

March 8, 2019

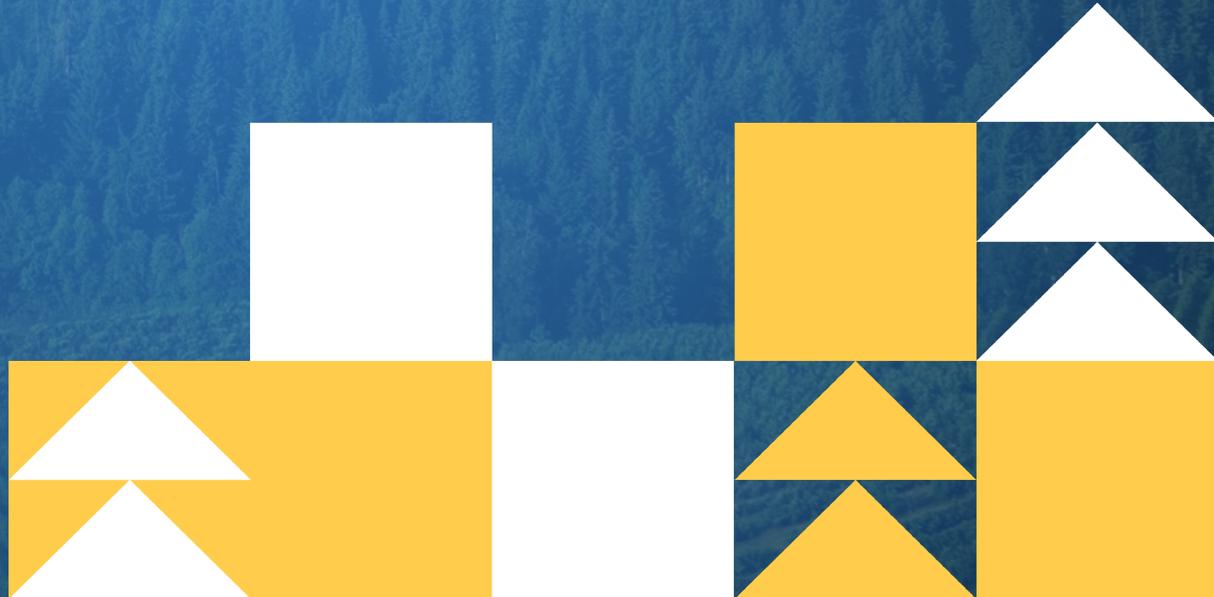
# Budget Phase 2

## 2019-21 Biennium

Joint Committee on Ways & Means  
General Government Subcommittee



OREGON  
STATE  
TREASURY



# Agenda/Overview

- Brief Agency Overview
- Serving Oregon Governments: Treasury Services Programs
  - Revenue Source Overview
  - POP Overviews
- Serving Oregon Families: Oregon 529 Savings Network and OregonSaves
  - Revenue Source Overview
  - POP Overviews
- Vacancies
- General Fund Reduction Options
- KPM Requests

**PROTECTING PUBLIC TRUST FUNDS**



**HELPING FAMILIES SAVE FOR HIGHER EDUCATION**



**HELPING GOVERNMENTS SUCCEED**



**PROTECTING RETIREMENT SECURITY**



# Financial Empowerment

## Vision Statement

Leading the way for Oregonians to achieve long-term financial security.

## Mission Statement

To provide financial stewardship for Oregon.

## Protecting Oregon's Finances

**\$100 B**

Assets under management

December 2018

**\$265 B**

Bank transactions supported annually

In 2018

**\$3.1 B**

Oregon College Savings assets

December 2018

**\$14 B**

State debt issued and tracked

In 2018



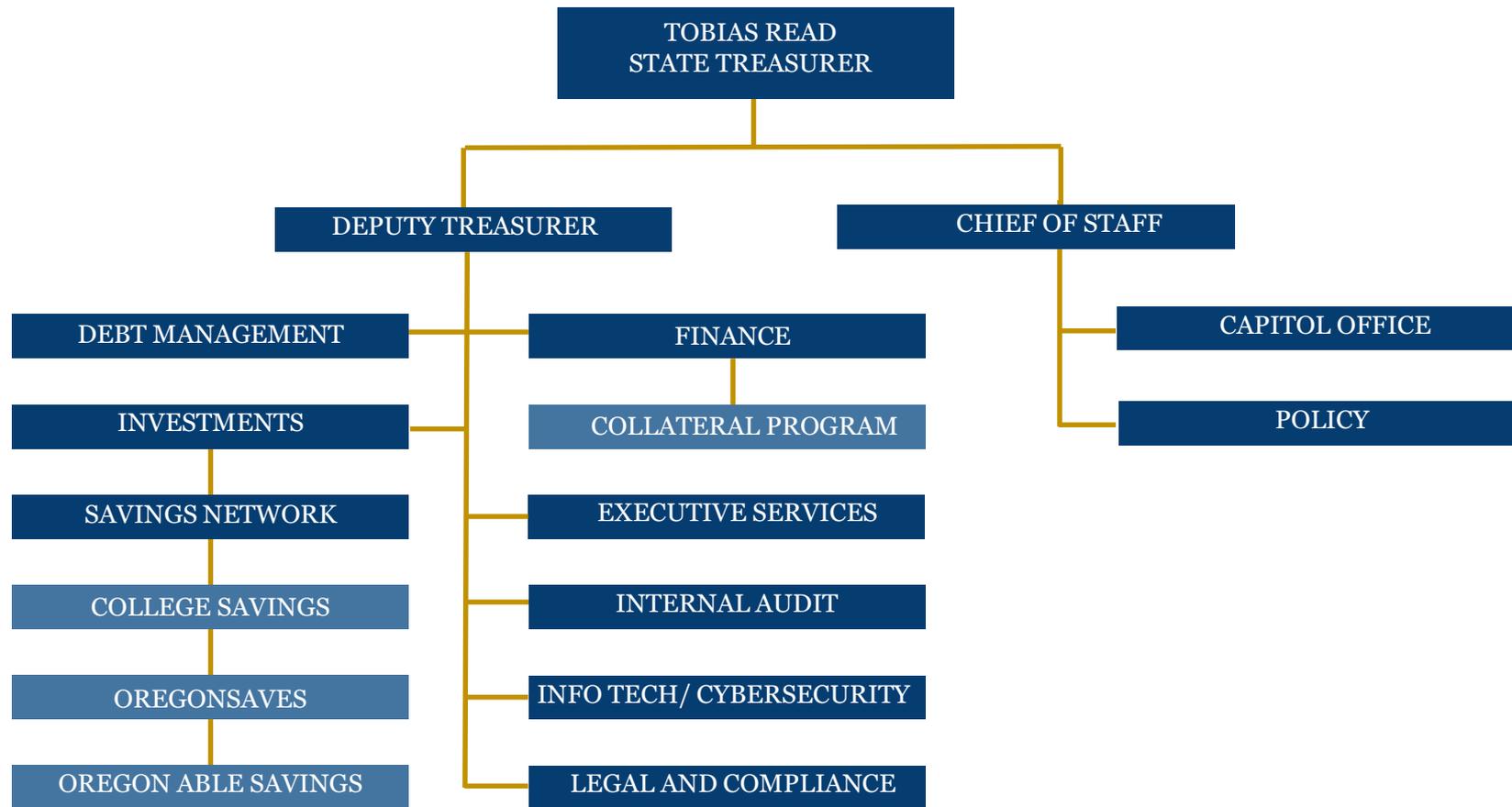
# 2017-2019 Highlights

- Launched OregonSaves, the first-in-the nation state-based retirement savings program.
- Inaugural sale of Oregon Sustainability Bonds.
- Added internal investment capacity to better manage risks and reduce costs.
- Exceeded goals for holdings in renewable-related investments.
- Replaced obsolete Local Government Investment Pool systems with improved modern, user-friendly system.

# 2019-21 Budget Priorities

- Continuation of a multi-phase expansion of investment capacity toward industry standards. (POP 101, 102)
- Insourcing of investment trade operations and dedicated oversight positions. (POP 101)
- Continued modernization and renewal project for cash management systems. (POP 108)
- Protect Oregon’s critical financial resources from information security threats. (POP 103)
- Insourcing accounting and payroll functions and perform class and compensation study. (POP 105, 106)
- Eliminated reliance on General Fund by creating operating efficiencies in Oregon Savings Network programs. (POP 104)

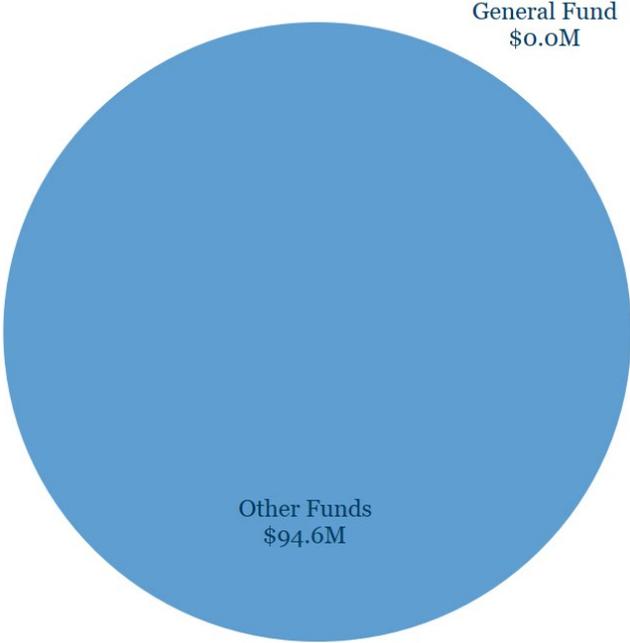
# Oregon's financial services hub



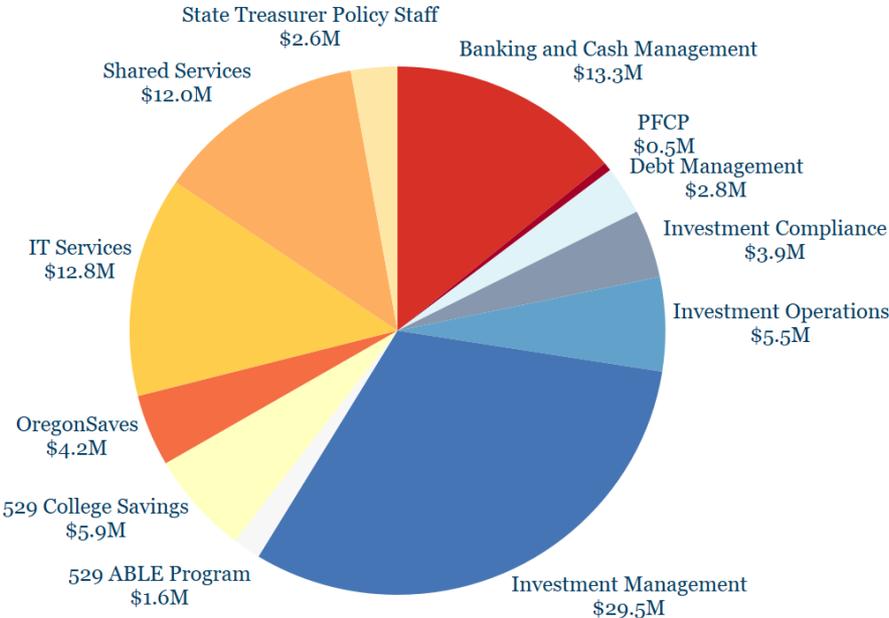
# 2019-21 Budget Blueprint

All of Treasury costs are covered with fees charged for services provided to customers

