eliminated the non-voting member position occupied by the State Securities Commissioner. No additional structural changes have been made to the Board since then.

SB 480 made sweeping changes to the State Moneys Law in 1992. Investment authority was broadened to include investments in U.S. government securities (U.S. Treasury and Federal agency instruments). High grade commercial paper was added during the 1996 Legislative Session via SB 476. Later in fiscal year 1996 (6/3/96), the Board combined the investment portfolios of the MIP with the PMIP in order to more effectively manage and closely match cash flow needs, thereby reducing liquidity risk. In 2008, SB 472 further broadened PMIB's investment authority by adding high grade corporate bonds as permitted investments.

PMIB's placement of investments with banks also changed with the passage of SB 480. Kansas banks were offered two investment options: apportioned or competitively bid. Approximately one-half of the investable state moneys were prorated to Kansas banks on the basis of equity capital in the apportioned option. Interest rates paid on the apportioned offering reflected yields on U.S. Treasury securities with a similar maturity. The remaining investable state moneys were offered to Kansas banks on a competitive bid basis, at interest rates based on U.S. Treasury and Federal agency securities of similar terms. During the 1997 legislative session, SB 132 eliminated the apportionment process. Funds offered to Kansas banks were then available at interest rates based upon current market conditions. During the 2025 Legislative Session, HB 2152 was passed, resulting in greater flexibility for Kansas Bank CDs. The PMIP Board now has the flexibility to price Bank CDs. The current spread applied is minus 0.25% as of 6/30/2026. The maximum amount for any bank was also limited to 2.5% of the total available Bank CD Program.

PROPOSED BUDGET YEAR OPERATIONS:

Operations for FY-2027 (update) and FY-2028 (new) will include the functions of managing and accounting for the pool of state moneys, the Municipal Investment Pool, and the Health Care Stabilization Fund, as well as, providing investment advice and transaction execution for KDOT. The PMIB also serves as the administrator for the Municipal Investment Pool. Other operations include designating various state bank depositories, administering the Kansas Bank CD program, Linked-Deposit programs, and statutory loans. The PMIB is also responsible for conducting an annual review of public entities with expanded investment authority.

MISSION STATEMENT & PRIMARY GOALS:

"The Pooled Money Investment Board aspires to be a premier financial services organization; serving both the citizens and the State through professionalism, integrity, and efficiency; simultaneously striving to maximize the return on those resources entrusted to our care while remaining steadfast to our primary objectives of safety and liquidity."

Effectively manage investable state moneys and MIP deposits of state and local governmental entities in accordance with KSA 75-4201 et. seq. and Board investment policies to meet stated investment objectives of ensuring safety of principal, providing sufficient liquidity to meet cash flow needs, and attaining a reasonable return on investments.

Objective:

To ensure the safety of principal by minimizing credit risk and interest rate risk, and to provide the liquidity needed to meet reasonably anticipated cash needs, while also providing a reasonable return on invested funds, given existing market conditions.

Strategies:

1. Project state cash flows in order to maximize investment portfolio effectiveness to meet liquidity needs and provide a market return.

2. Work closely with the State Treasurer's Office and the Division of the Budget to optimize investment portfolio structure to meet projected state cash flows.

3. Maximize the existing level of resources to improve current services, which includes providing professional investment portfolio management, accounting services, MIP administration, and meeting statutory requirements.

4. Provide reasonable investment options local government municipalities through the Municipal Investment Program.

Narrative Information—DA 400

Division of the Budget — Agency: Pooled Money Investment Board

State of Kansas — Program: Agency Overview

Performance Measures for Objective:

