

Service Area Plan

Department of the Treasury

Unclaimed Property Administration (73207)

Service Area Background Information

Service Area Description

This service area administers the Virginia Uniform Disposition of Unclaimed Property Act (UPA) and the Escheats Generally Statute. The UPA protects the property rights of owners of tangible and intangible personal property held by holders. The Escheats Generally Statute assists localities by returning abandoned real estate back to an active tax-earning status. The products and services of this service area include:

- Custodian for the unclaimed property until the rightful owner can be located
- Maintain the unclaimed property database
- Process unclaimed property claims
- Provide outstanding customer service to Virginia citizens, former Virginia citizens, non-citizens, local, state, and federal agencies, organizations and businesses during the claims and the reporting process
- Conduct educational outreach and audits to enhance holder compliance and enforcement
- Conduct owner outreach to enhance location of rightful owners
- Provide financial record keeping for all receipts of unclaimed property, claim disbursements, the securities portfolio, and escheat transactions
- Administration of searchable database on the Internet for citizens to search for unclaimed property
- Monitor escheat activities with local government officials and escheators

Service Area Alignment to Mission

This service area directly aligns with the Department of the Treasury's mission of serving the Commonwealth by providing excellent financial management and outstanding customer service.

Service Area Statutory Authority

Chapter 11.1 of Title 55, §§55-210.1 through 55-210.30 of the Code of Virginia, the Uniform Disposition of Unclaimed Property Act, states that property is presumed abandoned between one and 15 years after it became payable, dependent upon the type of property and the type of organization holding the property. This Code section also outlines requirements and procedures to be followed surrounding the collection and return of unclaimed property. Further procedures can be found in Regulation 1 VAC 75-40, Unclaimed Property Administrative Review Process.

Chapter 10 of Title 55, §§55-168 through 55-200.1 of the Code of Virginia, the Escheats Generally Statute, addresses requirements of local escheators and procedures to be followed in the event real property becomes abandoned. Regulation 1 VAC 75-30, Regulations Governing Escheats, also outlines escheator requirements and ensures they have obtained the proper bonds for their appointment.

The 1999 Appropriation Act, Item 297, requires this service area to provide an unclaimed property owner database on the Internet.

See Appendix A, Additional Statutory Authority Information, for additional statutory authority for this service area.

Service Area Customer Base

Customer(s)	Served	Potential
Holders of Unclaimed Property	15,200	65,000
Local and State Government Agencies	680	680
Unclaimed Property Offices in Other States	50	55
Virginia Citizens	7,500,000	7,500,000

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Anticipated Changes In Service Area Customer Base

Increased holder education should increase the number of holders reporting unclaimed property. Any new legislation to add a new type of reportable property or designed to clarify the status of certain types of reportable property could potentially increase the amount of such property reported.

Service Area Partners

Private sector vendors and contractors

Provide goods and services to the agency and the Commonwealth are our service area partners. The Unclaimed Property Division uses private vendors for securities custody services, securities corporate activity information, auditing, report processing, service specific software application development, informational database service providers for owner location, and searchable national unclaimed property database operator.

Service Area Products and Services

- Provide searchable unclaimed property database on the Internet, available 24/7 for citizens to search and submit inquiries regarding unclaimed property
- Maintenance of unclaimed property database
- Provide consumer protection and custody for the assets and property rights for absentee owners
- Processing of unclaimed property claims
- Conduct educational outreach and audits to enhance holder compliance and enforcement
- Conduct owner outreach to enhance location of rightful owners
- Regulatory reports to the appropriate agencies, i.e., 1099 reporting to the IRS
- Financial and audit information to appropriate agencies
- Provide financial record keeping for all receipts of unclaimed property, claim disbursements, securities portfolio and escheat transactions
- Freedom of Information Act responses to heir finders and others
- Publish a list of owners of unclaimed property in the newspaper at least annually
- Provide reporting instructions and other information to holders of unclaimed property in the Holder Reporting Forms & Instructions booklet that is posted on the service area's webpage and distributed by U.S. Mail each reporting cycle
- Coordinate escheat inquest hearings, publish the escheator certificate in the newspaper for four consecutive weeks, request the Order of Sale from the Governor, prepare Land Grants for each parcel sold, make timely tax payments to localities for delinquent taxes and make timely payments to escheators for expenses
- Stock sales and annual tangible property auctions

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Factors Impacting Service Area Products and Services

- The electronic functionality made available on the searchable unclaimed property website increases the efficiency of the claims process.
- Treasury is researching the development of an interactive voice response call center solution to improve customer satisfaction and the efficiency with which the agency handles inquiries and claims for unclaimed property.
- While reported unclaimed property has increased in recent years, there are areas in the law where exemptions have been granted that provide limited consumer protection for property. In addition, unclaimed property holders are continually looking at ways to service charge different types of property for lack of use. Currently, the Unclaimed Property Act has a service charge provision in the section that relates to financial institutions only. Service charge transactions need to be clarified in the Act regarding other types of property such as payroll checks, money orders and electronic stored value cards. Exemptions of certain property from the Act and service charges by holders hinder the ability of the agency to recover such property for the rightful owners.
- The Division of Unclaimed Property's database system was implemented in 1997 with an estimated life of 5 years. The Unclaimed Property System has received enhancements and modification and the addition of some ancillary tools (Website, searchable database, web administration inquiry tools, DRS reporting software, etc.) through the years. However, each of these tools must be enhanced on a regular basis to continue being viable and efficient in meeting the changing business and constituent needs.
- Currently, Federal Government Agencies do not report unclaimed property to Virginia that belongs to the citizens of Virginia, including but not limited to matured U.S. Savings Bonds, IRS tax refunds, HUD escrow funds, and U.S. Postal Service Money Orders. This issue continues to be discussed nationally.

