

Oregon Short Term Fund saved more than \$41-million in 2008

by Bend_Weekly_News_Sources

SALEM, Ore. — An analysis of Oregon's investment management shows that the Office of the State Treasurer saved \$41 million for state and local governments who deposit funds in the Oregon Short Term Fund.

Government entities collect most of their revenue at tax time, but need to cut paychecks and cover other expenses over the course of the entire year.

For safekeeping of money until they need it, county and local depositors can keep funds until needed at commercial banks — or can choose to use the Oregon Short-Term Fund, a pool that is managed by the Office of the State Treasurer.

Local governments continue to select the \$10.9 billion state fund — which was recently ranked by an independent third-party as the top state pool in 2008. And users of the state pool benefit from daily liquidity (quick access to their funds), low costs-per-transaction, lower management fees for invested funds, and competitive investment rates on their short-term deposits.

Just the savings in investment management fees alone translated to a \$41 million savings in avoided investment costs, compared to the median money market fund.

“Oregonians want smart government solutions and wise use of their tax dollars, and this is one way we are meeting those expectations,” said State Treasurer Ben Westlund. “It is just one way that my office is a money-saving engine for Oregon.”

As of the end of 2008, the Oregon Short Term fund had 1,147 separate users, including all 36 Oregon counties and most cities, as well as school, recreation, irrigation, and even cemetery districts. That’s up from 1,053 users in 2003.

All of the citizens who rely on services from those public entities benefit because of the low banking costs and higher yields, Westlund said.

The Oregon Short-Term Fund “which Treasury managers steer into a mix of lower-risk investments such as United States Treasury, Agency and FDIC-backed securities, bank time deposits and highly rated corporate indebtedness -- supplied interest earnings to Oregon governments at a higher rate than other states.

During 2008, the interest payments totaled \$193 million to Oregon state agencies and \$154 million to local governments.

A comparison of state investment pools in 2008 found that Oregon's average annual yield of 3.26 percent was the nation's best among states, according to an analysis of 2008 state and local government pool yields by the TRACS Financial Institute of Public Investment Management, based in Park City, Utah.

"Our data shows that Oregon has remained in the top quartile of all U.S. state and local government pools over the past five years, even in periods of higher interest rates, and is highly competitive with all standard benchmarks used," said Jeff Flynn, TRACS Chief Investment Strategist.

TRACS began collecting and ranking State and Local Government Pool yields and performance in 2003, and provides that research to state and local government financial officers, he said.

Oregon Short Term Fund saved more than \$36.41-million in 2008 by Bend_Weekly_News_Sources