



Oklahoma State Treasurer

FY 2026 Budget Hearing Presentation

Submitted by: Honorable Todd Russ, State Treasurer

Todd Russ

State Treasurer



The Oklahoma State Treasurer provides for the safe and efficient operation of state government through effective banking, investment, and cash management.

Founded at statehood and enshrined in the Oklahoma Constitution, this agency, encompasses the following divisions: Administration, Banking and Treasury Services, Portfolio Accounting and Reporting, Unclaimed Property, Debt Management, the Oklahoma Capitol Improvement Authority, Compliance and Internal Audit.

The State Treasurer has the following specific statutory and constitutional responsibilities:

1. Receiving, depositing, and disbursing all state funds;
2. Investing temporary surplus funds;
3. Investing specific funds for other state agencies where authorized;
4. Requiring banks to furnish collateral sufficient to secure deposits of state and other public funds;
5. Paying of interest on the state's bonded debt and the redeeming of the debt at maturity;
6. Maintaining a safekeeping operation for securities owned by various state agencies, and those securities pledged as collateral to other state agencies;
7. Processing and distributing all state payments;
8. Administering the Business and Agricultural Link Programs;
9. Administering the Unclaimed Property Program;
10. Overseeing state debt management and administering the Oklahoma Capitol Improvement Authority; and
11. State Treasurer serves as chair of Oklahoma 529 College Savings Plan and Tobacco Settlement Trust Board of Investors.

Agency Vision, Mission and Core Values

- **Vision:** The vision of the State Treasurer's Office is to remain a state agency that is among the national leaders for the delivery of basic treasury services and innovative programs; improves on programs through more efficient and effective delivery of financial services; demonstrates leadership through the use of technology and the introduction of new or enhanced programs and services that meet the needs of Oklahoma citizens; provides public education and information as to the availability of programs and services, as well as the roles and responsibilities of the Treasurer's office; and, achieves and maintains public confidence in the State Treasurer's Office.
- **Mission:** The mission of the Oklahoma State Treasurer is to serve the people of Oklahoma by providing sound banking and investment services, reuniting individuals and businesses with their unclaimed property, and promoting economic opportunities in a fiscally responsible and efficient manner while adhering to the highest professional and ethical standards.
- **Core Values:** Values are the service delivery parameters within which internal culture is developed and operations maintained. Core values include but are not limited to honesty, ethical conduct and trustworthiness; fiscal responsibility; customer and public service; internal teamwork and staff development; communication – internal and external; state agency and financial institution collaboration; risk management; innovation; and operational balance.



Accomplishments

Top accomplishments for FY 2024 – FY 2025

- 1) Treasury Modernization Effort – Final vendor selected (FIS Capital Markets US LLC) and agreements executed on a approx. \$12 million project. Multiple environments stood up with access granted to OST. Data mapping and design sessions for different modules are in progress. Expect full transition to be completed before end of FY26.
- 2) Transitioning the existing UP software, which is 25 years old, to the most relevant and modern software currently available in the market which will result in significant efficiencies and increased payouts.
- 3) Debt Management:
 - Issuance of bonds and obligations across all state issuers totaled \$2.99 billion.
 - Moody's ratings upgraded the State's credit rating to Aa1, the second highest rating possible. Fitch ratings and S&P Global ratings maintain a positive outlook on the State's credit rating with an expectation for an upgrade in the next 6-12 months.
 - Maximized Legacy Capital Fund investment earnings which supplement the recapitalization payments in the amount of \$25 million for FY24-FY25.
- 4) Programs:
 - Relaunched the Oklahoma Agricultural Link Deposit program to help Oklahoma farmers, ranchers, and community banks.
 - Launched Financial Literacy statewide tour.
 - Rebranded Oklahoma STABLE program to Oklahoma ABLE, creating security and confidence in the financial savings program for people with disabilities.
- 5) Investments:
 - Record earnings for the State's Portfolio – FY24 – 12% above projections at \$376 million, FY25 – projected to reach \$400 million.
 - Partnership with a Securities Lending focused vendor resulting in increase of monthly Securities Lending income by over 500%.
 - Introduced the banking Intra-Fi program to provide better liquidity to Oklahoma community banks.



