

OFFICE OF THE STATE TREASURER

FY 2021 – FY 2023 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2021 – FY 2023

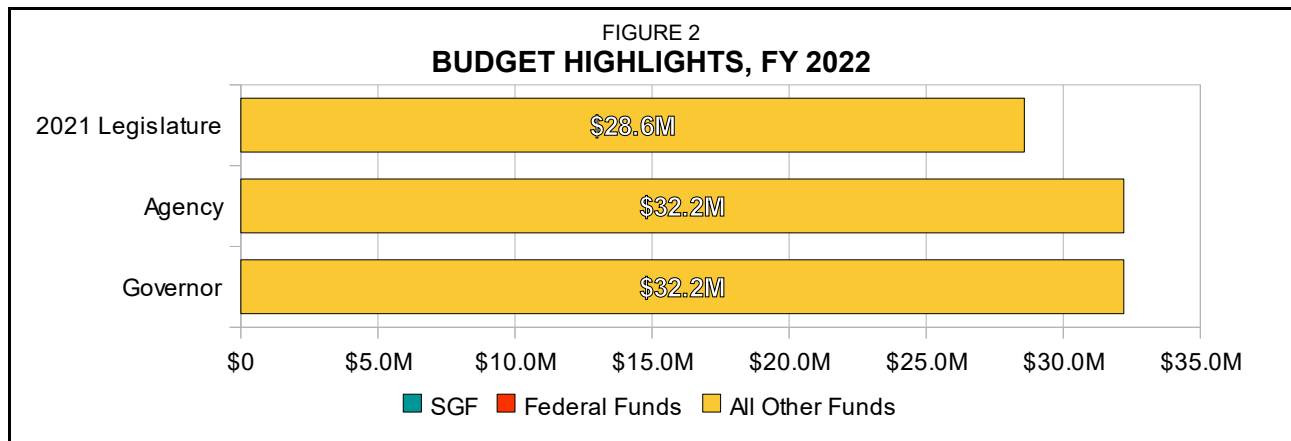
	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	21,815,752	32,206,544	32,206,544	32,527,205	45,527,205
<i>Subtotal</i>	<u>\$ 21,815,752</u>	<u>\$ 32,206,544</u>	<u>\$ 32,206,544</u>	<u>\$ 32,527,205</u>	<u>\$ 45,527,205</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>\$ 21,815,752</u>	<u>\$ 32,206,544</u>	<u>\$ 32,206,544</u>	<u>\$ 32,527,205</u>	<u>\$ 45,527,205</u>
Percentage Change:					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(9.3) %	47.6 %	47.6 %	1.0 %	41.4 %
FTE Positions	39.0	40.0	40.0	40.0	40.0

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 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 also is 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.

EXECUTIVE SUMMARY

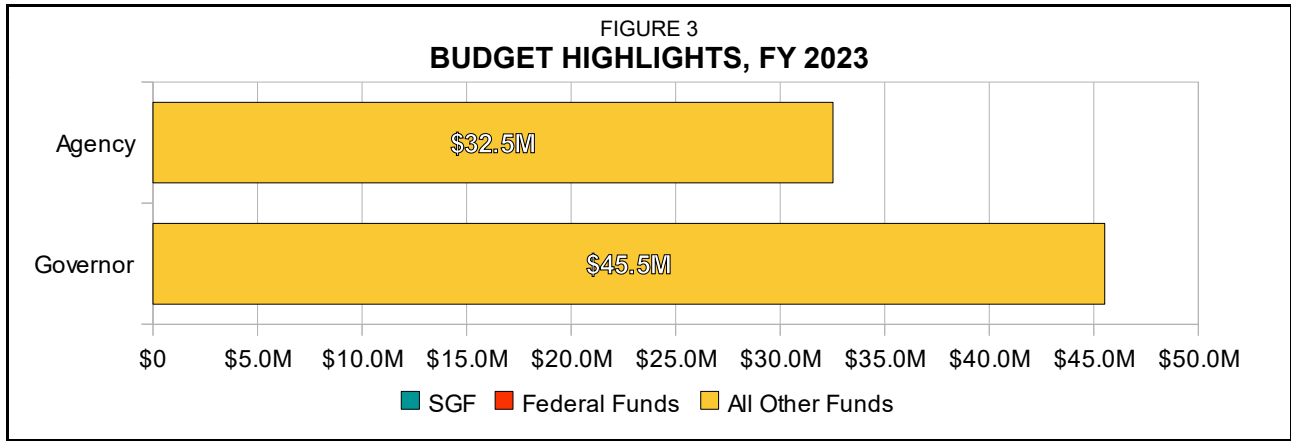
The 2021 Legislature approved a budget of \$28.6 million, all from special revenue funds, for the Office of the State Treasurer for FY 2022. No adjustments have been made to the approved amount subsequent to the 2021 Legislative Session.



The **agency** estimates revised expenditures of \$32.2 million, all from special revenue funds, in FY 2022. This is an increase of \$3.6 million, or 12.7 percent, above the FY 2022 approved amount. The agency estimates unclaimed property claim payments of \$27.2 million in FY 2022. This is an increase of \$9.4 million in claims above the FY 2021 actual amount. The agency reported a decrease in unclaimed property claim payments during the COVID-19 pandemic and anticipates claims to increase in FY 2022. The agency requests an additional \$3.6 million, all from the Unclaimed Property Claims Fund, in FY 2022 to make these additional claim payments. The agency's revised estimate includes other adjustments of \$10,478. Other adjustments include anticipated expenditures for the agency's computer replacement plan and anticipated increases in salaries and wages expenditures for employer contributions to employee fringe benefits such as group health insurance.

The agency also requests 40.0 FTE positions, which is 0.5 FTE positions below the FY 2022 approved number. The 2021 Legislature approved an additional 1.5 FTE positions in FY 2021 and FY 2022 for the administration of the Kansas Economic Recovery Loan Deposit Program created pursuant to 2021 SB 86 and the City Utility Low-Interest Loan Program created pursuant to 2021 SB 88. The agency filled 1.0 FTE position in FY 2021, and a 0.5 FTE position remains vacant.

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



The **agency** requests \$32.5 million, all from special revenue funds, for FY 2023. This is an increase of \$320,661, or 1.0 percent, above the FY 2022 revised estimate. The agency estimates unclaimed property claim payments of \$27.4 million, which is an increase of \$200,000 above the FY 2022 revised estimate. The agency anticipates an increase in unclaimed property claims and payouts for FY 2023. The agency requests \$2.7 million for salaries and wages for FY 2023, which is an increase of \$116,444 above the FY 2022 revised estimate. This increase is primarily attributable to anticipated increases in employer contributions to employee fringe benefits such as group health insurance. The remaining increase is attributable to an anticipated increase in Kansas Investments Development Scholars (KIDS) Matching Grant Program matching funds. This increase is partially offset by a decrease (\$20,783) in contractual services for FY 2023.

