

**Legislative  
Fiscal Office**

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**Joint Committee on  
Ways and Means**

Sen. Richard Devlin, Senate Co-Chair  
Rep. Nancy Nathanson, House Co-Chair

Sen. Betsy Johnson, Senate Co-Vice Chair  
Sen. Jackie Winters, Senate Co-Vice Chair  
Rep. Dan Rayfield, House Co-Vice Chair  
Rep. Greg Smith, House Co-Vice Chair

**To:** General Government Subcommittee

**From:** John Borden, Legislative Fiscal Office

**Date:** June 28, 2017

**Subject:** SB 5541 – Treasurer of the State  
Work Session Recommendations

**Treasurer of the State – Agency Totals**

	<b>2013-15 Actual</b>	<b>2015-17 Legislatively Approved</b>	<b>2017-19 Current Service Level</b>	<b>2017-19 LFO Recommended</b>
General Fund	--	1,687,988	2,043,089	2,477,055
Other Funds	44,521,998	62,192,111	65,851,074	81,975,382
<b>Total Funds</b>	<b>\$44,521,998</b>	<b>\$63,880,099</b>	<b>\$67,894,163</b>	<b>\$84,452,437</b>
Positions	95	123	121	158
FTE	90.33	117.45	119.60	147.75

Attached are the recommendations from the Legislative Fiscal Office for the Treasurer of the State. The budget is a \$20.6 million, or 32.2%, increase from the 2015-17 legislatively approved budget and a \$16.6 million, or 24.5%, increase over the 2017-19 current service level. There are 37 more positions, or 30.6%, above the 2017-19 current service level.

The recommendation includes:

- Policy Package #101 Investment Solutions - \$10 million (32 positions; 23.81 FTE)
- Policy Package #103 Cybersecurity - \$2 million (2 positions; 1.50 FTE)
- Policy Package #106 LGIP Business Systems Renewal - \$1.3 million
- Policy Package #107 ACH Business Systems Renewal - \$600,000
- Policy Package #108 Core Banking Business Systems Renewal - \$375,000
- Policy Package #802 Governance and Operations - \$1.2 million (3 position; 2.84 FTE)
- Policy Package #105 529 ABLE Program - \$744,216 General Fund
- Policy Package #801 LFO Analyst Adjustments - <\$1,006,720>
- Policy Package #803 Washington State ABLE Program - \$700,000 Other Funds
- Policy Package #104 Oregon Retirement Savings Program - \$696,470 General Fund

## **Adjustments to Current Service Level**

See attached "Work Session Presentation Report."

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

**Accept** LFO Recommendation:

**MOTION: I move the LFO recommendation to SB 5541. (VOTE)**

**OR**

**Change** LFO Recommendation:

**MOTION: I move the LFO recommendation to SB 5541, with modifications. (VOTE)**

## **Performance Measures**

See attached "Legislatively Proposed 2017-19 Key Performance Measures."

**Accept** LFO Recommendation:

**MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)**

**OR**

**Change** LFO Recommendation:

**MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)**

## **Budget Notes**

#1 Budget Note: Investment Solutions Feasibility Study

*The State Treasury reported to the Legislature in 2017 that "Enabling more internal management by investing in Investment Management Program resources will reduce overall costs and likely provide improved net return to the funds under management." State Treasury is directed to report to the Legislature in 2019 on the actual cost savings and increased net investment returns derived from the Legislature's investments in the Investment Division and the general administration of the agency as well as produce a feasibility study supporting continued investment in the Investment Division.*

**Accept** LFO Recommendation:

MOTION: I move the LFO recommendation on Budget Notes. (VOTE)

OR

**Change** LFO Recommendation (any changes must be approved by the co-chairs):

MOTION: I move the LFO recommendation on Budget Notes, with modifications.  
(VOTE)

**Recommended Changes**

LFO recommends a budget of \$2,477,055 General Fund and \$81,975,382 Other Funds, and 158 positions (147.75 FTE), which is reflected in the -3 amendment.

