

## ANALYSIS

### Item 9: Oregon State Treasury Trust Property Positions

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**Analyst:** Walt Campbell

**Request:** Increase Other Funds expenditure limitation by \$249,958, approve the reclassification of five positions and add months to two positions (1.25 FTE) in the Trust Property Program.

**Analysis:** On July 1, 2021, the Trust Property program transitioned from the Department of State Lands to the Oregon State Treasury (OST). The program's 2021-23 legislatively adopted budget includes 19 positions, but only one full time manager. With an 18:1 supervisory ratio, the daily management workload to recruit, train, and oversee staff leaves limited time for dealing with programmatic issues. While the program only had one manager at the Department of State Lands, the transition did include 0.25 FTE from a budget and accounting manager. OST determined the work of this position could be accomplished by other budget and accounting management, which allowed for the position to be reclassified upward to Principal Executive Manager (PEM) E and serve as the program's second manager. OST reports that over the last 10 months, staff have worked hard to identify ways to effectively continue operations without a second manager, but it is increasingly difficult to do so. Hiring a second manager during 2021-23 would reduce the supervisory ration to 9:1 and provide additional programmatic backup. OST also determined that a half-time Accountant 2 position should be increased to full-time. The request included an increase of 0.75 FTE for PEM E position and 0.50 FTE for the Accountant 2 position to bring these to full-time positions (2.00 FTE). However, the prorated FTE needed for each position for the remainder of the 2021-23 biennium is anticipated to be 0.17 FTE (PEM E) and 0.42 FTE (Accountant 2).

Since taking over the program, OST has determined that three other positions needed to be reclassified from their budgeted level based on the actual work being performed at Treasury. Prior to the transition, analysis has been conducted on the expected classification of all positions that would be transferred. However, once the program was operating within the new structures at Treasury, it was determined that these additional changes would be necessary.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board increase Other Funds expenditure limitation by \$177,320 to fund the reclassification of four positions and the addition of months to two positions (0.59 FTE) for the Trust Property Program.

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Oregon State Treasury  
Johnson

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**Request:** Reclassification of five positions in the Trust Property program.

**Recommendation:** The Oregon State Treasury is not under executive budgetary authority.

**Discussion:** The Oregon State Treasury (OST) began running the Trust Property program on July 1, 2021, after it was transitioned from the Department of State Lands. Currently, the program is operating with 19 positions and only one full time manager. This has led to various supervisory workload issues in management, training, recruiting, and other tasks. A second manager would help prevent programmatic backup and reduce the supervisory ratio to 9:1. The OST Human Resources office has also determined three of the positions require reclassification due to the current work being performed. Lastly, an increase to an Accountant 2 position is requested to address program needs which have been difficult to meet.

The OST is requesting the reclassification of five positions for a net increase of 1.25 FTE and \$249,958 Other Funds for the 2021-23 biennium.

- Reclassify one permanent, part-time (0.25 FTE) Principle Executive Manager D position transferred from the Department of State Lands serving as the Budget and Accounting Manager, to a new, permanent, full-time (1.00 FTE) Principle Executive Manager E position to serve as the Unclaimed Property Audit and Holder Services Manager and to balance the supervisory workload.
- Reclassify one permanent full-time position from an Administrative Specialist 1 to a Program Analyst 2.
- Reclassify one permanent full-time position from a Program Analyst 2 to a Program Analyst 3.
- Reclassify one permanent full-time position from an Office Specialist 2 to a Paralegal.
- Increase a permanent Accountant 2 position within the Administrative Services Program from part-time (0.50 FTE) to full-time (1.00 FTE). This position will provide the remaining accounting resources to complete the reclassification of administrative positions from Policy Package 102.

The Agency notes the increase in staffing levels and classification will aid OST in addressing their immediate staffing concerns and will allow the agency to meet existing operational targets in place since the Trust Property program was transitioned to OST.

**Legal Reference:** Increase Other Funds expenditure limitation established by Chapter 443, Section 1, Oregon Laws 2021 for the Oregon State Treasury by \$249,958 for the 2021-23 biennium.