The agency also requests 40.0 FTE positions, which is unchanged from the FY 2022 revised estimate.

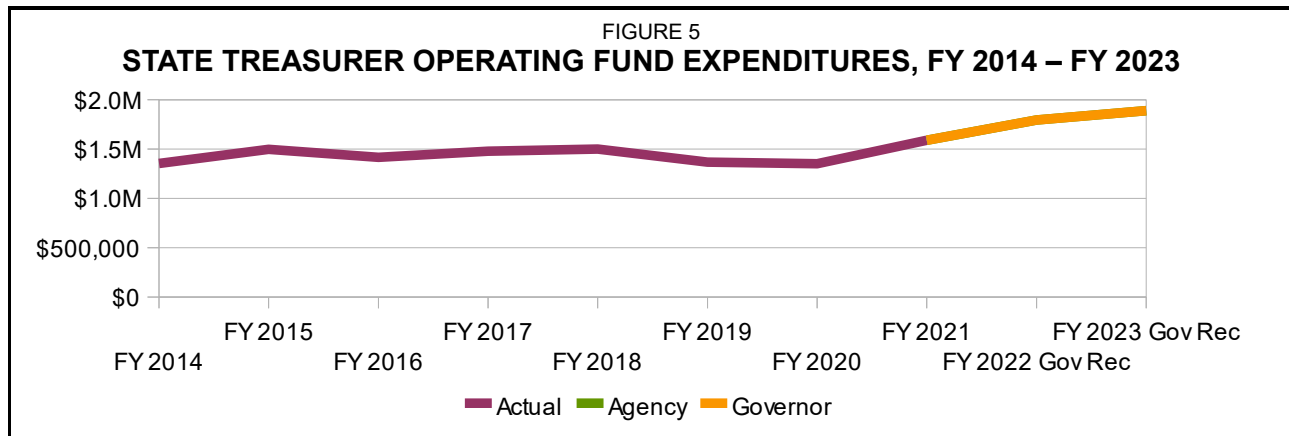
The **Governor** recommends expenditures of \$45.5 million, all from special revenue funds, for FY 2023. This is an increase of \$13.0 million, or 28.6 percent, above the agency's FY 2023 request. The increase is a SGF transfer, occurring on a quarterly basis, to the Sales Tax and Revenue (STAR) Bonds Food Sales Tax Revenue Replacement Fund. The funds would be used to hold STAR bond districts harmless from the elimination of the sales tax on food and food ingredients, as proposed by the Governor.

EXPENDITURES AND FINANCING

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

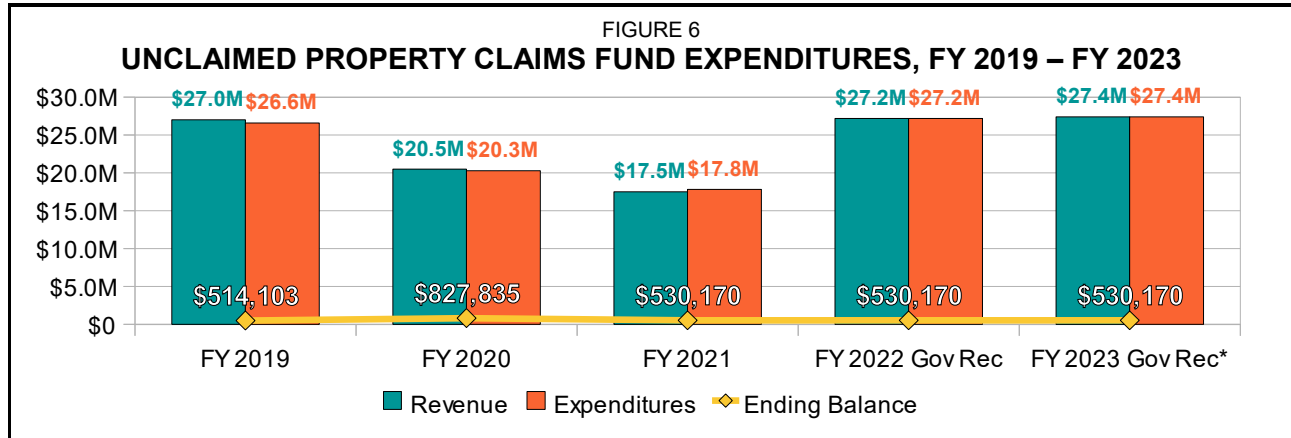
	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Category of Expenditure:					
Salaries and Wages	\$ 2,190,630	\$ 2,626,895	\$ 2,626,895	\$ 2,743,339	\$ 2,743,339
Contractual Services	1,333,481	1,876,389	1,876,389	1,855,606	1,855,606
Commodities	22,492	19,260	19,260	19,260	19,260
Capital Outlay	51,980	59,000	59,000	59,000	59,000
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 3,598,583</u>	<u>\$ 4,581,544</u>	<u>\$ 4,581,544</u>	<u>\$ 4,677,205</u>	<u>\$ 4,677,205</u>
Aid to Local Units	-	-	-	-	13,000,000
Other Assistance	18,217,169	27,625,000	27,625,000	27,850,000	27,850,000
<i>Subtotal—Operating</i>	<u>\$ 21,815,752</u>	<u>\$ 32,206,544</u>	<u>\$ 32,206,544</u>	<u>\$ 32,527,205</u>	<u>\$ 45,527,205</u>
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
TOTAL	<u>\$ 21,815,752</u>	<u>\$ 32,206,544</u>	<u>\$ 32,206,544</u>	<u>\$ 32,527,205</u>	<u>\$ 45,527,205</u>
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
State Treasurer	1,589,312	1,795,618	1,795,618	1,890,376	1,890,376
Operating Fund	-	-	-	-	-
Unclaimed Property	17,809,528	27,200,000	27,200,000	27,400,000	27,400,000
Claims Fund	-	-	-	-	-
Unclaimed Property	1,123,504	1,695,980	1,695,980	1,667,457	1,667,457
Expense Fund	-	-	-	-	-
Federal Funds	-	-	-	-	-
All Other Funds	1,293,408	1,514,946	1,514,946	1,569,372	14,569,372
TOTAL	<u>\$ 21,815,752</u>	<u>\$ 32,206,544</u>	<u>\$ 32,206,544</u>	<u>\$ 32,527,205</u>	<u>\$ 45,527,205</u>
FTE Positions	39.0	40.0	40.0	40.0	40.0

STATE TREASURER OPERATING FUND



Beginning with FY 2008, the general operations of the Office of the State Treasurer were funded through a transfer from receipts of unclaimed property that normally would be deposited into the State General Fund (SGF). 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, and the Unclaimed Property Expense Fund.