MOTION: I move adoption of the -3 amendment to SB 5541. (VOTE)

**Final Subcommittee Action**

LFO recommends that SB 5541, as amended by the -3 amendment, to be moved to the Ways and Means Full Committee.

MOTION: I move SB 5541, as amended, to the Full Committee with a do pass recommendation. (VOTE)

**Carriers**

Full Committee: \_\_\_\_\_

House Floor: \_\_\_\_\_

Senate Floor: \_\_\_\_\_

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2015-17 Agy. Leg. Adopted</b>	<b>1,658,284</b>	-	<b>61,114,368</b>	-	-	-	<b>62,772,652</b>	<b>123</b>	<b>117.45</b>
2015-17 Ebds, SS & Admin Act	29,704	-	1,077,743	-	-	-	1,107,447	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2015-17 Leg Approved Budget</b>	<b>1,687,988</b>	-	<b>62,192,111</b>	-	-	-	<b>63,880,099</b>	<b>123</b>	<b>117.45</b>
<b>2015-17 Leg Approved Budget (Base)</b>	<b>1,687,988</b>	-	<b>62,170,171</b>	-	-	-	<b>63,858,159</b>	<b>123</b>	<b>117.45</b>
Summary of Base Adjustments	285,938	-	3,812,506	-	-	-	4,098,444	(2)	2.15
<b>2017-19 Base Budget</b>	<b>1,973,926</b>	-	<b>65,982,677</b>	-	-	-	<b>67,956,603</b>	<b>121</b>	<b>119.60</b>
010: Non-PICS Pers Svc/Vacancy Factor	12,390	-	518,206	-	-	-	530,596	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(2,923,338)	-	-	-	(2,923,338)	-	-
030: Inflation & Price List Adjustments	56,773	-	2,273,529	-	-	-	2,330,302	-	-
<b>2017-19 Current Service Level</b>	<b>2,043,089</b>	-	<b>65,851,074</b>	-	-	-	<b>67,894,163</b>	<b>121</b>	<b>119.60</b>
<b>Adjusted 2017-19 Current Service Level</b>	<b>2,043,089</b>	-	<b>65,851,074</b>	-	-	-	<b>67,894,163</b>	<b>121</b>	<b>119.60</b>
<b>Total LFO Recommended Packages</b>	<b>433,966</b>	-	<b>16,124,308</b>	-	-	-	<b>16,558,274</b>	<b>37</b>	<b>28.15</b>
<b>2017-19 Legislative Actions</b>	<b>2,477,055</b>	-	<b>81,975,382</b>	-	-	-	<b>84,452,437</b>	<b>158</b>	<b>147.75</b>
Net change from 2015-17 Leg Approved Budget	789,067	-	19,783,271	-	-	-	20,572,338	35	30.30
Percent change from 2015-17 Leg Approved Budget	46.8%	0.0%	31.8%	0.0%	0.0%	0.0%	32.2%	28.5%	25.8%
Net change from 2017-19 Adj Current Service Level	433,966	-	16,124,308	-	-	-	16,558,274	37	28.15
Percent change from 2017-19 Adj Current Service Level	21.2%	0.0%	24.5%	0.0%	0.0%	0.0%	24.4%	30.6%	23.5%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2015-17 Agy. Leg. Adopted</b>	-	-	-	-	-	-	-	-	-
2015-17 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2015-17 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2015-17 Leg Approved Budget (Base)</b>	-	-	<b>56,809,728</b>	-	-	-	<b>56,809,728</b>	<b>116</b>	<b>112.20</b>
Summary of Base Adjustments	-	-	3,708,157	-	-	-	3,708,157	(2)	0.90
<b>2017-19 Base Budget</b>	-	-	<b>60,517,885</b>	-	-	-	<b>60,517,885</b>	<b>114</b>	<b>113.10</b>
010: Non-PICS Pers Svc/Vacancy Factor	-	-	512,760	-	-	-	512,760	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(2,923,338)	-	-	-	(2,923,338)	-	-
030: Inflation & Price List Adjustments	-	-	2,065,307	-	-	-	2,065,307	-	-
<b>2017-19 Current Service Level</b>	-	-	<b>60,172,614</b>	-	-	-	<b>60,172,614</b>	<b>114</b>	<b>113.10</b>
<b>Adjusted 2017-19 Current Service Level</b>	-	-	<b>60,172,614</b>	-	-	-	<b>60,172,614</b>	<b>114</b>	<b>113.10</b>
<b>Total LFO Recommended Packages</b>	-	-	<b>15,424,308</b>	-	-	-	<b>15,424,308</b>	<b>37</b>	<b>28.15</b>
<b>2017-19 Legislative Actions</b>	-	-	<b>75,596,922</b>	-	-	-	<b>75,596,922</b>	<b>151</b>	<b>141.25</b>
Net change from 2015-17 Leg Approved Budget	-	-	75,596,922	-	-	-	75,596,922	151	141.25
Percent change from 2015-17 Leg Approved Budget	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Net change from 2017-19 Adj Current Service Level	-	-	15,424,308	-	-	-	15,424,308	37	28.15
Percent change from 2017-19 Adj Current Service Level	0.0%	0.0%	25.6%	0.0%	0.0%	0.0%	25.6%	32.5%	24.9%