Analysis of Agency Challenges

	Challenge	Current Actions <small>(Briefly describe how the agency is currently addressing the challenge.)</small>	Planned Actions <small>(Briefly describe how the agency plans to address the challenge going forward.)</small>
1	Outdated and at-risk Legacy Systems	OST has contracted with FIS Capital Markets US LLC to replace the legacy systems. Data mapping and design sessions are currently underway with expected Go-live before the end of FY26.	Continue with designing, testing, and implementing the selected SaaS solution within the expected budget and timeline.
2	Economic trends	Maintain adequate liquidity	Monitor agency needs for liquidity
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Savings & Efficiencies (Current or Planned)

Savings or Efficiency Name	Brief description of how savings were achieved	Savings in Unit of Measurement*	FY 2024 (Actual \$ Savings)	FY 2025 (Projected \$ Savings)	FY 2026 (Projected \$ Savings)
Legacy System Modernization	Replacement of legacy systems with modern solutions to achieve efficiencies	Reduced maintenance and support needs, leading to reduced costs	N/A	N/A	Possible Savings from reduced maintenance charges
Credit Rating Increase	Lower interest costs on bond issues	Dollars	N/A	N/A	TBD
Legacy Capital Fund	Portfolio earnings will supplement additional projects	\$25 MM +	\$16.1MM	\$29.4MM	\$27.6MM

* Hours, FTE, square feet, etc.



Agency Goals and Key Performance Metrics

Goal		Metric	FY 24 Target	FY 24 Actuals	FY 25 Target	FY 29 Target
1	To achieve more efficiency and process via secure payment methods, reducing the overall costs to state agencies and OST	Warrants Processed - %	10%	~10%	10%	10%
2	To reunite as many missing rightful owners as possible with their unclaimed property – D0201 (Debts & Obligations)	Unclaimed Property – Total of Claims Paid	\$40,000,000	\$35,574,779	\$37,353,518	\$45,403,435
3	To reunite as many missing rightful owners as possible with their unclaimed property - D0201 (Debts & Obligations)	Unclaimed Property – Number of Claims Paid	11,210	12,399	13,019	15,825
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6						
7						
8						



Projects for FY 2025

- 1) Replacement of legacy systems – Project currently underway with Go-Live targeted before the end of FY26.
- 2) Enhance the State's credit ratings
- 3) Growth of the Oklahoma 529 Education Savings Plan to increase the number of Oklahomans with better education outcomes.
- 4) Rebrand the Oklahoma ABLE Program for people with disabilities to allow for tax free cost of living.
- 5) Transition the outdated UP software to the most relevant and current version available in the market.



Projects for FY 2026

- 1) Completion of legacy systems modernization project with all operations transitioned to the SaaS solution before fiscal year end. Decommissioning of the legacy systems as soon as possible after Go-Live.
- 2) Continued efficiencies through system upgrades, statute amendments and ensuring the safety, soundness, and security of investments.
- 3) Implementation of the OCAMP program mandated by legislation.