UNCLAIMED PROPERTY CLAIMS FUND



* For FY 2023, the lowest month ending balance for the Unclaimed Property Claims Fund will occur in June, with a balance of approximately \$300,000.

The Unclaimed Property Claims Fund is established under KSA 58-3956. In accordance with the Uniform Unclaimed Property Act, the State Treasurer deposits amounts received under the act to the State Treasury to the credit of the SGF, except for amounts credited to the Unclaimed Property Claims Fund for payment of claims. SGF transfers to pay claims totaled \$20.3 million in FY 2020 and \$17.8 million in FY 2021. The fund has a carry-forward balance of \$530,170 in unspent funds from FY 2021 into FY 2022. The agency estimates unclaimed property claim payments of \$27.2 million in FY 2022 and \$27.4 million for FY 2023.

FY 2022 ANALYSIS

FIGURE 7 SUMMARY OF BUDGET REQUEST, FY 2022					
	SGF	Special Revenue Funds	All Funds	FTE	
Legislative Approved:					
Amount Approved by 2021 Legislature	\$	-	\$ 28,586,066	\$ 28,586,066	40.5
1. No Changes		-	-	-	--
<i>Subtotal—Legislative Approved</i>	\$	-	\$ 28,586,066	\$ 28,586,066	40.5
Agency Revised Estimate:					
2. Unclaimed Property Claims	\$	-	\$ 3,610,000	\$ 3,610,000	--
3. All Other Adjustments		-	10,478	10,478	(0.5)
<i>Subtotal—Agency Revised Estimate</i>	\$	-	\$ 32,206,544	\$ 32,206,544	40.0
Governor’s Recommendation:					
4. No Changes	\$	-	-	-	--
TOTAL	\$	-	\$ 32,206,544	\$ 32,206,544	40.0

LEGISLATIVE APPROVED

The 2021 Legislature approved a budget of \$28.6 million, all from special revenue funds, for the Office of the State Treasurer for FY 2022.

1. **NO CHANGES.** Subsequent to the 2021 Legislative Session, no adjustments were made to this amount.

AGENCY ESTIMATE

The **agency** requests a revised estimate of \$32.2 million, all from special revenue funds, in FY 2022. This is an increase of \$3.6 million, or 12.7 percent, above the FY 2022 approved budget.

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

2. **UNCLAIMED PROPERTY CLAIMS.** The agency estimates unclaimed property claim payments of \$27.2 million in FY 2022. This is an increase of \$9.4 million in claims above the FY 2021 actual amount. The agency reported a decrease in unclaimed property claims during the COVID-19 pandemic and anticipates claims to increase in FY 2022. The agency requests an additional \$3.6 million, all from the Unclaimed Property Claims Fund, in FY 2022 to make these additional claim payments.
3. **ALL OTHER ADJUSTMENTS.** The agency's revised estimate includes other adjustments of \$10,478. Other adjustments include anticipated expenditures for the agency's computer replacement plan and anticipated increases in salaries and wages expenditures for employer contributions to employee fringe benefits such as group health insurance.

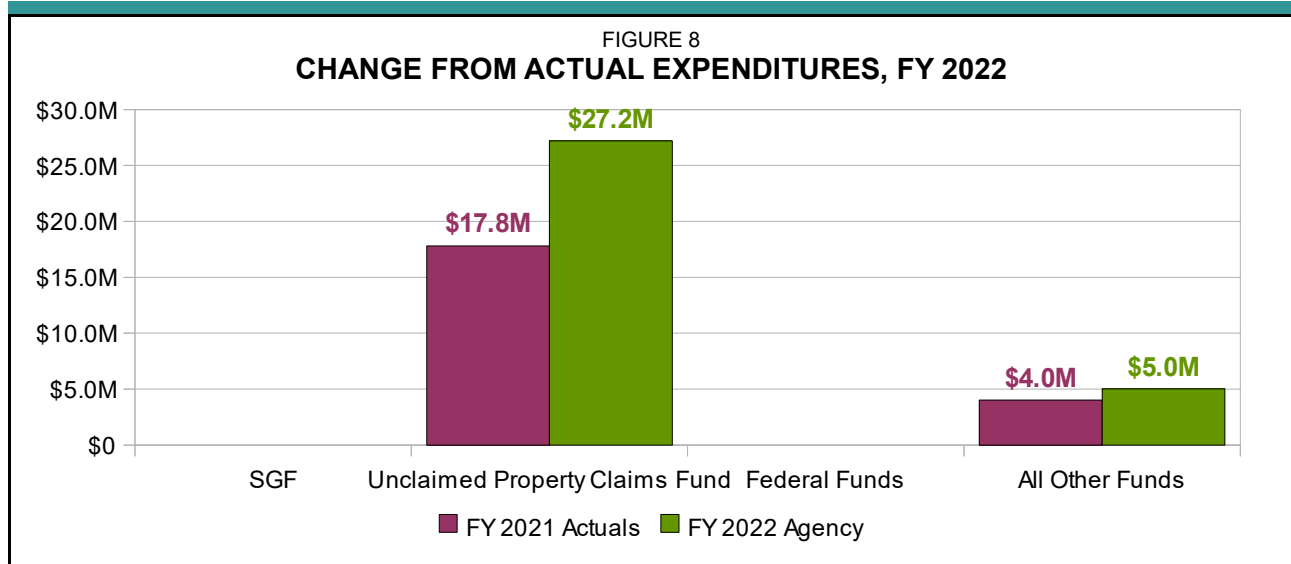
The **agency** estimate also includes 40.0 FTE positions, which is 0.5 positions below the FY 2022 approved number. The 2021 Legislature approved an additional 1.5 FTE positions in FY 2021 and FY 2022 for the administration of the Kansas Economic Recovery Loan Deposit Program created pursuant to 2021 SB 86 and the City Utility Low-Interest Loan Program created pursuant to 2021 SB 88. The agency filled 1.0 FTE position in FY 2021, and a 0.5 FTE position remains vacant.

GOVERNOR'S RECOMMENDATION

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

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

FY 2022 CHANGE FROM ACTUAL EXPENDITURES



The agency requests a revised estimate of \$32.2 million in FY 2022. This is an increase of \$10.4 million above the FY 2021 actual amount. This increase is primarily attributable to an estimated increase of \$9.4 million in unclaimed property claim payments. The agency cites decreased unclaimed property claims during the COVID-19 pandemic and anticipates increases in claims in FY 2022. Other adjustments include the agency's computer replacement program and expenditures for licensing and maintenance fees for software. The agency also anticipates increases in expenditures for employer contributions to employee fringe benefits such as group health insurance in FY 2022.

