

# Department of Administrative Services FY2024 / 2025 Budget

House Division I Budget Hearing

February 24, 2023



# WHO are we: A Central Service Agency

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Health Care: We run a \$500 million/biennium health plan covering more than 37,000 retirees, workers, and family members.

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Accounting: we manage the state's books including various accounting controls, produce the ACFR– the audited statement without which the state would cease to operate, manage statewide payroll to pay more than 13,000 people every two weeks, and we process almost 200,000 audited payments each year.

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Software: Our EAM division manages NHFIRST, the state-wide enterprise system that is the structural backbone of government. Every financial and other process and every piece of the daily work of analysis of every agency is supported, managed, and backed up by this division.

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Facility Management: We manage more than 4 million square feet of office space including the inside, outside, and underneath of 90 state-owned and more than 30 leased buildings all across the state

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Purchasing: Statewide Procurement allows anyone to bid on state business and uses competitive bidding and post-bid negotiation to save millions each year. There are more than 850 contracts covering more than \$500 million in annual spend.

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Personnel: the Division of Personnel supports recruitment, hiring, and training for every agency; negotiates contracts with 14 employee unions; runs an education and training bureau. And develops statewide employment policies

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Budget Control: The State Budget Office builds the budget, manages the system, works with agency staff on all aspects of fiscal management, reviews all fiscal committee items, and manages the Governor & Council process.

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Public Works: We manage design and construction of every capital construction project greater than \$25,000 – typically up to \$200 million each biennium. Currently 120 projects are active in some stage of development.



Every agency relies on the processes and approvals of Administrative Services to support their mission. What we do or can't do makes a difference to every agency no matter how big or small.



The state, its policymakers, and its auditors rely on us to implement and support policies and procedures to ensure the integrity of the budget, the systems, and the laws and rules of the state.



DAS despite significant staff reductions over the last decade (41 FT staff from 2010-2017) provides critical support to every other state agency big and small.



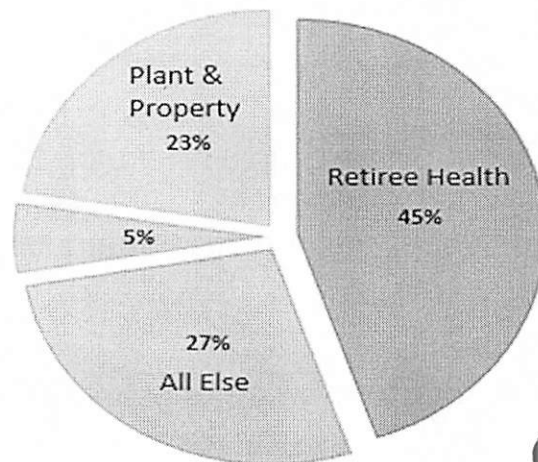
Day in and day out DAS must balance the need of operational agencies for greater speed and flexibility with our statutory role as the state's chief fiscal and policy control officer.

WHY  
Should  
You  
Care?

# HOW do we spend?

## Total Appropriations

	FY22 Actuals	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
RETIREE HEALTH	52,830,425	67,853,500	64,823,400	71,401,500
PLANT & PROPERTY	34,071,796	37,878,448	42,107,627	43,916,476
CENTRAL FACILITIES			8,105,572	8,239,203
EVERYTHING ELSE	33,683,940	37,266,418	36,213,274	35,984,567
<b>Total ADMINISTRATIVE SERVICES</b>	<b>120,586,161</b>	<b>142,998,366</b>	<b>151,249,873</b>	<b>159,541,746</b>
<b>ATTACHED BOARDS</b>				
063-HOUSING APPEALS BOARD	390,173	511,981	517,800	544,923
067-CONSERVATION LAND STWDSHP PRGM	192,591	277,420	269,649	265,975
071-NH STATE COMM ON AGING	119,757	172,461	213,048	216,064
082-ADVOCATE OF SPECIAL EDUCATION (new)	-	-	359,356	349,428
088-OFFICE OF THE CHILD ADVOCATE	645,964	824,274	892,560	920,849
<b>Total of ATTACHED BOARDS</b>	<b>1,348,485</b>	<b>1,786,136</b>	<b>2,252,413</b>	<b>2,297,239</b>
<b>GRAND TOTAL</b>	<b>121,934,646</b>	<b>144,784,502</b>	<b>153,502,286</b>	<b>161,838,985</b>