OUTPUTS	Estimate FY2026	**Actual FY2026**	***Updated*** Estimate FY2027	***New*** Estimate FY2028
1. Pooled Money Investment Portfolio – FY Average	$8.40 billion	**$7.95 billion**	$7.61 billion	$7.00 billion
2. MIP Deposits (**FY Average**)	$1.10 billion	**$914.48 million**	$995.1 million	$995.1 million
3. NET Interest Income	$335.0 million	**$354.8 million**	$320.6 million	$257.3 million
4. PMIP Yield vs. S&P LGIP Index **(FY Average)**	+/-0.20%	**(0.158%)**	+/-0.20%	+/-0.20%
5. PMIP Yield vs. 50/50 Agency and CP Index **(FY Average)**	+/-0.20%	**0.091%**	+/-0.20%	+/-0.20%
6. MIP Transactions Processed	4,750	4,159	4,200	4,200
7. Kansas Bank CD Investments Processed	80	126	125	125
8. Successful completion of required Board Meeting Materials	100%	100%	100%	100%
9. Number of Term Investments Purchased and Processed *	175	178	165	155

* - Excludes Overnight Repurchase Agreement transactions.

Performance Measures Explanation (FY-2024 Actual versus FY-2024 Final Estimate):

1) The PMIP investment portfolio trended lower during FY-2026 as the State received lower revenue and funds for the Budget Stabilization Fund were invested in a separate portfolio as mandated by the legislature.

2) Deposits in the Municipal Investment Pool (MIP) decreased year-over-year and was below the FY-2026 estimate.

3) Interest Income was higher than expectations. This was due primarily to higher short-term interest rates than were forecasted, partially offset by the lower balance.

4) The PMIP underperformed its S&P LGIP Index Benchmark by 15.8 basis points (-0.158%). The PMIP outperformed the 50/50 Benchmark (50/50 Blend of Federal Agency Discount Notes and High-Grade Commercial Paper) by 9.1 basis points 0.91%. This was due to a longer maturity profile that resulted in the PMIP portfolio repricing to lower rates than the benchmark.

5) The remaining performance measures were added to measure the overall productivity of the PMIB staff. All of these measures were in line with the performance estimates.

EXPENDITURES: FINAL REVIEW of FY-2026 and JUSTIFICATION for FY-2027 and FY-2028 – Pooled Money Investment Board

Expenditure Overview:

The Final PMIB Budget for FY-2026 ended $50,161 under the Final, Approved Budget initially submitted in September 2025.

The FY-2026: Final, Approved Budget was $926,046; the actual FY-2026 PMIB expenditures totaled $788,555 (Savings of $137,491). I have detailed the Object Code variances below; the most significant variance occurred in the "Salaries and Employee Benefits" category. This variance was due primarily to the retirement of the Accounting and Operational Manager during the fiscal year. This employee was a long-term senior employee of the PMIB and was not replaced. The PMIB is still working to determine if the department can manage with only 4 full-time employees.

Object Code 100: Salaries and Employee Benefits	FY-2026 (approved) - $700,767	**FY-2026 (actual) - $600,620**	**Variance: ($100,147)**
Object Code 200: Contractual Services	FY-2026 (approved) - $142,309	**FY-2026 (actual) - $119,174**	**Variance: ($ 23,135)**
Object Code 300: Commodities	FY-2026 (approved) - $1,870	**FY-2026 (actual) - $ 285**	**Variance: ($ 1,585)**
Object Code 400: Capital Outlay	FY-2026 (approved) - $81,100	**FY-2026 (actual) - $ 68,476**	**Variance: ($ 12,624)**
Total	$926,046	**$788,555**	***Savings* ($137,491)**

The next few pages will detail the specific budget categories and any changes that have occurred since the September 2025 Budget Submission for FY-2027, as well as, our new budget request for FY-2028. Please direct any questions or concerns to Joel Oliver, Executive Director, Pooled Money Investment Board. (785) 296-7053 **joliver@pmib.ks.gov**

(As a reminder, any budget dollars not spent during a particular month, become part of our monthly statutory transfer to the State General Fund.)

Object Code 100: Salaries and Employee Benefits

Summary: Approved staffing for the PMIB is 4.5 FTE's. At the present time the PMIB has 4 full-time staff.

