

# MEMORANDUM

Legislative Fiscal Office  
900 Court St. NE, Room H-178  
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**To:** General Government Subcommittee  
**From:** John Borden, Legislative Fiscal Office  
(503) 986-18452  
**Date:** June 2, 2015  
**Subject:** State Treasury (HB 5041)  
Work Session Recommendations

## State Treasury

	2011-13 Actuals	2013-15 Legislatively Approved*	2015-17 Current Service Level	2015-17 LFO Recommended
Other Funds	33,698,125	47,996,510	49,103,524	61,285,021
Other Funds Non-Limited	3,542,141	-	-	-
<b>Total Funds</b>	<b>37,240,266</b>	<b>47,996,510</b>	<b>49,103,524</b>	<b>61,285,021</b>
Positions	85	96	92	119
FTE	83.48	91.30	90.60	115.20

\*includes Emergency Board and administrative actions through December 2014.

Attached are the recommendations from the Legislative Fiscal Office for the *State Treasury*. It contains the following:

- Package 101 Investment Solutions (\$5.2 million; 17 positions (15.01 FTE))
- Package 102 Cash Management Business Renewal (\$4.5 million)
- Package 080 May 2014 E-Board (\$1.2 million; three positions (3.00 FTE))
- Package 082 December 2014 E-Board (\$552,330; one positions (1.00 FTE))
- Package 802 Supplemental Request for Investment Solutions (\$1.6 million; six positions (5.59 FTE))
- Package 801 LFO Analyst Technical Adjustment (\$832,438 reduction)

### Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 06/02//2015.

**Accept the LFO recommendation:** Move the LFO recommendations to HB 5041

**OR**

**Change the LFO recommendation:** Move the LFO recommendations to HB 5041, with modifications.

**Performance Measures**

See attached “Legislatively Proposed 2015-17 Key Performance Measures” form.

**Accept the LFO recommendation:** Move the LFO recommendation on Key Performance Measures

**OR**

**Change the LFO recommendation:** Move the LFO recommendation on Key Performance Measures with modifications.

**Budget Notes**

The State Treasury is to report to Legislature in 2016 on the hiring of newly authorized positions and the associated improvements to: risk management; compliance; investment decision support systems; investment analysis; data security; management reporting; internal controls; segregation of duties issues; internal auditing; and the updating of policy and procedures.

**Accept LFO Recommendation**

*Move the LFO recommended budget notes*

**OR**

**Change LFO recommendation**

*Move the LFO recommended budget notes, with modifications.*

**Recommended Changes to Appropriation Bill:**

The Legislative Fiscal Office recommends a budget of \$61,285,021 *Other Funds* and 119 *positions (115.20 FTE)* and that *House Bill 5041* be amended accordingly.

Motion: Move adoption of the -1 amendment to HB 5041.

**HB 5041 Final Subcommittee Action:**

The measure, as amended by the –1, is recommended to be moved to the full Committee on Joint Ways and Means.

Motion: Move HB 5041, as amended, to the Full Committee with a “do pass as amended” recommendation.