# WHERE do we spend GENERAL FUNDS

GENERAL FUNDS ONLY	FY22 Actuals	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
DIVISION OF ACCOUNTING SVCS	2,346,679	2,947,466	3,127,695	3,202,389
COMMISSIONERS OFFICE	9,016,953	4,192,756	5,406,184	4,894,396
PUBLIC WORKS DESIGN & CONS	1,660,651	2,228,237	2,502,225	2,490,337
ENTERPRISE APP MANAGEMENT	6,606,892	7,222,374	5,246,334	5,109,774
DIVISION OF PERSONNEL	2,139,617	2,675,018	3,142,343	3,578,652
PLANT & PROPERTY	4,700,670	5,258,796	5,226,965	6,024,490
PROCUREMENT & SUPPORT SVCS	2,012,950	2,404,287	2,534,749	2,773,960
<b>SUBTOTAL</b>	<b>28,484,412</b>	<b>26,928,934</b>	<b>27,186,495</b>	<b>28,073,998</b>
Dollar change		(1,555,478)	257,561	887,503
% change		-5%	1%	3%
<b>RISK AND BENEFITS</b>	<b>23,370,349</b>	<b>32,419,743</b>	<b>30,239,818</b>	<b>33,331,540</b>
Dollar change		9,049,394	(2,179,925)	3,091,722
% change		39%	-7%	10%
<b>AGENCY TOTAL</b>	<b>51,854,761</b>	<b>59,348,677</b>	<b>57,426,313</b>	<b>61,405,538</b>
Dollar change		7,493,916	(1,922,364)	3,979,225
% change		14%	-3%	7%

Including mandatory insurance, our FY24 Gen. Funds is -3% LOWER than FY23

# Operational Challenges

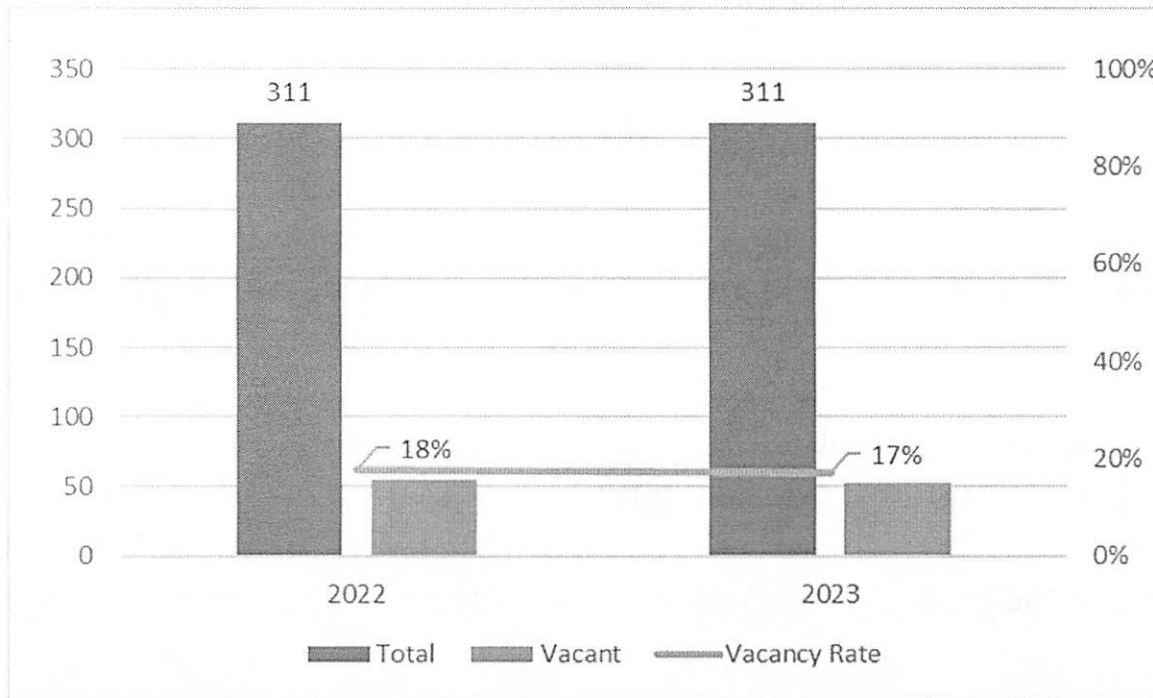
As the previous slide showed, our DAS budget is very conservative and does NOT address all of the needs and demands placed on our agency.

