

2025-27 Budget Review

State Treasurer

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	101,287,702	135,564,052	146,476,502	146,112,466
Other Funds (NL)	172,124	6,882,511	4,067,299	4,067,299
Total Funds	101,459,826	142,446,563	150,543,801	150,179,765
Positions	210	223	219	219
FTE	201.61	213.87	215.90	215.90

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

Oregon State Treasury (OST) provides banking, investment, and debt management services for the State of Oregon. The Oregon Constitution establishes the Office of the State Treasurer, and the Treasurer is statutorily designated as the state's investment officer and sole banking and cash management officer. OST maintains all state agency financial accounts and invests state funds that are not needed to meet current expenditure demands, including the state's Trust Funds. OST coordinates and issues state bonds, provides oversight of local government bonding, and manages the public funds collateralization program for all financial institutions holding public funds. Additionally, OST invests excess funds for participating local governments. OST is also responsible for administration of the Oregon 529 Savings plans, which include both the Oregon 529 College Savings Network and the Achieving a Better Life Experience Act (ABLE) program that permits the creation of tax-free, state-based savings accounts to pay for disability-related expenses. Finally, OST has responsibility for the Oregon Retirement Savings Board (OregonSaves) that is charged with the establishment of a defined contribution retirement plan for people whose employers do not offer a qualified retirement plan under federal law. The College Savings, ABLE, and OregonSaves programs also have tax expenditure components.

On July 1, 2021, administration of the Uniform Disposition of Unclaimed Property Act, unclaimed estates, and escheated property was transferred to OST from the Oregon Department of State Lands. The passage of HB 2158 (2021) made the statutory changes necessary for Treasury to operate the Trust Property programs, including the establishment of OST funds.

Although considered an executive branch agency, as a separately elected constitutional office, OST operates independently 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. In addition, OST is exempt from many statutes that apply to

executive branch agencies, such as those governing human resources, procurement, and information technology policies.

The Oregon Investment Council (OIC) is the policymaking body that sets investment policy, asset allocation, benchmark return targets, and makes portfolio decisions on investment purchases and sales. State Treasury is responsible for implementing the investment decisions of the OIC. By statute, the State Treasurer is the investment officer for OIC. Expenses incurred by the OIC are netted against investment earnings and not subject to legislative budgetary control (i.e. expenditure limitation).

OST has broad statutory authority to generate revenue from charges based on the value of managed portfolios, fees charged for the number and type of banking transactions processed, account fees, debt management charges and fees on new issuances, charges for bond and coupon redemptions, and on holdings of state funds in excess of FDIC insurance levels.

BUDGET ENVIRONMENT

OST developed revised budget structure in the 2021-23 biennium. The new structure was designed to improve transparency and oversight, administrative complexity, and alignment of programmatic and operational units. The agency will retain the same structure in the 2025-27 biennium.

ORS 293.718 authorizes the State Treasurer to deduct monthly investment fund management fees based on the value of assets under management from each of the investment funds. The passage of HB 2218 (2023) increased the maximum allowable fees. A maximum of 0.35 basis points (0.0035%) of the most recent value of assets under management may be deducted from all funds each month, except commingled investment funds, which may be charged a monthly maximum of 0.5 basis points (0.005%). Commingled investment funds include the Oregon Short Term Fund (OSTF), Oregon Intermediate Term Pool, and Oregon Local Government Intermediate Fund. Investment fund management fees support OST's investment operations and support programs, which have grown over the last several biennia, due in part to insourcing investment management activities. It's important to note that the level of fee revenue that may be generated increases as the value of managed investment portfolios grow and that current rates are set below the new increased allowable maximums.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget of \$150.5 million is \$8.1 million, or 5.7%, more than the 2023-25 legislatively approved budget of \$142.4 million. The increase is attributable to standard personal services growth and inflation for services and supplies expenditures, net of \$2.5 million for an increase in the vacancy factor.

GOVERNOR'S BUDGET SUMMARY

The new State Treasurer was elected in November 2024. It has been the practice of the Legislature to allow a newly elected statewide office holder to make suggested changes to the budget request submitted by the former office holder. Due to the transition, OST submitted ten placeholder policy option packages (POPs) for \$1 each. The new Treasurer will provide updates to the POPs at the beginning of 2025 session.

KEY PERFORMANCE MEASURES

A copy of the Oregon State Treasury Annual Performance Progress Report can be found on the LFO website: [KPM - View Report](#)

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