



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

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June 7, 2022

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court
State House
Concord, New Hampshire 03301

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI and RSA 21-I:42, VI (as amended by SB 226, Laws of 2022), authorize the Department of Administrative Services (DAS) to accept and expend \$1,307,450 of American Rescue Plan (ARP) State and Local Recovery Funds (FRF), to support a Statewide Recruitment Referral Incentive Program, effective upon approval by the Fiscal Committee and the Governor and Executive Council through June 30, 2023. This is an allowable use of ARP FRF funds under Section 602 (c)(1) to respond to the public health emergency or its negative economic impacts. 100% Federal Funds.

Funds are to be budgeted in state fiscal year (FY) 2023. Funds for the Statewide Recruitment Referral Incentive Program are to be budgeted in a new accounting unit 01-14-14-141010-XXXX0000¹ Department of Administrative Services, Recruitment and Retention Program, as follows:

¹ All direct program costs will be accounted for using activity 00FRF602PH1407A and all administrative and indirect costs will be accounted for using activity 00FRF602PH1407Z. Accounting classifications may be subject to technical changes at the discretion of the Department of Administrative Services' Division of Accounting Services.

CLASS/ ACCOUNT	DESCRIPTION	FY 2023 REQUESTED
000-400338	Federal Funds	\$1,307,450
	TOTAL REVENUE	\$1,307,450
010-500100	Personal Services - Full-Time	\$480,000
040-500800	Indirect Costs	\$12,800
041-500801	Audit Fund Set Aside	\$1,280
042-500620	Post-Retirement Benefits	\$42,430
050-500109	Personal Services – Temp Part-Time	\$600,000
060-500601	Benefits	\$170,940
	TOTAL EXPENSES	\$1,307,450

EXPLANATION

RSA 21-I:42, VI, as amended by SB 226 (Laws of 2022), authorizes DAS-DOP to develop programs for the recruitment and retention of qualified applicants in State service. Under the statute, DOP is required to obtain the approval of the Fiscal Committee prior to developing or implementing such programs. DAS-DOP has requested approval to establish a Statewide Recruitment Referral Incentive Program, pursuant to RSA 21-I:42, VI, under a separate item before the Fiscal Committee. The proposed policy establishing a Statewide Recruitment Referral Incentive Program is attached for reference.

RSA 21-I:42, VI(e), as amended by SB 226 (Laws of 2022), further requires any expenditures for recruitment or retention incentives or bonuses to be approved by the Fiscal Committee. The purpose of this request is to obtain the required approval to accept and expend funds allocated under ARP for specific referral and recruitment incentives under the Statewide Recruitment Referral Incentive Program. No payments will be made under this program until after the effective date of SB 226.

Specifically, DAS-DOP proposed to use ARP funds to award a \$1,000 referral incentive payment to eligible State employees who refer a new hire into an eligible vacant state position, who remain in that position for 90 days for a full-time position (or a \$500 payment for part-time or seasonal who remain for 60 days). The referred eligible new hire receives an equivalent recruitment incentive payment following the applicable retention period after their start date, provided they are still employed with the State.

Pursuant to U.S. Treasury 31 CFR Part 35, RIN 1501-AC77, the Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act authorizes use of funding to

address the public health emergency. This request supports restoring state employment to pre-pandemic levels to maintain essential state services, pursuant to 31 CFR Part 35.

Over the last two years, the turnover rate, or loss of state employees, as well as the number of vacant positions across Executive Branch agencies have increased dramatically. As of March 31, 2021, the State has an average vacancy rate of 19.5% and a turnover rate of 11.6%. Increased competition in the labor market is adding to the challenge to recruit and retain good candidates.

Funds are to be budgeted as follows:

Class 10 – Personal Services: Funds for payment of referral/recruitment or retention bonuses to full-time employees.

Class 40 – Indirect Costs: Funds to cover statewide indirect costs (SWCAP) associated with non-general funding.

Class 41 – Audit Fund Set Aside: To comply with RSA 124:16 that requires all agencies that receive federal funds to set aside a percentage (0.1%) of the federal revenue received to pay for financial and compliance audits.

Class 42 – Post-Retirement Benefits: Reimbursement of general fund for post-retirement benefits on non-general funded payments made to full-time positions (at rate of 8.84% of payments).

Class 50 – Personal Services – Temporary Part-time: Funds for payment of referral/recruitment bonuses to part-time employees.

Class 60 – Benefits: Benefit costs associated with bonus payments made to employees, as described above.

In the event that federal funds are no longer available, General Funds will not be requested to support this program and this program would terminate. The Department of Administrative Services requests approval of this request.

Respectfully submitted,



Charles M. Arlinghaus
Commissioner