2019-21 GB by Fund Type



Treasury Budget by Program



# Oregon's Financial Services Hub

TREASURY SERVICES 17000-001

INVESTMENT PROGRAM

FINANCE PROGRAM

DEBT MANAGEMENT PROGRAM

## OREGON GOVERNMENTS

OREGON 529 NETWORK 17000-002

OREGON SAVES 17000-003

529 NETWORK

OREGONSAVES

## OREGON FAMILIES



# Treasury Revenue Sources

## TREASURY SERVICES 17000-001

### INVESTMENT PROGRAM

### FINANCE PROGRAM

### DEBT MANAGEMENT PROGRAM

**ORS 293.718**  
OREGON SHORT TERM FUND INVESTMENT ADMINISTRATION FEE

**ORS 287A.014**  
STATE BOND ISSUANCE FEES  
LOCAL BOND SERVICES  
APPLICATION PROCESSING FEES

**ORS 293.718**  
STATE INVESTMENT FEES

**ORS 293.353**  
BANKING FEES

**ORS 295.106**  
COLLATERAL POOL CHARGES

**ORS 289.205**  
FACILITIES AUTHORITY FEES

**ORS 287A.634(3)**  
MUNICIPAL DEBT ADVISORY  
COMMITTEE ISSUANCE FEES



# Treasury Revenue Sources

## TREASURY SERVICES 17000-001

INVESTMENT PROGRAM

FINANCE PROGRAM

DEBT MANAGEMENT PROGRAM

**ORS 293.718**  
OREGON SHORT TERM FUND INVESTMENT ADMINISTRATION FEE

**ORS 293.718**  
STATE INVESTMENT FEES

OST may deduct as much as .435 basis points each month. The current monthly rate is .435 basis points.

OST may deduct monthly a maximum of .25 basis points from funds under management. The current monthly rate is .25 basis points.



# Treasury Revenue Sources

## TREASURY SERVICES 17000-001

INVESTMENT PROGRAM

FINANCE PROGRAM

DEBT MANAGEMENT PROGRAM

ORS 293.875  
OREGON SHORT TERM FUND ADMINISTRATION FEE

OST may deduct as much as .435 basis points each month. The current monthly rate is .435 basis points

OST may charge clients for the cost of banking services processed on their behalf – including costs of banking service vendors and internal costs. Charges are detailed in State of Oregon Price List.

ORS 293.353  
BANKING CHARGES

ORS 295.106  
COLLATERAL POOL CHARGES

OST may charge depositories quarterly for the reasonable expenses in connection with the services, duties and activities of the Public Funds Collateralization Program.



# Treasury Revenue Sources

## TREASURY SERVICES 17000-001

### INVESTMENT PROGRAM

### FINANCE PROGRAM

### DEBT MANAGEMENT PROGRAM

OST may charge for the financial services it provides to its state and local government customers, including oversight of periodic state agency borrowings, tracking and reporting of local debt, state guaranties on school and community college general obligation bonds, and allocation of private activity bonds. DAS “Price List” provides an outline of anticipated costs for central debt management administration for all state agencies with outstanding debt.

**ORS 287A.014**  
STATE BOND ISSUANCE FEES  
LOCAL BOND SERVICES  
APPLICATION PROCESSING FEES

**ORS 289.205**  
FACILITIES AUTHORITY FEES

**ORS 287A.634(3)**  
MUNICIPAL DEBT ADVISORY  
COMMITTEE ISSUANCE FEES

Through MDAC, Treasury may charge for management of bond calendar and debt tracking for Oregon local governments.



# Policy Packages

## POP 101

Investment Solutions – 4 permanent positions - Other Funds

## POP 102

Investment New Hire Step Restoration –Other Funds

## POP 103

Information Security – 1 permanent positions – Other Funds

## POP 104

Oregon Savings Network– Other Funds

## POP 105

Shared Services Transition – 4 permanent positions - Other Funds

## POP 106

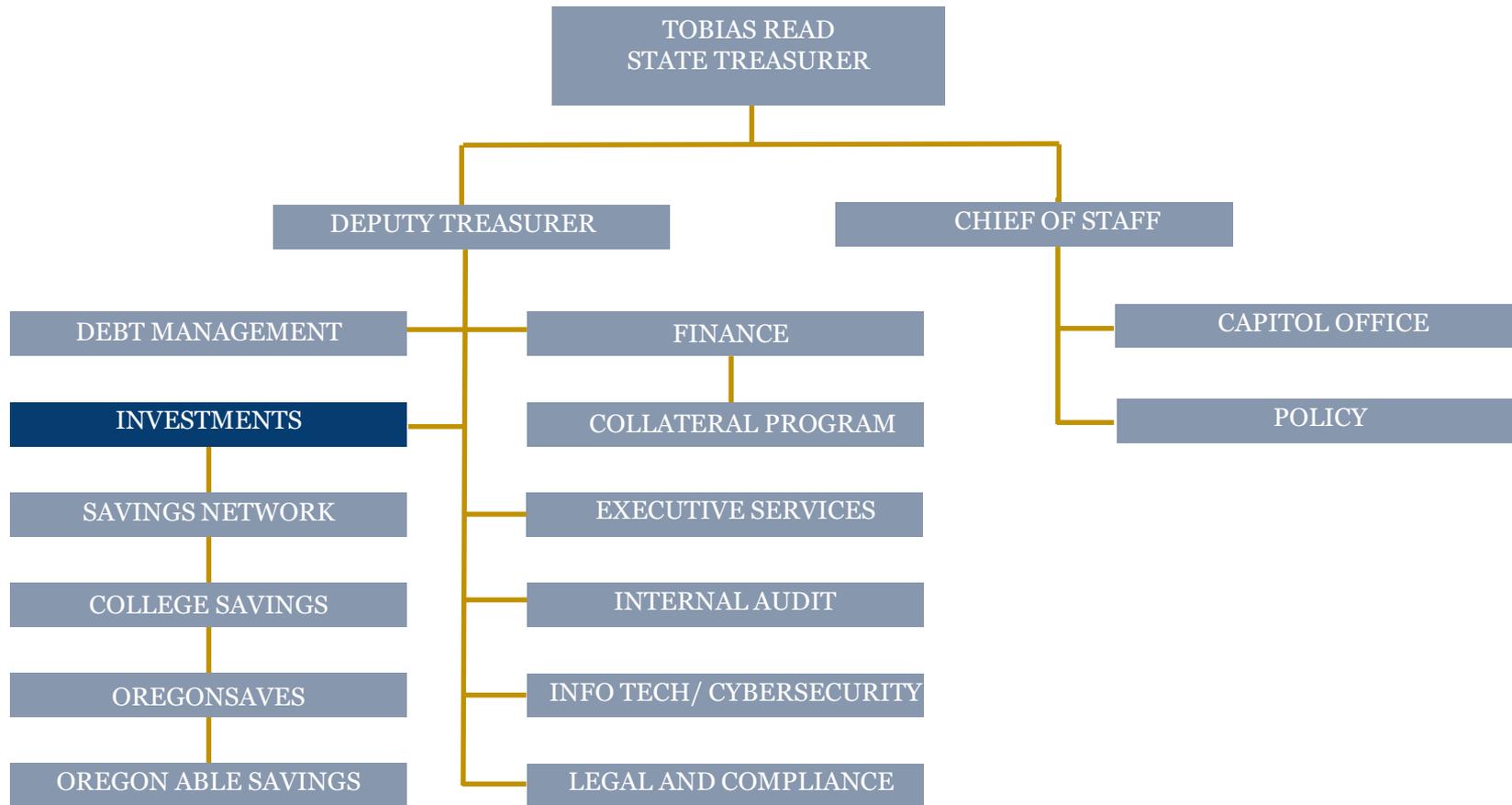
Class and Compensation Study - Other Funds

## POP 108

Core Banking Systems - Other Funds



# Oregon's financial services hub



# First, a fiduciary

## OREGON INVESTMENT COUNCIL

### Oregon Investment Council

- Six members: 4 gubernatorial appointees; the State Treasurer (ex officio); and the PERS agency director who is an ex officio, non-voting member.
- Sets investment policy, philosophy and strategic asset allocation targets.
- Has a **fiduciary obligation** to public trust fund beneficiaries, including schoolchildren, injured workers, and current and future PERS retirees.

**ORS 293.726 Standard of judgment and care in investments; investment in corporate stock.** (1) The investment funds shall be invested and the investments of those funds managed as a prudent investor would do, under the circumstances then prevailing and in light of the purposes, terms, distribution requirements and laws governing each investment fund.



# First, a fiduciary



## State Treasurer

- The Treasurer is responsible for oversight of the Investment Division.
- As a member of the OIC, the Treasurer also serves in an express fiduciary capacity.
- The Treasurer also functions as the custodian for all state deposits and investment funds.

**ORS 293.716** The State Treasurer is the investment officer for the Oregon Investment Council, and shall perform functions in that capacity as authorized or required by law and, consistent with law, by the council.

