

# **DEPARTMENT OF ADMINISTRATIVE SERVICES (DAS) FY2022 / 2023 BUDGET**

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Senate Finance Committee

April 19, 2021

# DAS FY22/23 Total Funds and GF Request (HB1 Compare Report page 134)\*

	FY20	FY21	FY22 TOTAL REQUEST			FY23 TOTAL REQUEST		
	ACTUAL	ADJ AUTHORIZED	House Recommended	\$ Chg FY22 vs FY21	% Chg FY22 vs FY21	House Recommended	\$ Chg FY23 vs FY21	% Chg FY23 vs FY21
<b>Total Funds</b>	\$127.5 M	\$ 147.5 M	\$131.0 M	(\$16.5) M	-11.2%	\$ 138.5 M	(\$9.0) M	-6.1%
<b>General Funds</b>	\$54.5 M	\$ 63.1 M	\$53.4 M	(\$9.7) M	-15.4%	\$57.2 M	(\$6.0) M	-9.4%

*\*Only includes Agency 014 (DAS). Does not include the following administratively attached entities Commission on Aging, Child Advocate, Housing Appeals Board, and Conservation Land Stewardship Program*

# Commissioner's Office (HB1 Compare Report page 64-71)

- **What is budgeted in the Commissioner's Office:**
  - The State Budget Office builds the budget, manages the system, works with agency staff, reviews all fiscal committee items, and manages the Governor & Council process
  - Cost Containment
  - Administration of Rules and Procedures
  - Central Finance Office: HR, Business Office, Payroll
  - Deferred Compensation Program Administration

GENERAL FUNDS	FY20 ACTUAL	FY 21 ADJ AUTHORIZED	FY22 HOUSE RECOMMENDED	\$ Change FY22 vs FY21	FY23 HOUSE RECOMMENDED	\$ Change FY23 vs FY21
COMMISSIONERS OFFICE	\$3,167,557	3,846,744	\$3,878,683	\$ 31,939	\$4,146,746	\$300,002

# Division of Accounting Services (HB1 Compare Report page 72-73)

- Accounting Services manages the state's books including various accounting controls, produces the CAFR – the audited statement without which the state would cease to operate, processes payroll for more than 13,000 people every two weeks, and processes 192,000 audited payments each year.

GENERAL FUNDS	FY 20 ACTUAL	FY 21 ADJ AUTHORIZED	FY22 HOUSE RECOMMENDED	\$ Change FY22 vs FY21	FY23 HOUSE RECOMMENDED	\$ Change FY23 vs FY21
DIVISION OF ACCOUNTING	\$2,478,523	\$ 2,672,459	\$ 2,745,250	\$ 72,791	\$ 2,899,224	\$ 226,765

# Division of Personnel (DOP) (HB1 Compare Report page 74-79)

- Statewide Personnel Office supports recruitment, hiring, and training for every agency; negotiates contracts with eleven employee unions; and runs the state’s Bureau of Education and Training. Over the last two years, DAS has been working to modernize personnel administration to enhance agency personnel management and ensure legal compliance while continuing to meet day-to-day personnel needs.
- **FY22/23 includes:**
  - Bureau of Education and Training fully transitioned to an income-based model with no general fund appropriation.

GENERAL FUNDS	FY20 ACTUAL	FY 21 ADJ AUTHORIZED	FY22 HOUSE RECOMMENDED	\$ Change FY22 vs FY21	FY23 HOUSE RECOMMENDED	\$ Change FY23 vs FY21
DIVISION OF PERSONNEL	\$2,041,766	\$ 2,498,618	\$ 2,505,715	\$7,097	\$ 2,635,222	\$ 136,604

# Division of Plant & Property (HB1 Compare Report page 80-112 and 113)

- 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. Also runs the statewide energy management office and state mail operation.
- In the House Budget, the Plant and Property budget is approx. 86% funded with transfers from other agencies

(in millions)	FY20 Actual	FY21 ADJ AUTH	FY22 House Recommended	FY23 House Recommended
<b>General Funds</b>	5.0	6.2	5.4	5.3
<b>Other Funds</b>	29.4	32.3	32.2	32.8
<b>Total Funds</b>	<b>\$ 34.4 M</b>	<b>\$ 38.5 M</b>	<b>\$ 37.6 M</b>	<b>\$ 38.1M</b>