**OREGON  
STATE  
TREASURY**

**Tobias Read**  
Oregon State Treasurer

**Michael Kaplan**  
Deputy State Treasurer

**May 2, 2022**

Senator Peter Courtney, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Joint Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

### **Nature of the Request**

On July 1, 2021, the Trust Property program transitioned from the Department of State Lands to the Oregon State Treasury. Since that time, the lack of a second manager in the Trust Property program has had an unsustainable impact. These impacts have made it necessary for Treasury to request the reclassification of positions from the emergency board instead of waiting until the 2023 legislative session. Additionally, in the time that Treasury has been running the program, a few necessary position actions have been identified that are requested.

The Oregon State Treasury requests that the committee approve the request for the reclassification of five positions for a net increase of 1.25 FTE and \$249,958 for the 2021-23 biennium.

### **Agency Action**

As part of the Oregon State Treasury 2021-23 budget request, there were three POPs specific to the Trust Property program. POP 101 moved several positions from the Department of State Lands to the Oregon State Treasury. POP 102 handled administrative changes that were necessary. While POP 103 requested program enhancements that had been identified. Most of the items in POP 103 were approved except for the addition of a second manager in for the Trust Property team.

Since July 1, Trust Property has been part of the Oregon State Treasury. The program's 2021-23 legislatively adopted budget includes 19 positions, but only one full time manager. Running the program with only one manager has presented several difficulties in achieving the improvements originally expected. With an 18:1 supervisory ratio, the daily management workload to recruit, train, and oversee staff leaves limited time for dealing with programmatic issues. As the program has only one manager, any leave time necessary results in needing to have a manager from another appropriation provide the temporary coverage. That manager's primary duties are in a different functional area and do not allow for them to have the programmatic experience to deal with most program issues that arise. While at the Department of State Lands, the program was one component of a much larger appropriation. At Treasury, the program sits within its own appropriation, complicating potential alternatives.

The lack of management staffing was identified during the transition planning. While the program only had one manager at the Department of State Lands, the transition did include 0.25 FTE from a budget and accounting manager. Treasury determined ways to shift the management workload related to budget and accounting so that the base position could be utilized to create the second management position. Over



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the last 10 months, staff have worked hard to identify ways to effectively continue operations without a second manager, but it is increasingly difficult to do so. Hiring a second manager during 2021-23 would reduce the supervisory ration to 9:1 and provide additional programmatic backup.

While the management component of the workload from the fractional accounting management position has been able to be accommodated, the lack of the additional accounting position has resulted in insufficient staffing to meet the program's needs. Staff have identified process improvements to shift work to Accountant 2 positions from previously higher-level positions. It was originally expected that the combination of the fractional positions transferred from the Department of State Lands would provide adequate permanent financing, but it has been determined that it will not cover all the necessary actions. A corresponding permanent financing plan has been submitted and this request includes the necessary adjustments to cover the remaining fractional increase.

Since taking over the program, HR has determined that three positions needed to be reclassified from their budgeted level based on the actual work being performed at Treasury. Prior to the transition, analysis has been conducted on the expected classification of all positions that would be transferred. However, once the program was operating within the new structures at Treasury, it was determined that these additional changes would be necessary.

#### **Action Requested**

The Oregon State Treasury requests that the committee approve the reclassification of five positions for a net increase of 1.25 FTE, with a \$249,958 increase in limitation.

#### **Legislation Affected**

Oregon Laws 2021 Chapter 443 Section 1

A handwritten signature in black ink, appearing to read "M. Kaplan", with a long horizontal flourish extending to the right.

Michael Kaplan  
Deputy State Treasurer



## Request for Trust Property Program Resources

### Purpose

On July 1, 2021, the Trust Property program transitioned from the Department of State Lands to the Oregon State Treasury. Since that time, the lack of a second manager in the Trust Property program has had an unsustainable impact. These impacts have made it necessary for Treasury to request the reclassification of the emergency board instead of waiting until the 2023 legislative session. Additionally, in the time that Treasury has been running the program, a few necessary position actions have been identified that are requested.