There are 3 main areas that we need additional funds for:

- Moving costs and fit-up for swing space. \$1.2 million
  - Annex Renovation
  - Additional agencies moving into Granite Place and Hall Street
  
- DAS New Positions
  - 3 purchasing agents. G&C added significant work-load by requiring commodity contracts to now go through G&C for approval. (MOP 150 change) Biennium cost \$540k
  - 4 HR coordinator positions. Convert temp. positions previously funded by ARPA for the State-wide Recruitment Unit. Biennium cost \$708k
  
- Deferred Maintenance \$3.6 million
  - Request direct appropriation into the State Building Maintenance Fund (Laws of 2019).

# WHAT is our vacancy rate

Counts represents full time classified & unclassified positions



# Commissioner's Office (HB1 p. 56-63)

WHO: Includes the following units: State Budget Office, Department's Central Finance (Payroll, Business office, & Human Resources), Cost Containment, Deferred Comp.

What's IN: Funds that can be used by all divisions but not yet allocated, were budgeted in the Commissioner's Office. These include:

- Class 18 OT \$50k in both FY24&25 anticipated for significant NHFIRST upgrade
- Class 030 Equipment - \$353k FY24 only. One-time costs associated with furniture, fixtures & equipment for ANNEX interior renovation.
- Class 090 Training \$90k in both FY24&25 .
- Class 103 Contracts \$250k FY24 to fund critical upgrades needed for state-wide budget system

New FY24-25 - Class 027 DOIT are now allocated by division instead of \$2.5mil in one account in DEAM. Commissioner's office share approx. \$200k both FY24&25

FUNDING	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
General funds	\$ 9,016,953	\$ 4,192,756	\$ 5,406,184	\$ 4,894,396
Other	\$ 177,181	\$ 336,264	\$ 449,431	\$ 381,649
<b>TOTAL APPROPRIATION</b>	<b>\$ 9,194,134</b>	<b>\$ 4,529,020</b>	<b>\$ 5,855,615</b>	<b>\$ 5,276,045</b>
Inc (Dec) % over PFY		-51%	29%	-10%
Inc (Dec) \$ over PFY		\$ (4,665,114)	\$ 1,326,595	\$ (579,570)

\* Special disbursements 068 Remuneration FY22 \$6.1 mil – not budgeted RSA 99-D:2



# Accounting Services (HB1 p. 63-65)

WHO: Provides oversight, audit, and control over State-wide payroll, vendor payments, budget transfers, contract encumbrances, etc. Responsible for producing the State-wide audited financial statements (ACFR) and single audit report over federal funds.