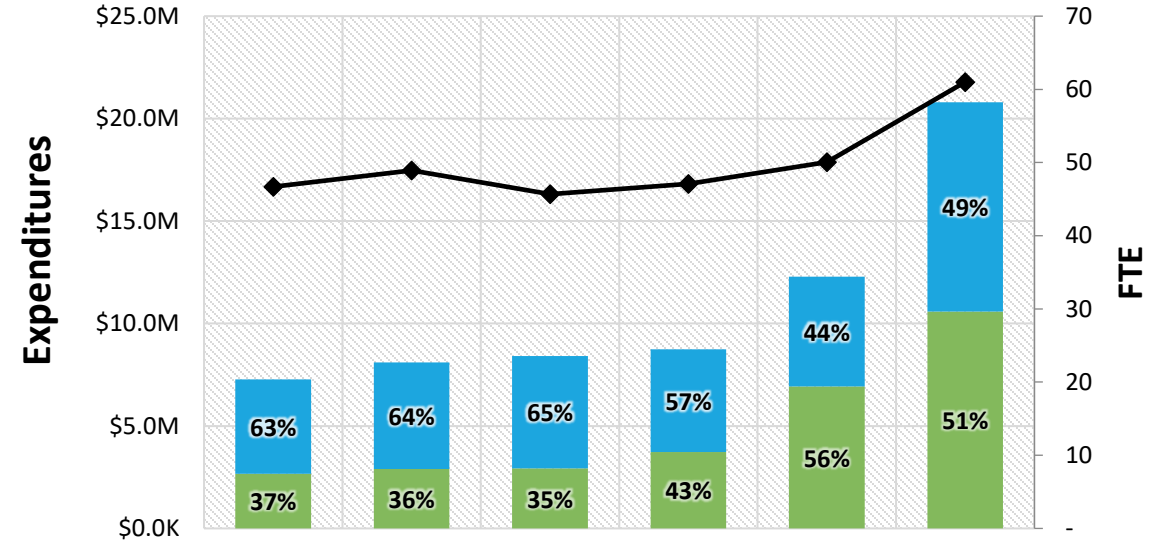


Total Historic Actual Expenditures (FY 2020-24) and Current Year Budget (FY 2025)

Explanation of Changes and Trends

The FY24 expenses include the efforts to replace OST's Legacy Systems thereby increasing the overall annual expenses. FY25 budget includes the remaining appropriated balances for the Legacy Replacement project as well as potential operational expenses that may be incurred during the year.

Historic Total Actual Expenditures and Current Year Budget



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 YTD Budget
Appropriated	\$2.7M	\$2.9M	\$2.9M	\$3.7M	\$6.9M	\$10.6M
Revolving	\$4.6M	\$5.2M	\$5.5M	\$5.0M	\$5.4M	\$10.2M
Federal						
Total	\$7.3M	\$8.1M	\$8.4M	\$8.7M	\$12.3M	\$20.8M
FTE	47	49	46	47	50	61



