Navigating the New Normal: Remote Work in NAST Member Organizations

The 2020 COVID-19 pandemic changed the way Americans worked. In October 2020 the Pew Research Center reported 71% of US employees whose jobs could be performed remotely were working from home five days per week. Since then that number has steadily fallen and was last reported by Pew as 35% of workers in March 2024. Most workplaces began bringing staff back into the workplace once COVID-19 vaccines had become available to the adult population.

By this time work-from-home (WFH) had become standard operating practice for knowledge-based workers, and instead of returning to the office five days a week, offices adjusted to hybrid schedules. For most offices hybrid was untrodden ground, and managers were flexible in their approaches to hybrid. Best practices for hybrid work are still largely unknown, and the highest-quality research on this topic is still in its infancy. Further, much of the early academic research focuses on private corporations, which have different operating expectations and constraints from public or government knowledge work.

These interviews were commissioned by the National Association of State Treasures (NAST) to illuminate some of the approaches their member offices took since March 2020 to transition to WFH and hybrid work. This report is an extension of the survey about hybrid work conducted by NAST in Fall 2023. Though some State Treasurer's Offices (STOs) participated in both the earlier survey and these interviews, some States participated in interviews but not the survey and vice versa. Full methodology can be found in the appropriate appendix. Interviews were conducted by the Center for Municipal Finance, a research center at the University of Chicago's Harris School of Public Policy.

Briana Diaz served as Research Fellow, and Justin Marlowe as Faculty Advisor.

High-Level Findings

- States structured their workplaces by having employees work 2, 3, or 5 days from the office (33% breakdown for each structure).
- No State reported changes in quality of services to the public during or after changes to workplace structure.
- States differed by topic of the most concern for the future of remote/hybrid work.
    - No State reported younger incoming workforce as a concern
- No States reported similar processes for return-to-office (RTO).
    - Earlier RTO dates were associated with more days in office post RTO
- States highlighted similar benefits and costs to hybrid work. Technology was the most typically cited cost, while employee morale was the most frequent benefit.
- States differed in their perception of employee productivity during WFH days.
- States that considered their post March 2020 conversion to WFH as "smooth" tended to attribute their success to disaster plans.
    - Of these, one State attributed their success to a COVID-specific disaster plan

- When considering “advice to other” STOs considering hybrid, State representatives pointed to a consistent set of themes.

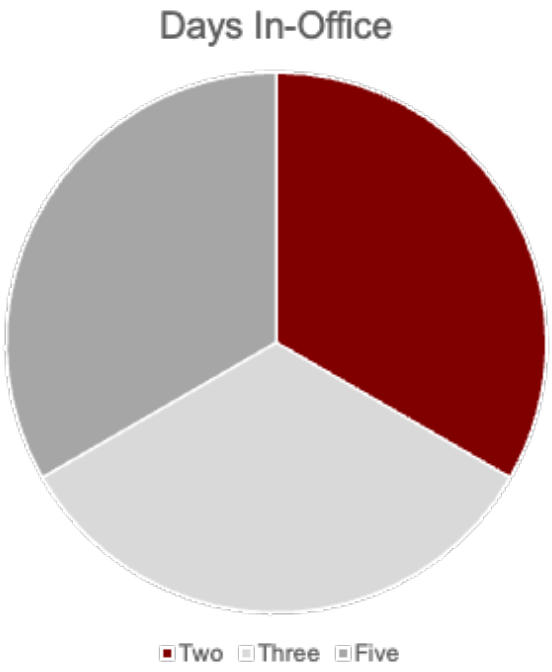
Findings

In-Office Structure

Nine State Treasurer Office (STOs) participated in the interviews. Of these nine offices:

- Three have a two-day in-office schedule with employees in the office two days a week and remote three of the remaining days.
- Three have a three-day in-office schedule with employees in the office three days a week and remote two days.
- Three are in the office five days a week.