# Division of Plant & Property (HB1 Compare Report page 80-112 and 113) CONTINUED

- **FY22/23 includes:**
  - Primarily flat funding from FY 2021 for building operations
  - Unexpended steam appropriations (steam savings): we continue to transfer funds from the State Heating Steam Account to pay principal and interest on bonds issued to fund the Concord Steam capital project.
    - Approximately \$2.8M currently in savings account (from FY19 and FY20)
  - Sheriff Reimbursement transferred to the Judicial Branch Budget

GENERAL FUNDS	FY20 ACTUAL	FY 21 ADJ AUTHORIZED	FY22 HOUSE RECOMMENDED	\$ Change FY22 vs FY21	FY23 HOUSE RECOMMENDED	\$ Change FY23 vs FY21
PLANT & PROPERTY	\$ 5,037,025	\$ 6,203,717	\$ 5,355,416	\$(848,301)	\$ 5,308,225	\$(895,492)

# Division of Procurement and Support Services (DPSS)

## (HB1 Compare Report page 114-127)

- Statewide procurement allows anyone to bid on state business and uses competitive bidding and post-bid negotiation to save millions each year. DPSS administers more than 850 contracts covering more than \$500 million in annual spend.
- DPSS also administers statewide Graphic Services, Procurement Cards, State Property Surplus, Federal Food Surplus Distribution, Fleet Management, State Merchant Cards, and Real Property and Asset Management
- **FY22/23 includes:**
  - P-Card revolving fund (HB1 Compare Report, page 126; HB2 Section 6, pages 3- 4)
    - Was previously an off-budget fund
    - Policy change to merge P-card and traditional purchasing into one operation. Small general fund savings from recognition that purchasing structures should not be separated simply by the means of payment.
  - Graphic Services established as a revolving fund (HB1 Compare Report, pages 117-119; HB2 Section 7, page 4 )
- **FY22/23 Additional Need**
  - DAS requests three accounting units that make up Graphic Services to be combined into one accounting unit – See Attachment 1

GF	FY20 ACTUAL	FY 21 ADJ AUTHORIZED	FY22 HOUSE RECOMMENDED	\$ Change FY22 vs FY21	FY23 HOUSE RECOMMENDED	\$ Change FY23 vs FY21
DPSS	\$2,096,243	\$ 2,112,699	\$ 2,142,460	\$ 29,761	\$ 2,261,543	\$ 148,844

# Division of Public Works (HB1 Compare Report page 128)

- Manages design and construction of \$160 million of Public Works projects. Has 120 active projects in some stage of development
- Public Works is partially income-supported from design and construction management billing related to capital funds and non-general funds
  - Currently 63% GF / 37 % Agency Income
- **FY22/23 includes:**
  - Construction oversight (Clerk of the Works) positions that are largely income-supported

GENERAL FUNDS	FY20 ACTUAL	FY 21 ADJ AUTHORIZED	FY22 HOUSE RECOMMENDED	\$ Change FY22 vs FY21	FY23 HOUSE RECOMMENDED	\$ Change FY23 vs FY21
PUBLIC WORKS	\$ 2,143,624	\$2,038,461	\$2,121,858	\$83,397	\$2,193,686	\$155,225

## Financial Data Management (FDM) (HB1 Compare Report page 129 -130)

- FDM manages more than financial data. It manages NHFIRST, the enterprise system that is the structural backbone of government, including HR, payroll, accounts payable and receivable, and financial reporting
- **FY22/23 includes:**
  - DAS' total funding of DOIT needs (Class 27) increased by \$221k
  - Increased overtime for FDM staff to support upgrading to the Cloud
    - \$5M Capital Project request for Cloud/Financial Upgrade
  - \$200k in FY22 to upgrade DAS desktop PCs to laptops with docking stations (Class 37)
    - Lessons learned from the pandemic
    - DOIT recommends replacement every 4 years
  - Increase in class 38 – due to annual Infor maintenance increase (scheduling, strategic sourcing)

GENERAL FUNDS	FY20 ACTUAL	FY 21 ADJ AUTHORIZED	FY22 HOUSE RECOMMENDED	\$ Change FY22 vs FY21	FY23 HOUSE RECOMMENDED	\$ Change FY23 vs FY21
FDM	\$6,073,650	\$6,520,309	\$ 7,135,561	\$ 615,252	\$ 7,044,972	\$ 524,663

# Division of Risk and Benefits (HB1 Compare Report page 131-133)

- Administers a \$600 million/biennium health plan covering more than 37,000 retirees, workers, and family members.
- Secures property and casualty insurance for state agencies
- Administers the workers compensation program for state employees
- **FY22/23 request includes:**
  - Increase in Class 211 total funds (decrease in GF). Transfers from other agencies to Risk enable Risk to efficiently and timely pay the state’s insurance carriers and to collect agency income to fund the cost of those insurance policies.

