

**Department of Administrative
Services**

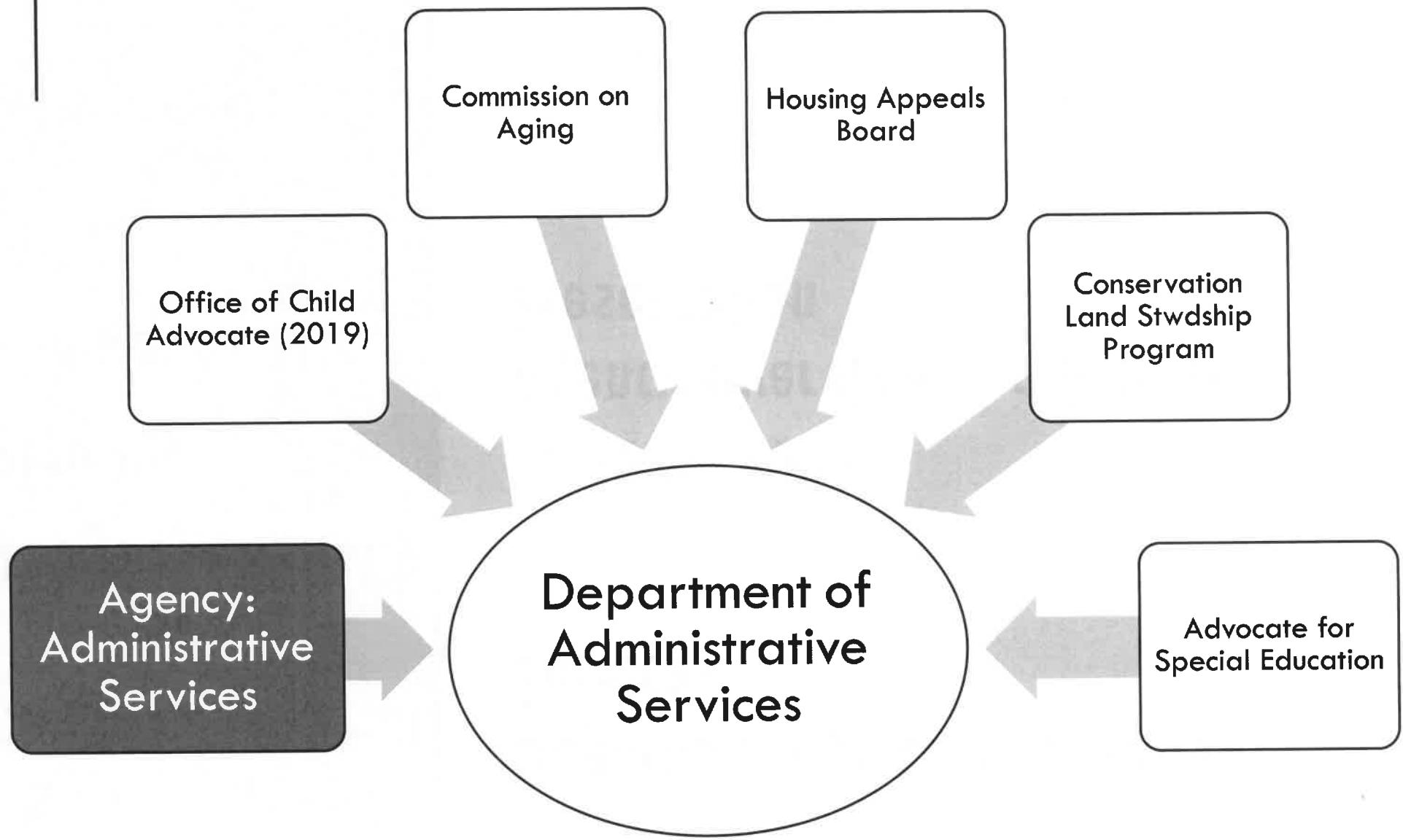
**House Division I
Hearing**

JANUARY 29, 2025

**FY 2026 -2027
Agency Overview and Budget
Presentation**

