

STATE OF COLORADO DEPARTMENT OF THE TREASURY

Dave Young
State Treasurer



Eric Rothaus
Deputy Treasurer

March 11, 2024

The Honorable Representative Shannon Bird
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Chair Bird:

The Department of the Treasury would like to thank the Joint Budget Committee for all its work during this budget season and to express our appreciation for the opportunity to submit these comeback requests. The Department respectfully requests the Committee reconsider two decisions, both related to staffing needs in the Department. During the figure setting for the Treasury, the Committee denied, and requested comebacks, for the following requests:

R1 – Administration Division Staffing: Human Resources Specialist III (.5 FTE)

R2 – Unclaimed Property Division Staffing: Deputy Director – Program Manager III

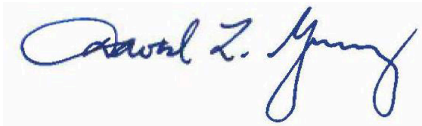
Both positions are critical to the effective and efficient operations of the Department. More details on these requests are provided on the following pages. As the Committee knows, the Department is a small department with 54 employees in addition to the independently-elected State Treasurer. There are currently eight vacant positions. An organizational chart of the Department is also included at the end of this document.

As the steward of the state's funds, the Department operates prudently in regard to its own budget and maintains the practice of returning annual vacancy savings and other unspent funding. Therefore, due to the small size and its practice of returning vacancy savings, the Department does not have a budgetary surplus to address staffing needs on its own.

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Thank you for your consideration of these comeback requests.

Sincerely,

A handwritten signature in blue ink, reading "David L. Young". The signature is fluid and cursive, with the first name "David" and last name "Young" clearly legible, and "L." as a middle initial.

Dave Young
Colorado State Treasurer

CC:

Senator Rachel Zenzinger, Joint Budget Committee Vice Chair
Senator Jeff Bridges, Joint Budget Committee
Representative Emily Sirota, Joint Budget Committee
Senator Barbara Kirkmeyer, Joint Budget Committee
Representative Rick Taggart, Joint Budget Committee
Craig Harper, JBC Staff Director

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R1 – Administration Division Staffing - Human Resources Specialist III (.5 FTE)

The Department requested 1.5 FTE to support its Human Resources (HR) functions. The Committee adopted the staff recommendation to fund 1 FTE to support the Department HR director with responsibilities including Equity, Diversity, and Inclusion (EDI) related efforts and accessibility requirements and training but denied the request for 0.5 FTE for HR administrative support. The Department is requesting the Committee reconsider its decision on the 0.5 FTE for additional administrative support at the requested level of \$58,676, which is the outstanding balance from the initial request and includes salary plus PERA and other benefits. This would be funded by the General Fund.

In the two years since the Department added a dedicated departmental human resources position to its staff, the HR Director has tackled a multitude of compliance issues, general HR responsibilities, and policy implementation, in addition to overseeing hiring. It has been clear to the Department that the workload for this position was very much underestimated during the initial request in 2022, and this realization drove this year's request for 1.5 FTE. The addition of the 1 FTE approved by the Committee is very welcomed, however the 0.5 FTE is also critically needed for the effective operation of HR in the Department.

This 0.5 FTE is needed to focus on the administrative and compliance tasks, thereby allowing the HR director to dedicate more time to filling existing vacancies in the Department and to the more-executive functions of this position. The 0.5 FTE will be responsible for the assistance of timekeeping, leave requirements, performance management and training, compliance monitoring, monthly payroll, and other general HR tasks. As a smaller Department, vacancies in positions impact the Department overall as staff are required to take on multiple roles and responsibilities to ensure the functions of the Department are carried out. The ripple effect of adding the 0.5 FTE will allow for the increased ability of the HR director to focus on filling current vacancies on staff, thus adding capacity overall, reducing workload burden and burnout risk on current staff and increasing the overall effectiveness of the Department.

We appreciate the Committee's recognition that the size of the Department, recent state policy changes impacting HR, plus turnover in entry-level positions as well as the remote disposition of staffing underscore the need for additional HR support.

R2 – Unclaimed Property Division Staffing - Deputy Director – Program Manager III

The Department requested 2 FTE for the Unclaimed Property Division in order to hire a deputy director and a fraud analyst. The Committee adopted staff recommendation to fund the request for 1 FTE for the fraud analyst position but denied the request for a deputy director, now titled assistant director. The Department is requesting the Committee reconsider its decision on the 1 FTE for an assistant director in the Division. Funding for this position comes from the Unclaimed Property Cash Fund at the requested total amount of \$149,296, which includes \$110,400 in salary plus funding for PERA and other benefits.

Over the past few years, as the committee is aware, the Unclaimed Property Division has seen tremendous growth in its workload. As JBC staff noted in its briefing document, the Department has seen a near double increase in the number of claims filed and paid over the last three years. For example, in FY 21, the Division paid out 23,462 claims. This amount jumped to 55,138 in FY 22 and 58,100 in FY 23. The Division has already outpaced prior years, already fulfilling 58,300 claims to date in FY 24. Additionally, the Department currently maintains a list of over 7.6 million names of individuals as well as businesses with assets maintained by the Unclaimed Property Division. The Department is very proud of its work to reunite Coloradans with their lost or forgotten assets and this program's success is due to the actions taken by the Department and Division staff.