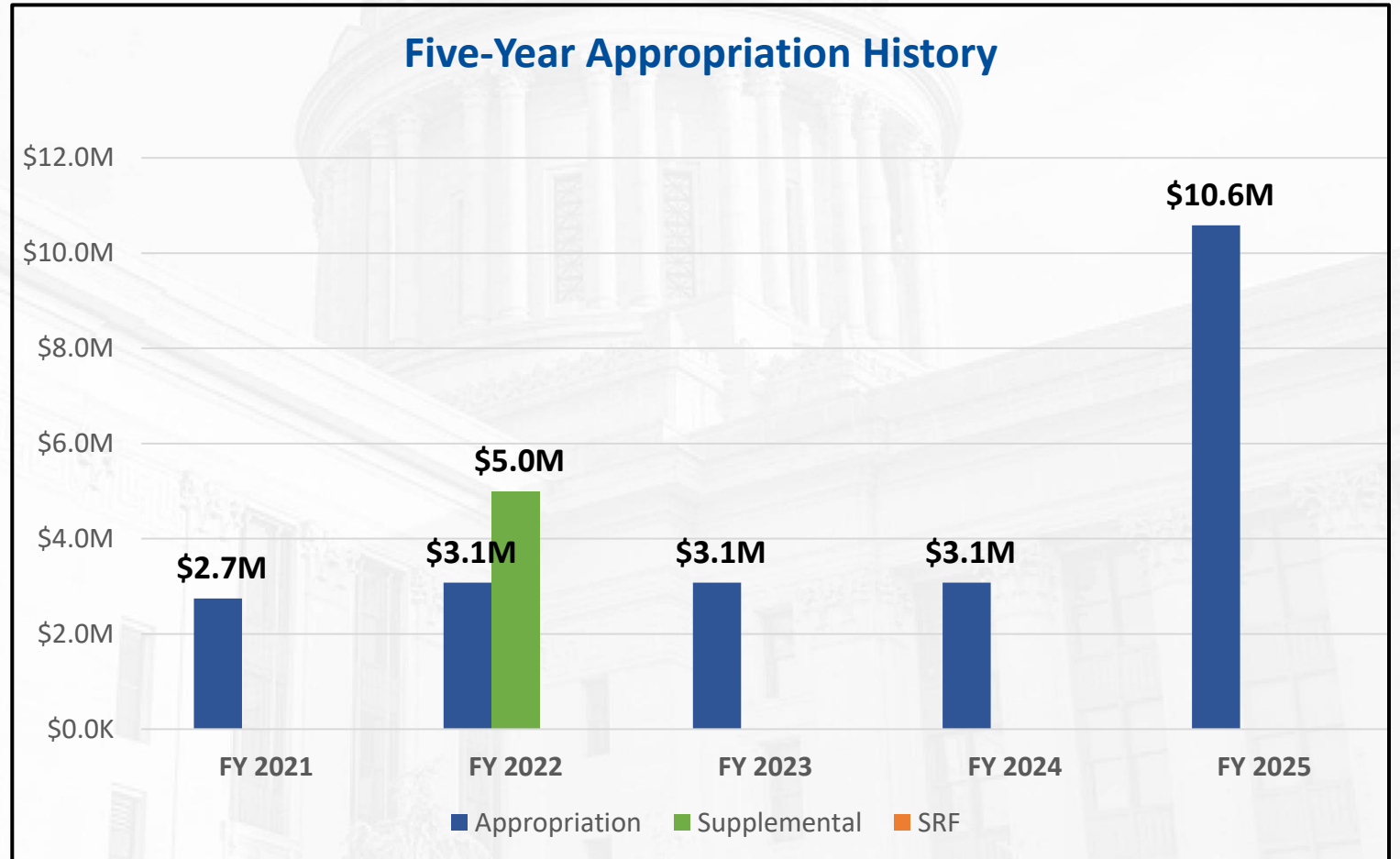


FY 2025 Budgeted Full Time Equivalents (FTE)

	FY 2025 Budgeted FTE
Total FTE	61
Supervisor FTE	14
Supervisors to Total FTE Ratio (%)	23%
Current Budgeted but Unfilled FTE	9.5

Appropriation History

Fiscal Year	Legislated Appropriation (\$) (Includes supplementals and SRF/ARPA.)
FY 2021	2,742,651
FY 2022	8,079,823
FY 2023	3,079,823
FY 2024	3,079,823
FY 2025	10,579,823



**Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.*



Financial Resource Analysis

Carryover	FY 2021	FY 2022	FY 2023	FY 2024
Total appropriated carryover amount expended (\$)	\$1,361,844	\$1,462,349	\$1,645,278	\$1,369,140

Historical Cash Balances	FY 2021	FY 2022	FY 2023	FY 2024
Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i>	\$22,930,238	\$25,886,325	\$30,322,423	\$31,314,029

Revolving Class Fund # <i>(Unrestricted only)</i>	Revolving Class Fund Name <i>(Unrestricted only)</i>	Current cash balance (\$)	Projected FY 2025 year-end cash balance (\$)
200	Treasurer's Revolving Fund	\$12,402,829	Approx \$15,000,000
	Total Unrestricted Revolving Fund Cash balance:	\$12,402,829	\$15,000,000



Unrestricted funds are those that are not limited by state or federal law, rule, regulation, other legally binding method, or donor restriction.

FY 2023 – 2024 Appropriation Change Review

<i>Purpose of appropriation increase or decrease</i>	<i>Amount FY 2023</i>	<i>Amount FY 2024</i>	<i>Total amount received FY 2023 - 24</i>	<i>Total amount expended by 11/1/2024</i>	<i>Included in FY 2025 approp? (Yes/No)</i>	<i>If not expended fully, please explain.</i>
No Adjustments	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
	\$	\$	\$	\$		
Totals	\$	\$	\$	\$		



**Do not include SRF / ARPA appropriation increases.*

FY 2025 Appropriation Change Review

<i>Purpose of appropriation increase or decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Does this need to be included in your FY 2026 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
Core Legacy Systems - replace	\$7,500,000	No		
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
Total adjustment	\$7,500,000			



**Do not include SRF / ARPA appropriation increases.*

Budget & Supplemental Incremental Request Summary

	Request Name	FY 2026 Incremental Appropriation Request Amount (\$) <i>{or FY 2025 for Supplementals}</i>	Type of Request: Recurring, One-time, or Supplemental
1	LCF Administration	\$300,000	Recurring
2	Mid-Range Market Based Salary Increase	\$150,000	Recurring
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(1) Incremental Budget Request

Name of Request: LCF Administration	
Type: Recurring	\$ Incremental Amount Requested for FY 2026: \$300,000
Funding for administration of the Oklahoma Capitol Improvement Authority's Legacy Capital Fund, as assigned by the Legislature. Administration of the OCIA bond program is fee based, however that structure was not provided for in LCF statutory language, which would be the preference of OST.	



(2) Incremental Budget Request

Name of Request: Mid-Range Market Based Salary Increase

Type: Recurring

\$ Incremental Amount Requested for FY 2026: \$150,000

Occasional increases are necessary to provide competitive compensation for professional workforce at OST.