# First, a fiduciary



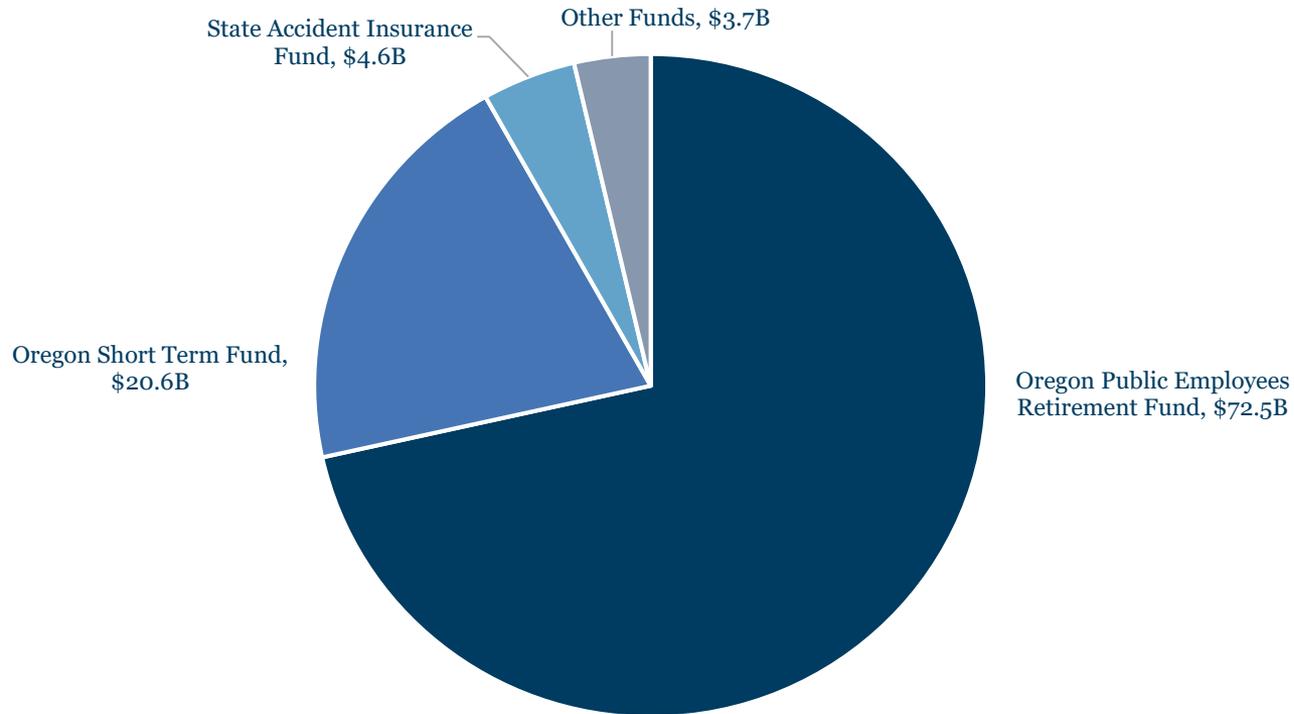
## Investment Program

- Manages public trust funds and other state and state agency investment portfolios in accordance with OIC guidelines and policies.
- The primary objective of the Treasurer and the investment division is fiduciary excellence as defined by a) consistently generating positive and sustainable risk-adjusted returns and b) operating a world-class investment organization as efficiently and cost-effectively as possible.

**ORS 293.721** Moneys in the investment funds shall be invested and reinvested to achieve the investment objective of the investment funds, which is to make the moneys as productive as possible, subject to the standard set forth in ORS 293.726



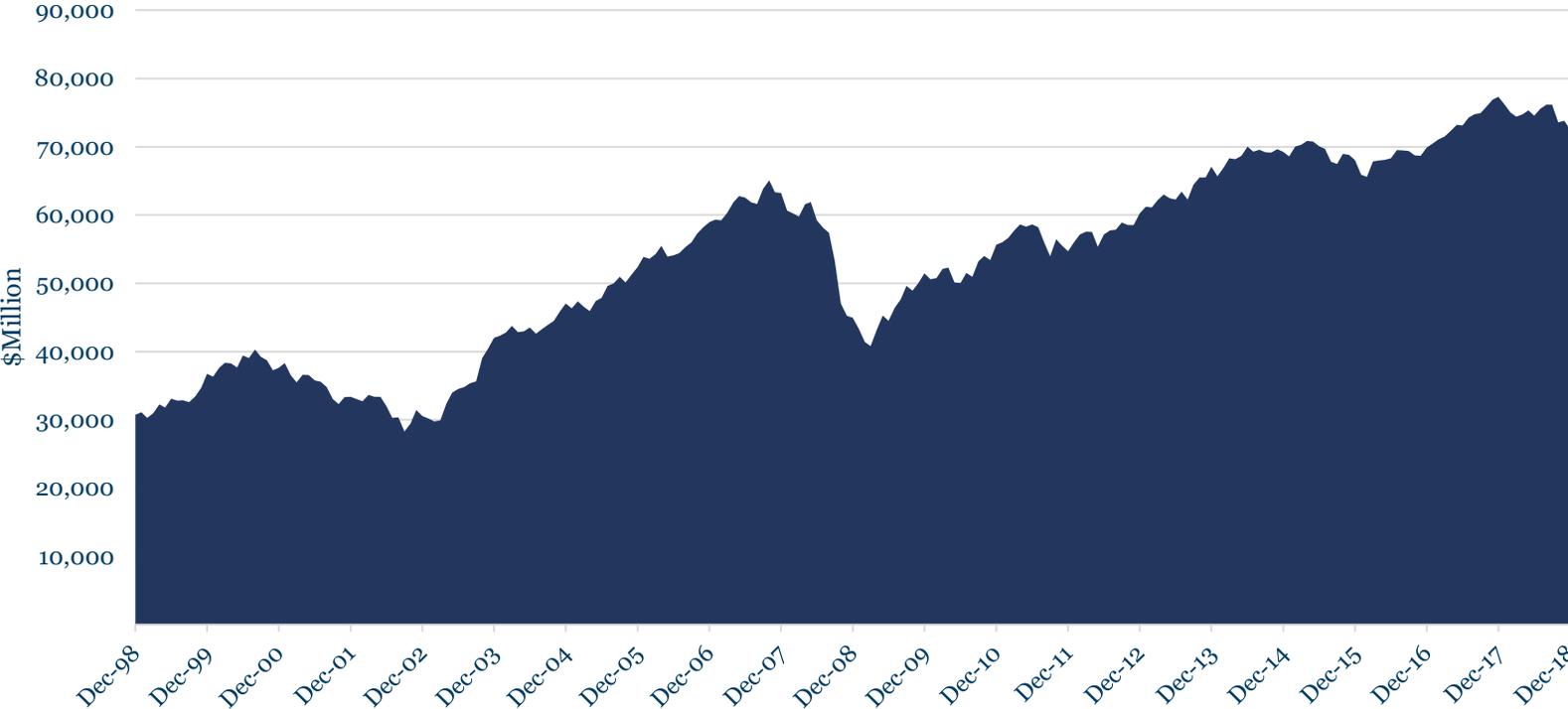
# Assets Under Management (as of December 31, 2018)