FY 2023 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2022	\$ -	\$ 32,206,544	\$ 32,206,544	40.0
Agency Request:				
1. Unclaimed Property Claims	\$ -	\$ 200,000	\$ 200,000	--
2. All Other Adjustments	-	120,661	120,661	--
<i>Subtotal—Agency Request</i>	\$ -	\$ 32,527,205	\$ 32,527,205	40.0
Governor’s Recommendation:				
3. STAR Bond Districts Food Sales Tax Revenue Replacement	\$ -	\$ 13,000,000	\$ 13,000,000	--
TOTAL	\$ -	\$ 45,527,205	\$ 45,527,205	40.0

AGENCY REQUEST

The **agency** requests \$32.5 million, all from special revenue funds, for FY 2023. This is an increase of \$320,661, or 1.0 percent, above the FY 2022 revised estimate.

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

The **agency** request also includes 40.0 FTE positions, which is unchanged from the FY 2022 revised estimate.

- UNCLAIMED PROPERTY CLAIMS.** The agency anticipates an increase of \$200,000 in unclaimed property claim payments above the FY 2022 revised estimate. Unclaimed property claims decreased in FY 2021 due to the COVID-19 pandemic, and the agency anticipates claims to increase in both FY 2022 and FY 2023.
- ALL OTHER ADJUSTMENTS.** The remaining adjustments total \$120,661 and are primarily for salaries and wages expenditures. The agency requests \$2.7 million for salaries and wages for FY 2023, which is an increase of \$116,444 above the FY 2022 revised estimate. This increase is primarily attributable to anticipated increases in employer contributions to employee fringe benefits such as group health insurance. The remaining increase is due to an increase in anticipated Kansas Investments Development Scholars (KIDS) Matching Grant Program grant matching funds. This increase is partially offset by a decrease (\$20,783) in contractual services for FY 2023.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends expenditures of \$45.5 million, all from special revenue funds, for FY 2023. This is an increase of \$13.0 million, or 28.6 percent, above the agency's FY 2023 request.

The **Governor's** recommendation includes the following adjustment:

3. **STAR BOND FOOD SALES TAX REVENUE REPLACEMENT.** The Governor recommends an increase of \$13.0 million for new expenditures for FY 2023. The increase is an SGF transfer, occurring on a quarterly basis, to the proposed STAR Bonds Food Sales Tax Revenue Replacement Fund. The funds will be used to hold STAR bond districts harmless from the elimination of the sales tax on food and food ingredients, which is proposed by the Governor to be effective after July 1, 2022.

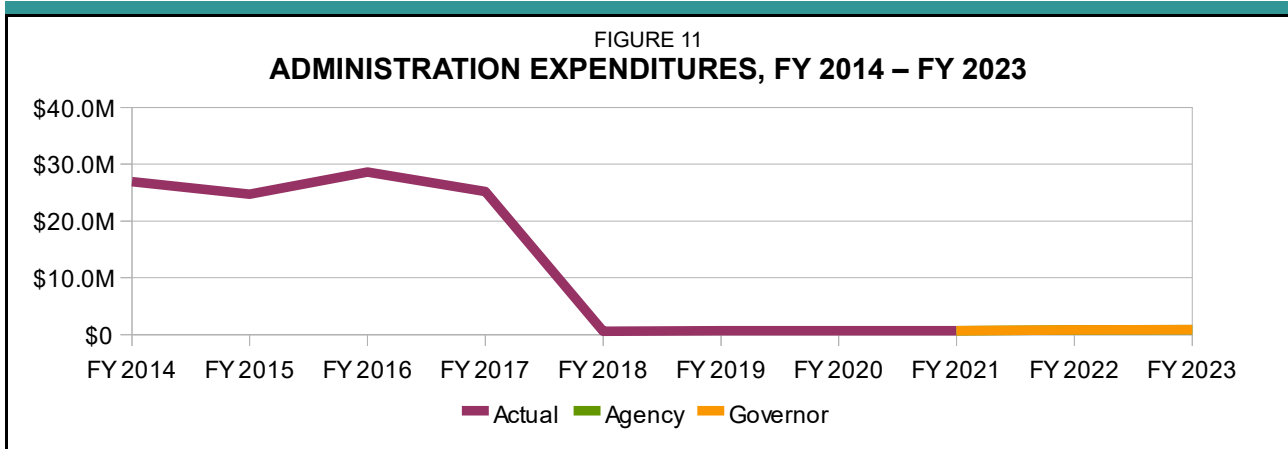
FIGURE 10
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2021 – FY 2023

Programs	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Expenditures:					
Administration	\$ 702,959	\$ 824,841	\$ 824,841	\$ 876,951	\$ 876,951
ABLE Savings	17,623	83,615	83,615	84,999	84,999
Bond Services	500,751	616,671	616,671	631,295	631,295
Cash Management	886,212	970,777	970,777	1,013,425	14,013,425
Education Assistance	774,250	812,660	812,660	851,078	851,078
Unclaimed Property	18,933,957	28,897,980	28,897,980	29,069,457	29,069,457
TOTAL	\$ 21,815,752	\$ 32,206,544	\$ 32,206,544	\$ 32,527,205	\$ 45,527,205
FTE Positions:					
Administration	6.7	10.4	10.4	10.4	10.4
ABLE Savings	0.3	0.4	0.4	0.4	0.4
Bond Services	8.0	7.1	7.1	7.1	7.1
Cash Management	6.5	6.6	6.6	6.6	6.6
Education Assistance	2.7	2.4	2.4	2.4	2.4
Unclaimed Property	14.8	13.1	13.1	13.1	13.1
TOTAL	39.0	40.0	40.0	40.0	40.0

PERFORMANCE MEASURES

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

ADMINISTRATION



The Administration program previously included expenditures for the Achieving a Better Life Experience (ABLE) savings program, the Bond Services program, Education Assistance program, Unclaimed Property program, and Cash Management program. Expenditures for these purposes were not separate programs until FY 2018.

- STATUTORY BASIS:** • The Office of State Treasurer was created in Article I of the *Kansas Constitution*.
- PROGRAM GOALS:**
- Provide leadership to the agency through establishing priorities, properly allocating available resources, and evaluating performance.
 - Promote the responsible management of state finances and increase government transparency.
 - Increase awareness of office services to the public through digital and traditional marketing efforts, coordination of virtual and in-person events, and participation in community events.
 - Provide for efficient, cost-effective data processing for the specific banking functions and programs for the Office of the State Treasurer. Make sure the financial needs of all state agencies can be met. Plan for continuity of operations in the event of a disruption in service.

