

OFFICE OF THE SECRETARY OF STATE

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Oregon State Treasury

Administrative Overview and Program Descriptions

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Introduction

The mission of the Oregon State Treasury is to provide financial stewardship for Oregon. The State Treasurer is a constitutional officer and a statewide elected official. The Treasurer serves as the chief financial officer for the State and is responsible for the prudent financial management of billions of taxpayer dollars.

The office has become a multi-billion dollar cash and investment management center for the State of Oregon. Its main function is to earn the highest return possible on investments. As the state's chief investment officer, the Treasurer invests the monies of the Public Employees Retirement System, State Accident Insurance Fund, Common School Fund, and many other trust and general funds, and administers the Oregon 529 College Savings Network. The Treasury serves as the banker and cash manager for state government agencies.

The State Treasurer (or the Deputy State Treasurer) currently serves on the Oregon Investment Council, State Land Board, State Debt Policy Advisory Committee, Municipal Debt Advisory Commission, Oregon Growth Account Board, Oregon Short Term Fund Committee, and the Oregon Mass Transportation Financing Authority.

History

The first State Treasurer was one of the three original officers of the Oregon Territorial government established in 1843. Until 1851, the treasurer also served as auditor of public accounts. The office of State Treasurer was subsequently designated as an elected official by Article VI of the State Constitution, which became effective in 1859. The Treasurer serves a four-year term and can hold the position for two terms. The Constitution indicates that the Treasurer's powers and duties are to be prescribed by law. The Legislative Assembly has assigned and reassigned various duties, and board and commission memberships, over the years to satisfy changing needs.

The 1903 Legislative Assembly designated the State Treasurer to collect inheritance and gift

taxes. This duty was transferred to the newly established Department of Revenue in 1969. In 1913 the Board of Control was established to coordinate the management of state institutions, construction of state buildings, and other duties assigned by the Legislative Assembly. The State Treasurer was a board member along with the Governor and Secretary of State. The Board of Control was abolished in 1969.

In 1967, the Oregon Investment Council was created to formulate policies for the investment of state funds. The State Treasurer is the investment officer for the Oregon Investment Council and performs functions as authorized or required by law and by the council. The Council's objective is to maximize return on investment. The investment funds shall be managed as a "prudent investor" would, and in light of the laws governing each investment fund. (1967 Oregon Laws, Chapter 335) In 1987, the Legislative Assembly enacted the Anti-Apartheid Act. It found that investment of state monies in businesses and financial institutions with close ties to South Africa to be fiscally imprudent and morally repugnant. The State Treasurer was instructed to divest and reinvest state funds. The divestiture was to be implemented in two phases and scheduled to be fully in effect by February 15, 1992. This policy was to remain in effect until conditions changed in South Africa and the U.S. government determined that South Africa had taken certain specific actions and made substantial progress toward dismantling the system of apartheid and establishing a democracy. The 1999 Legislative Assembly repealed the Anti-Apartheid Act. (c. 295)

The 1991 Legislative Assembly authorized the Treasurer to sell commemorative coins to raise funds for State Parks. (c. 582) In 1993, the Legislative Assembly designated State Treasurer as the cash management officer for the state (c. 73), while the Secretary of State was required to audit the State Treasurer on an annual basis. (c. 718) The 1997 Legislative Assembly established the State Debt Policy Advisory Committee to advise the Governor and Legislative Assembly regarding policies and actions to enhance and preserve the state's credit rating and to maintain future availability of low cost capital. The Treasurer was designated the chair and directed to provide staff support. (c. 49) Also in 1997, the Oregon Growth Account Board was established with authority to approve or direct investments to earn funds for the Education Endowment Fund by investing in emerging growth industries in Oregon. The Treasury provides staff support to this board. (c. 323) In 2001, the Health, Housing, Educational and Cultural Facilities Authority was renamed the Oregon Facilities Authority (c. 261). The State Treasurer appoints members to the Authority.

Current Organization

Though the basic responsibilities and structure have remained relatively constant, the office and functions of the State Treasurer have grown considerably in size and complexity.

The Treasury is currently organized into the following: Executive Office, Debt Management Division, Finance Division, Information Systems Division, and Investment Division.

The Executive Office sets policy and directs the operation of the agency. The office consists of

the State Treasurer, Deputy Treasurer and supporting staff, including the Internal Auditor and a Publications Editor.