Total Assets: \$100.7 billion

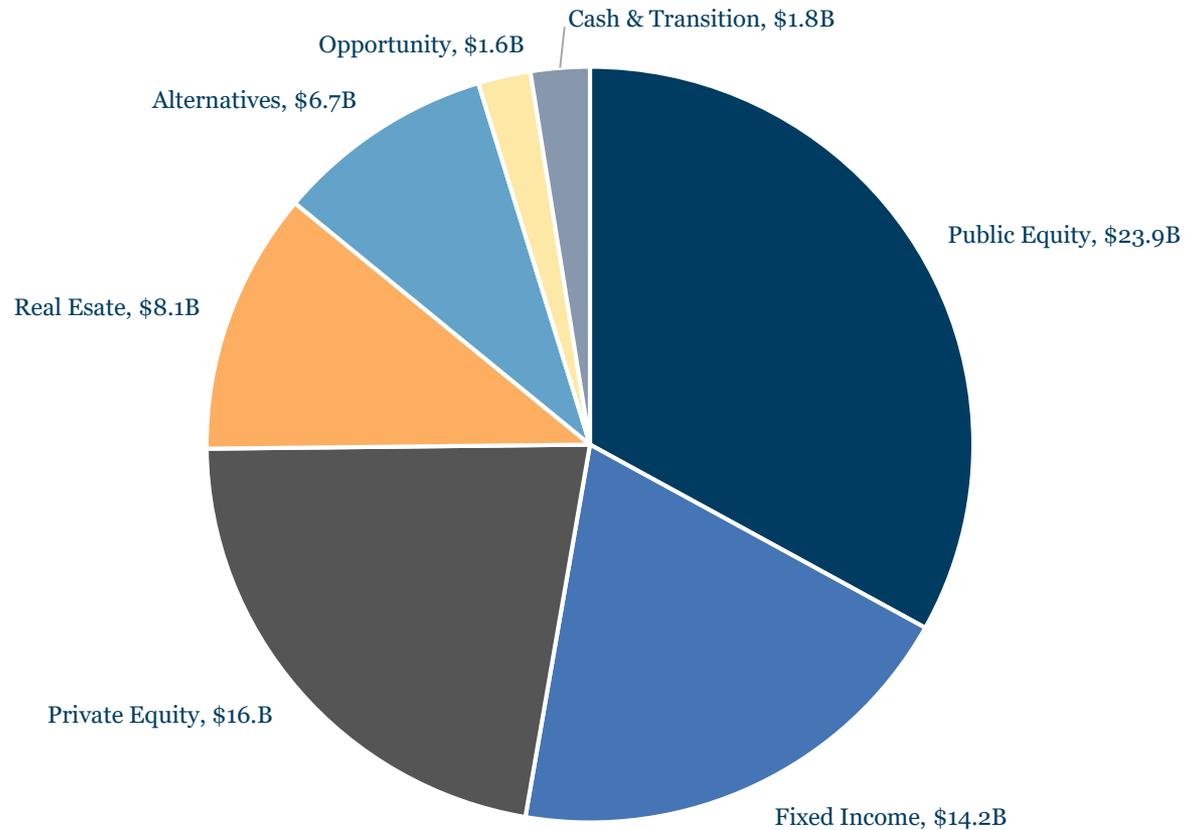


# OPERF 20-Year Net Asset Value History

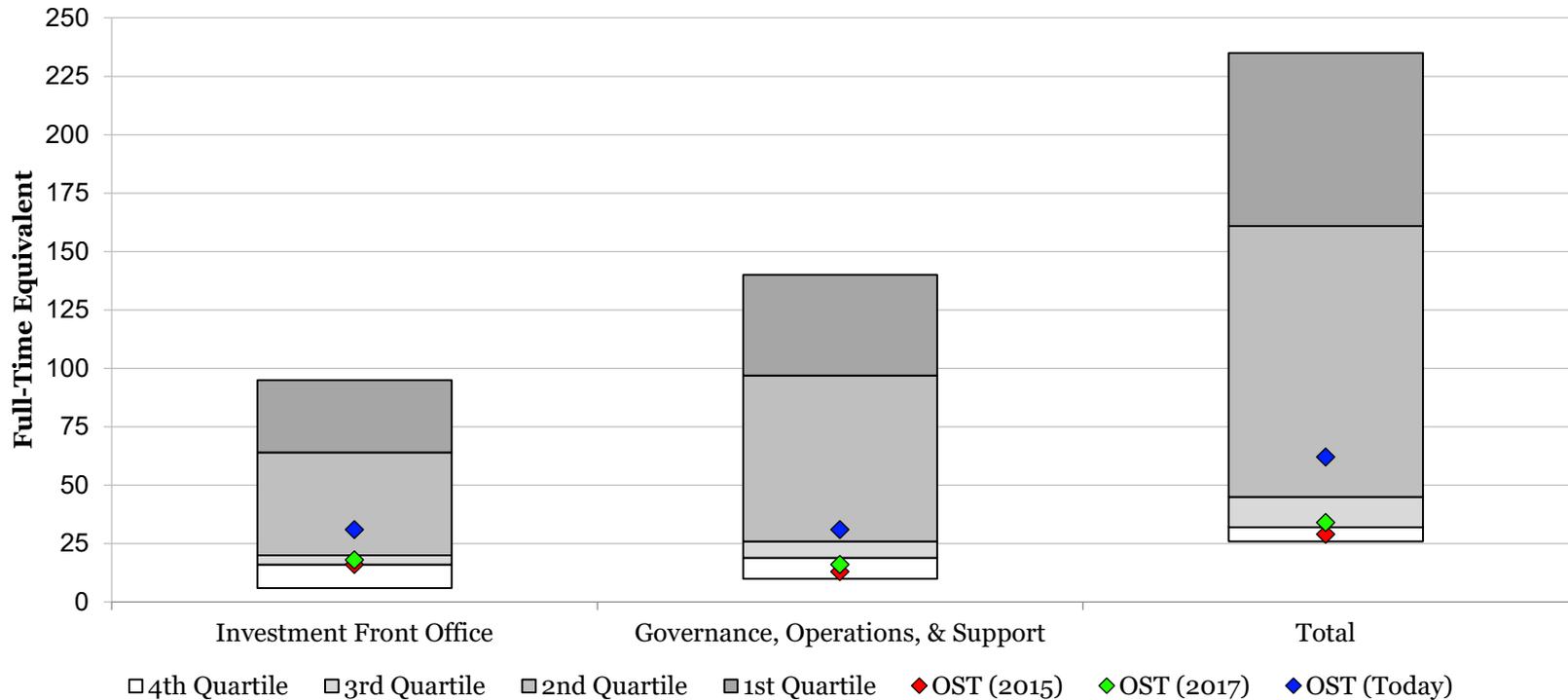


# Oregon Public Employees Retirement Fund Asset Allocation

(Asset values as of December 31, 2018)



# OST Staffing Compared to Peers



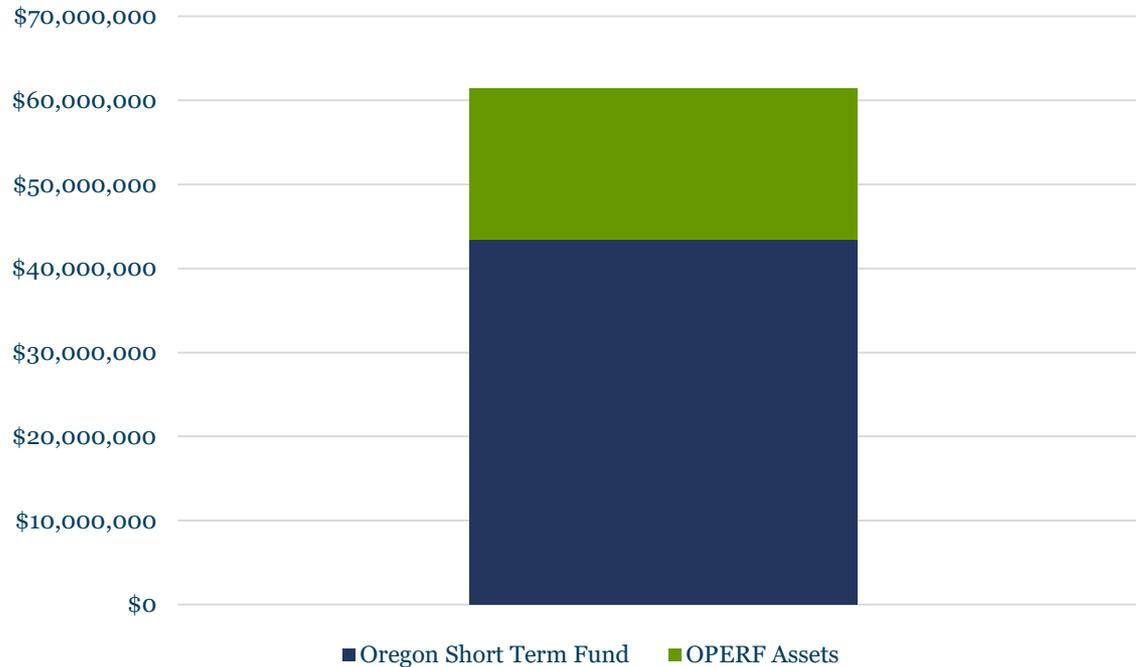
Ranking based on custom peer group of 10 global asset owners of similar size and portfolio composition using December 2017 data.

Source: CEM Benchmarking



# Cost Savings

Estimated Fee Savings from Internal Management Activities  
January 1, 2016 to December 31, 2018

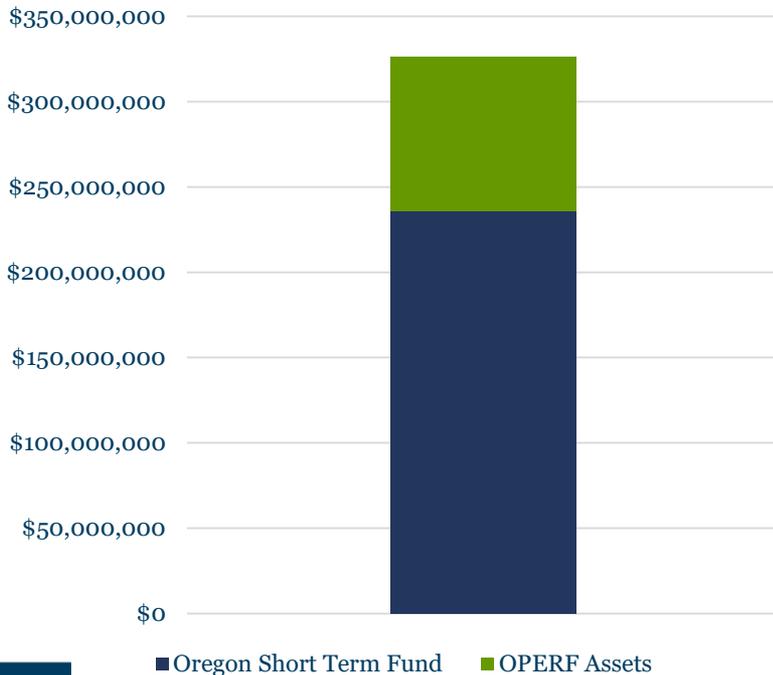


Savings achieved as a result of insourcing initiatives have roughly doubled from 2015 to today, and now exceed \$2 million per month. **These net, fee-related savings from internal management activities totaled roughly \$61 million during the three-year span from 2016 to 2018.**



# Investment Performance Value Add (\$\$\$s)

Estimated Dollar Contribution Versus Benchmark  
January 1, 2016 through December 31, 2018



- In OPERF, the net value add from internal management (i.e., the incremental OPERF funding attributable to investment performance in excess of corresponding benchmarks) has been \$90 million over the past three years.
- OSTF investors have realized a net benefit of approximately \$236 million during that same period.



# POP 101 - Investment Solutions

Revised Request:

\$1,525,191 for 4 Positions / 3.55 FTE

Original Request: \$1,678,475 Other Funds

5 Positions / 4.47 FTE

Technical Adjustment Request:

Remove \$153,284 for 1 Position / 0.92 FTE

- This package is the continuation of a deliberate, measured expansion of the Investment Program in support of the following primary objectives:
  - Expand front, middle, and back office capacity and improve coverage levels consistent with industry and fiduciary best practice standards; and
  - Realize cost and scale economies through judicious insourcing of select investment and operational activities.