The Administration program is composed of two subprograms: Administrative Services and the Information Technology Division. Administrative Services is responsible for the overall determination of agency priorities and policies, planning and regulation of operational activities, proper allocation of available resources, and performance of ongoing internal review of operations and procedures. Functions performed or delegated by Administrative Services for the benefit of the agency include human resources, public relations, marketing, budgeting and forecasting, and administrative and fiscal support services along with purchasing, travel, accounts payable, and communications and correspondence.

The Information Technology (IT) Division is responsible for managing information resources

and providing IT support for all areas in the Office of the State Treasurer. The responsibility of IT encompasses computer hardware and software acquisition, installation, training, and maintenance. The local area networks (LANs) are maintained by IT personnel. Additionally, the IT staff develops, designs, codes, implements, and maintains an extensive library of custom computer programs for the Office of the State Treasurer. The staff designed multiple interactive websites, which have streamlined processes for other state agencies. These custom systems include the Kansas Debt Recovery System (KDRS) and Kansas Treasury Offset Program (KTOP) for the Department of Administration and Kansas Municipal Investment Pool (KMIP) for the Pooled Money Investment Board.

FIGURE 12
ADMINISTRATION, PERFORMANCE MEASURES

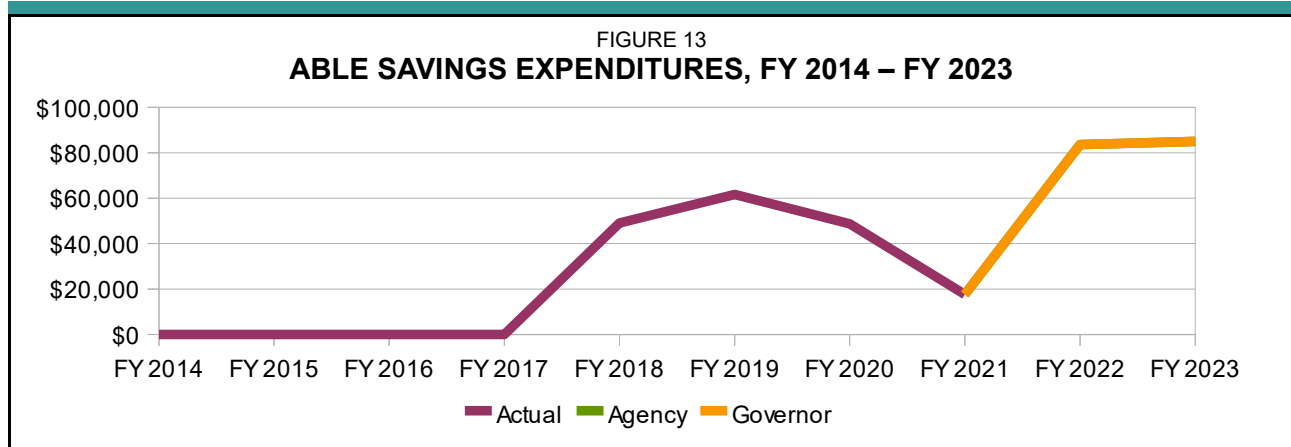
	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Treasurer attended KPERS Board, PMIB Board, and Learning Quest 529 Treasurer Advisory Committee Meeting*	Yes	Yes	Yes	Yes	Yes
2. Total number of public appearances (virtual or in-person) by the State Treasurer or designee*	No Data	50 (partial year)	N/A	75	80
3. Total number of followers on social media channel at year end*	No Data	26,506	--	27,000	27,000
4. Total impressions for digital and print advertising placement	No Data	5,316,015	--	7,000,000	7,500,000
5. Average new visits on the website*	No Data	37,075	--	37,250	37,250
6. Total number of emails sent*	No Data	24	--	35	40
Output Measure:					
7. Number of help desk requests*	421	164	424	500	500
8. Average help desk response time (minutes)*	16	34	21	13	13
	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
Financing					
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	687,796	702,959		824,841	876,951
TOTAL	\$ 687,796	\$ 702,959		\$ 824,841	\$ 876,951
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	1.7 %	2.2 %		17.3 %	6.3 %
FTE Positions	6.7	7.0		10.4	10.4
*The Governor's Office does not utilize this measure for evaluation purposes.					

BUDGET ANALYSIS

The **agency** requests \$876,951, all from special revenue funds, for the Administration program for FY 2023. This is an increase of \$52,110 above the FY 2022 revised estimate. This increase is primarily attributable to an increase in salaries and wages expenditures.

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

ABLE SAVINGS



Expenditures for this purpose were included in the Administration program until FY 2018.

STATUTORY BASIS: • 2015 HB 2216

- PROGRAM GOALS:**
- Continue partnership with the multistate consortium to expand the Kansas Achieving a Better Life Experience (ABLE) Savings Program.
 - Continue to increase awareness of the role an ABLE account can play in the lives of Kansans living with a disability.
 - Identify and implement efficiencies that align with the federal treasury regulations to increase accessibility to the program by the disability community and their families.

The 2015 Legislature created the Achieving a Better Life Experience (ABLE) savings program with HB 2216. This program is based on a federal statute that allows individuals diagnosed with a disability before the age of 26 to save private funds in accounts they own with tax-deferred growth and tax-free withdraw of earnings used for qualified expenses related to their disability under section 529A of the Internal Revenue Code. Assets in the accounts are also not counted for Supplemental Security Income and Medicaid asset tests.

The ABLE Savings program accounts are limited to \$15,000 in contributions per year and must be owned by the individual with a disability or their parent, guardian, or custodian. After legislation was passed in Kansas, Congress amended the federal legislation to allow individuals with a disability to open an account in a plan administered by any state rather than just their state of residence in the Protecting Americans from Tax Hikes Act of 2015. The Office of the State Treasurer participates in a multistate consortium, provides investment options, and maintains account records for each account owner.