Across STOs with at least two work from home days, offices differed regarding other workplace structures. Some set the in-office days across the agency, other by teams, and some not at all. Further, offices differed in workplace expectations for employees working from home with one Midwestern STO interviewed requiring a “cameras-on” policy, while no other hybrid-structured office had a cameras policy.



Some agencies reported that specific teams were 100% remote due to their work functions. Examples include call center teams or community relations teams. STOs differed in the amount of public foot traffic they receive. STOs amount of foot-traffic was not associated with any particular in-office structure.

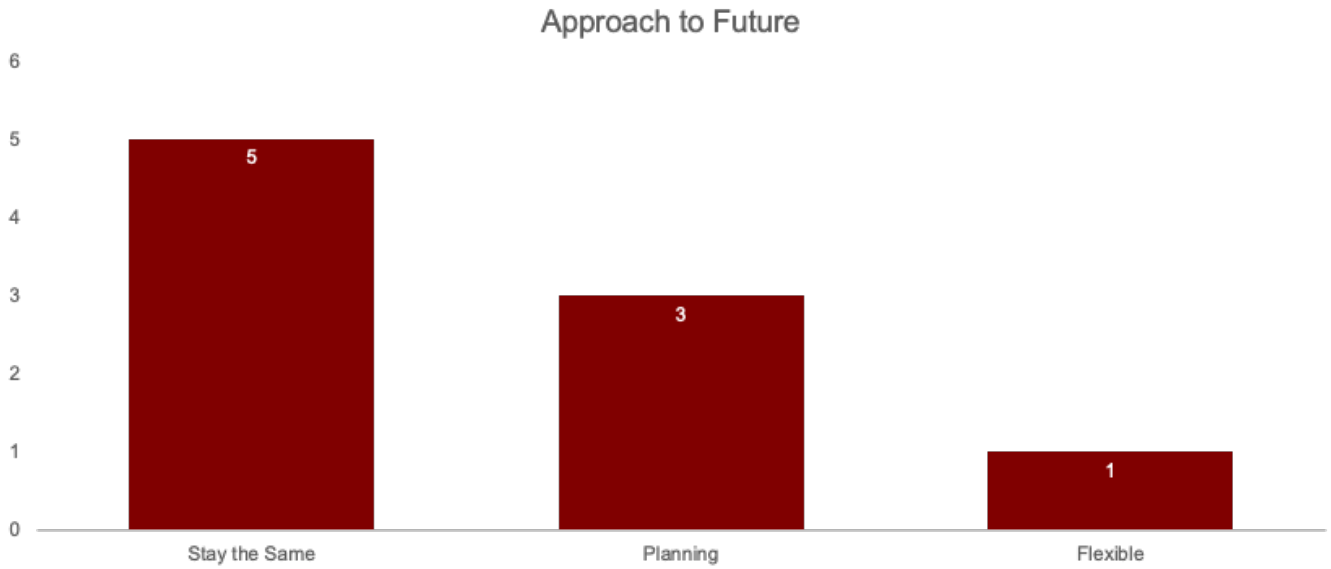
Remote Conversion Decision Criteria

STOs used a variety of information to structure remote work. While most States reported public health information driving much of their initial decision making, they differed to the level and consistency of public health data used. A Midwestern State described forming their own relationships with their respective departments of public health to receive the most up-to-date information, while a Southern State described relying on national and regional CDC information.

States differed regarding the information supplemental to public health data. Some States reported relying on best-practices from professional organizations such as the Society for Human Resources Management (SHRM) and books like Fried's *Remote: Office not Required.* Other STOs reported that bringing employees back to the office or keeping them remote "came down to the nature of the work." Employees who performed much of their work via meetings coming back to the office before individual contributors.

Some States did not mention outside data (outside public health) informing their decisions, rather keeping conversations about RTO internal, and having periodic conversations within and across teams to inform the workplace structure. One State reported the decision to return to the office was made by an Executive Order signed by the State's governor.