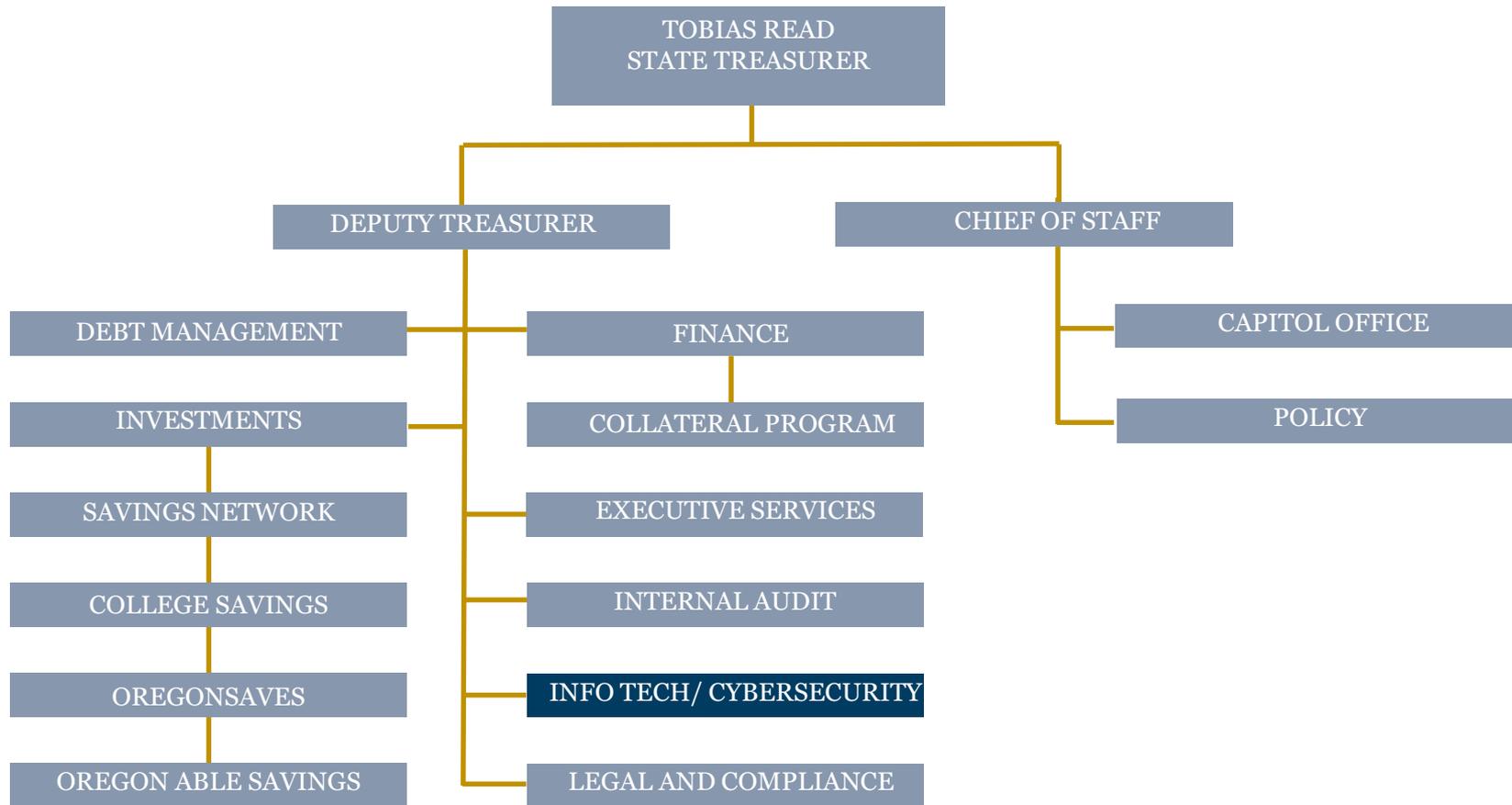


# POP 102 - Investment New Hire Step Restoration

Request: \$455,325 Other Funds

- This package restores salary funding at higher step levels for specific positions originally granted during the 2017-19 legislative session. The positions were part of the 2017-19 LAB Package 101 – Investment Solutions.

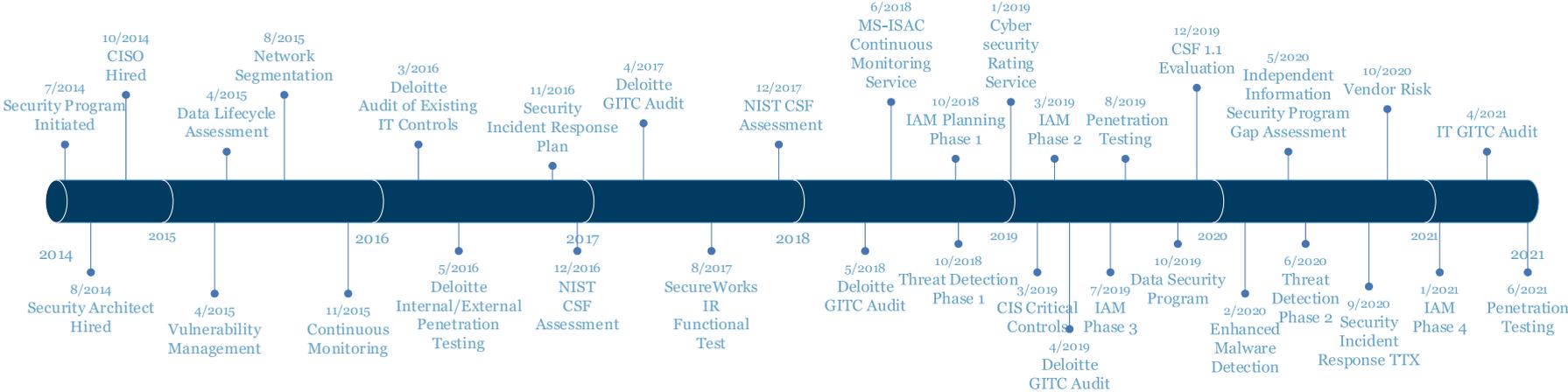
# Oregon's financial services hub



# Key Cyber Security Drivers



# Strengthening Network Security



# POP 103 - Cyber Security

Revised Request: \$2,050,691

1 Position / 0.92 FTE

Original Request: \$780,691 Other Funds

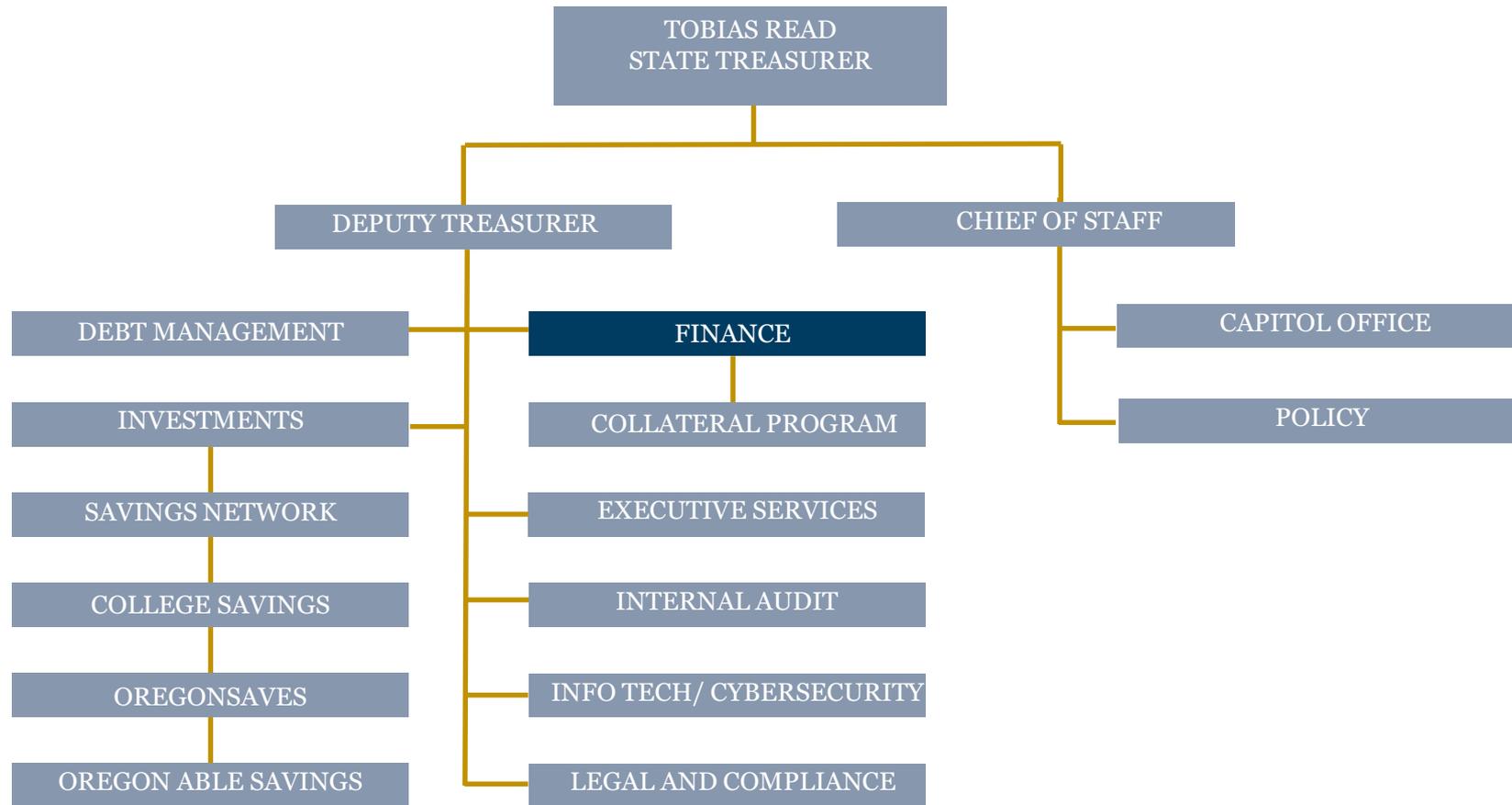
1 Positions / .92 FTE

Technical Adjustment Request:

Increase \$1,270,000

- Increases expenditure limitation and staffing to continue strengthening of Information Security Program.
- Adds resources to support Identity and Access Management project including \$250,000 in ongoing licensing costs.
- The goal of the IAM project is to manage user identities and their access in a simple, secure, and cost-effective manner to protect OST's data, systems and services.

# Oregon's financial services hub



# Treasurer as Cash Manager

## STATE TREASURER

### State Treasurer

- The Treasurer is responsible for oversight of the Cash Management Program, which spans the Finance, Investment, and Information Technology Divisions.

**ORS 293.716** The State Treasurer is designated the sole banking and cash management officer for the state and may review, establish and modify procedures for the efficient handling of moneys under the control of the State Treasury, the Secretary of State, the Judicial Department, the Legislative Assembly, the Public Defense Services Commission and state agencies as defined in ORS 291.002.

# Treasurer as Cash Manager

STATE TREASURER

CASH MANAGEMENT  
PROGRAM

## Cash Management Program

- Provides banking services to state agencies and participating public universities
  - Depository, check and warrant redemption, and electronic payment services
  - Maintains and reports customer account information
- Operates Oregon Short Term Fund (OSTF)
  - Facilitates deposits, withdrawals, and administrative activity for the Local Government Investment Pool
  - Invests OSTF, which includes the Local Government Investment Pool



# Treasurer as Cash Manager



## Finance Division

### Mission Statement

Improving Oregon government’s and citizens’ financial capabilities through protecting public funds and delivering customer-focused cash management solutions.