Treasury Services

	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 This package requests a total of \$9,946,093 for 32 permanent full-time positions (23.81 FTE) for a total personal services cost of \$8.2 million Other Funds, \$1.6 million Other Funds for services and supplies, and \$156,900 Other Funds for capital outlay to continue to address deficiencies within the Investment Division and general administration of the agency. The revenue to support this request is from charges based on the value of managed portfolios. The agency has broad statutory authority to increase such fees, if necessary.

LFO Recommendation Approve, as modified.

Budget Notes The State Treasury reported to the Legislature in 2017 that "Enabling more internal management by investing in Investment Management Program resources will reduce overall costs and likely provide improved net return to the funds under management." State Treasury is directed to report to the Legislature in 2019 on the actual cost savings and increased net investment returns derived from the Legislature's investments in the Investment Division and the general administration of the agency as well as produce a feasibility study supporting continued investment in the Investment Division.



	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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**Budget Instructions** Chief Investment Officer: The request is for 11 front office staff (8.40 FTE): One permanent full-time Senior Investment Officer for fixed income (SR 55)(0.92 FTE); one permanent full-time Investment Officer 2 for alternative investments (SR 45)(0.92 FTE); one permanent full-time Investment Officer 2 for real estate investments (SR 45)(0.92 FTE); one permanent full-time Investment Officer 2 for capital markets investment trader (SR 45) 0.50 FTE); one permanent full-time Investment Officer 2 for capital markets investment trader (SR 45)(0.17 FTE); one permanent full-time Investment Officer 3 for real estate investments (SR 48)(0.92 FTE); one permanent full-time Investment Officer 3 for private equity investment (SR 48)(0.92 FTE); and one permanent full-time Investment Officer 3 for alternative investment (SR 48)(0.92 FTE). These eight positions would be the only positions eligible for incentive pay, which would be in addition to their budgeted salary and wages (\$400,000). This request also includes: one permanent full-time Senior Investment Analyst for fixed income investment (SR 38)(0.92 FTE); one permanent full-time Investment Analyst for capital markets investment (SR 30)(0.92 FTE); and one permanent full-time Investment Analyst for alternative investments (SR 30)(0.50 FTE).