**Carriers:**

**Full Committee Carrier:** \_\_\_\_\_

**Second Chamber Carrier:** \_\_\_\_\_

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	45,149,748	-	-	-	45,149,748	92	89.89
2013-15 Ebds, SS & Admin Act	-	-	2,846,762	-	-	-	2,846,762	4	1.41
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	47,996,510	-	-	-	47,996,510	96	91.30
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	46,683,387	-	-	-	46,683,387	92	89.89
Summary of Base Adjustments	-	-	1,220,486	-	-	-	1,220,486	-	0.71
<b>2015-17 Base Budget</b>	-	-	47,903,873	-	-	-	47,903,873	92	90.60
010: Non-PICS Pers Svc/Vacancy Factor	-	-	134,361	-	-	-	134,361	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(5,536)	-	-	-	(5,536)	-	-
030: Inflation & Price List Adjustments	-	-	1,070,826	-	-	-	1,070,826	-	-
<b>2015-17 Current Service Level</b>	-	-	49,103,524	-	-	-	49,103,524	92	90.60
080: E-Boards	-	-	1,228,189	-	-	-	1,228,189	3	3.00
<b>Adjusted 2015-17 Current Service Level</b>	-	-	50,331,713	-	-	-	50,331,713	95	93.60
<b>Total LFO Recommended Packages</b>	-	-	10,953,308	-	-	-	10,953,308	24	21.60
<b>2015-17 Legislative Actions</b>	-	-	61,285,021	-	-	-	61,285,021	119	115.20
Net change from 2013-15 Leg Approved Budget	-	-	13,288,511	-	-	-	13,288,511	23	23.90
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	27.7%	0.0%	0.0%	0.0%	27.7%	24.0%	26.2%
Net change from 2015-17 Current Service Level	-	-	10,953,308	-	-	-	10,953,308	24	21.60
Percent change from 2015-17 Current Service Level	0.0%	0.0%	21.8%	0.0%	0.0%	0.0%	21.8%	25.3%	23.1%

Treasury Services

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	40,327,950	-	-	-	40,327,950	90	87.89
2013-15 Ebds, SS & Admin Act	-	-	2,727,125	-	-	-	2,727,125	3	0.99
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	43,055,075	-	-	-	43,055,075	93	88.88
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	41,853,919	-	-	-	41,853,919	90	87.89
Summary of Base Adjustments	-	-	1,184,046	-	-	-	1,184,046	-	0.71
<b>2015-17 Base Budget</b>	-	-	43,037,965	-	-	-	43,037,965	90	88.60
010: Non-PICS Pers Svc/Vacancy Factor	-	-	131,737	-	-	-	131,737	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(5,536)	-	-	-	(5,536)	-	-
030: Inflation & Price List Adjustments	-	-	908,774	-	-	-	908,774	-	-
<b>2015-17 Current Service Level</b>	-	-	44,072,940	-	-	-	44,072,940	90	88.60
080: E-Boards	-	-	922,171	-	-	-	922,171	2	2.00
<b>Adjusted 2015-17 Current Service Level</b>	-	-	44,995,111	-	-	-	44,995,111	92	90.60
<b>Total LFO Recommended Packages</b>	-	-	10,953,308	-	-	-	10,953,308	24	21.60
<b>2015-17 Legislative Actions</b>	-	-	55,948,419	-	-	-	55,948,419	116	112.20
Net change from 2013-15 Leg Approved Budget	-	-	12,893,344	-	-	-	12,893,344	23	23.32
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	30.0%	0.0%	0.0%	0.0%	30.0%	24.7%	26.2%
Net change from 2015-17 Current Service Level	-	-	10,953,308	-	-	-	10,953,308	24	21.60
Percent change from 2015-17 Current Service Level	0.0%	0.0%	24.3%	0.0%	0.0%	0.0%	24.3%	26.1%	23.8%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 080 May 2014 E-Board**

Package Description The package is a technical adjustment added by the Legislative Fiscal Office to include an Emergency Board action from May of 2014 to establish an enterprise-wide Information Security Management Program.

The package would continue two permanent full-time positions: a Information Security Manager (Principal Executive Manager-E)(1.00 FTE) and an Information Security Administrator (Information Systems Specialist-8) (1.00 FTE).

Personal services total \$573,438 Other Funds and services and supplies total \$238,969 Other Funds. Services and supplies includes: \$200,000 for a managed security subscription service (24/7 threat monitoring, response, and consulting); \$60,000 in ongoing security testing and valuation services (e.g., penetration testing, new application testing, annual security reviews); and \$50,000 in security management tools internal to the agency for desktops and mobile devices.

The revenue to support this request is from charges based on the value of managed portfolios, banking transactions fees, debt charges held, and other miscellaneous revenue sources.

LFO Recommendation Approved the technical adjustment.

Budget Instructions Also see Emergency Board action from May of 2014 (Item #2).

LFO Analyst Notes HB 5041 (2015)

LFO Recommended	-	-	922,171	-	-	-	922,171	2	2.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 082 December 2014 E-Board**

Package Description The package is a technical adjustment added by the Legislative Fiscal Office to include an Emergency Board action from December of 2014 for the Investment Management Program, which provided for one Senior Private Equity Investment Officer.