## What's IN:

- No significant budget changes.
- FY22 costs were lower due to vacancies.
- Change from PY: Class 027 DOIT approx. \$200k in both FY24&25. Costs now allocated by division

## What's OUT:

- 1 new position for State-wide Federal Grants Management & Reporting. Position requested due to the exponential increase in federal funds received by the State and the related administrative/reporting obligations. (biennium cost \$196k)

FUNDING	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
General funds	\$ 2,346,679	\$ 2,947,466	\$ 3,127,695	\$ 3,202,389
Inc (Dec) over PFY		26%	6%	2%
Inc (Dec) \$ over PFY		\$ 600,787	\$ 180,229	\$ 74,694

# Division of Personnel (HB1 p. 65-71)

WHO: State-wide Personnel division supports recruitment, hiring, and training for every agency; negotiates contracts with 10+ employee unions; and runs the state's Bureau of Education and Training (BET). New in FY22 was the creation of the HRSU (Human Resources Support Unit) to provide HR and payroll support for smaller agencies.

What's IN:

- Change from PY: Class 027 DOIT approx. \$425k in both FY24&25.
- 1 new HR coordinator position added to the FY24-25 budget. (State-wide support)
- FY22 costs were lower due to vacancies and smaller enrollment in training workshops coming out of the pandemic.

What's OUT: Positions

- CONVERT 4 FT HR coordinator positions to continue the State-wide Recruitment Unit (was ARPA). Biennium cost \$709k

FUNDING	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
General funds	\$ 2,139,617	\$ 2,675,018	\$ 3,142,343	\$ 3,578,652
Federal		\$ 114,514		
Other	\$ 817,923	\$ 1,165,234	\$ 1,305,285	\$ 944,321
<b>TOTAL APPROPRIATION</b>	<b>\$ 2,957,540</b>	<b>\$ 3,954,766</b>	<b>\$ 4,447,628</b>	<b>\$ 4,522,973</b>
Inc (Dec) over PFY		34%	12%	2%
Inc (Dec) \$ over PFY		\$ 997,226	\$ 492,862	\$ 75,345

\* Budgeted Federal grant \$114k will not materialize in FY23

# Procurement & Support Svs (HB1 p.107-119)

WHO: provides service delivery and solutions for procurement, asset management, graphic services, and food and state surplus management, along with oversight of the P-card program & Merchant cards.

## What's IN:

- FY24-25 funds at levels expected based on FY23. Graphic Services accounts for a significant amount of the change from FY22 to 23 mostly due to staffing vacancies.
- Funding for 1 new FT administrator position for FY24-25
- Change from PY: Class 027 DOIT approx. \$400k in both FY24&25.
- The increase in DOIT costs was offset by a decrease in funding needed for the Centralized Mail Unit.

## What's OUT: Positions

- 3 new FT purchasing agents to provide state-wide support in contracting. Biennium cost \$540k

FUNDING	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
General funds	\$ 2,012,950	\$ 2,404,287	\$ 2,534,749	\$ 2,773,960
Federal	\$ 463,752	\$ 734,308	\$ 708,809	\$ 716,319
Other	\$ 3,677,708	\$ 5,114,922	\$ 5,028,657	\$ 5,013,848
<b>TOTAL APPROPRIATION</b>	<b>\$ 6,154,410</b>	<b>\$ 8,253,517</b>	<b>\$ 8,272,215</b>	<b>\$ 8,504,127</b>
Inc (Dec) over PFY		34%	0%	3%
Inc (Dec) \$ over PFY		\$ 2,099,107	\$ 18,698	\$ 231,912

# Public Works

(HB1 p.119-120)

WHO: responsible for oversight in all phases of building project management from project development to final design and construction of all state-owned buildings & land, unless specifically assigned to other agencies by law.

## What's IN:

- FY22 was significantly lower than FY23 mostly due to staffing vacancies.
- The FY24-25 budget maintained funding for FT permanent positions but unfunded temporary vacant positions.

## What's OUT:

- In progress of developing a new model for managing public works projects. Long-term vacant positions were unfunded by approx. \$425k per year in FY24 & 25. We request to redirect these funds from positions to a contract line.