Anticipated Changes To Service Area Products and Services

- Due to increased awareness of unclaimed property laws brought on by national media attention and other factors, reported property and claims are increasing.
- The number of different types of financial transactions that are processed electronically and not issued as a check is a continuing trend that will require enhanced training of staff to audit and process to determine if holders are in compliance with the Unclaimed Property Act.
- As the data entry functions move more towards electronic processing, staff will need different computer skills. These skills will either need to be developed via more staff training, or incoming staff will need to be more computer literate.

Service Area Human Resources Summary

Service Area Human Resources Overview

Human resources for this service area include 38 full-time classified positions and 3 part-time employees. Position titles and reporting structure can be found in Appendix B, Service Area Structure.

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Service Area Full-Time Equivalent (FTE) Position Summary

Effective Date:	1/1/2006
Total Authorized Position level	41
Vacant Positions	3
Non-Classified (Filled).....	0
Full-Time Classified (Filled)	38
Part-Time Classified (Filled)	0
Faculty (Filled)	0
Wage	3
Contract Employees	0
Total Human Resource Level	41

Factors Impacting Service Area Human Resources

Human Resource factors impacting this service area include the need for specialized training and knowledge in unclaimed property issues, the Unclaimed Property Act, and case law for the administration and management team and the audit and compliance group. This specialized knowledge takes a number of years to obtain. In addition, the audit and compliance group is required to travel, which causes staff turnover. Various holder advocates that assist businesses with reducing their unclaimed property liability and establish policies and procedures to ensure accurate reporting do recruit from state unclaimed property departments, offering more attractive salaries and benefits. The claims area has had to add staff in recent years because of the increasing workload and there is turnover in this area because of the heavy volumes of work and low salaries. Staff is continually being trained to use new technology and systems as they are introduced.

Anticipated Changes in Service Area Human Resources

Anticipated changes in human resources for this service area include three employees at the management and supervisory levels that will reach the age and number of years service required for retirement. In addition, there are at least four others at other levels that will be eligible to retirement within the next five years. The claims area needs a legal assistant or paralegal that is trained and experienced in estates, wills, and trusts to determine the proper payees on these claims. This will enhance customer service delivery for these more complex claims.

Service Area Financial Summary

The budget for this service area is \$3,710,111 for fiscal years 2007 and 2008. This amount for each year is funded from nongeneral funds. The service area receives revenue primarily from holders of unclaimed property that is held by the State Treasurer in a custodial capacity. Operating expenses are appropriated; a reserve is maintained for payments for revenue refunds to owners of unclaimed property when claims are filed; and each year the remainder is transferred to the Literary Fund. Changes in the base budget are not anticipated for this service area, but changes may be required by future actions of the General Assembly as budgets are developed for this biennium.

	Fiscal Year 2007		Fiscal Year 2008	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$3,568,474	\$0	\$3,568,474
Changes To Base	\$0	\$141,637	\$0	\$141,637
SERVICE AREA TOTAL	\$0	\$3,710,111	\$0	\$3,710,111

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Service Area Objectives, Measures, and Strategies

Objective 73207.01

Increase the percentage of valid unclaimed property claims paid within 60 calendar days of receipt of verifying information.

Individuals and corporations submit claims forms seeking to claim unclaimed property from the state. Upon receipt of these forms, the individual or corporation is asked to submit information that will support their claim of ownership, such as proof of identity. This information, which is referred to as evidence, is received over a period of time. A claim is not valid until all evidence is received and verified to support the claimant's right to ownership. The objective of the claims unit is to pay claims within 60 calendar days of receipt of the verifying evidence.

This Objective Supports the Following Agency Goals:

- Deliver the most efficient and responsive unclaimed property program possible in an effort to meet the needs of our citizens and holders.
(This objective supports the agency goal to "Deliver the most efficient and responsive unclaimed property program possible in an effort to meet the needs of our citizens and holders". In addition, it aligns with state objectives to be a national leader in the preservation and enhancement of our economy, to engage and inform citizens to ensure we serve their interests and to be recognized as the best managed state in the nation.)

This Objective Has The Following Measure(s):

- **Measure 73207.01.01**

Percentage by which the number of valid unclaimed property claims are paid within 60 calendar days.

Measure Type: Outcome **Measure Frequency:** Quarterly

Measure Baseline: N/A. This is a new performance measure. Data will be collected going forward beginning July 1, 2006.

Measure Target: 95% of valid unclaimed property claims will be paid within 60 calendar days.

Measure Source and Calculation:

Data source is internal system records of claims made and payments made. Calculation is the total number of claims paid within 60 calendar days divided by the total number of valid claims received for the report month, computed on a monthly basis and averaged for the quarter.

Objective 73207.01 Has the Following Strategies:

- Monitor claim processing weekly and monthly to ensure that claims are not outstanding after receipt of evidence.
- Follow-up on claims for which evidence has been received, but claims have not been paid within the 60-day target.
- Determine the cause of any missed targets and take corrective action to ensure the cause and corrective action has been addressed with staff.