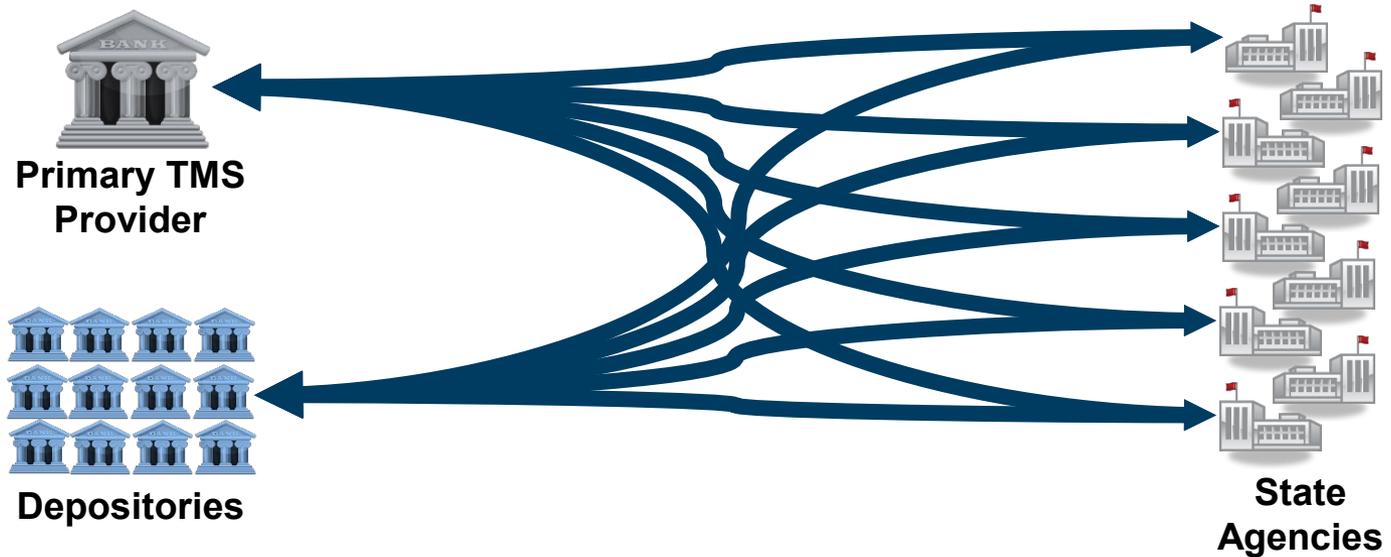
### Goals

- Strengthen and diversify cash management services to improve protection of public funds
- Embrace faster payments solutions to better serve Oregonians



# Centralized Service Model

Treasury maintains banking services contracts with financial institutions

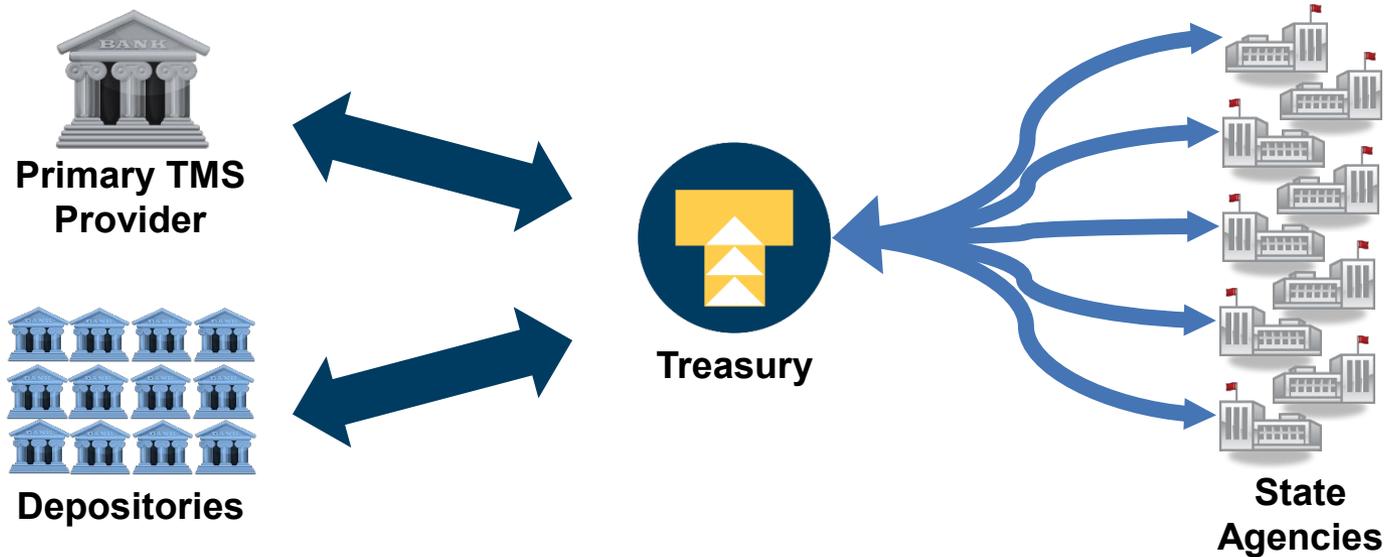


- Results in *significant dollar savings* to the state due to volume pricing.
- Allows for a *rapid deployment of funds* into the Oregon Short Term Fund where moneys can be put to work earning interest.



# Centralized Service Model

Treasury maintains banking services contracts with financial institutions



- Results in *significant dollar savings* to the state due to volume pricing.
- Allows for a *rapid deployment of funds* into the Oregon Short Term Fund where moneys can be put to work earning interest.



# Cash Management Improvement & Renewal (CMIRP)

- A continuous improvement effort focused on ensuring Treasury technology, processes, and partnerships and are modern, secure, and meet the needs of Treasury clients – and ultimately the public
- Balance innovation opportunities against risk awareness and resource capacity



Strategy Selected and Business Case In Process

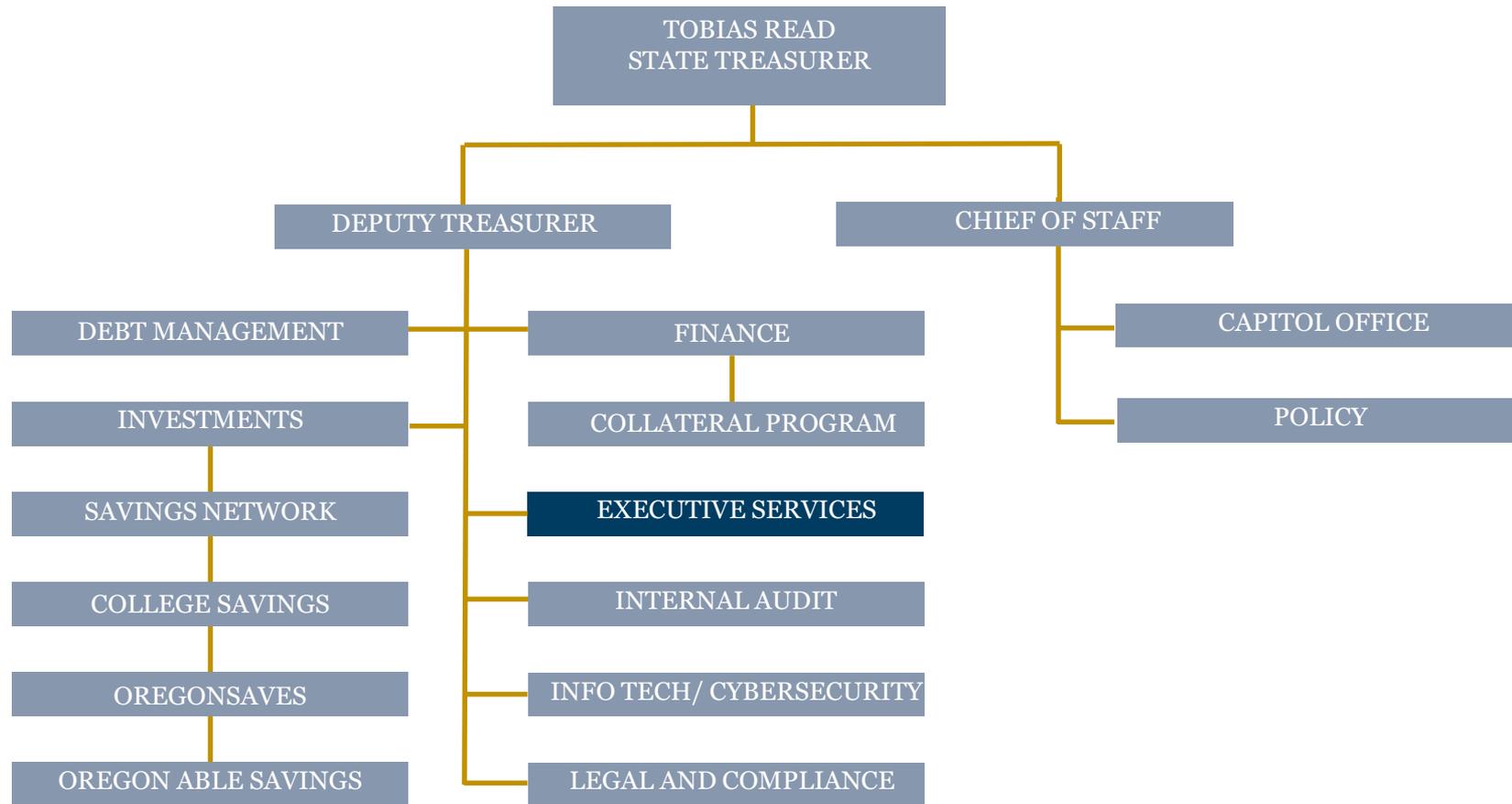


# POP 108 – Core Banking Business Systems Renewal

Request: \$1 Other Funds

- Risk mitigation activities performed throughout 2015-19
- Selected strategy assumes staying with current DDA system
- Staff are developing a business case to determine a detailed implementation pathway including integration with existing systems and processes
- Treasury may return to the legislature with a request for funds for implementation, if needed

# Oregon's financial services hub



# POP 105 – Shared Services Transition

Request: \$425,669 Other Funds

4 Positions / 3.68 FTE

- Staffing request to improve service delivery and efficiency.
- One procurement position to meet ongoing operational support necessary due to organizational growth.
- Three positions to transition accounting services from DAS to bring services internal to Treasury.