Commissioner Charlie Arlinghaus

Department of Administrative Services and Attached Boards

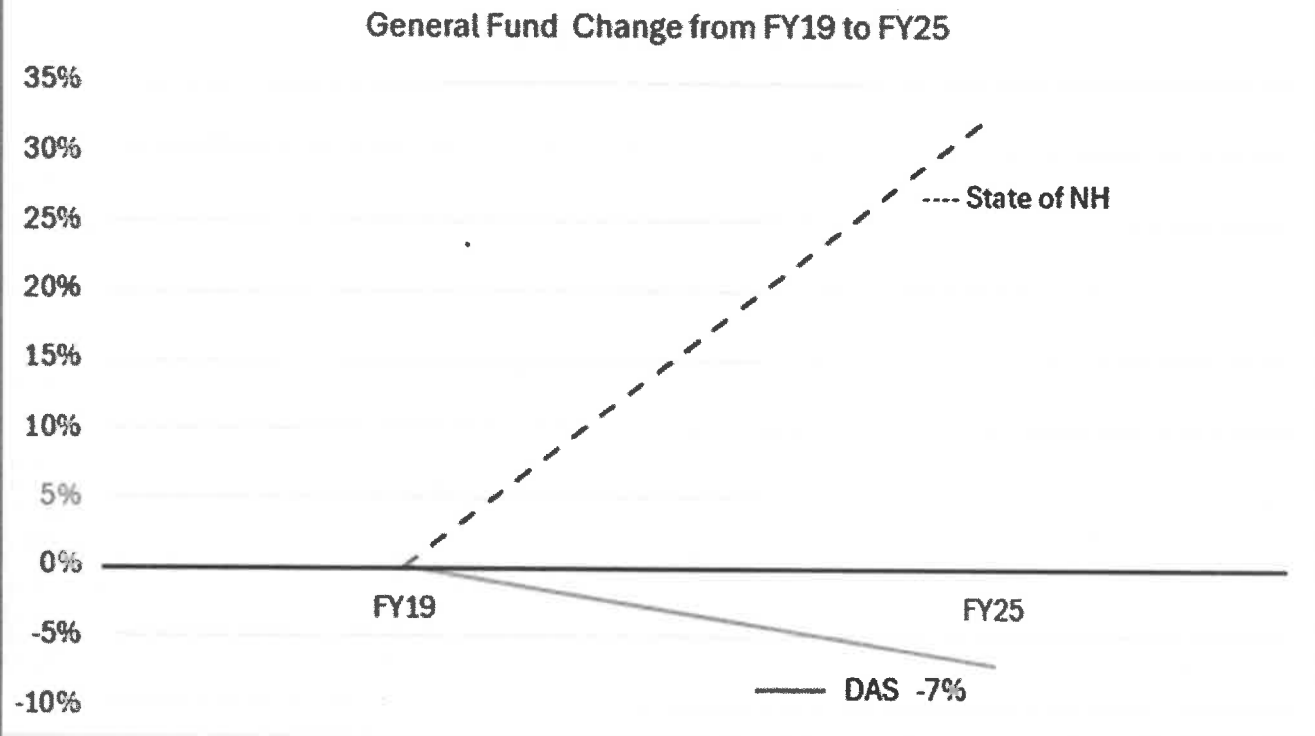


APPROPRIATION GROWTH: DAS VS. STATE-WIDE GENERAL FUNDS