FIGURE 14
ABLE SAVINGS, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1.Number of educational programs presented or ABLE meetings attended*	26	24	26	30	36
2.Number of new accounts KS ABLE*	285	489	338	513	539
3.Number of KS ABLE accounts (total)*	601	1,041	706	1,343	1,660
4.Number of KS ABLE accounts (funded)*	627	988	670	1,276	1,577
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	48,686	17,623		83,615	84,999
TOTAL	<u>\$ 48,686</u>	<u>\$ 17,623</u>		<u>\$ 83,615</u>	<u>\$ 84,999</u>
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(21.1) %	(63.8) %		374.5 %	1.7 %
FTE Positions	0.3	0.3		0.5	0.5

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

BUDGET ANALYSIS

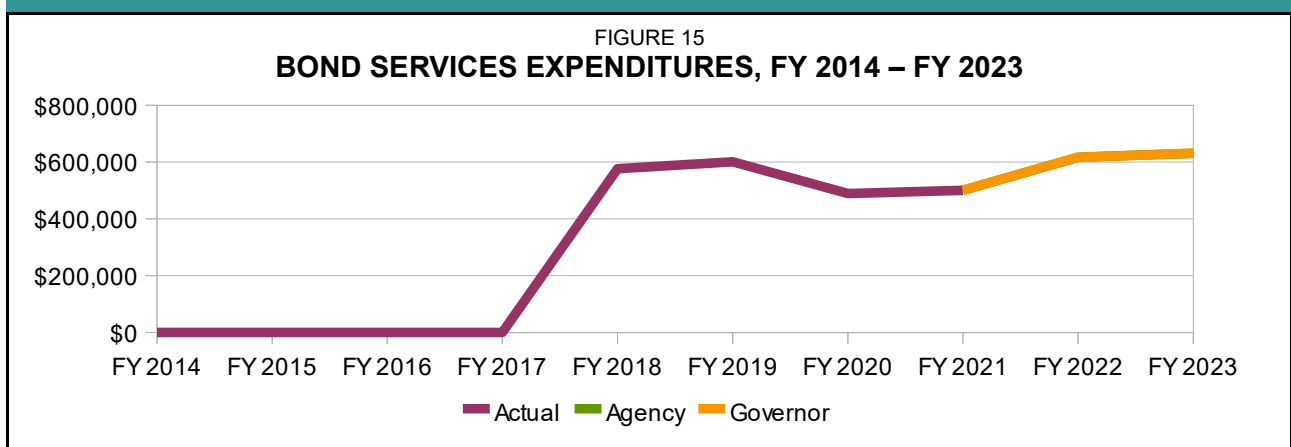
The Office of the State Treasurer estimates 513 new Kansas ABLE accounts to be opened in FY 2022 and 539 new accounts in FY 2023. This will result in an estimated 1,343 total Kansas ABLE accounts in FY 2022 and 1,660 total ABLE accounts in FY 2023. Of the total Kansas ABLE accounts open, the agency estimates 1,276 will be funded in FY 2022 and 1,577 funded in FY 2023.

The **agency** requests \$84,999, all from special revenue funds, for the ABLE Savings program for FY 2023. This is an increase of

\$1,384 above the FY 2022 revised estimate. The increase is primarily within salaries and wages and contractual services. This includes anticipated increases in employer contributions to employee fringe benefits such as group health insurance. The contractual service increase is primarily attributable to an increase in advertising costs.

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

BOND SERVICES



Expenditures for this purpose were included in the Administration program until FY 2018.

- STATUTORY BASIS:** • PL 97-248, KSA 10-103, KSA 10-601
- PROGRAM GOALS:**
- Register all municipal bonds and temporary notes issued in the State of Kansas in a timely and accurate manner per KSA 10-103.
 - Compile and have published the annual indebtedness report by September 30, per KSA 10-1007a.
 - Perform paying agent services on Kansas municipal bonds and temporary notes.
 - Develop employee skills and professional skills for a stronger team.

The Bond Services program is responsible for the registration of all municipal bonds issued in Kansas. This program also 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 provided services. Effective FY 2002, the program is financed entirely from bond service fees. Total fees collected and credited to the Bond Services Fee Fund in FY 2021 were \$1.1 million.

FIGURE 16
BOND SERVICES, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Number of registration numbers issued	305	348	291	275	225
2. Annual indebtedness report published by September 30*	Met	Met	Met	Met	Met
3. Percent of new municipal bonds with State as paying agent	91 %	90 %	91 %	90 %	90 %
4. Percent of new municipal temporary notes with State as paying agent*	78 %	80 %	77 %	73 %	73 %
Financing					
	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	489,181	500,751		616,671	631,295
TOTAL	\$ 489,181	\$ 500,751		\$ 616,671	\$ 631,295
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(18.6) %	2.4 %		23.1 %	2.4 %
FTE Positions	8.0	8.0		7.1	7.1

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

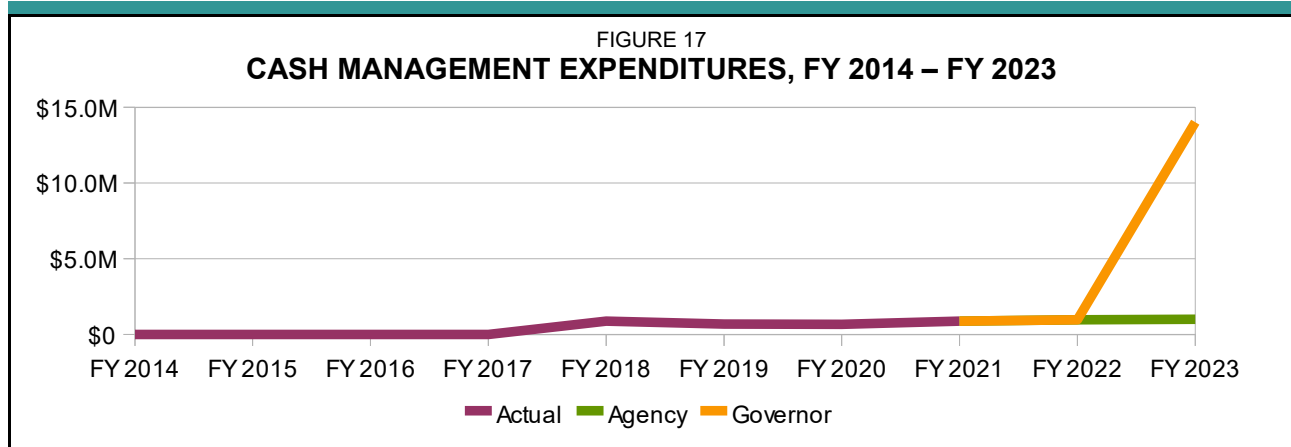
BUDGET ANALYSIS

The State Treasurer's Office estimates 275 registration numbers to be issued in FY 2022 and 225 registration numbers to be issued in FY 2023. The agency estimates the state will be the paying agent on 90.0 percent of new municipal bonds in FY 2022 and be the paying agent on 90.0 percent of new municipal bonds for FY 2023.

The **agency** requests \$631,295, all from special revenue funds, for the Bond Services program for FY 2023. This is an increase of \$14,624 above the FY 2022 revised estimate. This estimate includes annual adjustments for a 3.0 percent increase in the annual maintenance fee for the bond accounting software.

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

CASH MANAGEMENT



Expenditures for this purpose were included in the Administration program until FY 2018.

STATUTORY BASIS: • KSA 75-601, KSA 75-603, KSA 75-3732, KSA 12-1775

PROGRAM GOALS: • Record in an accurate and timely manner all receipts and disbursements for the State of Kansas.
• Promote electronic methods of receiving and distributing State moneys.