# POP 106 – Class and Compensation Study

Request: \$200,000 Other Funds

- Succession planning, talent acquisition, and retention are drivers for the study
- The study will examine classification vulnerabilities in our Debt Management and Finance Division classifications
- Precise classifications and commensurate compensation allow OST to be more transparent and competitive in the talent marketplace
- Unique responsibilities within Treasury are not replicated in other state agencies and therefore not reflected within DAS classifications

# Treasury Services Budget

## TREASURY SERVICES 17000-001

	Other Funds	Positions	FTE
<b>Current Service Level</b>	\$79,702,832	153	152
Total Policy Packages	\$3,264,017	10	9.07
Governor’s Budget	\$82,966,849	163	161.07
Post Governor’s Budget Adjustments			
Pkg 101 – Investment Solutions	(\$153,284)	(1)	(0.92)
Pkg 103 – Information Security	\$1,270,000	--	--
Total Post Governor’s Budget Adjustments	\$1,116,716	(1)	(0.92)
Post Governor’s Budget	\$84,083,565	162	160.15



# Oregon's Financial Services Hub

TREASURY SERVICES 17000-001

INVESTMENTS

CASH MANAGEMENT  
+ COLLATERAL  
PROGRAMS

DEBT MANAGEMENT

OREGON GOVERNMENTS

OREGON 529 NETWORK 17000-002

OREGON SAVES 17000-003

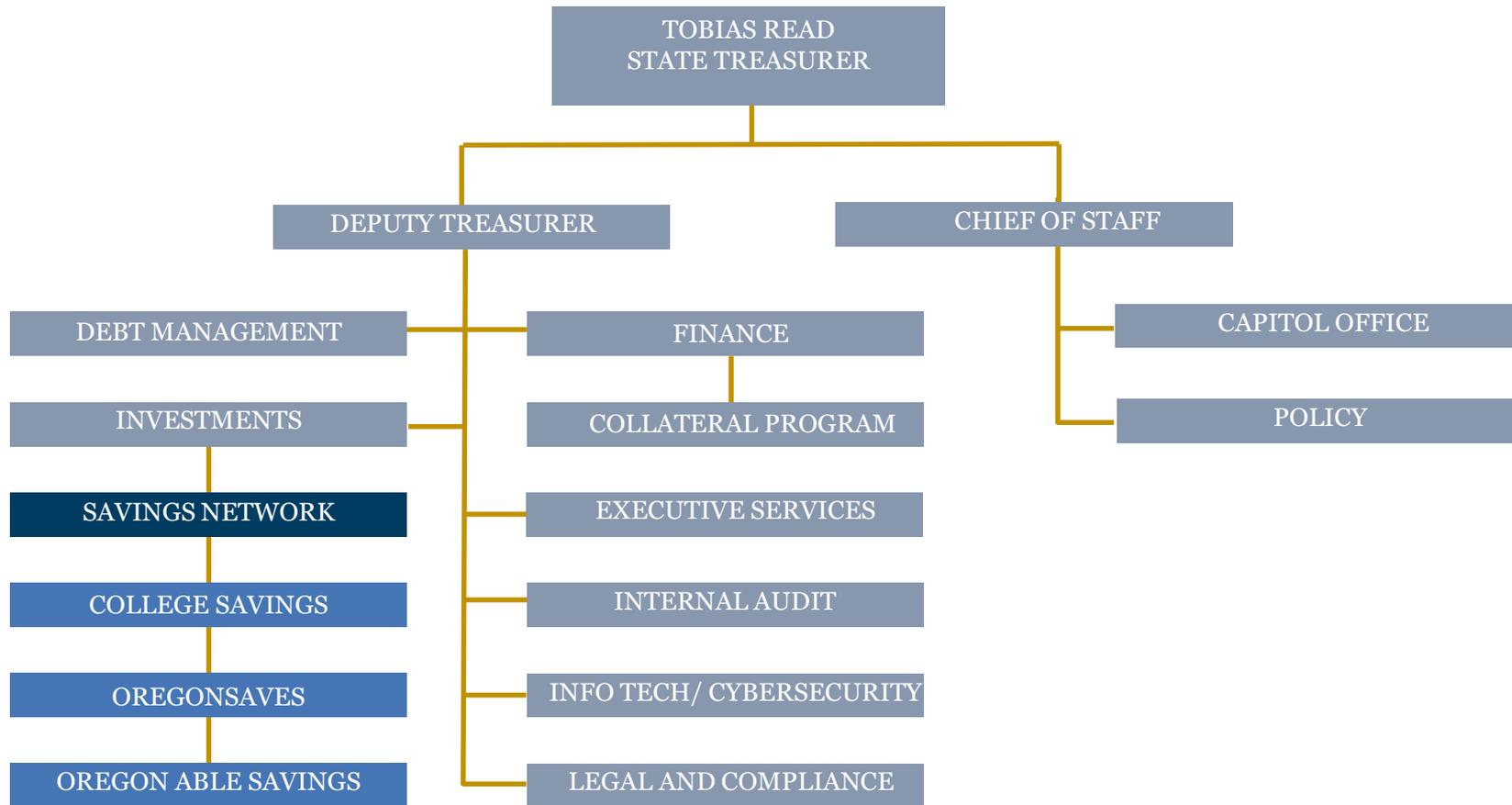
529 NETWORK

OREGONSAVES

OREGON FAMILIES



# Oregon's financial services hub



# Treasury Revenue Sources

OREGON 529 NETWORK 17000-002

OREGON SAVES 17000-003

529 NETWORK

OREGON SAVES

ORS 178.320  
COLLEGE SAVINGS  
INVESTMENT CHARGES

ORS 178.320  
OREGON ABLE SAVINGS  
INVESTMENT CHARGES

Revenue provided by Network investment plan managers through contract negotiations, and related interest earnings. The current state administrative fee for the College Savings program is 25 basis points annualized based on average daily net asset value.

For ABLE, 30 basis points annualized based on average daily net asset value and \$35 per year per account. Program revenues are anticipated to be sufficient to achieve self-sustaining status during the 2019-21 biennium. The General Fund loan will be repaid incrementally as revenues become sufficient to cover ongoing operating costs and loan payments.



# Treasury Revenue Sources

OREGON 529 NETWORK 17000-002

529 NETWORK

OREGON SAVES 17000-003

OREGON SAVES

ORS 178.205(d)  
ADMINISTRATIVE FEES

Revenue provided by the Program Administrator through contract negotiations and as per statute. The current state administrative fee is 15 basis points annualized based on average daily net asset value. Program revenues are anticipated to be sufficient to achieve self-sustaining status during the 2019-21 biennium. The General Fund loan will be repaid incrementally as revenues become sufficient to cover ongoing operating costs and loan payments.



# Oregon Savings Network

Oregon State Treasury offers a suite of programs to help Oregonians save for education, retirement and disability-related expenses. The Oregon 529 Network and OregonSaves merged to create the Oregon Savings Network to contain costs and efficiently use our resources.



# Oregon Savings Network

## 529 NETWORK



## EDUCATION



## DISABILITY



# Savings for Job Training and Post-Secondary Education



## EDUCATION

**193,793**

Oregon Savings Network  
total accounts

**\$3.4 B**

Total value of accounts

**\$160 million**

Savings distributed for  
education in 2018



# Savings for Job Training and Post-Secondary Education

## AN OREGON SUCCESS STORY

- Putting college and job training in reach for more Oregonians since 2001
- Self-supporting with no General Fund support
- Increasing direct outreach to increase accounts and savings by lower-income Oregonians
- Tax deductions help stretch savings
- **Be College Ready** program is expanding statewide
- **BabyGrad** seeded 4,243 new accounts with \$25
  - Within one year, these accounts have \$12 million saved

**\$25**  
Minimum to open an account

**9**  
Total Treasury positions for Oregon Savings Network



# Savings for Disability-Related Costs



# \$12 M

Total value of accounts

## PROTECTING VITAL BENEFITS

- Launched in December 2016
- Going off General Fund Loan for 2019-2021 biennium
- Savings grow tax-free
- Eligibility based on age and severity of disability
- Currently partnering with Washington State and Maryland, reducing the costs for Oregonians

# 2,439

Oregon ABLE and ABLE for ALL accounts

# \$100,000

Amount that can be saved without impairing SSI benefit eligibility (up to \$400,000 for all other benefits)



# OregonSaves



## 1 M

Oregonians without access to a savings option at work

## 2019-21

Program self-sustaining

## \$17 M

In assets

## 76 K

Workers enrolled

## 3.4 K

Employers registered



# Oregon Savings Network Reallocation of Staff

Position Working Title <i>(in new OSN structure)</i>	2019-21 BASE				→ POP 104				→ 2019-21 GOVERNOR'S BUDGET			
	COLLEGE SAVINGS	ABLE	OREGON SAVES	Total	COLLEGE SAVINGS	ABLE	OREGON SAVES	Total	COLLEGE SAVINGS	ABLE	OREGON SAVES	Total
OSN Executive Director	1.00			1.00	(0.60)	0.20	0.40	-	0.40	0.20	0.40	1.00
Policy & Outreach Director	1.00			1.00	(0.20)	0.10	0.10	-	0.80	0.10	0.10	1.00
Plan Specialist	1.00			1.00	(0.55)	0.10	0.45	-	0.45	0.10	0.45	1.00
OSN Deputy Director		1.00		1.00	0.40	(0.60)	0.20	-	0.40	0.40	0.20	1.00
<i>Communications Manager</i>		1.00		1.00	0.40	(0.80)	0.40	-	0.40	0.20	0.40	1.00
OSN Operations Director			1.00	1.00	0.20	0.20	(0.40)	-	0.20	0.20	0.60	1.00
Engagement Director			1.00	1.00	0.35	0.30	(0.65)	-	0.35	0.30	0.35	1.00
Executive Coordinator			1.00	1.00	0.40	0.20	(0.60)	-	0.40	0.20	0.40	1.00
Advocacy/Outreach Manager			1.00	1.00	0.10	0.55	(0.65)	-	0.10	0.55	0.35	1.00
	<b>3.00</b>	<b>2.00</b>	<b>4.00</b>	<b>9.00</b>	<b>0.50</b>	<b>0.25</b>	<b>(0.75)</b>	<b>-</b>	<b>3.50</b>	<b>2.25</b>	<b>3.25</b>	<b>9.00</b>



# POP 104 – Oregon Savings Network

529 Network (SCR 002)  
Request: \$937,895 Other Funds  
0 Positions / 0.75 FTE

OregonSaves (SCR 003)  
Request: \$596,298 Other Funds  
0 Positions / (0.75) FTE

This package has three primary components.

