



New Hampshire Liquor Commission

**HB2 Language
Employee Incentive Program
and
Create New Pay Scale**



HB 2 Liquor Commission Request

Establish Funding for Retail Employee Incentive Program

PURPOSE: The Liquor Commission requests the language below to be included in HB 2 for the 2023 legislative session to establish authorization to transfer money from the liquor fund to other accounts to pay employees who qualify for payments under the rules established for the retail employee incentive program.

SCOPE OF THE PROBLEM: Over the past few years the Liquor Commission has witnessed a steady decline in the number of applicants for positions in our retail outlets. Combined with the Covid 19 pandemic and a vastly smaller workforce, businesses raised their pay scales to attract people to vacant positions. The loss of part time personnel has certainly had an impact on the Liquor Commission retail operations as we struggle to compete for, and retain, employees to staff our retail operations.

On October 20, 2022, the Joint Legislative Committee on Administrative Rules adopted the Liq 800 rules, which allows the New Hampshire Liquor Commission to start the process of implementing the Employee Incentive Program (EIP).

For background, the EIP program was authorized by HB 2, 2011, 224:91, which established that the Commission may develop and implement an employee incentive program, but required the Commission to implement the program via rules adopted through RSA 541:1.1 The Chapter law also requires the Commission to issue a report to the General Court each quarter.

Since the Liq. 800 rules were adopted, Human Resources has worked with the Department of Administrative Services to provide a report through NHFIRST to categorize/determine eligibility—as noted in the rules, full time employees must work 40 hours and part time employees must work at least 21 hours a week per quarter. The EIP is schedule for implementation in January 2023.

Money paid to eligible employees are not considered wages; therefore, the Commission would not pay eligible employees from the current class of funds for salary and benefits.



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REMEDY: The Liquor Commission requests that the General Court provide the Commission with flexibility to transfer funds, as needed, from accounts within the Commission's budget to separate budget classifications from which to make payments to eligible personnel qualifying for incentive payments as established in the Laws of 2011, Chapter, 224:91, HB2 and established in Liq. Rule Series 800.

Authorization to transfer funds to pay eligible employees will enable the Commission to implement procedures to move funding as needed and establish distinguishable records for the program.

Purpose - Amend RSA 176:16 by inserting new paragraphs VI to allow the Liquor Commission to transfer money from the liquor fund to other accounts to pay employees who qualify for payments under the rules established for the retail employee incentive program.

DRAFT STATUTORY LANGUAGE:

New language is bold and italicized.

176:16 Funds.

VI. The Commission shall be authorized to transfer funds for its employee incentive program from the liquor commission fund to such accounts as required to compensate qualifying employees as provided in the Liq 800 rules.

Note: The HB 2 request for authority to pay retail employees amends RSA 176:16 by adding new sections VI and VII. If that effort is unsuccessful, this separate proposal to amend RSA 176:16 to allow the transfer of funds would add the amended language and the new section would be VI. If both are successful, then this amendment would be VIII.



HB 2 Liquor Commission Request

Establish Independent Retail Outlet Employee Pay Scale

PURPOSE: The Liquor Commission request the language below to be included in HB 2 for the 2023 legislative session to establish an independent pay scale for all retail outlet employees.

SCOPE OF THE PROBLEM: Over the past few years the Liquor Commission has witnessed a steady decline in the number of applicants for positions in our retail outlets. Combined with the Covid 19 pandemic and a vastly smaller workforce, businesses raised their pay scales to attract people to vacant positions. The loss of part time personnel has certainly had an impact on the Liquor Commission retail operations as we struggle to compete for, and retain, employees to staff our retail operations.

The Liquor Commission has experienced a significant shortage of employees to work in our retail outlets. Because of the shortage, our Director of Store Operations routinely solicits Commission employees who do not work on the retail side to take shifts to ensure retail outlets can operate to service customers.

According to ziprecruiter.com as of Aug 24, 2022, the average annual pay for a part time employees in New Hampshire is \$31,292 a year or approximately \$15.04 an hour. Also in August 2022 a survey of retail businesses in New Hampshire provides additional information on the challenges the Commission faces in competing for workforce talent for both full time and part time employees retail employees. The average rate of pay for cashiers and stock personnel for the 15 stores surveyed show a rate of pay of between \$15.17 and \$16.17 per hour.

Currently, the Liquor Commission offers an entry level part time retail store clerk and hourly wage of \$12.83. A part time laborer has an entry level hourly rate of \$12.46. Both store clerks and laborers are entitled to move to step #2 salary after working 2,080 hours. The Commission offers part time employees a significant number of hours per week, but our part time retail outlet employees, by their choice, are averaging only 15 work hours per week or less.

The pay disparity also exists at the managerial levels.



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A comparison of the hourly rate of a Commission store manager to other retail managers finds a wide gap in the rates of pay. Depending on the labor grade that a manager might hold, a Commission store manager may hold an hourly rate of \$17.13 per hour or as high as \$25.53 per hour depending on experience. By contrast, comparable private store managers in three area stores have an average hourly rate of \$26.72. The Commission is at a distinct disadvantage when competing for, and retaining, employees at both the employee and managerial levels.