The Cash Management Program is responsible for several functions, including distributing aid to local units of government and processing the receipt and disbursement of state moneys. 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:

LOCAL AD VALOREM TAX REDUCTION FUND

By statute, these payments are a demand transfer from the SGF. 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 SGF in the prior calendar year based on a formula allocating 65.0 percent to the counties by population and 35.0 percent by property valuation. The Legislature has previously 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 2021. Subsequent appropriations bills, including Section 185 of 2021 HB 2007, have suspended transfers through FY 2023.

COUNTY AND CITY REVENUE SHARING FUND

The Office of the State Treasurer distributes payments to local units of government under the law providing for county and city revenue sharing. The payments are demand transfers from the SGF. 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 SGF in the prior calendar year from sales and compensating use taxes. The formula allocates 65.0 percent among the counties by population and 35.0 percent by equalized assessed tangible property valuation. Each county receives 50.0 percent of its entitlement, and the remaining 50.0 percent is distributed to its cities on the basis of population.

The Governor and the Legislature eliminated the second-half distribution in FY 2003. No distributions have been made since FY 2003 and no transfers are currently authorized through FY 2023, pursuant to Section 186 of 2021 HB 2007.

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 to school

finance property taxation. Cities that have established a redevelopment district prior to July 1, 1996, are entitled to receive from the State the revenues that otherwise would have been collected from the redevelopment district, accounting 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. The Legislature did not approve distributions from FY 2018 to FY 2020 and pursuant to Section 171 of 2021 HB 2007, transfers were suspended through FY 2023.

FIGURE 18
CASH MANAGEMENT, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Output Measure:					
1. Percent of Dollars Received Electronically	94 %	91 %	93 %	92 %	93 %
2. Percent of Funds Paid Electronically	97 %	96 %	96 %	95 %	95 %
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	654,216	886,212		970,777	14,013,425
TOTAL	<u>\$ 654,216</u>	<u>\$ 886,212</u>		<u>\$ 970,777</u>	<u>\$14,013,425</u>
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(4.8) %	35.5 %		9.5 %	1,343.5 %
FTE Positions	6.5	6.5		6.6	6.6

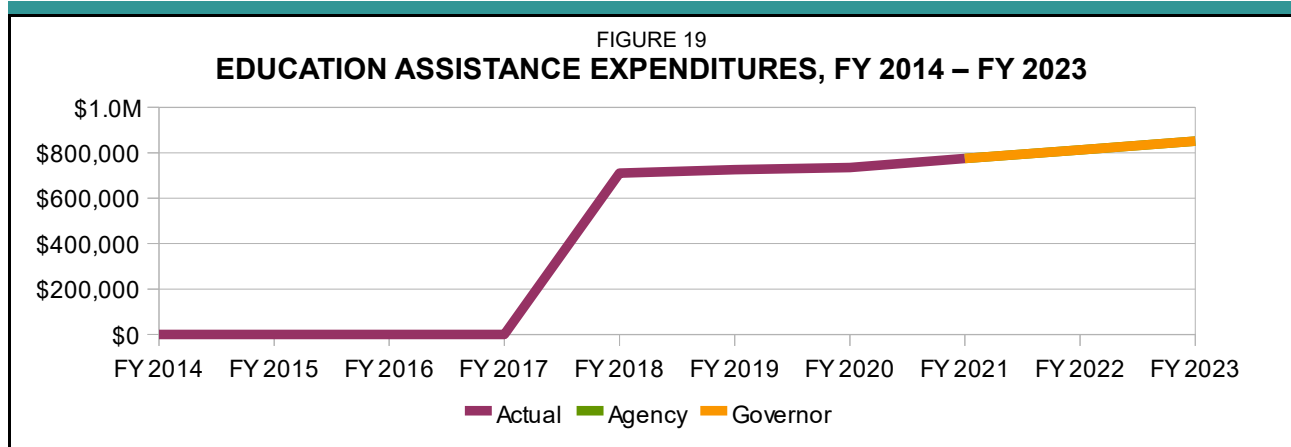
BUDGET ANALYSIS

The **agency** requests requests \$1.0 million for the Cash Management Program for FY 2023. This is an increase of \$42,648 above the FY 2022 revised estimate. The increase is primarily attributable to increases in bank service fees due to the current market condition.

The **Governor** recommends \$14.0 million, all from special revenue funds, for the Cash

Management program for FY 2023. This is an increase of \$13.0 million above the FY 2022 revised estimate. This increase is attributable to an SGF transfer, occurring on a quarterly basis, to the proposed STAR Bonds Food Sales Tax Revenue Replacement Fund. These funds would be used to hold STAR bond districts harmless from the elimination of the sales tax on food and food ingredients, which is proposed by the Governor to be effective after July 1, 2022 .

EDUCATION ASSISTANCE



Expenditures for this purpose were included in the Administration program until FY 2018.

STATUTORY BASIS: • Sec 529 of IRS Code of 1986; KSA 75-640 through 75-650; KAR 3-4

- PROGRAM GOALS:**
- Allow more children the chance to go to post-secondary school by providing an opportunity for individuals and organizations to save for postsecondary education tuition and expenses.
 - Actively market and promote the Kansas Learning Quest Educations Savings Program in all areas of the state.
 - Reach Kansans with information on Learning Quest through educational meetings and outreach opportunities.
 - Increase the amount of assets transferred to the agency's plan from competitors relative to those transferred out.

The Education Assistance Program includes the following subprograms:

POSTSECONDARY EDUCATION SAVINGS

The Postsecondary Education Savings subprogram (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 plan). Following a negotiated bid process through the Division of Purchases, the Office of the State Treasurer 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. Kansas residents own 282,147 of these accounts with a total number of 73,490 account owners, as of FY 2021.

KANSAS INVESTMENTS DEVELOPMENT SCHOLARS (KIDS)

The Kansas Investments Development Scholars (KIDS) Matching Grant Program is part of the Learning Quest program. The KIDS Matching Grant 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 KIDS program is statutorily authorized for \$720,000 SGF for 1,200 matching grants. Matching grants are paid as a demand transfer to the Kansas Postsecondary Education Savings Trust Fund, a no-limit fund in the State Treasurer's office. In FY 2021, there were 739 participants in the KIDS matching grant program. These participants deposited a total of \$421,000 in match eligible contributions for FY 2021. The agency estimates an increase to \$425,000 in FY 2022 and \$450,000 for FY 2023.

FINANCIAL LITERACY

In 2020, the State Treasurer launched a new initiative called the Kansas ScholarShop. This initiative is a partnership between the State Treasurer and Sallie Mae, a nationwide consumer banking company specializing in student loans. Kansas ScholarShop connects

Kansas students with educational scholarships through Sallie Mae's search engine. This program does not have any dedicated FTE positions, and expenditures are primarily for advertising and travel costs to promote the program.