- Network consolidation and reorganization between 529 College Savings, ABLE Savings, and OregonSaves.
- Shift the ABLE Savings Plan and OregonSaves budgets from General Fund loans to 100% Other Funds.
- Transitions funds in the Oregon ABLE Savings Plan and OregonSaves biennial budgets that were previously one time funds to permanent funds in the programs base budgets.

# Oregon Savings Network

## OREGON 529 NETWORK 17000-002

	General Fund	Other Funds	Total Funds	Positions	FTE
<b>Current Service Level</b>	\$441,787	\$6,151,635	\$6,593,422	5	5.00
Total Policy Packages	(\$441,787)	\$1,367,675	\$925,888	--	0.75
Governor's Budget	\$0	\$7,519,310	\$7,519,310	5	5.75



# OregonSaves

## OREGON SAVES 17000-003

	General Fund	Other Funds	Total Funds	Positions	FTE
<b>Current Service Level</b>	\$1,021,820	\$2,567,723	\$3,589,543	4	4.00
Total Policy Packages	\$(1,021,820)	\$1,595,243	\$573,423	0	(0.75)
Governor's Budget	\$0	\$4,162,966	\$4,162,966	4	3.25



# Post Governor's Budget

## OREGON STATE TREASURY 17000 (AGENCYWIDE)

	General Fund	Other Funds	Total Funds	Positions	FTE
<b>Current Service Level</b>	\$1,466,607	\$88,422,190	\$89,885,797	162	161
Total Policy Packages	(1,463,607)	6,226,935	4,763,328	10	9.07
Governor's Budget	\$0	\$94,649,125	\$94,649,125	172	170.07
Post Governor's Budget Adjustments					
Pkg 101 – Investments Solutions	--	\$(153,284)	\$(153,284)	(1)	(0.92)
Pkg 103 – Information Security	--	1,270,000	1,270,000	--	--
Post Governor's Budget	\$0	\$95,765,841	\$95,765,841	171	169.15



# Proposed Legislation

**HB 2387 – Education Savings Credit (full reform)**

**HB 2388 – Closing the rollover loophole**

**HB 2389 – CSA task force bill**

**HB 2390 – Public Funds Work Group placeholder**

**HB 2391 – MDAC bill (withdrawn)**

**HB 2392 – OSTF/MDAC bill**

**SB 161 – Education Savings Credit (hybrid credit/subtraction)**

**SB 162 – Set up 529 account through tax form**

**SB 163 – ABLE fee authority**

**SB 164 – Full Participation**

**SB 165 – Employer exemption through tax form check box**

**SB 166 – OregonSaves partnerships**

**SB 454 – Unclaimed property program administration transfer**

# Long Term Vacancies

Division	Position Number	Classification	Months Vacant	Anticipated Fill Date	Fund Source	Reason Code
Finance	1300003	Accountant 2	8	6/1/2019	Other Funds	11
Finance	1216001	Accountant 2	6	6/1/2019	Other Funds	2
Investment Management	1500026	Investment Analyst 2	16	3/4/2019	Other Funds	2
Investment Management	1500041	Investment Officer 2	13	2/19/2019	Other Funds	2
Investment Management	1500048	Investment Officer 3	16	6/1/2019	Other Funds	2
Investment Management	1500051	Senior Investment Analyst	16	2/16/2019	Other Funds	2
Investment Management	1500030	Investment Analyst 2	16	6/1/2019	Other Funds	2
Investment Management	1500052	Senior Investment Analyst	16	4/1/2019	Other Funds	2
Investment Management	0002002	Principal Executive/Manager D	36	4/15/2019	Other Funds	2
Investment Management	1500053	Principal Executive/Manager D	15	6/17/2019	Other Funds	2
Investment Management	1500057	Principal Executive/Manager F	8	8/1/2019	Other Funds	2
Executive Services	1500019	Internal Auditor 3	16	5/15/2019	Other Funds	2
Oregon 529 Savings Network	2200002	Program Analyst 1	9	6/1/2019	General Fund	11

*\* Reflects vacancies as of the formal Quarterly Vacancy Report for 4<sup>th</sup> Quarter 2018 with anticipated fill date's updated and the subsequently filled positions noted with a gray background.*



# Key Performance Measures

5-Year OPERF Investment Performance

**9.35%**

Benchmark 9.87% (Dec. 2018)

5-Year Common School Fund Performance

**9.46%**

Benchmark 9.21% (Dec. 2018)

Annual Short Term Fund Performance

**1.34%**

Benchmark 0.86% (Dec. 2018)

Short Term Fund Expense Ratio

**0.05%**

Target 0.18% (Dec. 2018)

Local Government Participation in the Short Term Fund

**64%**

Target 75% (Jun. 2018)

Average Cost per Banking Transaction

**\$0.04**

Target \$0.10 (Dec. 2018)



# Key Performance Measures

<p>Outstanding Oregon School Bond Guaranty Program Bonds</p> <p><b>\$6.85 B</b></p> <p>No Target (2018)</p>	<p>Positive Customer Service Rating</p> <p><b>97%</b></p> <p>Target 100% (Dec. 2018)</p>
<p>Oregon 529 Saving Network Accounts</p> <p><b>215,955</b></p> <p>Target 200,000 (Dec. 2018)</p>	<p>Percent of Minors with 529 College Savings Accounts</p> <p><b>9.70%</b></p> <p>Target 20% (Dec. 2018)</p>
<p>State Outstanding Debt</p> <p><b>\$10.9 B</b></p> <p>No Target (Jun. 2018)</p>	<p>Local Outstanding Debt Tracked</p> <p><b>\$23.1 B</b></p> <p>No Target (Jun. 2018)</p>



# New Key Performance Measures

Based on recommendations by LFO in Treasury's main budget bill in the 2017 Regular Session (SB 5541), Treasury seeks permission to add the following measures (original text in blue, additions in red):

- Add two (2) new measures for the OregonSaves and ABLE programs to the **existing KPM #8**, resulting in the following title change:

Number of Oregon 529 College Savings Network, Achieving a Better Life Experience Act (ABLE), and Oregon Retirement Savings (OregonSaves) Program Accounts

- Create a new **KPM #12** to define and measure adherence to Board Best Practices for the 529 and OregonSaves Boards titled:

Adherence to Board Best Practices - defines best practices for 529 and OregonSaves Boards and measures adherence

# 10% Reduction Options (ORS 291.216)

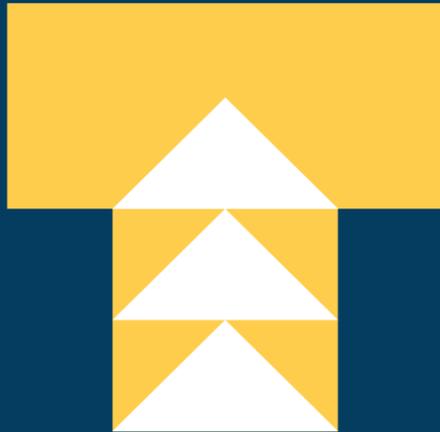
ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
(WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)	(DESCRIBE THE EFFECTS OF THIS REDUCTION. INCLUDE POSITIONS AND FTE IN 2019-21 AND 2021-23)	(GF, LF, OF, FF. IDENTIFY REVENUE SOURCE FOR OF, FF)	(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)
<b>GENERAL FUND (5% TARGET \$73,180 10% TARGET \$146,361)</b>			
1. Reduction – Reduce Employer Outreach for the Oregon Retirement Savings Program	This reduction would reduce staffing dedicated to employer outreach in the Oregon Retirement Savings Program. Treasury has proposed shifting funding to Other Funds in Policy Option Package 104 that would achieve this GF reduction.	The 5% and 10% targets would be achieved by reducing the GF portion of FTE allocated to Oregon Retirement Savings Program.	1
<b>OTHER FUND (5% TARGET \$4,421,110 10% TARGET \$8,842,219)</b>			
1. Reduction – Eliminate Public Funds Collateralization Program	This reduction would eliminate the public funds collateralization program (ORS Chapter 295). Statutory changes would be required to affect this elimination, as program is required by Oregon law.	Other Funds expenditure reduction of \$501,858. Commercial Banks and Credit Unions that participate in the program reimburse OST for 100% of the cost of the program.	1
2. Reduction – Eliminate the Oregon Retirement Savings Program	This reduction would eliminate the Oregon Retirement Savings Program (ORS 178.200 o 178.245). Statutory would be required to implement this elimination, as well as changes to Oregon’s tax law. All current accounts would be liquidated and the proceeds returned to the account holders. Reduction would have absolutely no impact on the state budget as the Program is funded by administrative fees paid	Additional Other Funds expenditure reduction of \$3,589,543. All revenue supporting this program is received from Plan Managers.	2



# 10% Reduction Options (ORS 291.216)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
	by the investors and the Program Managers. Funds cannot be used for any other purpose.		
3. Reduction – Eliminate the Oregon 529 ABLÉ Savings Program	This reduction would eliminate the Oregon 529 ABLÉ Savings Network Program (ORS 178.375 to 178.385). Statutory would be required to implement this elimination, as well as changes to Oregon’s tax law. All current accounts would be liquidated and the proceeds returned to the account holders, creating a potential tax liability for the account holders. Reduction would have absolutely no impact on the state budget as the Network is funded by administrative fees paid by the investors and the Program Managers. Funds cannot be used for any other purpose.	Additional Other Funds expenditure reduction of \$648,021. All revenue supporting this program is received from Plan Managers.	3
4. Reduction – Eliminate the Oregon 529 College Savings Program	This reduction would eliminate the Oregon 529 College Savings Network Program (ORS 178.335 to 178.355). Statutory would be required to implement this elimination, as well as changes to Oregon’s tax law. All current 529 accounts would be liquidated and the proceeds returned to the account holders, creating a potential tax liability for the account holders. Reduction would have absolutely no impact on the state budget as the Network is funded by administrative fees paid by the investors and the Program Managers. Funds cannot be used for any other purpose.	Additional Other Funds expenditure reduction of \$5,945,401. All revenue supporting this program is received from 529 Network Plan Managers.	4





# OREGON STATE TREASURY

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