The Commission is competing with every other retail operation in New Hampshire for employees, and with the current pay scale, we are not competitive or attracting the workforce needed to fulfill our mission. Additionally, the lack of part time employees has forced the Liquor Commission to reduce the hours of operations in a number of retail outlets, thereby, losing sales which effects the revenue the Commission provides to the general fund.

DATA IN SUPPORT OF THE REQUEST:

A review of the Commission’s employee retention and loss statistics for calendar years 2018 through August 2022 reflects a steady increase in the percentage of retail outlet employees who leave state employment. While we do not assert all of the employees who terminated their employment with the state did so because of the lower pay, but we are certain a large percentage terminate their employment because they can achieve higher wages in the private sector. The chart below shows the percentage of terminations for the past five years of full time and part time employees.

Calendar Year	Number of Terminations	Percentage of Workforce Lost
2018	237	16%
2019	316	20%
2020	413	26%
2021	424	29%
2022 (through 8/22)	352	30%

(Please note the word termination is used to describe employees that are removed from the payroll system and not to an employee who may be fired for cause).



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The loss of employees has had a direct bearing on the number of hours Commission employees work, which has had a direct bearing on the revenues produced by the Commission. An analysis of the total number of hours worked by part time retail outlet employees shows a dramatic decline.

A comparison of the total number of hours worked by part time employees over a 9 month period between January and September 2021 and 2022 demonstrates a startling statistic. In 2021, part time employees worked a total of 497,569 hours. By comparison in the same 9 month period of 2022, the total number of hours worked was 424,474. The difference of 73,095 hours not worked clearly translates into a revenue loss for the Commission.

A review of sales during the same 9 month period between January and September 2021 and 2022 reveals sales in our retail outlets were down \$39 million or 8.6% comparing all sales conducted in the retail outlets for the period January through September FY23 vs FY22. While we do not suggest the drop in revenue is solely caused by the lack of employee hours worked, we feel quite certain the figures would be different if our employees were able to work more of the available hours.

REMEDY: The Liquor Commission requests the General Court provide the Liquor Commission with the flexibility to adjust wages for retail employees and align ourselves with what other retailers are paying. By doing so, we can restore our hours of operation and provide increased revenues associated with increased sales. Our proposed legislative amendment follows below.



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Purpose - Amend RSA 176:16 by inserting new paragraphs VI and VII that allows the liquor commission to established independent pay scales for retail outlet employees.

DRAFT STATUTORY LANGUAGE:

New language is bold and italicized.

176:16 Funds.

VI. Notwithstanding any other provision of law, the liquor commission shall be exempt from utilizing the existing and future pay scales of the classification system established by the department of administrative services. The liquor commission shall establish an independent pay scale for all retail employees. The commission shall be authorized to expend additional funds for the proper funding of benefits for commission retail employees.

VII. The Commission shall be authorized to transfer funds to establish and maintain an independent pay scale for all retail employees from the liquor commission fund.

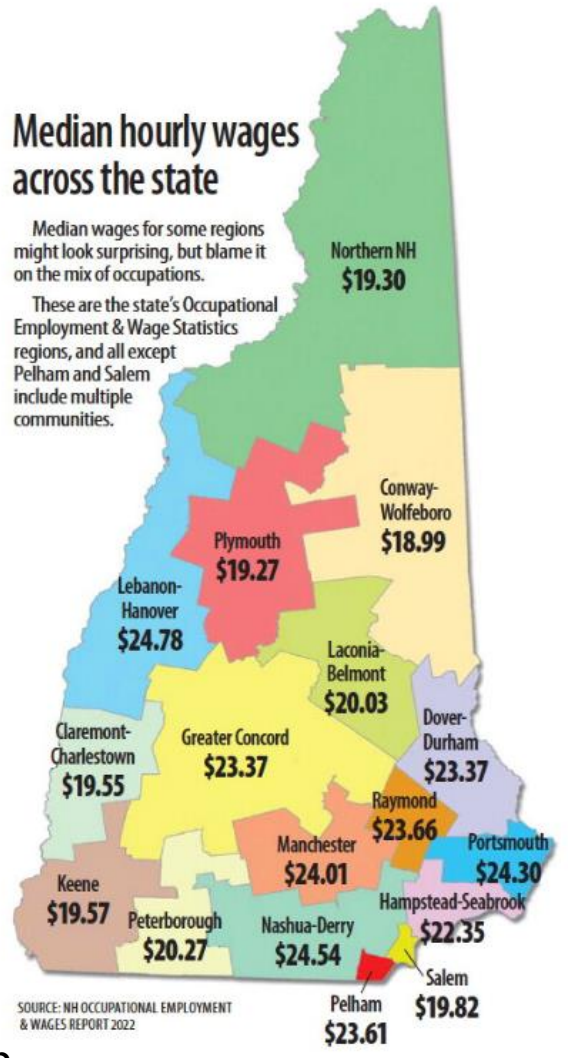


NH Median Hourly Wage

Median hourly wages across the state

Median wages for some regions might look surprising, but blame it on the mix of occupations.

These are the state's Occupational Employment & Wage Statistics regions, and all except Pelham and Salem include multiple communities.



SOURCE: NH OCCUPATIONAL EMPLOYMENT & WAGES REPORT 2022

Source: NH Sunday News 11-20-22