The package would add one permanent full-time position (1.00 FTE).

Personal services total \$541,626 Other Funds and services and supplies total \$10,704 Other Funds.

The revenue source would be Statute allows OST to deduct monthly a maximum of 0.25 of a basis point (.0025%) of the most recent market value of assets under management for administration and portfolio management fees. Existing statutory authority is more than sufficient to cover OST's expenditure request.

LFO Recommendation Approved the technical adjustment.

Budget Instructions Also see Emergency Board action from December of 2014 (Item #2).

LFO Analyst Notes HB 5041 (2015)

LFO Recommended	-	-	552,330	-	-	-	552,330	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 Investment Solutions**

Package Description The agency requests additional resources to support its Investment Division. The package requests 18 additional positions and associated services and supplies and capital outlay across various programs in the agency.

Chief Investment Officer: one permanent full-time Executive Assistant (0.92 FTE); one permanent full-time Private Market Alternative Investment Analyst (Economist-4)(0.92 FTE); one permanent full-time Senior Alternatives Investment Officer (0.92 FTE); one permanent full-time Public Market Alternative Investment Analyst (Economist-4)(0.92 FTE); and one permanent full-time Capital Market Investment Officer (0.92 FTE).

Director of Investment Operations: one permanent full-time Operations Support-Public (Economist-4)(0.83 FTE); one permanent full-time Operations Support-Private (Economist-3)(0.83 FTE).

Chief Information Services: one permanent full-time Executive Assistant (0.92 FTE); one permanent full-time Investment Application Support Specialist (Information Specialist-6)(0.92 FTE); one permanent full-time Network Services Team Lead (Information Specialist-8)(0.92 FTE); and one permanent full-time Security Administrator (Information Specialist-5)(0.92 FTE);

Chief Administrative Officer: one permanent full-time Project Manager (Principal Executive Manager-E)(0.92 FTE)

Chief Compliance Officer: one permanent full-time Paralegal (0.83 FTE); one permanent full-time Investments Contracts Officer (0.83 FTE); one Securities Transaction Officer (Principal Executive Manager-H)(0.83 FTE); one Operational Risk Manager (Principal Executive Manager-H)(0.83 FTE); and one Operational Compliance Manager (Principal Executive Manager-H)(0.83 FTE).

Personal Services would total \$3.3 million Other Funds, \$1.5 million Other Funds for services and supplies, and \$345,810 Other Funds for capital outlay.

The revenue source would be Statute allows OST to deduct monthly a maximum of 0.25 of a basis point (.0025%) of the most recent market value of assets under management for administration and portfolio management fees. Existing statutory authority is more than sufficient to cover OST's expenditure request.

LFO Recommendation Approved the policy package as modified. An adjustment to remove one Investment Officer position that was previously approved and established by the Emergency Board in December of 2014 (Item #2). The position is recommended for approval, but under Policy Package #082 December 2014 E-Board.

Budget Notes The State Treasury is to report to Legislature in 2016 on the hiring of newly authorized positions and the associated improvements to: risk management; compliance; investment decision support systems; investment analysis; data security; management reporting; internal controls; segregation of duties issues; internal auditing; and the updating of policy and procedures.



	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<u>Budget Instructions</u> (Package #101)	Also see Emergency Board action from December of 2014 (Item #2) and Policy Package #802 Supplemental Request for Investment Solutions								
<u>LFO Analyst Notes</u>	HB 5041 (2015)								
<b>LFO Recommended</b>	-	-	5,173,062	-	-	-	5,173,062	17	15.01

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 102 Cash Mgmt Business Systems Renewal Project**

Package Description The package would add resources for the Cash Management Business Systems Renewal project.