### Program Description

Trust Property provides two important functions in Oregon: 1) it administers the unclaimed property program for the state and protects the property rights of owners forever or until they are able to claim their funds; and 2) it serves as the estate administrator for Oregonians who die without a will or known heir. Trust Property holds more than \$740 million in the Common School Fund, which is invested for the benefit of Oregon's public K-12 education. Oregon Treasury Trust Property Services contains the following programs:

- Unclaimed Property – Treasury
- Unclaimed Property – Common School Fund
- Estates and Escheated Property

### Request Background

Senate bill 454 from the 2019 session formally moved the duties and statutory responsibilities of Uniform Disposition of Trust Property Act, unclaimed estates, and escheating funds—including associated employees, responsibilities, systems, legal obligations, property, and records-- to the Oregon State Treasury. Per statute, the transition was completed on July 1, 2021.

As part of the Oregon State Treasury 2021-23 budget request there were three POPs specific to the Trust Property program. POP 101 moved all program and fractional support positions from the Department of State Lands over to the Oregon State Treasury. POP 102 handled administrative changes that were necessary. POP 103 requested program enhancements that had been identified. Most of the items in POP 103 were approved except for the request to increase months on an existing fractional managerial position to create a second program manager in for the Trust Property team.

### Analysis

Since July 1 the Trust Property has been part of the Oregon State Treasury. The program's 2021-23 legislatively adopted budget includes 19 positions, but only 1 full time manager. Running the program with only one manager has presented several difficulties in achieving the improvements originally expected, and even to maintain existing day-to-day administrative functions. With an 18:1 supervisory ratio, the daily management workload to recruit, train, and oversee staff leaves limited time for dealing



with programmatic issues. As the program has only one manager, any leave time necessary results in needing to have a manager from another appropriation to provide the temporary coverage. That managers primary duties are in a different functional area and do not allow for them to have the programmatic experience to deal with most program issues that arise. While at the Department of State Lands, the program was one component of a much larger appropriation. At Treasury the program sits within its own appropriation, complicating potential alternatives.

The lack of management staffing was identified during the transition planning. While the program only had one manager at the Department of State Lands, the transition did include 0.25 FTE from a budget and accounting manager. Treasury determined ways to shift the management workload related to budget and accounting so that the base position could be utilized to create the second management position in Trust Property. Over the last ten months, staff have worked hard to identify ways to effectively continue operations without a second manager, but it is increasingly difficult to do so. Hiring a second manager during 2021-23 would reduce the supervisory ration to a more sustainable 9:1 and provide additional programmatic backup.

While the management component of the workload from the fractional accounting management position has been able to be accommodated, the lack of the additional accounting position has resulted in insufficient staffing to meet the program's needs. Staff have identified process improvements to shift work to Accountant 2 positions from previously higher-level positions. It was originally expected that the combination of the fractional positions transferred from the Department of State Lands would provide adequate permanent financing, but it has been determined that it will not cover all the necessary actions. A corresponding permanent financing plan has been submitted and this request includes the necessary adjustments to cover the remaining fractional FTE increase.

Additionally, since taking over the program, HR has determined that three Trust Property positions needed to be reclassified from their budgeted level based on the actual work being performed at Treasury. Prior to the transition, analysis has been conducted on the expected classification of all positions that would be transferred. However, once the program was operating within the new structures at Treasury, it was determined that these additional changes would be necessary.

## **Proposed Solution**

It is proposed that a new Principle Executive Manager E position be created to serve as the Unclaimed Property Audit and Holder Services Manager to balance the supervisory workload. This will be accomplished by reclassifying the existing fractional Principle Executive Manager D position received from the Department of State Lands that served as their Budget and Accounting Manager, and increasing the position from part time (0.25 FTE) to full-time.

It is proposed that three reclassifications be approved within the Trust Property Program

- Position 4540011 from an Administrative Specialist 1 to a Program Analyst 2
- Position 4540012 from a Program Analyst 2 to a Program Analyst 3
- Position 4540031 from an Office Specialist 2 to a Paralegal

Finally increasing position 4540065 within the Administrative Services Program from 0.50 FTE to 1.00 FTE will provide the remaining accounting resources to complete the reclassification of administrative positions from POP 102.