FUNDING	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
General funds	\$ 1,660,651	\$ 2,228,237	\$ 2,502,225	\$ 2,490,337
Other	\$ 936,527	\$ 1,313,044	\$ 790,176	\$ 786,422
<b>TOTAL APPROPRIATION</b>	<b>\$ 2,597,178</b>	<b>\$ 3,541,281</b>	<b>\$ 3,292,401</b>	<b>\$ 3,276,759</b>
Inc (Dec) over PFY		36%	-7%	0%
Inc (Dec) \$ over PFY		\$ 944,103	\$ (248,880)	\$ (15,642)

# Enterprise Application Mgmt (HB1 p.121-122)

WHO: EAM manages more than financial data. It manages NHFIRST, the enterprise system that is the structural backbone of government; including HR, payroll, accounts payable, billing and collections, financial reporting, and web-postings.

Fiscal and G&C approved in February, \$15mil in ARPA funds to begin the major upgrade of NHFIRST.

What's IN:

- FY22 staffing vacancies drove FY22 actual costs down. Recruitment continues to be a challenge.

What's OUT: New for FY24-25, DOIT costs previously budgeted only in this division, have been allocated through DAS. This change accounts for the close to \$2mil decrease from FY23 to 24.

FUNDING	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
General funds	\$ 6,606,892	\$ 7,222,374	\$ 5,246,334	\$ 5,109,774
Federal	\$ -	\$ -	\$ 151,833	\$ 121,406
Other	\$ 85,840	\$ 92,535	\$ 137,780	\$ 143,585
<b>TOTAL APPROPRIATION</b>	<b>\$ 6,692,732</b>	<b>\$ 7,314,909</b>	<b>\$ 5,535,947</b>	<b>\$ 5,374,765</b>
Inc (Dec) over PFY		9%	-24%	-3%
Inc (Dec) \$ over PFY		\$ 622,177	\$ (1,778,962)	\$ (161,182)

\* Federal funds keyed in error in FY24 & 25. Technical correction needed

# Division of Risk and Benefits (HB1 p. 122-127)

WHO: administers and manages the service contracts for State of New Hampshire employee & retiree health benefit program, property & casualty, worker's comp, and Paid Family Medical Leave (PFML).

RETIREE HEALTH is not only 45% of the Department's entire budget, it makes up 94% of this Division's Budget