FIGURE 20
EDUCATION ASSISTANCE, PERFORMANCE MEASURES

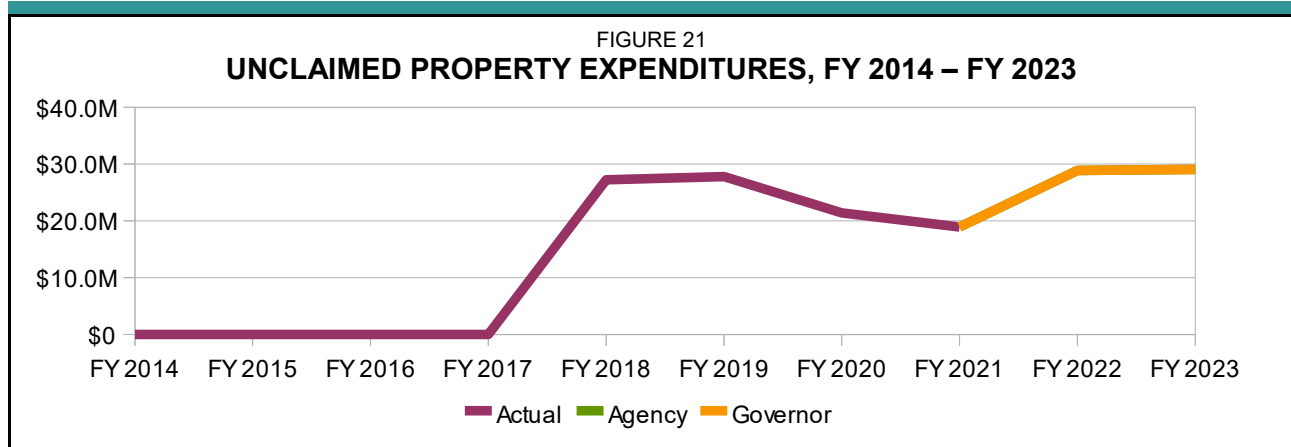
	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1.Number of Kansas Counties reached through marketing (out of 105)*	105	105	105	105	105
2.Dollars spent on marketing by American Century Investments (in millions)*	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
3.Total number of active accounts (total program, cumulative)*	258,540	282,147	261,030	285,040	290,000
4.Total number of active accounts (Kansas only, cumulative)	71,169	73,490	71,328	77,490	82,490
5.Total plan assets (in billions)*	\$ 7.5	\$ 9.6	\$ 8.0	\$ 10.0	\$ 10.0
6.Total Kansas assets (in billions)*	\$ 1.3	\$ 1.5	\$ 1.3	\$ 1.7	\$ 1.8
7.Accounts opened per year*	14,778	36,429	21,050	21,050	21,050
8.Total purchases (program total, in millions)*	\$ 844.5	\$ 1,061.0	\$ 878.5	\$ 878.5	\$ 878.5
9.New money deposited (Kansas, in millions)	\$ 121.5	\$ 129.9	\$ 122.1	\$ 135.1	\$ 140.6
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF**	\$ 371,030	\$ 407,641		\$ 425,000	\$ 450,000
Federal Funds	-	-		-	-
All Other Funds	363,527	365,609		387,660	401,078
TOTAL	\$ 734,557	\$ 773,250		\$ 812,660	\$ 851,078
Percentage Change:					
SGF	(5.6) %	9.9 %		4.3 %	5.9 %
All Funds	0.6 %	5.3 %		5.1 %	4.7 %
FTE Positions	2.7	2.7		2.4	2.4
*The Governor's Office does not utilize this measure for evaluation purposes.					
**Note: SGF financing is only for KIDS Matching Grants, which are funded through a demand transfer from the SGF to the State Treasurer Postsecondary Education Savings Trust Fund.					

BUDGET ANALYSIS

The **agency** requests \$851,078 for the Education Assistance program for FY 2023. This is an increase of \$36,418 above the FY 2022 revised estimate. This increase is primarily attributable to an increase in KIDS matching contributions for FY 2023.

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

UNCLAIMED PROPERTY



Expenditures for this purpose were included in the Administration program until FY 2018.

STATUTORY BASIS: • KSA 58-3934 through 58-3978

PROGRAM GOALS:

- Ensure the accurate and timely reporting and remitting of various types of unclaimed property to the State Treasurer and the identification and return of property to its rightful owner(s) or heir(s).
- Approve or deny 100.0 percent of all claims for abandoned property delivered to the State Treasurer as quickly as possible after the filing of the claim and the receipt of the necessary information to make a legal determination and explore new strategies for identifying potential owners of 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 58-3934, *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 shares 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 on the Office of the State Treasurer’s website where the property was reported abandoned in an effort to locate the owner of the property. Owners also may 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 SGF, with two exceptions. The exceptions are balances in the Unclaimed Property Claims Fund, which is used for the payment of claims, and balances in the Unclaimed Property Expense Fund, which is used to finance the operations of the Unclaimed Property program.

In accordance with the Uniform Unclaimed Property Act, the State Treasurer deposits amounts received under the Act into the State Treasury to the credit of the SGF, except for amounts credited to the Unclaimed Property Claims Fund for the prompt payment of claims.

FIGURE 22
UNCLAIMED PROPERTY, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Value of unclaimed property receipts to the SGF (In millions)	\$ 41.5	\$ 57.5	\$ 30.0	\$ 58.2	\$ 58.2
2. Number of active holders (businesses)*	--	41,157	--	41,201	41,201
3. Amount returned to rightful owners (in millions)	\$ 20.3	\$ 17.8	\$ 18.0	\$ 27.2	\$ 27.4
4. Number of claims paid	104,893	112,769	112,769	114,000	114,000
5. Inquiries (name searches, in thousands)*	--	800	--	900	900
6. Number of outreach actions recorded (Auto-match claim packets)*	--	33,295	--	34,500	34,500
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	1,142,330	1,123,728		1,695,980	1,667,457
TOTAL	<u>\$ 1,142,330</u>	<u>\$ 1,123,728</u>		<u>\$ 1,695,980</u>	<u>\$ 1,667,457</u>
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(0.3) %	(1.6) %		50.9 %	(1.7) %
FTE Positions	14.8	14.8		13.1	13.1

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

BUDGET ANALYSIS

The **agency** requests \$29.1 million for the Unclaimed Property program for FY 2023. This is an increase of \$171,477 above the FY 2022 revised estimate. This attributable to an anticipated increase of \$200,000 in unclaimed property claims. This increase is partially offset by a decrease in contractual services expenditures related to the execution of a

contract for the implementation of Unclaimed Property Management software in FY 2022.

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