### **Expected Outcomes**

The modest requested increase in staffing levels and classification will help address immediate staffing shortages and enable staff to manage the program more effectively. This will allow them to meet existing operational needs and make additional process improvements that had been previously targeted by the transition and start to further reduce the time it takes to respond to citizen claim requests.

### **Revenue Source**

The primary revenue source for Trust Property Services is investment interest earned on unclaimed property. As most of the property is held as cash, the money is invested to provide interest to fund operations and be distributed to schools. In addition, administrative rules detail fees that are charged to estates in the Estates and Escheated Property Program.

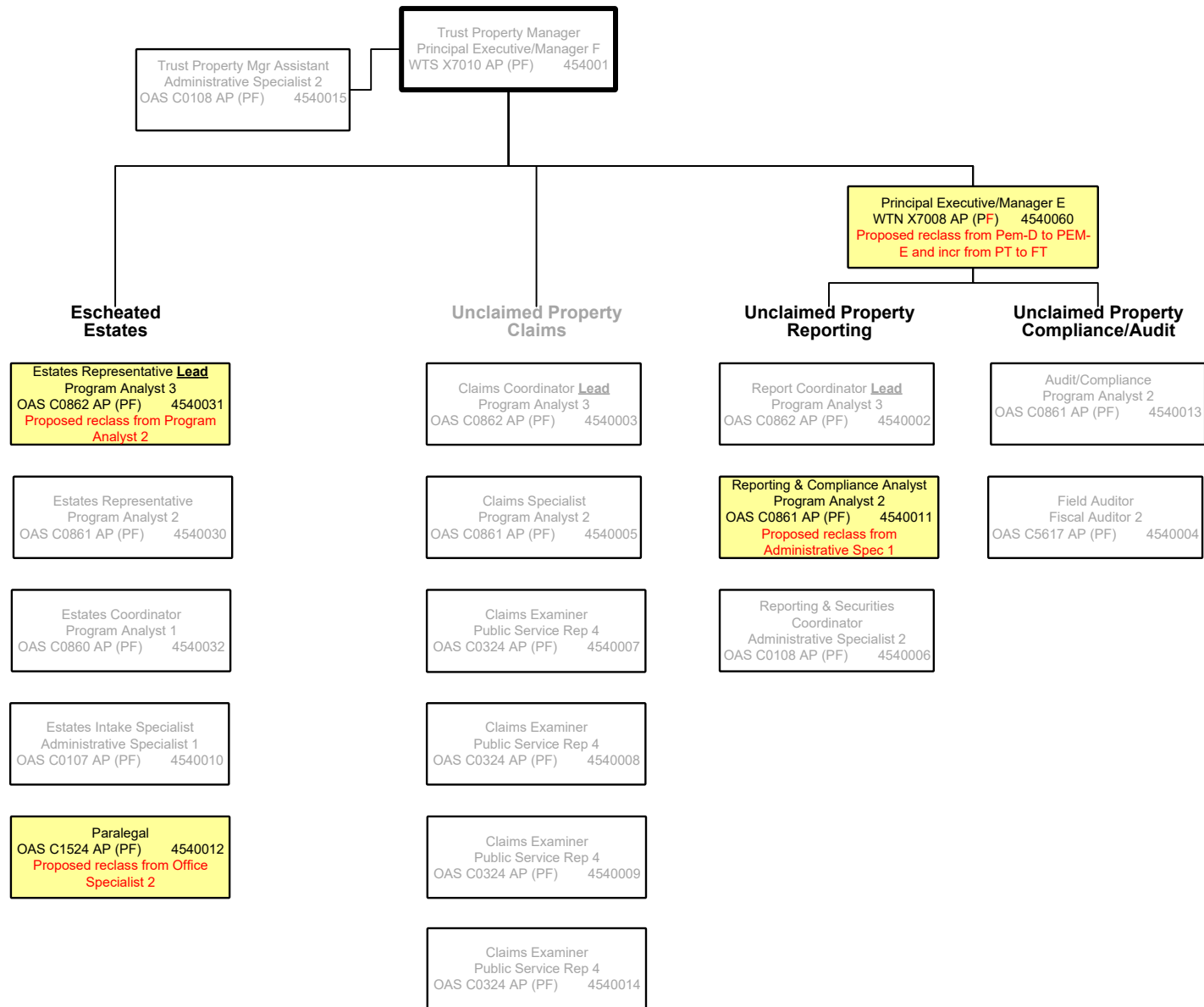
### **Plan if not approved**

If the request is not approved, the single program manager will continue to focus most of their efforts on supervisory duties instead of spending more time running the program. This will effectively require the manager to maintain a triage-approach to program administration on an ongoing basis and limit the potential to make the program improvements that were envisioned with the transition of the program to Treasury. Program staff will need to adjust duties to return the positions to the lower classifications, resulting in additional workload for the staff at those levels, and slowing down processes.



# Trust Property Division | All Sections

**OREGON  
STATE  
TREASURY**





# 2021-23 Biennium

## Permanent Financing Plan (PFP) for Oregon State Treasury (OST)

Agency Number: 17000



SABR Coordinator: Matt Smith / Budget Officer  
 Phone: (503) 378-3562

DAS Budget Analyst: Paul Johnson  
 Agency Plan Number: June 2022 E-Board Req

*All Treasury Positions are Other Funded*

Repr, Class No.* Action & Pay/Rg Opts	X if Vacant	Class Title	Workday ID	Authorization Number	Position Number	Salary Type Range	Top Step	# of Mos.	Biennial Cost	Detail Cross Ref (DCR)	OF %	Funded \$			