Director of Investment Operations: The request is for eight mid-office staff (4.81 FTE): one permanent full-time Investment Officer as a Performance and Analytics Manager (SR 38)(0.92 FTE); one permanent full-time Investment Analyst 2 as an Operations Analyst (SR 30)(0.25 FTE); one permanent full-time Investment Analyst 2 as an Operations Analyst (SR 30)(0.92 FTE); one permanent full-time Investment Analyst 2 as an Operations Analyst (SR 30)(0.25 FTE); one permanent full-time Investment Analyst 2 as a Senior Investment Accountant (SR 30) 0.92 FTE); one permanent full-time Investment Analyst 1 as a Data Analyst (SR 27)(0.38 FTE); one permanent full-time Investment Analyst 1 as a Data Analyst (SR 27)(0.25 FTE). The request also includes: one permanent full-time Investment Analyst 3 for Governmental Accounting Standards Board accounting (SR 33)(0.92 FTE). A portion of this position's full-time equivalent (0.25 FTE) will also be responsible for Oregon Retirement Savings Program Governmental Accounting Standards Board reporting and will be funded by the Oregon Retirement Savings Program.

Chief Compliance Officer: The request is for six back-office staff (4.26 FTE): one permanent full-time Senior Investment Officer as a Compliance Manager (SR 55)(0.75 FTE); one permanent full-time Principal Executive Manager F as an Investment Compliance Officer (SR 35X)(0.75 FTE); one permanent full-time Principal Executive Manager D as a Corporate Governance and Policy Officer (SR 31X)(0.50 FTE); one permanent full-time Principal Executive Manager D as a Compliance Analyst (SR 31X)(0.63 FTE); one permanent full-time Principal Executive Manager D as a Compliance Analyst (SR 31X)(0.88 FTE); and one permanent full-time Executive Support Specialist (SR 17)(0.75 FTE).

Chief Information Services: The request is for three back-office staff (2.42 FTE): One permanent full-time Information Systems Specialist 5 for Desktop Support (SR 28)(0.50 FTE); one permanent full-time Information Systems Specialist 7 for Citrix Desktop Support (SR 31)(1.00 FTE); and one permanent full-time Information Systems Specialist 7 for a Network Administrator (SR 31)(0.92 FTE).

Chief Administrative Officer: The request is for four back-office staff (3.92 FTE): One permanent full-time Project Manager 3 (SR 31)(1.00 FTE); one permanent full-time Principal Executive Manager E for a Human Resources Manager (SR 33X)(1.00 FTE); and one permanent full-time Operations and Policy Analyst 3 as a Business Analyst (SR 30 )(0.92 FTE). The original policy package request has been modified to include: one PFT OPA 2 (1.00 FTE).

**LFO Analyst Notes** SB 5541 (2017)

LFO Recommended	-	-	9,946,093	-	-	-	9,946,093	32	23.81
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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 103 Cyber Security**

Package Description This package requests additional resources for the agency’s Information Security Program and Cyber Security resources. Two additional staff are requested for implementing the agency’s comprehensive Cyber Security Plan, including: data loss prevention systems; identify and access management; threat detection systems; and other technical security controls and infrastructure monitoring and protection. The request also includes the purchase of additional security tools and security services, including: data monitoring; access management; and malware detection systems.

Chief Information Services - Cyber Security: The request is for two staff (1.50 FTE): One permanent full-time Information Systems Specialist 7 for Security Operations (0.50 FTE); and one permanent full-time Information Systems Specialist 8 for a Senior Security Analyst (1.00 FTE).

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. The agency has broad statutory authority to increase such fees, if necessary.

LFO Recommendation Approve.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	-	-	1,950,782	-	-	-	1,950,782	2	1.50
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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 106 LGIP Business Systems Renewal**

Package Description This package is related to the Cash Management Improvement and Renewal Program (CMIRP), a continuous improvement program launched by OST in 2012 and focused on the renewal, replacement, and refinement of processes and technology supporting OST's cash management services.