A majority (56%) of States interviewed anticipated keeping office structures "mostly the same" in the future. 33% of States shared they were in active planning stages and anticipated their workplace structure evolving in the coming months or years. One state described their process as "flexible" as they "Don't know the future" and "have already evolved from 2021 to prioritize flexibility." Future approaches were not related to a particular in-office structure.



Costs/Benefits

States reported similar costs and benefits to hybrid and WFH. If States reported an extra cost, those States reported the greatest costs to be associated with technology. Typically, this involved acquiring

extra sets of office equipment for employee's homes. Some States reporting extra time and labor required to aid employees in setting up equipment.

The most common benefits were staff morale, fewer sick/vacation days taken, and employees being increasingly productive when working from home. Two States, one Midwestern, one Southern reported cost savings with lower use of office supplies, water, coffee and other typical in-office niceties. No States reported savings on leases or real estate. All six States with hybrid structures reported keeping employee's desk areas the same from pre-March 2020, preventing States from downsizing their physical footprint.

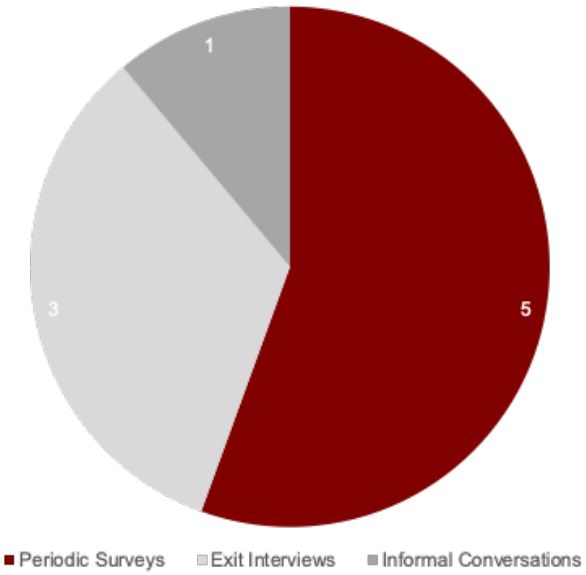
Future Concerns

Though they reported somewhat similar costs and benefits, STOs varied in their concerns regarding remote work. Some differences can be attributed to geography. States with greater proportions of their workforce living in rural areas tended to describe concerns regarding "spotty" internet connections. One Northeastern State relayed, "It's fairly common for folks to have power and internet outages."

One area of concern from NAST leadership was balancing workplace expectations across generations. An earlier NAST report describes how newly graduated workers tend to expect hybrid workplaces. When asked about concerns related to workforce many STOs affirmed recruitment was on their minds but tended to not mention recruiting and hiring younger workers as a specific concern. Though one Midwestern STO was concerned "people won't stay" if they required more in-office days, this comment applied to all staffers in the office, not just specific age groups. Another Northeastern STO shared a similar sentiment stating hybrid was the "norm for society" and "if we didn't do it [hybrid] we would get reduced quality of candidates." One Midwestern STO reported concerns that the hybrid model itself could have a negative impact on "building new leaders" in the agency.

Employee Feedback

One complication to understanding employee feedback were differences across States' collection methods. Some States had annual or periodic surveys and incorporated feedback in quarterly and/or annual reviews. Others did not systematically collect feedback or were in the process of building new collection processes. Soliciting and evaluating employee feedback had become such a norm in one Midwestern STO, this STO reported that when hiring a new HR specialist, the job description was modified in places to account for responsibilities related to collecting, analyzing, and reporting employee feedback.



Of States that periodically collected employee feedback, feedback was similar across States. With employees reporting increased morale, productivity, and feeling respected. One Northeastern STO stated, “We can see in staff surveys people seem happier…less stressed” and another Midwestern State reported “Oh sure people are happier. [Can] get kids to childcare [or] appointments after work. [Employees] find it less stressful.”