DAS over the last 4 biennium budgets averages \$62.5mil in Gen. Funds

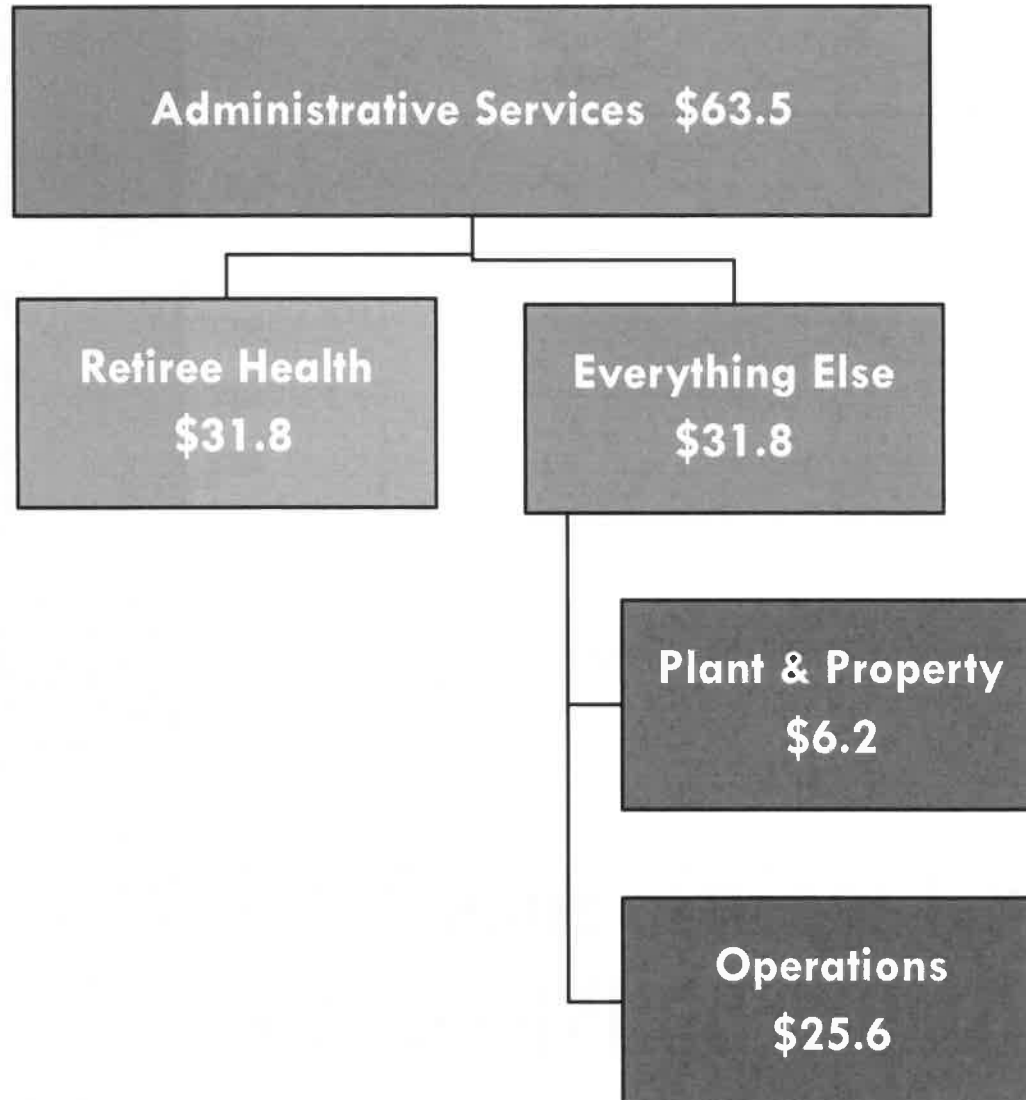
Accounts for about 4% of the over-all State Gen Fund spend