The package would add \$4,490,000 Other Funds services and supplies for: 1) the Automated Clearing House (ACH) Business Systems Renewal (BSR) Project (\$200,000 for the implementation phase, including quality assurance and control, and \$750,000 for ongoing biennial costs); 2) the Local Government Investment Pool (LGIP) Business Systems Renewal (BSR) Project (up to \$2,200,000 for the implementation phase, including quality assurance and control, and \$880,000 for ongoing biennial costs); and 3) the Core Banking (CB) Business Systems Renewal (BSR) Project (\$150,000 for business case development, including quality assurance and control, and \$310,000 for mitigation activities).

The revenue to support this request is from charges based on the value of short-term cash balances and banking transactions fees charged state and local governments.

LFO Recommendation Approve the policy package based upon the recommendation of the Joint Committee on Ways and Means - Information Technology Subcommittee.

LFO Analyst Notes HB 5041 (2015)

LFO Recommended	-	-	4,490,000	-	-	-	4,490,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 801 LFO Analyst Adjustments**

Package Description The package makes two technical adjustments added by the Legislative Fiscal Office:

- (1) phased-out \$1,115,640 Other Funds expenditure limitation for the Public Infrastructure Commission and the West Coast Infrastructure Exchange. The revenue source had been a transfer from the Governor’s Office, which was appropriated one-time General Fund for House Bill 4111 (2014). At present, there is no identified revenue source for the continuation of this expenditure.
- (2) Add \$283,202 Other Funds for a contract for budget and accounting services with the Department of Administrative Services - Shared Client Services.

The package reduces services and supplies by \$832,438 Other Funds.

LFO Recommendation Approved the technical adjustment.

LFO Analyst Notes HB 5041 (2015); Also see HB 2748 (under consideration).

LFO Recommended	-	-	(832,438)	-	-	-	(832,438)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 802 Supplemental Request for Investment Solutions**

Package Description The package is a supplemental request by the State Treasury to add additional staffing to Policy Package #101 - Investment Solutions. The package would add six permanent full-time positions and associated services and supplies and capital outlay across various programs in the agency.

Most of the positions would support an Oregon Investment Council contract with Blackrock Solutions (BRS) for select front and middle office services, including a service-as-a-solution investment data information technology application ("Aladdin"). The BRS contract also will provide the Investment Division with Risk Management Services.

Chief Investment Officer: one permanent full-time Investment Analyst 3 (0.83 FTE)

Director of Investment Operations: one permanent full-time Director of Investment Operations (Investment Officer)(0.92 FTE).

Chief Compliance Section: one permanent full-time Chief Compliance Officer (Investment Officer)(0.92 FTE)

Chief Information Services: one permanent full-time Data Architect (Information Systems Specialist-8)(1.00 FTE).

Chief Administrative Officer: one permanent full-time Data Steward (Principal Executive Manager-E)(1.00 FTE).

Chief Audit Executive: one permanent full-time Senior Internal Auditor (Internal Auditor 3)(0.92 FTE).

Personal services would total \$1.4 million Other Funds and services and supplies would total \$125,855 Other Funds.

Statute allows OST to deduct monthly a maximum of 0.25 of a basis point (.0025%) of the most recent market value of assets under management for administration and portfolio management fees. Existing statutory authority is more than sufficient to cover OST's expenditure request.

LFO Recommendation Approve the supplemental policy package adjustment as requested.

Budget Instructions Also see Emergency Board action from December of 2014 (Item #2).

LFO Analyst Notes HB 5041 (2015)

LFO Recommended	-	-	1,570,354	-	-	-	1,570,354	6	5.59
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	4,821,798	-	-	-	4,821,798	2	2.00
2013-15 Ebds, SS & Admin Act	-	-	119,637	-	-	-	119,637	1	0.42
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	4,941,435	-	-	-	4,941,435	3	2.42
<b>2013-15 Leg Approved Budget (Base)</b>	-	-	4,829,468	-	-	-	4,829,468	2	2.00
Summary of Base Adjustments	-	-	36,440	-	-	-	36,440	-	-
<b>2015-17 Base Budget</b>	-	-	4,865,908	-	-	-	4,865,908	2	2.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	2,624	-	-	-	2,624	-	-
030: Inflation & Price List Adjustments	-	-	162,052	-	-	-	162,052	-	-
<b>2015-17 Current Service Level</b>	-	-	5,030,584	-	-	-	5,030,584	2	2.00
080: E-Boards	-	-	306,018	-	-	-	306,018	1	1.00
<b>Adjusted 2015-17 Current Service Level</b>	-	-	5,336,602	-	-	-	5,336,602	3	3.00
<b>2015-17 Legislative Actions</b>	-	-	5,336,602	-	-	-	5,336,602	3	3.00
Net change from 2013-15 Leg Approved Budget	-	-	395,167	-	-	-	395,167	-	0.58
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	8.0%	0.0%	0.0%	0.0%	8.0%	0.0%	24.0%
Net change from 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 080 May 2014 E-Board**