The Publications Editor prepares a variety of desktop publishing products for the Executive staff and operating programs. Publications presently include: State Treasurer Annual Reports, Bonded Debt Profiles Reports, Bonds Advisor, Municipal Debt Advisory Commission Annual Reports, Oregon Bond Manual, Commercial Paper Ratings Guide and Short Term Fund Portfolio Status Reports.

The Treasurer or a designated employee serves on a variety of state financial boards, commissions and committees, which include:

The Oregon Investment Council establishes and reviews the state's investment policies and hires Oregon's money managers.

Along with the Governor and Secretary of State, the State Treasurer is a member of the State Land Board. The Board administers state lands and waterways for the benefit of the Common School Fund.

The Debt Management Division is the debt-issuing branch of the Office of the State Treasurer. It provides coordinated issuance and ongoing debt management of all state agency general obligation bonds, revenue bonds, and certificates of deposit. The division administers control over all state agency debt and certification of participation issuance, and all local government advance refunding bond and certificates of participation issuance. The division staffs the Municipal Debt Advisory Commission, the Private Activity Bond Committee, and the State Debt Policy Advisory Commission.

The Finance Division is the central bank for all state agencies. It manages cash flow, monitors fund and account activities, and provides a variety of investment, accounting and fiscal coordination services to client agencies. It also manages all banking-related contracts and relationships, safekeeping of securities and other assets in the possession of state agencies, ensures state bank deposits are properly collateralized, and monitors certain banks for compliance with statutory collateralization requirement for other public fund deposits. The Division is composed of the following Sections:

The Bond and Coupon Section redeems general obligations registered and coupon bonds issued by state agencies. It maintains an automated record system of all general obligation bonds and coupons issued by agencies of the State of Oregon. It is the liaison between the state and Chase Manhattan Bank, transferring debt service funds on the due dates and monitoring redemption of Oregon bonds and coupons.

The Banking Section performs banking functions for state government. It receives and accounts for all monies deposited with the Treasury by state and local governments.

The Local Government Investment Pool provides short-term investment service for local governments' available cash. Over 750 local government entities presently participate.

The Investment Accounting, Agency Accounting and Budget Section performs financial accounting and reporting functions for all Treasury funds and accounts. The section also coordinates budget preparation for the Treasury.

Information Systems Division supports the agency by providing electronic system development and support, mini-computer and local area network operation, and customer support for distributed information systems. The division provides the network, applications, telecommunications, and professional IT services to conduct business between Treasury, state agencies, local governments, banks, and other financial firms. Disaster recovery preparation is a key component of the division's efforts to ensure the provision of vital services to Treasury customers.

Major applications maintained include: Banking, Portfolio Accounting and Reporting System [PARS], Mortgage Information Management System [MIMS], Local Government Investment Pool, Safekeeping, Collateral Pool, Oregon Bonded Debt, Municipal Debt, Common Stock, Fixed Assets and Audits.

The Investment Division is responsible for prudent and productive investment of the Oregon Public Employees Retirement Fund, State Accident Insurance Fund, Local Government Investment Pool, State General Fund and numerous smaller funds such as the Insurance Fund and the Common School Fund. The Division is composed of the following Sections:

The Equities Section hires professional commercial money managers who invest funds directly or through stockbrokers. The section monitors money manager and fund performance.

The Real Estate Section hires professional property managers and investment advisors who invest funds in real properties and mortgages. The section monitors money manager and investment advisor, and fund performance.

The Short Term Fund Section directly manages a portfolio of money market securities, repurchase agreements, US Treasury and US Agency instruments, and local bank time deposits and acceptances. They buy and sell through brokers.

The Fixed Income Section directly manages a portfolio of ten to thirty year bonds. They buy and sell through brokers.

The Deferred Compensation Section hires professional commercial money managers, insurance annuity contractors, and depository institutions who either invest funds directly or through other contracts or funds. The section monitors money manager performance and financial stability of contractors and depositories.