Current Fiscal Year 2027: Salaries = $482,471 and Benefits = $174,496

Budget Fiscal Year 2028: Salaries = $500,963 and Benefits = $190,583
FY27 Salary expense shows a decrease from the previous budget due to the retirement of a senior employee that was not replaced. The Employee Benefits expense is higher for both FY26 & FY27 due to increased employer medical insurance premiums.

Please Note: As defined in K.S.A. 75-4221a, the PMIB **Board** consists of five (5) members: Four (4) are appointed by the Governor and the Kansas State Treasurer is a statutory member. The four appointed Board members are subject to Senate Confirmation and serve a four (4) year term. These Board member positions are considered to be *unclassified temporary*. Board members, except for the State Treasurer, are eligible for compensation of $35.00 a meeting plus travel expenses. The Board currently has one position whose term has expired, but continues to serve.

(As a reminder, any budget dollars not spent during a particular month, become part of our monthly statutory transfer to the State General Fund.)

Object Code 200: Contractual Services

Summary: Major expenditures in this category include building rent costs for the PMIB Offices and storage space in the Landon State Office Building, IT and Legal fees, bank fees for investment-related transactions (US Bank), and fees for audit services.

Current Fiscal Year 2027: $154,596

Budget Fiscal Year 2028: $146,810

Every two years, an audit of financial management practices is required; FY-2027 includes this expense, FY-2028 does not.

Object Code 300: Commodities

Summary: Expenditures represent office supplies and stationery.

Current Fiscal Year 2027: $1,870.

Budget Fiscal Year 2028: $950.

Expenditures for office supplies has declined in the previous fiscal years and is expected to remain flat going forward.

Object Code 400: Capital Outlay

Summary: Expenditures are primarily technology-related; leasing costs for proprietary financial markets platform technology, leasing costs for proprietary investment accounting software, hardware replacement, annual license/assurance fees, and software purchases.

Current Fiscal Year 2027: $106,829

Budget Fiscal Year 2028: $107,400

The increase is due primarily to an expected increase in the Bloomberg licensing fee and an upgrade in the accounting software that is expected to help with efficiency. This is expected to help in the decrease in production due to the reduction in staff.

EXPENDITURES: Executive Summary for FY-2027 and FY-2028 – Pooled Money Investment Board

Object Code 100: Salaries and Employee Benefits	FY-2027 - $656,967	FY-2028 - $691,546
Object Code 200: Contractual Services	FY-2027 - $154,596	FY-2028 - $146,810
Object Code 300: Commodities	FY-2027 - $ 1,870	FY-2028 - $ 950
Object Code 400: Capital Outlay	FY-2027 - $106,829	FY-2028 - $107,400
Total	$920,262	$946,706

RECEIPT OF ESTIMATES -DA 405 - FY2027, FY2028

DIVISION OF THE BUDGET — AGENCY: Pooled Money Investment Board

STATE OF KANSAS — AGENCY NUMBER: 67100

2319 - Pooled Money Investment Portfolio Fee Fund

The PMIB is a completely fee funded State agency. Administrative fees are charged for portfolio management services (specific portfolios are listed below). Fees are based on the average balance of the portfolios. Per K.S.A. 75-4235, fees not necessary for reimbursement of administrative expenses are transferred monthly to the State general fund.

	FY2024 Actual	FY2025 Actual	FY2026 Actual	FY2027 Projected	FY2028 Projected
State Idle Fund Fees	8,198,458	8,440,590	8,165,138	7,609,651	7,009,652
MIP Fees	1,806,333	1,708,945	1,349,206	1,492,638	1,492,638
Healthcare Stabilization Fund Fees	282,770	264,633	259,935	260,000	260,000
KDOT Fee	61,451	55,296	67,015	50,000	50,000
Other	4,410	3,323	0	0	0
Total Revenue	10,353,422	10,472,787	9,841,294	9,412,289	8,812,290
Transfer to State General Fund	(9,550,000)	(9,625,000)	(9,100,000)	(8,492,828)	(7,865,584)
Net Revenue	803,422	847,787	741,294	919,462	946,706