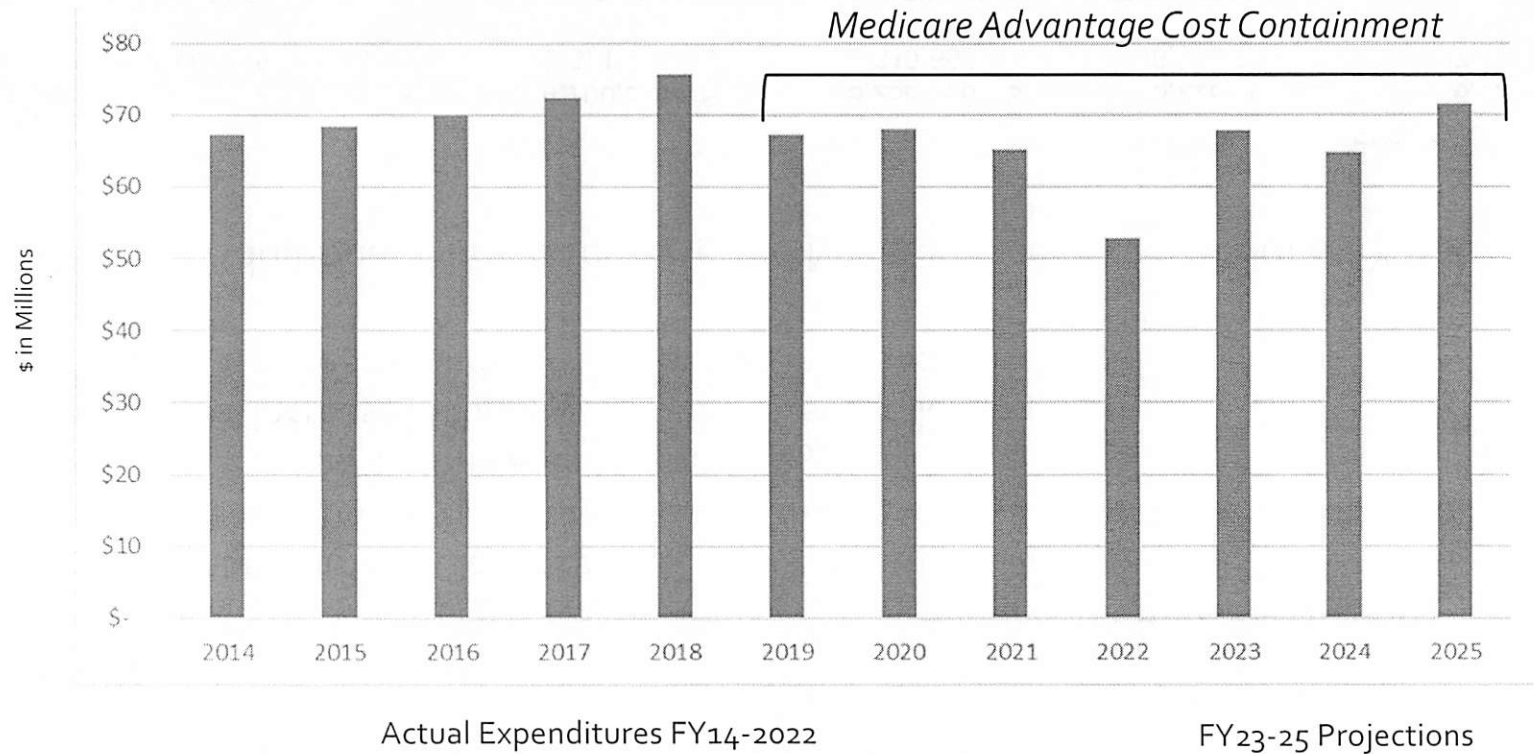
What's IN:

- FY22 was significantly lower than FY23 due to savings from the retiree health program. FY23 likely will see a large lapse.
- FY24-25 retiree health is based off of enrollment and actuarial determined rates.
- Change from PY: Class 027 DOIT approx. \$200k in both FY24&25.
- Includes PFML management and support.

What's OUT: N/A Funding appears appropriate for FY24-25

PROGRAM	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
29010000-RISK MANAGEMENT UNIT	1,552,375	2,335,281	2,434,694	2,509,926
29030000-RETIREE'S HEALTH INSURANCE	52,830,425	67,853,500	64,823,400	71,401,500
41050000-PROPERTY & CASUALTY INSURANCE	1,858,124	2,708,731	2,165,550	2,360,676
21770000-PAID FAMILY LEAVE	330,768	1,681,447	1,081,529	956,907
<b>Division Total</b>	<b>56,571,692</b>	<b>74,578,959</b>	<b>70,505,173</b>	<b>77,229,009</b>
Inc (Dec) % over PFY		32%	-5%	10%
Inc (Dec) \$ over PFY		18,007,267	(4,073,786)	6,723,836

# Retiree Health Expenditures (HB1 p. 124 AU 2903)



- Beginning in 2019, implemented Medicare Advantage (MA) cost containment strategy for medical only
  - 2019 - Transitioned to a fully-insured MA Plan with Anthem
  - 2021 – Procured for MA, contracted with Aetna at \$0 premium per member per month (PMPM)
- COVID contributed to positive claims experience between FY20 -FY22; experience projected to rebound in FY23 along with rising drug costs (self-funded)
- FY24-25 projections take into account procurement with anticipated higher MA PMPM rates and continued rising healthcare/Rx cost trends

# Plant & Property

(HB1 p.71-107)

WHO: Manages more than 4 million square feet of office space including the inside, outside, and underneath of 90 state-owned and more than 30 leased buildings; responsible for statewide energy management; and the state mail operation.

