

SB 5542 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Walt Campbell, Legislative Fiscal Office

State Treasurer
2025-27

Budget Summary*

	2023-25 Legislatively Approved Budget ⁽¹⁾	2025-27 Current Service Level	2025-27 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 135,564,052	\$ 146,476,502	\$ 157,799,346	\$ 22,235,294	16.4%
Other Funds Nonlimited	\$ 6,882,511	\$ 4,067,299	\$ 4,067,299	\$ (2,815,212)	(40.9%)
Total	\$ 142,446,563	\$ 150,543,801	\$ 161,866,645	\$ 19,420,082	13.6%

Position Summary

Authorized Positions	223	219	243	20
Full-time Equivalent (FTE) positions	213.87	215.90	234.26	20.39

⁽¹⁾ Includes adjustments through January 2025

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Office of the State Treasurer (OST) is funded with Other Funds revenues from the following sources: Investment Fund Management Fees, Commingled Investment Fund Management Fees, Banking Charges, Debt Management Charges, Oregon 529 Administrative Fees, and Oregon Retirement Savings Plan (OregonSaves) Administrative Fees. 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.

The Oregon State Treasury expects to start the repayment of outstanding General Fund loans accrued during the 2015-17 and 2017-19 biennia for OregonSaves and the Oregon Achieving a Better Life Experience (ABLE) programs incrementally as revenues become sufficient to cover the ongoing operating costs and loan payments. Outstanding General Fund loans for OregonSaves and the ABLE program total \$5,144,357 and \$1,950,962, respectively.

Summary of General Government Subcommittee Action

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.

The State Treasurer is also responsible for the administration of the Oregon 529 Savings plans, which include both the Oregon 529 College Savings Network and the 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 OregonSaves Board 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.

The Subcommittee recommended a budget of \$157,799,346 Other Funds expenditure limitation and \$4,067,299 Other Funds Nonlimited, which is a total budget increase of 13.6% from the 2023-25 legislatively approved budget and includes 243 positions (234.26 FTE).

State and Local Government Financial Services

Through the State and Local Government Financial Services programs, OST provides financial tools and services to state entities, public universities and related university entities, and local governments through two primary programs. The Cash Management Program provides banking and short-term investment services to all state agencies and most public universities, as well as a narrower set of services to local governments. The Debt Management Program provides oversight, sale coordination, and compliance and reporting services for the issuance of all bonds for state agencies and public universities.

The Subcommittee recommended a budget for the State and Local Government Financial Services of \$22,984,622 Other Funds expenditure limitation and 32 positions (32.00 FTE). This represents current service level for the program.

Public Savings Services

The Public Savings Services program, through the Oregon Treasury Savings Network, offers a suite of programs to help Oregonians save for education, retirement, and disability-related expenses. The Oregon Treasury Savings Network consists of the following three programs: (a) Oregon 529 College Savings Program, a state-sponsored, tax advantaged savings program for qualified expenses at any accredited, post-secondary institution, trade school, or registered apprenticeship; (b) the Oregon 529 ABLE Program, which helps people with disabilities and their families save without being disqualified from their state and federal benefits; and (c) the OregonSaves program, a new state-sponsored retirement savings program where employees without access to an employer-sponsored retirement plan are auto-enrolled and contribute part of their paychecks to personal IRAs that stay with them throughout their careers.

The Subcommittee recommended a budget of \$12,504,619 Other Funds expenditure limitation and nine positions (9.00 FTE). This represents current service level for the program.

Investment Services

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. OST is responsible for implementing the investment decisions of the OIC. By statute, the State Treasurer is the investment officer for OIC. Under the leadership of the Treasurer and oversight of the OIC, the Investment Services program manages the majority of Oregon's investment assets, which includes the Oregon Public Employees Retirement Fund, Oregon Common School Fund, Oregon Short Term Fund, and the Oregon Savings Growth Plan.