OST is currently running three projects under CMIRP: (a) Local Government Investment Pool Business Systems Renewal (LGIP BSR); (b) Automated Clearing House Business Systems Renewal (ACH BSR); and (c) Core Banking Business Systems Renewal (Core BSR). This package relates specifically to the LGIP BSR project, which will modernize how local governments transact and make account inquiries on their short-term investments.

After initial project funding was approved by the Legislature in 2015 (\$2,200,000 for the implementation phase, including quality assurance and control, and \$880,000 for ongoing biennial costs), the project was prudently reassessed due to changes in the state's primary vendor contract for banking. The LGIP BSR project would move current processing from an internal application to a service vendor hybrid implementation model, where transactions and account information will become web-based and data will flow directly from the local governments to the service vendor. A new vendor contract was signed in September 2016. The project has a targeted go-live date of February 2018. The project has an internal dedicated project manager as well as an independent quality assurance vendor. While not subject to Executive Branch control and the joint Department of Administrative Services - Chief Information Office and Legislative Fiscal Office Stage Gate Review process, the agency is generally following the requirements of that process.

This request is for \$1.32 million Other Funds in additional operational costs of the program for vendor payments, which would bring the total to \$2.2 million Other Funds. The funds are budgeted as services and supplies. The revenue to support this package is from charges to participating local governments on the value of short-term cash balances as well as banking transaction fees.

LFO Recommendation Approve.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	-	-	1,320,000	-	-	-	1,320,000	-	-
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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 107 ACH Business Systems Renewal**

Package Description This package is related to the Cash Management Improvement and Renewal Program (CMIRP) , a continuous improvement program launched by OST in 2012 and focused on the renewal, replacement, and refinement of processes and technology supporting OST’s cash management services.

OST is currently running three projects under CMIRP: (a) Local Government Investment Pool Business Systems Renewal (LGIP BSR); (b) Automated Clearing House Business Systems Renewal (ACH BSR); and (c) Core Banking Business Systems Renewal (Core BSR). This package relates specifically to the ACH BSR project, which will modernize how state agencies transact ACH payments.

After initial project funding was approved by the Legislature in 2015 (\$200,000 for the implementation phase, including quality assurance and control, and \$750,000 for ongoing biennial costs) the project was prudently reassessed due to changes in the state’s primary vendor contract for banking.

The ACH BSR project would move current processing from an internal application to a service vendor hybrid implementation model, where OST continues to maintain the “book of record” or source of accounting of the state’s financial transactions, but transactional data would be handled by a second major banking contractor. A contract with the second vendor banking is in the process of being finalized. With detailed project planning just starting, the project is anticipated to be largely completed sometime during the 2017-19 biennium. The project has an internal project manager and the agency is planning to engage an independent quality assurance vendor. While not subject to Executive Branch control and the joint Department of Administrative Services - Chief Information Office and Legislative Fiscal Office Stage Gate Review process, the agency is generally following the requirements of that process.

This request is for \$600,000 Other Funds in additional operational costs of the program, including vendor payments (\$400,000), implementation costs (\$90,000), and independent quality assurance vendor (\$110,000), which would bring total operational costs to \$1.15 million Other Funds. The funds are budgeted as services and supplies. The revenue to support this package is from charges to participating state agencies on the value of short-term cash balances as well as banking transaction fees.

LFO Recommendation Approve.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	-	-	600,000	-	-	-	600,000	-	-
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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 108 Core Banking Business Systems Renewal**

Package Description This package is related to the Cash Management Improvement and Renewal Program (CMIRP) , a continuous improvement program launched by OST in 2012 and focused on the renewal, replacement, and refinement of processes and technology supporting OST’s cash management services.

OST is currently running three projects under CMIRP: (a) Local Government Investment Pool Business Systems Renewal (LGIP BSR); (b) Automated Clearing House Business Systems Renewal (ACH BSR); and (c) Core Banking Business Systems Renewal (Core BSR). This package relates specifically to the Core BSR project, which will modernize the systems and applications at the heart of OST’s cash management technological infrastructure.