<b>REQUEST SECTION:</b>															
<b>Reclass ↑ &amp; Increase Months</b>															
To		WTS 7008 AP		Principal Executive/Manager E	000000125964	001387291	4540060	PF	33X	10,915	24.00	261,960	040-10-00-00000	100.00%	261,960
From		MMS 7006 AP	X	Principal Executive/Manager D	000000125964	001387291	4540060	PP	31X	9,426	6.00	56,556	040-10-00-00000	100.00%	56,556
<b>Total Cost</b>									<b>1,489</b>	<b>205,404</b>			<b>205,404</b>		
<b>Reclass ↑</b>															
To		OAS 0861 AP		Program Analyst 2	000000125943	001387116	4540011	PF	27	7,447	24.00	178,728	040-10-00-00000	100.00%	178,728
From		OAS 0107 AP		Administrative Specialist 1	000000125943	001387116	4540011	PF	17	4,632	24.00	111,168	040-10-00-00000	100.00%	111,168
<b>Total Cost</b>									<b>2,815</b>	<b>67,560</b>			<b>67,560</b>		
<b>Reclass ↑</b>															
To		OAS 1524 AP		Paralegal	000000125953	001387311	4540012	PF	26	7,107	24.00	170,568	040-30-00-00000	100.00%	170,568
From		OAS 0104 AP		Office Specialist 2	000000125953	001387311	4540012	PF	15	4,225	24.00	101,400	040-30-00-00000	100.00%	101,400
<b>Total Cost</b>									<b>2,882</b>	<b>69,168</b>			<b>69,168</b>		
<b>Reclass ↑</b>															
To		OAS 0862 AP		Program Analyst 3	000000125424	001387233	4540031	PF	29	8,196	24.00	196,704	040-30-00-00000	100.00%	196,704
From		OAS 0861 AP		Program Analyst 2	000000125424	001387233	4540031	PF	27	7,447	24.00	178,728	040-30-00-00000	100.00%	178,728
<b>Total Cost</b>									<b>749</b>	<b>17,976</b>			<b>17,976</b>		
<b>Increase Months</b>															
To		OAS 1216 AP		Accountant 2	000000126746	001387296	4540065	PP	23	6,159	24.00	147,816	070-10-00-00000	100.00%	147,816
From		OAS 1216 AP		Accountant 2	000000126746	001387296	4540065	PP	23	6,159	12.00	73,908	070-10-00-00000	100.00%	73,908
<b>Total Cost</b>									<b>-</b>	<b>73,908</b>			<b>73,908</b>		
<b>Total Request Section</b>												<b>434,016</b>			