GENERAL FUNDS	FY20 ACTUAL	FY 21 ADJ AUTHORIZED	FY22 HOUSE RECOMMENDED	\$ Change FY22 vs FY21	FY23 HOUSE RECOMMENDED	\$ Change FY23 vs FY21
RISK & BENEFITS	\$698,095	\$ 913,794	\$465,999	\$ (447,795)	\$489,445	\$ (424,349)

*Chart does not include Retiree Health – see next slide*

## Retiree Health Benefits Savings (HB1 Compare Report page 132)

	FY 20		FY21 Adj. Auth	FY22 House Recommended			FY23 House Recommended		
	Budgeted	Actual							
<b>GF</b>	33.7	30.7	36.3	27.0	-9.3	-26%	30.2	-6.1	-17%
<b>Other Funds</b>	41	37.2	43.4	35.1	-8.3	-19%	37.7	-5.7	-13%
<b>Total Funds</b>	<b>\$74.7 M</b>	<b>\$68.0 M</b>	<b>\$79.70</b>	<b>\$62.1 M</b>	<b>-\$17.6 M</b>	<b>-22%</b>	<b>\$67.90 M</b>	<b>-\$11.8 M</b>	<b>-15%</b>

- FY21 is estimated to lapse \$7M in GF, totaling approx. \$10M GF lapse for the biennium ending June 30, 2021. Lapse is based on savings achieved by moving to a Medicare Advantage plan and leveraging federal funds.
- Successful Medicare Advantage procurement in 2019 yielded **one-time** retiree health benefits plan savings in FY22/23

# HB 1 & 2 Amendment Requests

## HB1 Amendment Requests

1. Combine the three existing Graphic Services AUs into one new AU for accounting efficiencies
2. Increase in insurance policy estimates: increase in GF and transfers from other agencies to support increase in estimated policy costs
3. General Fund request to maintain Claremont Property as result of Corrections moving out in FY22
4. Create an AU to budget for DAS to maintain the property where the Sununu Center is located as a result of HB2 language – HB2 as Amended by the House Section 371 (page 173)

## HB2 Amendment Requests

1. NHRS Subsidy Language Amendment

## Other Discussion Items

- FMLI: additional position and timeline change if language added to HB2 or other bill
- Governor recommendation to add a part-time ADA coordinator
  - Potential HB1 Amendment Request 5

# HB1 Amendment Request 1- Combined 3 AUs for Graphic Services into 1 AU

- Eliminate
  - AU5120 – Graphic Services Administration (page 117)
  - AU5127 -Photocopy Operations (page 118)
  - AU5128 – Print Shop Operations (page 119)
  - NEW TBD AU –
    - Total FY22= \$1,947,774 (GF = \$262,429)
    - Total FY23 = \$2,021,069 (GF = \$277,024)
- Create one (1) new accounting unit that combines all three accounting units
  - No additional funding required
  - Change for transparency and accounting simplicity
- See Attachment 1 for accounting unit amendment detail

# HB1 Amendment Request 2- Increase in Estimated Insurance Policy Premiums

- Real Property insurance policy quotes are increasing by approximately 14% year over year
  - 100% GF policy budgeted in AU4105 – page 133
  - Estimates for FY22 increased approximately \$56k, from \$390,087 to \$445,735
  - Estimates for FY23 increased by approximately \$58k, \$408,841 to \$466,772
- Cybersecurity insurance policy quotes are increasing by approximately 38% year over year
  - Policy funded with 100% Transfers from Other Agencies
  - Estimates for FY22 increased approximately \$118k, from \$306,722 to \$424,800
  - Estimates for FY23 increased by approximately \$154k, from \$398,739 to \$552,240
- See Attachment 2 for accounting unit amendment detail

# HB1 Amendment Request 3- GF appropriation for Claremont Building (AU2167 – page 108)

- The Department of Corrections notified DAS that they would no longer be renting space in the Claremont Building starting July 1, 2021.
- DAS requests general funds to maintain building costs for the vacant space.
- See complete accounting unit detail in Attachment 3