Package Description The package is a technical adjustment added by the Legislative Fiscal Office to include an Emergency Board action from May of 2014 for the 529 College Savings program, which provided for one permanent full-time position whose duties would include statewide outreach, outreach to financial advisors, and work on a marketing plan.

The package would continue one permanent full-time position: a Public Affairs Specialist 3 (1.00 FTE). Personal services totals \$238,969 Other Funds and services and supplies totals \$67,049 Other Funds.

The revenue source is the 529 Network Fund which is funded with fee revenue from a portion of private third party investment administrator charges on individual accounts and would be transferred to the Oregon 529 Savings Network Fund. According to the agency, a fee increase will not occur as the package will be funded primarily through a draw-down of the program's ending balance.

LFO Recommendation Approved the technical adjustment.

LFO Analyst Notes HB 5041 (2015)

LFO Recommended	-	-	306,018	-	-	-	306,018	1	1.00
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Incentive Compensation

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2013-15 Agy. Leg. Adopted</b>	-	-	-	-	-	-	-	-	-
2013-15 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2013-15 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
Net change from 2013-15 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

HB 5041-1  
(LC 9041)  
6/1/15 (TR/ps)

**PROPOSED AMENDMENTS TO  
HOUSE BILL 5041**

1 In line 10 of the printed bill, delete "\$52,049,035" and insert  
2 "\$55,948,419".

3 In line 13, delete "\$5,287,418" and insert "\$5,336,602".

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## Legislatively Proposed 2015-2017 Key Performance Measures

**Agency: OREGON STATE TREASURY**

Mission: To provide financial stewardship for Oregon.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
9 - Percentage of Minors (under age 25) with 529 College Savings Network Accounts		Proposed New KPM		20.00	20.00
9 - Percentage of Oregon Counties with an Oregon 529 College Savings Network Participation Rate of at Least 1% of County Adults		Proposed Delete KPM	78.00	100.00	100.00
1 - Oregon Public Employees Retirement Fund Net Performance of 5-Year Rolling Average Compared to Policy Benchmark		Approved KPM	1.94	1.97	1.97
2 - Common School Fund Net Performance of 5-Year Rolling Average Compared to Policy Benchmark.		Approved KPM	0.40	0.78	0.78
3 - Oregon Short-Term Fund Returns Compared to Benchmark		Approved KPM	0.10	0.10	0.10
4 - Expense to Assets Ratio for the Oregon Short-Term Fund		Approved KPM	0.06	0.10	0.10
5 - Local Government Participation in the Oregon Short-Term Fund		Approved KPM	77.00	80.00	80.00
6 - Banking Services - Average Cost per Transaction		Approved KPM	0.05	0.17	0.17
7 - Oregon School Bond Guaranty Program Bonds Outstanding		Approved KPM	3.19	3.21	3.21
8 - Number of Oregon 529 College Savings Network Accounts		Approved KPM	136,051.00	145,000.00	145,000.00
10 a - Oregon Debt Issuance Activity: Levels of Transaction Volume and Total State Government Debt Outstanding by Fiscal Year		Approved KPM	13.20	15.00	15.00
10 b - Oregon Debt Issuance Activity: Levels of Transaction Volume and Total Local Government Debt Outstanding by Fiscal Year		Approved KPM	20.60	25.00	25.00
11 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	96.00	100.00	100.00

**Agency: OREGON STATE TREASURY**

Mission: To provide financial stewardship for Oregon.