The Subcommittee recommended a budget of \$62,200,924 Other Funds expenditure limitation and 85 positions (79.52 FTE). The Subcommittee recommended the following package:

Package 106: Investment Services Capacity Placeholder. This package increases Other Funds expenditure limitation by \$6,299,464 and establishes 13 positions (7.52 FTE), which reflects growth in the agency's managed investments, the increasing complexity of investment strategy and the need for additional data analysis. The package includes \$5,416,929 for personal services and \$882,535 for associated services and supplies costs for the following:

- Senior Investment Officer, Diversifying Strategies (Senior Investment Officer) is permanently established to manage all aspects of the state's diversifying strategies mandates, an asset class which is utilized across a multitude of OST managed portfolios (0.88 FTE).
- Data Operations Manager (Senior Investment Analyst) is permanently established to oversee data, reporting, trade operations, and analysis of the investment operations team and assets managed by the OST. The investments include the Oregon Public Employee Retirement Fund (OPERF), Oregon Short Term Fund, and other state agency portfolios, comprised of public equities, fixed income, private equity, real estate, and alternative investments (0.88 FTE).
- Investment Officer 3, Internal Management (Investment Officer 3) is permanently established to assist in the management of all aspects of portfolio structure and account relationship management for internally managed funds, the OPERF fixed income asset class as well as non-OPERF external fixed income investment mandates (0.88 FTE).
- Investment Officer 3, Diversifying Strategies (Investment Officer 3) is permanently established to support day-to-day investment and administrative activities of the Diversifying Strategies portfolio (0.38 FTE).
- Investment Officer 1, Fixed Income (Investment Officer 1) is permanently established to assist and support Investment Officers and the Senior Investment Officer in the management of all aspects of portfolio structure and account relationship management for internally managed funds, the Oregon Public Employees Retirement Fund fixed income asset class as well as non-OPERF external fixed income investment mandates (0.38 FTE).

- Investment Analyst 3, Fixed Income (Investment Analyst 3) is permanently established to assist and support the Fixed Income Investment Officers in their daily portfolio management and trading activity (0.17 FTE).
- Senior Investment Officer, Engagement (Senior Investment Officer) is permanently established to engage with external investment managers on governance and risk factors (0.88 FTE).
- Investment Officer 3, Portfolio Risk and Research (Investment Officer 3) is permanently established to analyze risk factors as part of portfolio risk models and conduct necessary research on governance and risk factors (0.88 FTE).
- Investment Officer 3, Engagement (Investment Officer 3) is permanently established to serve as the officer responsible for engaging with external investment managers on governance and risk factors (0.88 FTE).
- Data Analyst (Investment Analyst 3) is permanently established to assist in the management of all aspects of portfolio structure and account relationship management for internally managed funds, the OPERF fixed income asset class as well as non-OPERF external fixed income investment mandates (0.17 FTE).
- Investment Officer 1, Public Equity (Investment Officer 1) is permanently established to support daily investment and administrative activities of the Public Equity portfolio (0.38 FTE).
- Investment Analyst 3, Diversifying Strategies (Investment Analyst 3) is permanently established to assist managing existing investment manager relationships, managing portfolio structure, and evaluating performance and assessing risk (0.38 FTE).
- Investment Officer 3, External Management (Investment Officer 3) is permanently established to assist in the management of all aspects of portfolio structure and account relationship management for internally managed funds, the OPERF fixed income asset class as well as non-OPERF external fixed income investment mandates (0.38 FTE).