Accounting Unit - 01-14-14-141510-21670000							
Accounting Unit Name - CLAREMONT NH (OLD MILL)							
		FY 2022			FY2023		
		House Passed	Change Requested	Proposed Budget	House Passed	Change Requested	Proposed Budget
<b>TOTAL EXPENDITURES</b>		\$ 339,963	\$ -	\$ 339,963	\$ 348,245	\$ -	\$ 348,245
<b>Source of Funds</b>							
<b>CLASS</b>	<b>CLASS NAME</b>						
001	Transfer from Other Agencies	\$ 339,963	\$ (20,394)	\$ 319,569	\$ 348,245	\$ (20,891)	\$ 327,354
00S	General Funds	\$ -	\$ 20,394	\$ 20,394	\$ -	\$ 20,891	\$ 20,891
<b>TOTAL</b>		\$ 339,963	\$ -	\$ 339,963	\$ 348,245	\$ -	\$ 348,245

# **HB1 Amendment Request 4- New AU for Sununu Youth Services Center Property**

- HB2 as passed by the House directs DAS to take possession of the Sununu Youth Services Center property on 7/1/22.
- If this becomes law, DAS requires a new accounting unit and general fund appropriation of \$446,565 to maintain the property in FY23.
- Attachment 4 proposes a HB 1 budget amendment to account for this property in FY23 if language remains in HB2

# HB2 Amendment Request 1-

- Section 15 - NHRS Subsidy language needs to be added (page 8 of HB2 Passed 4/7/2021)

Amend the bill by inserting after section 15 the following and renumbering the original sections 16-292 to read 17-293 respectively:

16 Retirement System; Medical Benefits. Amend RSA 100-A:54, III(c) to read as follows:

(c) The department of administrative services shall provide information as to the total monthly premium cost for each participant to the retirement system for purposes of calculating this deduction. Deducted amounts, which shall be in addition to and notwithstanding any amounts payable by the retirement system pursuant to RSA 100-A:52, RSA 100-A:52-a, and RSA 100-A:52-b, shall be deposited in the employee and retiree benefit risk management fund. **The deductions pursuant to subparagraphs (a) and (b) above shall be made prior to any payments made by the retirement system pursuant to RSA 100-a:52, RSA 100-A: 52-a and RSA 100-A:52-b.** In the event the retiree's monthly allowance is insufficient to cover the certified contribution amount, the retirement system shall so notify the department of administrative services, which shall invoice and collect from the retiree and/or each applicable spouse the remaining contribution amount. Failure to remit payment of the contribution amount in full within 30 days of billing shall be grounds for terminating benefits, effective from the beginning of the billing period. Reenrollment shall be dependent upon payment of any outstanding contribution or other amounts within 6 months of the termination date. The department of administrative services shall provide notice of the termination of benefits as provided in RSA 21-I:30, III.

# Family and Medical Leave Insurance

- Family and Medical Leave Insurance (FMLI) was removed from HB 2 in the House Phase
- If the Senate adds FMLI back to HB 2 or another bill, DAS requires
  - One (1 ) full-time position to administer the program
  - An adjustment to the timeline originally proposed in HB 2, *21-I:108 Program Start Up*
    - Requires DAS to issue an RFP no later than September 30, 2021; DAS proposes January 1, 2022
    - Requires DAS to have FMLI Coverage in place by July 1, 2022; DAS proposes October 1, 2022
  - An adjustment to the timeline originally proposed in HB 2, *282-B:9*
    - Requires NHES to have individual pool operational and available to individuals by January 1, 2022; DAS proposes October 1, 2022

# Create a Part-time ADA Coordinator in DAS' DOP: HB1 Amendment Request 5

- Governor Sununu requested DAS propose the addition of a new part-time ADA Coordinator position to DOP to support the hiring and retention of employees with disabilities
- Proposed position would serve as primary contact for applicants and employees with disabilities in requesting and facilitating the interactive process to identify reasonable ADA accommodations
- Other proposed duties:
  - Develop and maintain ADA policies
  - Provide training to agencies on ADA policies and other disability laws
  - Maintain database of ADA expenditures by agencies
  - Facilitate disability awareness at state agencies and proactively address issues
  - Coordinate with the Governor's Commission on Disability, the Employee Assistance Program and the Human Rights Commission on accommodation and access issues
- Total GF cost
  - FY22: \$48,973
  - FY23: \$49,440

# Questions?