After initial project funding was approved by the Legislature in 2015 (\$150,000 for business case development, including quality assurance and control, and \$310,000 for mitigation activities) business case development was put on hold due to the reassessments of the LGIP BSR and ACH BSR projects while OST did complete various mitigation activities.

This package relates specifically to the CBSR, which will address the Phoenix application and middleware that is the state’s core banking application. The project is in the initial planning stages. This request is funding for a business case development and an independent quality assurance vendor, as well as for additional mitigation activities due to the delay in project activities. The project has an internal project manager. While not subject to Executive Branch control and the joint Department of Administrative Services - Chief Information Office and Legislative Fiscal Office Stage Gate Review process, the agency is generally following the requirements of that process.

This request is for \$375,000 Other Funds for mitigation costs (\$214,000), business case development (\$91,000), and an independent quality assurance vendor (\$70,000). The funds are budgeted as services and supplies. The revenue to support this package is from charges to participating state agencies on the value of short-term cash balances as well as banking transaction fees.

LFO Recommendation

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	-	-	375,000	-	-	-	375,000	-	-
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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 802 Governance and Operations**

Package Description The request is to add one permanent full-time Fiscal Analyst 3 (1.00 FTE) to serve as the agency's Budget Officer; one permanent full-time Principal Executive Manager I (0.92 FTE) to serve as the agency's Chief Operating Officer; and one permanent full-time Investment Officer 2 for unspecified purposes (0.92 FTE). This package also includes associated services and supplies.

LFO Recommendation Approve.

Budget Instructions Chief Investment Officer: one permanent full-time Investment Officer 2 for unspecified investments (SR 45)(0.92 FTE).

Executive Services: one permanent full-time Principal Executive Manager I (SR 42X)(0.92 FTE) to serve as the agency's Chief Operating Officer; and one permanent full-time Fiscal Analyst 3 (SR 30)(1.00 FTE) to serve as the agency's Budget Officer.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	-	-	1,232,433	-	-	-	1,232,433	3	2.84
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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)
2015-17 Agy. Leg. Adopted	664,743	-	5,324,999	-	-	-	5,989,742	5	3.75
2015-17 Ebds, SS & Admin Act	10,748	-	35,615	-	-	-	46,363	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2015-17 Leg Approved Budget</b>	<b>675,491</b>	<b>-</b>	<b>5,360,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,036,105</b>	<b>5</b>	<b>3.75</b>
2015-17 Leg Approved Budget (Base)	675,491	-	5,360,443	-	-	-	6,035,934	5	3.75
Summary of Base Adjustments	181,111	-	104,349	-	-	-	285,460	-	1.25
<b>2017-19 Base Budget</b>	<b>856,602</b>	<b>-</b>	<b>5,464,792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,321,394</b>	<b>5</b>	<b>5.00</b>
010: Non-PICS Pers Svc/Vacancy Factor	7,629	-	5,446	-	-	-	13,075	-	-
030: Inflation & Price List Adjustments	29,300	-	208,222	-	-	-	237,522	-	-
<b>2017-19 Current Service Level</b>	<b>893,531</b>	<b>-</b>	<b>5,678,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,571,991</b>	<b>5</b>	<b>5.00</b>
<b>Adjusted 2017-19 Current Service Level</b>	<b>893,531</b>	<b>-</b>	<b>5,678,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,571,991</b>	<b>5</b>	<b>5.00</b>
<b>Total LFO Recommended Packages</b>	<b>433,966</b>	<b>-</b>	<b>700,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,133,966</b>	<b>-</b>	<b>-</b>
<b>2017-19 Legislative Actions</b>	<b>1,327,497</b>	<b>-</b>	<b>6,378,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,705,957</b>	<b>5</b>	<b>5.00</b>
Net change from 2015-17 Leg Approved Budget	652,006	-	1,017,846	-	-	-	1,669,852	-	1.25
Percent change from 2015-17 Leg Approved Budget	96.5%	0.0%	19.0%	0.0%	0.0%	0.0%	27.7%	0.0%	33.3%
Net change from 2017-19 Adj Current Service Level	433,966	-	700,000	-	-	-	1,133,966	-	-
Percent change from 2017-19 Adj Current Service Level	48.6%	0.0%	12.3%	0.0%	0.0%	0.0%	17.3%	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 105 529 ABL Program**

