

<b>State Treasury</b>				
	<b>2013-15 Actual</b>	<b>2015-17 Legislatively Approved*</b>	<b>2017-19 Current Service Level</b>	<b>2017-19 Governor's Budget</b>
General Fund	--	1,687,988	2,043,089	1,963,369
Other Funds	44,521,998	62,192,111	65,851,074	77,450,922
<b>Total Funds</b>	<b>\$44,521,998</b>	<b>\$63,880,099</b>	<b>\$67,894,163</b>	<b>\$79,414,291</b>
Positions	95	123	121	161
FTE	90.33	117.45	119.60	148.96
*Includes Emergency Board and administrative actions through May 2016.				

### Program Description

The Oregon State Treasurer (OST) acts as the “banker” for the State of Oregon by maintaining all state agency financial accounts, and by investing state funds that are not needed to meet current expenditure demands, including the state’s Trust Funds and bond fund proceeds. OST coordinates and approves state bond sales, manages the public funds collateralization program for all financial institutions holding public funds, and pays on bonds submitted by bondholders. Additionally, OST invests excess funds for participating local governments. OST is also responsible for administration of the Oregon 529 Savings plan(s).

OST is overseen by the State Treasurer, which is a statewide elected official whose authority is established by Article VI, Section 1 of the Oregon Constitution and by various state laws. The Treasurer is the investment officer for the Oregon Investment Council (OIC), which is responsible for establishing the state’s investment policy. Although considered an Executive Branch agency, OST, as a separately elected, constitutional office, operates independent of the Governor and the rest of the Executive Branch. The Executive Branch makes no recommendation and exercises no budgetary control over the State Treasurer’s budget. That responsibility falls solely to the Legislature. OIC has even broader statutory authority. OIC is not subject to legislative budgetary control (i.e., expenditure limitation) and any expense incurred by the OIC is netted against investment earnings.

OST is funded with both General and Other Funds (although portions of charges to state agencies may originate as General Fund). General Fund loans support the development of the Oregon Retirement Savings Board and the Achieving a Better Life Experience Act program, which is part of Oregon’s 529 Savings plan. Agency-wide Other Funds revenue totals \$84.6 million, which includes a \$16.1 million beginning balance. OST has broad statutory authority to general revenue from charges based on the value of managed portfolios, fees charged for the number and type of banking transactions it processes, the proportion of outstanding debt held by agencies and fees for new bond issuances and charges for bond and coupon redemptions, and on holdings of state funds in excess of FDIC insurance levels.

In addition to, but apart from, the OST's budget, OIC can also expend funds related to OST. The extent to which this will occur during the 2017-19 biennium is unknown.

### CSL Summary and Issues

The 2015-17 current service level budget for the agency total \$67.9 million, and includes \$2 million General Fund and \$65.9 million Other Funds (121 positions; 119.60 FTE). The CSL is \$4 million, or 6.3%, more than the 2015-17 legislatively approved budget of \$63.9 million (123 positions; 117.45 FTE). The CSL is overstated due to a budget development error by the agency, which failed to phase-out one-time General Fund appropriations in the amount approximately \$970,000 associated with the Oregon Retirement Savings Board and the Achieving a Better Life Experience Act (ABLE) programs.

### Policy Issues

The State Treasurer is requesting funding for "Phase-II" of multi-phase expansion of the Investment Division staff (\$9.9 million; 34 positions) as well as the continuation of three projects, some of which have changed in scope and schedule, to update the financial infrastructure of the Finance Division (request in-development). Additional information technology resources are being requesting for enhancing cyber security (\$2 million; 2 positons).

The Legislature enacted HB 2960, which created the Oregon Retirement Savings Board. The Board is charged with establishing a defined contribution retirement plan for people whose employers do not offer a qualified retirement plan under federal law. The Legislature also enacted SB 777, which created the Achieving a Better Life Experience Act (ABLE) program. The program permits the creation of tax-free, state-based savings accounts to pay for disability-related expenses. The continuation and expansion of General Fund loans for these two programs have been requested until Other Funds revenue is sufficient to support the programs. The establishment of fees for these programs could serve to reduce the General Fund demand. The timing of the repayment of the loans is uncertain.

### Other Significant Issues and Current Discussions

OST's Finance Division is working to find solutions to marijuana banking, including possibly seeking banking services from multiple banks. This has major implications for OST's information technology investments as OST's information technology infrastructure must interface with private banking firms. This has resulted in a delay to cash management information technology project approved by the Legislature in 2015.

The Co-Chair's Existing Resources Budget Framework includes a reduction of \$970,000 General Fund for the OSRB and ABLE programs, which are the two programs included as part of the agency's reduction option list. The Governor's budget includes an unspecified \$2.8 million General Fund reduction.