Disaster Recovery Plans

When considering the success of their March 2020 conversion to remote work, States often referenced disaster recovery plans. Of the States that reported being prepared for the transition to remote work in March of 2020, four attributed their success to disaster recovery plans. Each of these four States represented a different US region. A Southern STO stated that they struggled with the conversion but ultimately “were better positioned” because of the State’s existing disaster recovery plan.

Most of the States with disaster recovery plans already in place were States that already encounter a high likelihood of natural disasters, though one Northeastern State put into place a COVID specific disaster plan in January 2020. They described “We were very well situated [to convert]. We had planned for it by having daily briefings starting at the end of January [2020].”

Advice

This study was commissioned by NAST for NAST members, to that end interview participants in hybrid offices were asked if they had any advice for other members looking to implement hybrid or improve their implementation. Though answers varied, some consistent themes appeared including designing and testing disaster plans, high levels of communication with staff, and mindsets around employees with performance issues. Anonymized quotes from interviewees are shared here:

- “There is value in consistency. In hindsight, we stayed the course [with scheduling] and that has had value to employees” –

- “Make sure your budget can support the additional equipment and supplies. Set clear expectations that [employees] will be held to the same performance metrics. Sometimes work-from-home gets a bad rap, encourage your employees to manage this privilege so they are holding themselves accountable” –

- “[I] encourage it. It’s meaningful to employees. If your employees are committed to it and there is no change in productivity, then trust your people” –

- “To places fully in person [I would say] I have this job because it’s interesting and people are relying on me. I haven’t experienced any more malingering than in-person. That [malingering] person will still be that way in person. –

- “Change management piece I think is very important…have always laid out what is going to be the employee’s responsibility and what they need to be doing in 1,3 [etc.] months.

- Look at your communication with [employees]. Do constant communication [and] put policies in place before work from home: equipment, standard work hours. Really look at what your intent is to change” –

- “If you can see your people your ability to communicate is vastly improved.” –

- Number one, make sure you have a fully built out infrastructure, [and] test it on a regular basis. Cross training is an ongoing business practice, not a concept.” –

- If [employees] were not working at home, they were not working in the office. You don’t have a work location issue; you have a management issue.” –

Appendix A – Methodology

Nine interviews were conducted over a four-week period in the summer of 2024. The researcher prepared an interview protocol so questions were identical across interviews. If an interviewee answered a question asked later in the protocol the interviewer may have skipped the later question as to not make the interviewee repeat themselves. Interviews were not recorded, with the interviewer typing out responses from the interviewees. The interview responses were later qualitatively coded to find themes.

Twelve themes were used to qualitatively code the interview responses with theme Decision Criteria having two sub-themes. The table below lists frequencies of code application across all interviews.

Readers should note: the number of times a code was used is independent of the amount of information coded. Some codes applied to paragraphs of information; others sentence fragments.

Theme	Description	Frequency
In-Office Structure	Descriptions of the workplace operations	20
Benefits	Benefits to WFH or hybrid structure	19
Performance	Sources and examples of staff performance	18
Employee Feedback	Sources and examples of collecting employee feedback	15
Decision Criteria	Information used to make decisions regarding in-office structure	15
Future	Ideas and/or concerns about the future workplace	14
Workforce Competition	Instances of competition for new or established employees	13
Advice	Advice to other STOs regarding WFH or hybrid operations	12
Technology	Instances of technology adjustments	12
Challenges	Challenges and drawbacks to WFH or hybrid	10
Relational Trust	Instances of trust between leadership and workers	9
Disaster	Disaster preparedness plans	6