Trust Property Services

The Trust Property program was transferred from the Department of State Lands (DSL) to Treasury through Senate Bill 454 in the 2019 legislative session. The program administers the Unclaimed Property program for the state and protects the rights of owners forever or until they can claim their funds and the program serves as the estate administrator for Oregonians who die without a will or known heir. The Unclaimed Property program is a national program that offers consumers a central location to search for property that may be unclaimed or abandoned, including dormant bank accounts, securities, wages, and credit balances. Businesses and institutions that have unclaimed property are required to report and remit the assets to the state, which are held in the Common School Fund until claimed by owners or their heirs. The Estates and Escheated Property program is responsible for handling the affairs of individuals who die without a will or known heirs, including making funeral arrangements, providing property notices, identifying assets and creditors, paying bills, searching for heirs, and reviewing and validating heirship claims. If no heirs come forward 10 years from the date of death, the value of estates permanently escheats to the Common School Fund.

The Subcommittee recommended a budget of \$13,101,542 Other Funds expenditure limitation, \$4,067,299 Other Funds Nonlimited, and 27 positions (26.39 FTE). The Subcommittee recommended the following package:

Package 107: Trust Property Capacity Placeholder. This package increases Other Funds expenditure limitation by \$1,708,345 and establishes six positions (5.39 FTE) to deal with the rapid growth in unclaimed property reported to OST and the increase in the number and complexity of fraudulent claims. The package includes \$1,321,035 for personal services and \$387,310 for associated services and supplies costs for the following:

- Reporting & Compliance Analyst (Program Analyst 2) is permanently established to work with businesses across the US to ensure they accurately report unclaimed property due to Oregon (0.92 FTE).
- Unclaimed Property Claims Manager (Business Operations Manager 2) is permanently established to manage the claims team that works directly with members of the public to return their unclaimed property (0.92 FTE).
- Securities Reconciliation Analyst (Program Analyst 2) is permanently established to ensure that complete and accurate investment data is maintained in the unclaimed property management system, and that the investment portfolio is properly managed and reconciled (0.92 FTE).
- Unclaimed Property Fraud Investigator (Claims Representative 2) is permanently established to review and implement fraud mitigation controls and direct the investigation of complex fraudulent unclaimed property claims (0.92 FTE).
- Virtual Assets Reconciliation Analyst (Program Analyst 2) is permanently established to work with virtual currency issuers and exchanges to ensure they accurately report unclaimed property due to Oregon. Additionally, the analyst will support the claims team to ensure virtual assets are properly transferred to their rightful owners (0.92 FTE).
- Unclaimed Property Auditor (Internal Auditor 2) is permanently established to direct the work of contract auditors related to the Self-Audit Program, follow up with auditees on audit findings, and ensure reports and funds are received and correctly applied. Additionally, the auditor will conduct audits of Oregon holders of unclaimed property, review and approve holder applications for the Voluntary Disclosure Program, review holders internal control plans for detecting and reporting unclaimed property and make recommendations for improvement when needed. Note that this position is not an internal auditor but that is the closest match in the state's classification system for the role (0.79 FTE).

Administrative Services

Administrative Services supports OST by providing overall support and leadership including Shared Services, which includes: Human Resources, Internal Audit, Budget and Accounting, Procurement, Facilities, Project Management, and Continuity of Operations; Information Technology

Services, which includes Information Security, Technical Services, Infrastructure Services, and Application Development; and State Treasury Staff, which includes Policy Support, Legislative Liaison, Communications, Constituent Services and Stakeholder Engagement.

The Subcommittee recommended a budget of \$47,007,639 Other Funds expenditure limitation and 90 positions (87.35 FTE). The Subcommittee recommended the following packages:

Package 108: Administrative Services Capacity Placeholder. This package increases Other Funds expenditure limitation by \$774,931, establishes two positions and upgrades two positions (2.69 FTE) to help the program area address increases in workload and complexity. The package includes \$646,263 for Personal Services and \$128,668 for associated Services and Supplies costs for the following:

- Accountant 3 (Accountant 3) is permanently established to apply advanced accounting theory to develop and implement agency or statewide accounting policies, procedures, and systems (0.92 FTE).
- Accounting Technician (Accounting Technician) is permanently established to maintain specialized accounting record systems, including checking financial transactions for propriety, resolving errors, balancing accounts and records, and preparing reports (0.92 FTE).
- Procurement & Contract Specialist 2 (Procurement & Contract Specialist 2) that is currently permanent, part-time is changed to permanent, full-time. This role manages, coordinates, and implements best procurement practices within OST that ensure compliance with applicable laws and rules that provide consistent and standardized forms and procedures from initial development through completed performance (0.35 FTE).
- Accounting Technician (Accounting Technician) that is currently permanent, part-time is changed to permanent, full-time. This role maintains specialized accounting record systems, including checking financial transactions for propriety, resolving errors, balancing accounts and records, and preparing reports (0.50 FTE).

Package 110: IT Capacity & Security Placeholder. This package increases Other Funds expenditure limitation by \$2,069,453 and establishes two positions (1.84 FTE) to address critical needs in network security, IT business systems, data management, cybersecurity tools, and disaster recovery. Additionally, there are two IT system enhancements included. The package includes \$616,302 for personal services, \$133,151 for services and supplies costs associated with positions and \$1,320,000 for services and supplies costs associated with new IT tools. The details are below:

- Network Security Analyst (Information Systems Specialist 8) is permanently established to ensure the integrity, confidentiality, and availability of the Oregon State Treasury's information systems and network infrastructure. The Network Security Analyst designs, implements, and manages security measures, monitors network traffic, and responds to security incidents. The role involves developing

security policies, ensuring compliance with regulations, and collaborating with IT and other departments to integrate security into all operations (0.92 FTE).

- Chief Data Officer (Information Technology Manager 2) is permanently established to provide the long-term vision and leadership for enterprise data governance and is responsible for overall strategy, planning, coordination, development, implementation, and oversight of OST's data governance framework (0.92 FTE).
- InfoSec Tools Enhancement (\$600,000), which includes 5 security tools: an Application Security Scanning Tool for automating vulnerability detection, a Data Encryption Tool to protect sensitive data, a Governance, Risk, and Compliance Tool to centralize compliance activities, an Identity and Access Management Tool, for managing user identities and access rights and a Privileged Access Management Tool to oversee privileged accounts. These tools will expand the agency's cloud infrastructure. Advanced security measures are essential to address the increasing complexity of applications, regulatory requirements, and user and privileged access management.
- Business Continuity Plan/Disaster Recovery Resiliency Enhancement (\$720,000) to update the agency's disaster recovery and business continuity plan, which has not been updated in several biennia. Enhancing business continuity planning and disaster recovery strategies involves extending backup and recovery capabilities to Microsoft Azure VMWare Solution and leveraging Azure Backup and Azure Site Recovery.

Package 801: LFO Analyst Adjustments. Package 801 increases Other Funds expenditure limitation by \$470,651 and establishes one permanent, full-time position (0.92 FTE) for a General Counsel (GC) to support OST's business and coordinate legal services provided to OST by the Department of Justice. Additionally, the GC will advise the Treasurer in her role as a constitutional officer.

Summary of Performance Measure Action

See attached Legislatively Adopted 2025-27 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