New in the FY24-25 budget, creation of the **Central Facilities Bureau** (see following slides). P&P is almost 25% of the Department's entire budget

## What's IN:

- 1 new Safety Administrator position FY24-25 budget. (State-wide support)
- Change from PY: Class 027 DOIT \$625k in both FY24&25.
- Additional property rent/maint. for: Granite Place, Hall St. & Manchester (SYSC)  
FY24 \$1.8mil and \$2.5mil FY25
- Partial increase in funding for utilities: see following slide
- Partial increase for deferred maintenance: see following slide

What's OUT: Additional funding for Deferred Maintenance (FY24 \$2.6m & FY25 \$1.0m)

FUNDING	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
General funds	\$ 4,700,670	\$ 5,258,796	\$ 5,226,965	\$ 6,024,490
Other (excludes Central Facilities)	\$ 29,371,126	\$ 32,619,652	\$ 36,880,662	\$ 37,891,986
<b>TOTAL APPROPRIATION</b>	<b>\$ 34,071,796</b>	<b>\$ 37,878,448</b>	<b>\$ 42,107,627</b>	<b>\$ 43,916,476</b>
Inc (Dec) over PFY		11%	11%	4%
Inc (Dec) \$ over PFY		\$ 3,806,652	\$ 4,229,179	\$ 1,808,849

FY22 significant staffing vacancies drove actual costs down.  
FY24-25 Converted 28 PT positions to 7 FT



# Plant & Property

(HB1 p.71-107)

**UTILITIES** – Class 023 for all buildings managed by P&P

What's IN:

- Increases to utilities (class 023 )
- DAS can go to Fiscal to request additional appropriations
  - FY22 went to Fiscal for additional \$856K
  - FY23 anticipate going to Fiscal for \$1.5 mil

What's OUT: Based upon the current utility environment coupled with an unknown future state, it is anticipated additional funds may be needed.

	FY22 Act	FY23 Adj	FY24 Gov Rec	FY25 Gov Rec
<b>Class 023 Utilities</b>	11,339,362	10,778,437	11,574,195	12,527,036
Dollar change over FY22 Actual		<b>(560,925)</b>	<b>234,833</b> 2%	
Increase from FY24 to FY25				<b>952,841</b> 8%

# Plant & Property

(HB1 p.71-107)

**Deferred Maintenance** – for all buildings managed by P&P

Class 047 Own Force Maint.; Class 048 Contractual Maint.; Class 103 Contracts

What's IN: critical deferred maintenance

What's OUT: additional deferred maintenance. Did not receive but requested an additional \$2.6 m in FY24 and another \$1m in Fy25.