Primary Agency Statutes and Administrative Rule Chapters

ORS 286
ORS 287
ORS 289
ORS 293
ORS 294
ORS 348

OAR 170
OAR 171

Bibliography

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Oregon State Treasurer, Legislatively Approved Budget Narrative, 2001-2003
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Oregon Laws

1933; 1929; 1927; 1925; 1923; 1921; 1917;
1967 c.335;
1987 c. 117, c. 193, c. 273, c. 508;
1989 c. 399, c. 552, c. 569, c. 689;
1991 c. 112, c. 135, c. 582;
1993 c. 73; c. 718
1997 c. 323
1999 c. 295

Chronology

	Provisional Government Treasurers	
W. H. Gray	1843 - 1843	Elected by meeting of citizens of the Willamette Valley
W. H. Willson	1843 - 1844	Elected by meeting of citizens of the Willamette Valley
Phillip Foster	1844 - 1845	Elected by people at first 1844 election

Francis Ermatinger	1845 - 1846	Elected by people at 1845 general election; reelected 1845 by Legislature; resigned
John H. Couch	1846 - 1847	Appointed to succeed Ermatinger; elected Legislature 1846; resigned
William K. Kilbourn	1847 - 1849	Appointed to succeed Couch; elected by Legislature 1849

Territorial Government Treasurers

James Taylor		1849 - 1851	Elected by Legislature
L. A. Rice		1851 - 1851	Elected by Legislature; resigned
William W. Buck		1851 - 1851	Appointed to succeed Rice
John D. Boon	Democrat	1851 - 1855	Elected by Legislature
Nat H. Lane	Democrat	1855 - 1856	Elected by Legislature
John D. Boone	Democrat	1856 - 1859	Elected by Legislature

State Treasurers

John D. Boone	Democrat	1859 - 1862	Elected 1858
E. N. Cooke	Republican	1862 - 1870	Elected 1862; re-elected 1866
L. Fleischner	Democrat	1870 - 1874	Elected 1870
A. H. Brown	Democrat	1874 - 1878	Elected 1874
E. Hirsch	Republican	1878 - 1887	Elected 1878; re-elected 1882
G. W. Webb	Democrat	1887 - 1891	Elected 1886
Phil Metschan	Republican	1891 - 1899	Elected 1890; re-elected 1894
Charles S. Moore	Republican	1899 - 1907	Elected 1898; re-elected 1902
George A. Steel	Republican	1907 - 1911	Elected 1906

Thomas B. Kay	Republican	1911 - 1919	Elected 1910; re-elected 1914
O. P. Hoff	Republican	1919 - 1924	Elected 1910; re-elected 1922; died in office
Jefferson Myers	Democrat	1924 - 1925	Appointed by Governor Pierce
Thomas B. Kay	Republican	1925 - 1931	Elected 1924; re-elected 1928; died in office
Rufus C. Holman	Republican	1931 - 1938	Appointed by Governor Meier; elected 1932; re-elected 1936; resigned
Walter E. Pearson	Democrat	1938 - 1941	Appointed by Governor Martin
Leslie M. Scott	Republican	1941 - 1949	Elected 1940, re-elected 1944
Walter J. Pearson	Democrat	1949 - 1953	Elected 1948
Sig Unander	Republican	1953 - 1959	Elected 1952; re-elected 1956; resigned
Howard C. Belton	Republican	1960- 1965	Appointed by Governor Hatfield; elected 1960
Robert W. Straub	Democrat	1965 - 1973	Elected 1964; re-elected 1968
James A. Redden	Democrat	1973 - 1977	Elected 1972
Clay Myers	Republican	1977 - 1984	Elected 1976; re-elected 1980; resigned
Bill Rutherford	Republican	1984 - 1987	Appointed by Governor Atiyeh; elected 1984; resigned
Anthony Meeker	Republican	1987 - 1993	Appointed by Governor Goldschmidt; elected 1988
Jim Hill	Democrat	1993 - 1996	Elected 1992
Randall Edwards	Democrat	2001 - present	Elected 2000; re-elected 2004

Biographical Note

Randall Edwards was born in Eugene, Oregon on August 13, 1961 and raised in Walla Walla, Washington where he spent his summers working the wheat and pea harvests. Edwards earned a Bachelor's degree in economics from Colorado College in 1983 and a Masters of Business Administration from George Washington University in 1990. Edwards was elected to the House of Representatives in 1996. In the legislature, he was a financial leader—improving school funding, saving taxpayers money through the creation of the Oregon School Bond Guaranty Act, and pushing into law an innovative financing plan to rebuild Oregon's State Parks. He also authored the Treasury's College Savings Plan, which allows Oregonians to save \$2,000 a year tax free for college. From 1992-96, Edwards was a manager and senior advisor at the Oregon Treasury. Edwards' professional experience also includes tenures as managing partner for EDJE Consulting and as an International Trade Analyst, U.S. Department of Commerce. Edwards was elected State Treasurer in 2000, and re-elected in 2004.