State Treasurer
Kendra Beck – 504-400-4747

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2023-25 Legislatively Approved Budget at Jan 2025 *	\$ -	\$ -	\$ 135,564,052	\$ 6,882,511	\$ -	\$ -	\$ 142,446,563	223	213.87
2025-27 Current Service Level (CSL)*	\$ -	\$ -	\$ 146,476,502	\$ 4,067,299	\$ -	\$ -	\$ 150,543,801	219	215.90
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 030 - Investment Services									
Package 106: Investment Services Capacity Placeholder									
Personal Services	\$ -	\$ -	\$ 5,416,929	\$ -	\$ -	\$ -	\$ 5,416,929	13	7.52
Services and Supplies	\$ -	\$ -	\$ 882,535	\$ -	\$ -	\$ -	\$ 882,535		
SCR 040 - Trust Property Services									
Package 107: Trust Property Capacity Placeholder									
Personal Services	\$ -	\$ -	\$ 1,321,035	\$ -	\$ -	\$ -	\$ 1,321,035	6	5.39
Services and Supplies	\$ -	\$ -	\$ 387,310	\$ -	\$ -	\$ -	\$ 387,310		
SCR 070 - Administrative Services									
Package 108: Administrative Services Capacity Placeholder									
Personal Services	\$ -	\$ -	\$ 646,263	\$ -	\$ -	\$ -	\$ 646,263	2	2.69
Services and Supplies	\$ -	\$ -	\$ 128,668	\$ -	\$ -	\$ -	\$ 128,668		
Package 110: IT Capacity & Security Placeholder									
Personal Services	\$ -	\$ -	\$ 616,302	\$ -	\$ -	\$ -	\$ 616,302	2	1.84
Services and Supplies	\$ -	\$ -	\$ 1,453,151	\$ -	\$ -	\$ -	\$ 1,453,151		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 401,937	\$ -	\$ -	\$ -	\$ 401,937	1	0.92
Services and Supplies	\$ -	\$ -	\$ 68,714	\$ -	\$ -	\$ -	\$ 68,714		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 11,322,844	\$ -	\$ -	\$ -	\$ 11,322,844	24	18.36
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 157,799,346	\$ 4,067,299	\$ -	\$ -	\$ 161,866,645	243	234.26
% Change from 2023-25 Leg Approved Budget	0.0%	0.0%	16.4%	(40.9%)	0.0%	0.0%	13.6%	9.0%	9.5%
% Change from 2025-27 Current Service Level	0.0%	0.0%	7.7%	0.0%	0.0%	0.0%	7.5%	11.0%	8.5%

*Excludes Capital Construction Expenditures

Legislatively Approved 2025 - 2027 Key Performance Measures

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Agency: State Treasurer

Mission Statement:

Improving Oregon Governments' and citizens' financial capabilities.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
1. Oregon Public Employees Retirement Fund Net Performance - Historical 20-year Net Performance compared to target returns.		Approved	7.90%	7.55%	7.49%
2A. Oregon Short-Term Fund Expenses - Biennial asset management fee charged against Oregon Short-Term Fund assets for Treasury operations compared to peer group.		Approved	0.052%	0.180%	0.180%
2B. Oregon Short-Term Fund Performance - Annual performance of the Oregon Short-Term Fund compared to benchmark rates.		Approved	5.88%	4.97%	4.97%
3. Local Government Participation in the Oregon Short-Term Fund - Annual change in the participation of local governments in the Oregon Short-Term Fund.		Approved	2.37%	0%	0%
4. Tax-exempt general obligation bond interest rates. - Average interest rate on tax-exempt general obligation bonds issued as compared to targets.		Approved	4.01%	5.50%	5.50%
5. Percentage of eligible Oregonians with a College Savings Account - The total number of 529 college savings accounts as a percentage of the total eligible population in Oregon compared to the national average.		Approved	12.50%	10%	10%
6A. Unclaimed Property Disbursements - Percentage of total unclaimed property returned to owners and/or heirs compared to total amount received.		Approved	39%	50%	50%
6B. Unclaimed Property Claim Response Time - Average number of days to respond to Unclaimed Property claims as compared to statutory maximum.		Approved	128	120	120
7. Adherence to Board Best Practices - Percent of total best practices met by the Oregon 529 Savings Board and Oregon Retirement Savings Board.		Approved	100%	100%	100%
8. 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	88.40%	100%	100%
	Timeliness		74.80%	100%	100%
	Availability of Information		82.70%	100%	100%
	Expertise		77.20%	100%	100%
	Helpfulness		75.40%	100%	100%
	Overall		82.10%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval the Key Performance Measures and targets.

SubCommittee Action:

The General Government Subcommittee approved the Key Performance Measures and targets, as presented.