Package Description This package restores \$310,250 to bring the program to current service level and then adds \$433,966 in order to fully fund the agency's policy package request.

LFO Recommendation Approve, as a one-time adjustment, and as a loan from the General Fund to be repaid by the program.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	744,216	-	-	-	-	-	744,216	-	-
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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 Legislature in 2015 provided one-time funding for the start-up of the ABLE program. This funding was to be phase-out of the agency's 2017-19 current service level budget; however, this was not done during either the agency request budget process or later during the Governor's budget process. This package appropriately phases-out the one-time program funding in the amount of \$310,250 General Fund.

LFO Recommendation Approve.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	(310,250)	-	-	-	-	-	(310,250)	-	-
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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 803 Washington State ABLE Contract**

Package Description This request is to add \$700,000 of Other Funds expenditure limitation for the Oregon ABLE program to provide marketing and outreach activities for a contract with the State of Washington ABLE program. The contact has not been finalized and the expenditure limitation provided with this policy package has been estimated by the agency.

LFO Recommendation Approve, as a one-time adjustment.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	-	-	700,000	-	-	-	700,000	-	-
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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)
<b>2015-17 Agy. Leg. Adopted</b>	<b>993,541</b>	-	-	-	-	-	<b>993,541</b>	<b>2</b>	<b>1.50</b>
2015-17 Ebds, SS & Admin Act	18,956	-	-	-	-	-	18,956	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2015-17 Leg Approved Budget</b>	<b>1,012,497</b>	-	-	-	-	-	<b>1,012,497</b>	<b>2</b>	<b>1.50</b>
<b>2015-17 Leg Approved Budget (Base)</b>	<b>1,012,497</b>	-	-	-	-	-	<b>1,012,497</b>	<b>2</b>	<b>1.50</b>
Summary of Base Adjustments	104,827	-	-	-	-	-	104,827	-	-
<b>2017-19 Base Budget</b>	<b>1,117,324</b>	-	-	-	-	-	<b>1,117,324</b>	<b>2</b>	<b>1.50</b>
010: Non-PICS Pers Svc/Vacancy Factor	4,761	-	-	-	-	-	4,761	-	-
030: Inflation & Price List Adjustments	27,473	-	-	-	-	-	27,473	-	-
<b>2017-19 Current Service Level</b>	<b>1,149,558</b>	-	-	-	-	-	<b>1,149,558</b>	<b>2</b>	<b>1.50</b>
<b>Adjusted 2017-19 Current Service Level</b>	<b>1,149,558</b>	-	-	-	-	-	<b>1,149,558</b>	<b>2</b>	<b>1.50</b>
<b>Total LFO Recommended Packages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2017-19 Legislative Actions</b>	<b>1,149,558</b>	-	-	-	-	-	<b>1,149,558</b>	<b>2</b>	<b>1.50</b>
Net change from 2015-17 Leg Approved Budget	137,061	-	-	-	-	-	137,061	-	-
Percent change from 2015-17 Leg Approved Budget	13.5%	0.0%	0.0%	0.0%	0.0%	0.0%	13.5%	0.0%	0.0%
Net change from 2017-19 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2017-19 Adj 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 104 Oregon Retirement Savings Program**

Package Description This package restores current service level funding for the program by adding \$696,470 General Fund.