The Unclaimed Property Division currently represents about half of the total staff in the Department. The Division has reasonably and gradually increased over time as the Division's performance improved and the ability for Department staff to effectively work remotely addressed the physical restrictions due to limited office space. Now, the Division is at the point that continued success and improvements are limited by the need for additional supervisory and programmatic capacity and support for the Division Director.

As the staffing chart demonstrates, the Department only has one deputy-type supervisor position, and that is the Deputy Treasurer, who maintains the responsibility of Chief of Staff, overseeing the daily and short-term Department operations, as well as long-range planning and standing in for the Treasurer as needed. The requested Assistant Director position for the Department's Unclaimed Property Division would increase the unit's overall capacity. This increase of supervisory and leadership staff would support the statutorily required stream of activity and provide additional supervisory abilities to aid in the training and mentoring of new staff. By way of example, while the Division has done its best to liquidate tangible holdings, it has been unable to conduct a full safe deposit box auction due to the lack of capacity to undertake the amount of time, planning and oversight required. As a result, the tangible property being accepted under the Unclaimed Property is creating a space issue. The Division currently has a full vault of 53,500 items that have been inventoried with more on the way. Safe deposit

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boxes reported in 2023 are beginning to be delivered to the Department as of March 1, 2024 adding to the volume. With an Assistant Director, the Division would have the increased capacity to hold these auctions, which result in tangible assets being replaced with monetary ones that are significantly easier for the Division to manage and maintain into perpetuity for its owners to reclaim. The vault is currently holding tangible, unclaimed properties from 1988.

A similar list below detailing the Director and the proposed Assistant Director roles was provided to the JBC and included in the Treasury Figure Setting document. We have since updated and clarified this list to ensure greater distinction between the roles. There is little overlap of duties between the positions.

Division Director:

- Compliance: Oversee the collection of funds from holders (last year about \$225 million); reconcile and prepare holder reports.
- Claims: Oversee three types of claims: owner, heir (complex), business (most complex).
 - \$240K to a homeless shelter from a life insurance policy
 - \$400K to City of Colorado Springs
 - 90 minutes of her time to check and approve a third of unclaimed money for the City of Aurora
 - Heir and estate claims tend to be the most complex for validating.
 - As a percentage, businesses tend to be most vulnerable to fraudulent claims due to the amount of publicly available information.
- Compliance Audits: Oversee audits and ensure the Department has records of funds in and out.
- Make final decisions as to whether to enter large third party audits.
- Manage the Division's interactions with federal initiatives.
- Monitor and make periodic changes based on national processes and codes.
- Serve as Western region NAUPA Vice President (National Association of Unclaimed Property Administrators).
- Manage communications- data for press releases, interviews for events such as Unclaimed Property Day or other press events.
- Monitor proposed legislation, and provide direction on possible impacts on the Division.
- Pull data, approve and process proactive checks – 11,074 this fiscal year. This program allows the division to proactively verify ownership without paperwork from claimants.
- Assist with the oversight and inventorying of safe deposit box items.
- Talent development and training as needed.

Director and Proposed Assistant Director Shared Responsibilities:

- Initiate notifications to potential owners via email and US mail – 165,719 notifications sent last year.

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- Manage outreach programs and in-person events- Approximately 20-30 days of outreach events per year. The division currently is targeting seven events per year. Over 200 claims totalling more than \$300,000 were created during the Garden & Home Show in the past week.
- Manage contracts with third parties to meet division statutory requirements.
- Ensure that the retention policy is consistent and being utilized by all employees.
- Assist in hiring and training.
- Educate the Division's expanding staff on RUUPA to ensure consistent compliance.

Proposed Assistant Director:

- Initiate more periodic communication campaigns with holders – currently conducted once per year; nationally, communication is more frequent.
- Initiate a program to review inconsistencies with holder reporting and remitting funds. It is estimated that only 10% of holders are compliant in reporting unclaimed funds. This role would partner with the Compliance and Audit managers to address this lack of reporting to the Division.
- Focus on the client experience - claimants and holders - for the division and oversee the website continuously learning, incorporating feedback, and using best practices. Evaluate phone, email, and appointment volume of claimants. Keep the website updated for a user-friendly experience. Expand ways to interact with the public in a safe, professional manner.
- Expand the Division's outreach events aimed to educate and expedite returning of funds, including identifying existing opportunities and events throughout the state to meet citizens in the community. For example, current events include Garden and Home Show, festivals, local park and Denver Zoo events.
- Implement campaigns with various partners to increase outreach and education. For example, recently the Division has worked with military connections at the US Air Force Academy. As students graduate, assets may be left behind, but working through alumni groups the Division can help reconnect students with their assets.
- Perform annual safe deposit box auctions including auction preparation, which takes over a month.
- Create outreach activities for larger holders, like Denver Health and United Way.



Colorado Department of the Treasury Organizational Chart