Appendix B- Sample

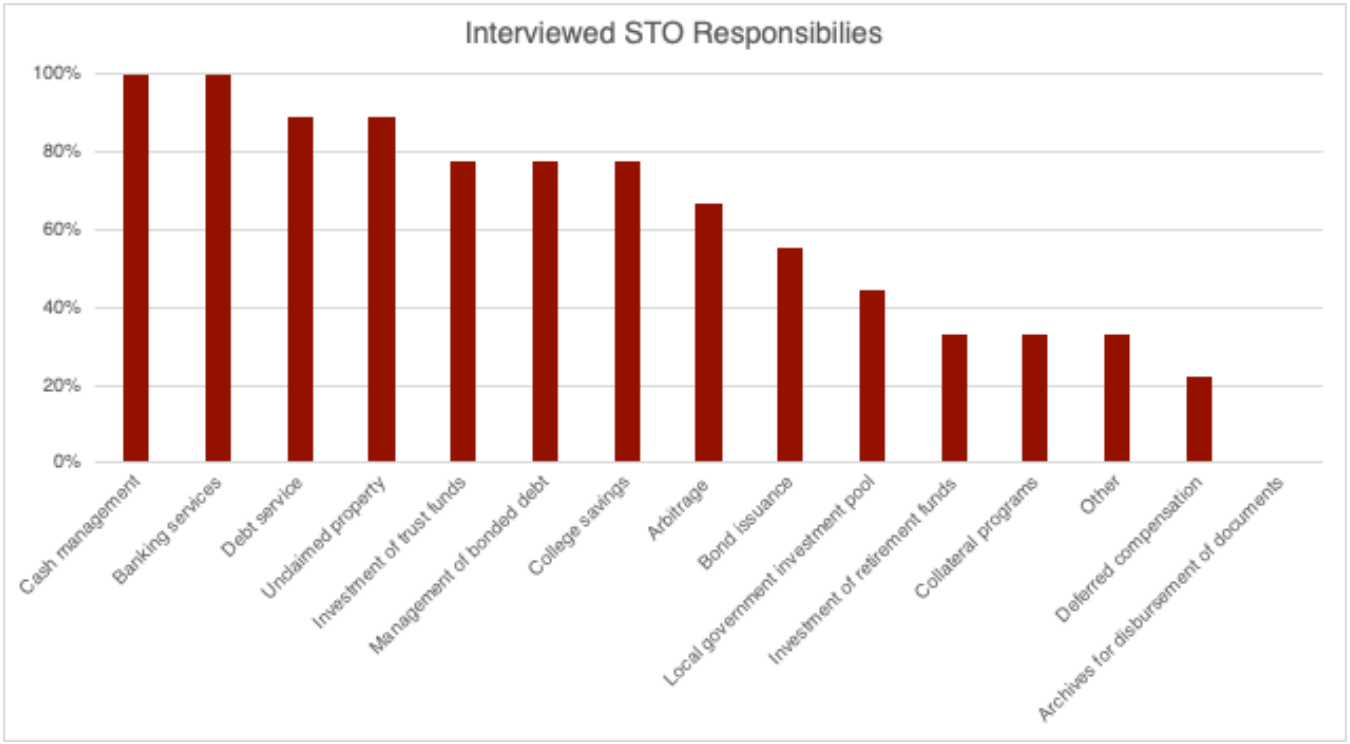
Nine States participated in interviews. Using Census Bureau-designated regions, the regional breakdown of participating States:

- Two Northeastern States
- Three Midwestern States
- Three Southern States
- One Western State

States interviewed ranged in sizes of Gross State Product (GSP) and population.

	GSP (millions)	Population	Total Area
Average (Mean)	$ 410,528	5,578,514	52,488
Median	$ 300,152	5,024,279	52,420

Responsibilities of interviewed STOs varied. All states interviewed performed cash management and banking services. A majority performed debt service, finding and returning unclaimed property, trust fund investment, bond debt issuance and management, college savings, and arbitrage. Responsibilities like managing a local government investment pool, retirement funds investment management, collateral programs, and deferred compensation differed across states. No interviewed states maintained archives for document disbursement.



Source: 2023 The Book of the States