LFO Recommendation Approve, as a one-time adjustment, and as a loan from the General Fund to be repaid by the program.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	696,470	-	-	-	-	-	696,470	-	-
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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 Legislature in 2015 provided one-time funding for the start-up of the ABLE program. This funding was to be phase-out of the agency's 2017-19 current service level budget; however, this was not done during either the agency request budget process or later during the Governor's budget process. This package appropriately phases-out the one-time program funding in the amount of \$696,470 General Fund.

LFO Recommendation Approve.

LFO Analyst Notes SB 5541 (2017)

LFO Recommended	(696,470)	-	-	-	-	-	(696,470)	-	-
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# Legislatively Proposed 2017 - 2019 Key Performance Measures

Published: 6/26/2017 10:18:44 AM

Agency: Treasury, Oregon State

**Mission Statement:**

To provide financial stewardship for Oregon.

Legislatively Proposed KPMS	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Oregon Public Employees Retirement Fund Net Performance of 5-Year Rolling Average Compared to Policy Benchmark		Approved	8.15%	8.50%	8.50%
2. Common School Fund Net Performance of 5-Year Rolling Average Compared to Policy Benchmark.		Approved	7.39%	7.50%	7.50%
3. Oregon Short-Term Fund Returns Compared to Benchmark		Approved	0.50%	0.50%	0.50%
4. Expense to Assets Ratio for the Oregon Short-Term Fund		Approved	0.06%	0.05%	0.05%
5. Local Government Participation in the Oregon Short-Term Fund		Approved	64%	70%	75%
6. Banking Services - Average Cost per Transaction		Approved	\$0.038	\$0.035	\$0.035
7. Oregon School Bond Guaranty Program Bonds Outstanding		Approved	\$45,600,000,000.00	\$45,600,000,000.00	\$45,600,000,000.00
8. Number of Oregon 529 College Savings Network Accounts		Approved	164,723	165,000	170,000
9. Percentage of Minors (under age 25) with 529 College Savings Network Accounts		Approved	8.60%	10%	11%
10. Oregon Debt Issuance Activity - Levels of Transaction Volume and Total State Government Debt Outstanding by Fiscal Year	a) State Outstanding Debt in Oregon	Approved	\$12,800,000,000.00	\$12,800,000,000.00	\$12,800,000,000.00
	b) Local Outstanding Debt in Oregon		\$22,600,000,000.00	\$22,600,000,000.00	\$22,600,000,000.00
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	98%	100%	100%
	Timeliness		97%	100%	100%
	Availability of Information		97%	100%	100%
	Expertise		98%	100%	100%
	Helpfulness		98%	100%	100%
	Overall		98%	100%	100%

**LFO Recommendation:**

The Legislative Fiscal Office recommends approval of the Key Performance Measures and updated targets. An overall review of the existing Key Performance Measures by the agency is recommended prior to Legislative session in 2019. In addition, Legislative Fiscal Office recommends specifically that the agency propose for the Legislative session in 2019 the following: (a) a new measure for the Oregon Retirement Savings program; (b) a new standard measure for the Oregon Retirement Savings Board - Board of Directors Best Practices; (c) a new measure for the Achieving a Better Life Experience Act (ABLE) program; and (d) a new standard measure for the 529 Savings Plan Board.

**SubCommittee Action:**

SB 5541-3  
(LC 9541)  
6/27/17 (DFY/ps)

Requested by JOINT COMMITTEE ON WAYS AND MEANS

**PROPOSED AMENDMENTS TO  
SENATE BILL 5541**

- 1 In line 8 of the printed bill, delete "\$1,317,067" and insert "\$1,327,497".
  - 2 In line 11, delete "\$3,479,858" and insert "\$1,149,558".
  - 3 In line 18, delete "\$71,808,285" and insert "\$75,596,922".
  - 4 In line 21, delete "\$5,642,637" and insert "\$6,378,460".
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