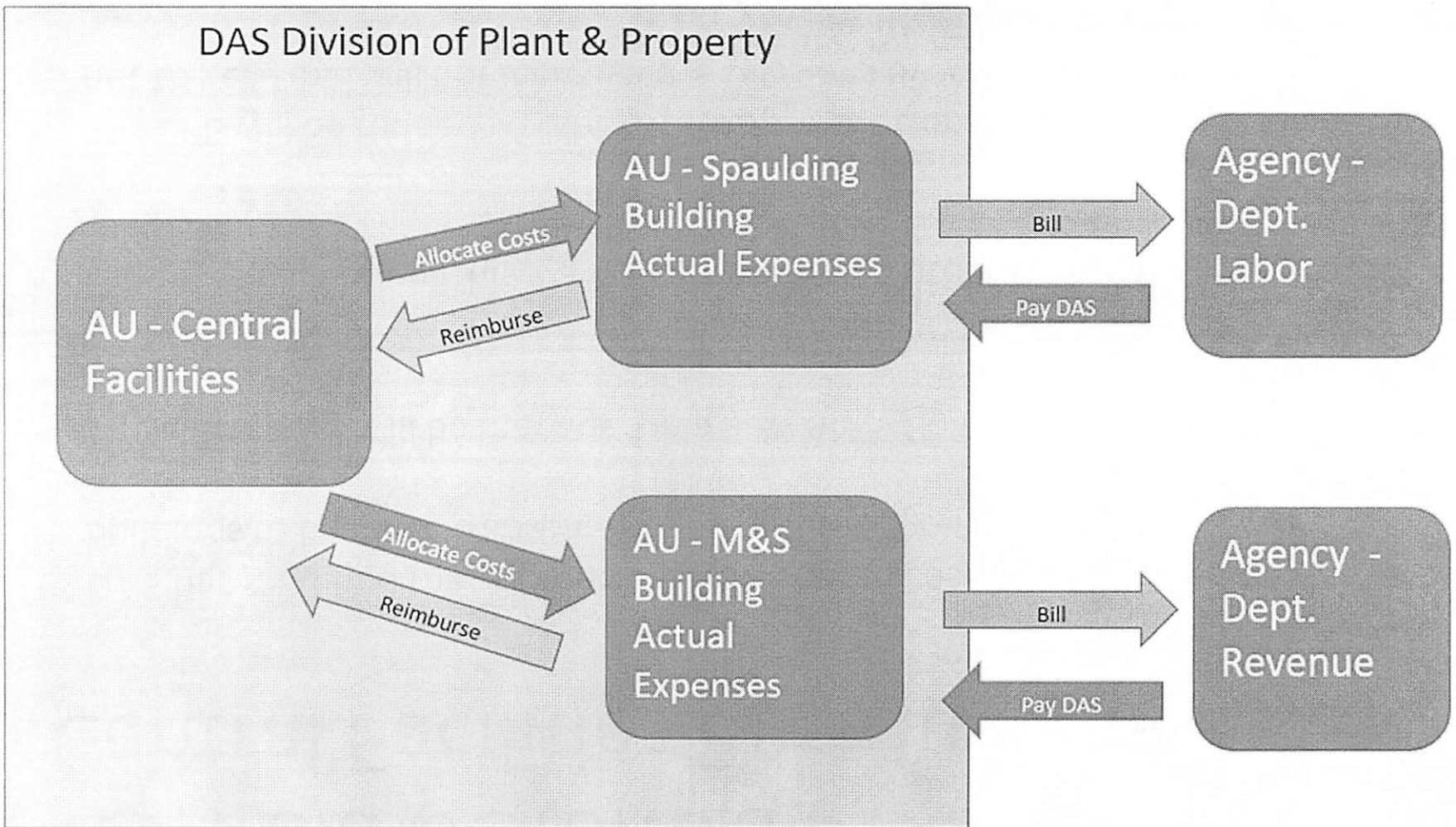
	FY22 Act	FY23 Adj	FY24 Gov Rec	FY25 Gov Rec
Maintenance	5,937,417.00	7,113,566.00	8,067,858.00	8,190,321.00
Change year to year		1,176,149.00 20%	954,292.00 13%	122,463.00 2%

# WHY did we form a Central Facilities Bureau (HB1 p.75)

- DAS has modified the approach to how shared costs are allocated to buildings to be more transparent and accurate going forward.
- The allocations will be managed in a new AU 1589 - Central Facilities Expense.
- Expenses paid out of this AU will be charged to other AU's within the Division.
- The CFE will be funded so that **total appropriations and total revenue net to zero** and will not increase the Divisions overall net budget

	FUNDING	FY22 Actual	FY23 Adj Auth	FY24 Gov Rec	FY25 Gov Rec
Central Facilities Transfers		0	0	8,105,572	8,239,203

# HOW does the Central Facilities Bureau work



# Follow-up Contacts

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