<b>Legislatively Proposed KPMs</b>	<b>Customer Service Category</b>	<b>Agency Request</b>	<b>Most Current Result</b>	<b>Target 2016</b>	<b>Target 2017</b>
11 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	93.00	100.00	100.00
11 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	98.00	100.00	100.00
11 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	99.00	100.00	100.00
11 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	98.00	100.00	100.00
11 - Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	97.00	100.00	100.00

**LFO Recommendation:**

The Legislative Fiscal Office recommends approval of the agency's key performance measures and targets.

**Sub-Committee Action:**

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# MEMORANDUM

Legislative Fiscal Office  
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FAX 503-373-7807

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**To:** General Government Subcommittee  
Joint Committee on Ways and Means

**From:** Information Technology Subcommittee  
Joint Committee on Ways and Means

**Date:** May 26, 2015

**Subject:** Oregon State Treasury: HB 5041 – POP #102 – Cash Management Improvement and Renewal Program (CMIRP) Projects (ACH, LGIP, and CB projects)  
LFO Recommendations

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The Information Technology Subcommittee recommends incremental, conditional approval of Policy Option Package #102, assuming the spending authority and personnel resources are made available to the Oregon State Treasury (OST) within the 2015-17 adopted budget. Specifically, the Information Technology Subcommittee recommends that OST:

- Work with Hittner & Associates to address all outstanding areas of high risk identified in its Initial Risk Assessment Report – Deliverable 5.1 – April 14, 2015.
- Work with the Legislative Fiscal Office (LFO) to immediately conduct a formal readiness/ability assessment for both the Automated Clearing House (ACH) and Local Government Investment Pool (LGIP) Business Systems Renewal (BSR) Projects, to validate readiness and ability to proceed on project execution and implementation.
- Continue to follow the Joint State CIO/LFO Stage Gate Review Process throughout the life of each project.
- Regularly (at least monthly) report project status to the appropriate internal OST oversight groups (i.e., steering committees, etc.) and LFO throughout each project's lifecycle.
- Review/update/develop the business case and supporting workplans, as required, for the Core Banking (CB) Business Systems Renewal (BSR) Project. Advise internal OST stakeholders and LFO of any significant changes to project scope, costs, and schedule for all projects.
- Utilize a qualified project manager(s) with experience in planning and managing projects of this type, scope, and magnitude of the CB (BSR) Project.
- Continue the development of required foundational project management documents, and provide all key documents to the QA vendor for quality reviews.
- Obtain independent quality management services for the CB (BSR) Project. The contractor shall:
  - Conduct an initial risk assessment and respond to OST feedback.

- Perform quality control reviews on the key project deliverables including the business case, individual cost benefit/alternatives analysis documents, and foundational project management documents as appropriate.
- Perform ongoing, independent quality management services as directed by LFO.
- Provide LFO with copies of all QA vendor deliverables for all projects.
- Submit updated detailed business cases, project management documents, initial risk assessments, and quality control reviews to LFO for review.
- Complete a formal "project close out" report upon completion of all projects.

# House Bill 5041

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by State Treasurer for administrative expenses of State Treasury operations and Oregon 529 College Savings Network.  
Declares emergency, effective July 1, 2015.

## A BILL FOR AN ACT

1  
2 Relating to the financial administration of the State Treasurer; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Notwithstanding any other law limiting expenditures, the following amounts**  
5 **are established for the biennium beginning July 1, 2015, as the maximum limits for payment**  
6 **of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but ex-**  
7 **cluding lottery funds and federal funds, collected or received by the State Treasurer, for the**  
8 **following purposes:**

- 9 (1) **Administrative expenses of**
- 10 **State Treasury operations ..... \$ 52,049,035**
- 11 (2) **Administrative expenses of**
- 12 **the Oregon 529 College**
- 13 **Savings Network ..... \$ 5,287,418**

14 **SECTION 2. This 2015 Act being necessary for the immediate preservation of the public**  
15 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**  
16 **July 1, 2015.**

17  
**Note: For budget, see 2015-2017 Biennial Budget**

**NOTE:** Matter in boldfaced type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in boldfaced type.