DAS Gen Fund FY25 Adjusted Authorized is -7% BELOW FY19

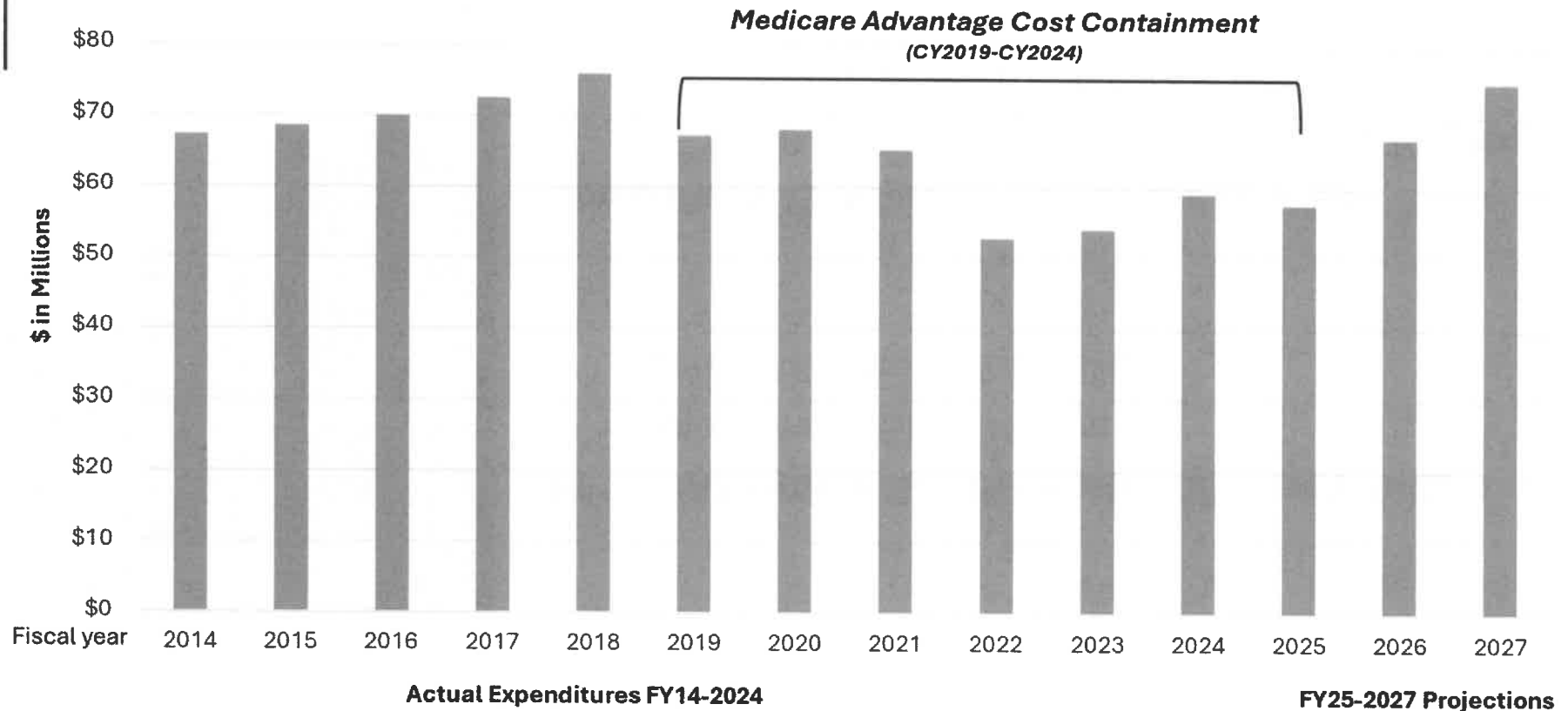


DAS GENERAL FUND Spend

FY 25 Adjusted Authorized Amounts in Millions



RETIREE HEALTH EXPENDITURES: TOTAL FUNDS



- Beginning in 2019, implemented Medicare Advantage (MA) cost containment strategy for medical only
 - 2019 – Transitioned to 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, experienced projected rebound in FY23 along with rising drug costs (self-insured)
- In 2025, savings achieved by including RX coverage in fully insured MA plan

RETIREE HEALTH BENEFITS BUDGETING

Sources of Funds

- General Funds
- Self funded agencies
- Premium Contributions from Retirees
- Other

FY 26 DAS Retiree Health Benefits Efficiency Budget

- Total Funds: \$71.4 million
- General Funds: \$31.8 million

Compare FY 19 Adjusted Authorized to FY26

- GF \$42.8 m (FY19) vs. \$31.8 million (FY26 Efficiency)
= \$11m GF reduction over 6 years

Division of Plant & Property

FY 2025 ADJUSTED AUTHORIZED

Total Funds	General Funds
52,421,221	6,152,224

- P&P is responsible for the operation and maintenance of 92 state-owned office buildings, including court houses
- What buildings aren't us? institutions, parks, military
- While the P&P Division accounts for more than 50% of the DAS budget, it represents only 10% of the General Fund dollars
- The costs for operations and maintenance are allocated and charged to the agencies or "tenants" of the space. Class 028 in all agency budgets
- Those payments are counted in P&P as Agency Income
- General Funds in the DAS P&P budget represent those organizations that are not charged, including the legislature, state house, non-state agencies, and space occupied by DAS. The costs to maintain those areas are budgeted as GF in the DAS P&P budget.
- Deferred Maintenance: Operating vs. Capital

SPENDING BY DIVISION

TOTAL FUNDS VS. GENERAL FUNDS

Division	FY 2025 ADJUSTED AUTHORIZED		
	Total Funds	General Funds	% GF of Total
Commissioner's Office	5,828,001	5,429,939	9%
Accounting Services	3,485,988	3,485,988	5%
Public Works	3,518,376	2,673,966	4%
Enterprise Application Management	5,731,736	5,731,736	9%
Personnel	4,840,599	3,800,000	6%
Plant and Property	52,421,221	6,152,224	10%
Procurement & Support Services	8,820,182	2,904,682	5%
Risk and Benefits (less retiree health)	6,033,874	1,579,153	2%
Subtotal	90,679,977	31,757,688	50%
Retiree Health	71,401,500	31,767,699	50%
Total Department	162,081,477	63,525,387	100%

TOTAL FUNDS COMPARE: FY25 VS. FY19

	FY2025 Adjusted Authorized Budget	FY2019 Adjusted Authorized Budget	Change	% change
Salary	27,484,374	21,254,038	6,230,336	
Benefits	13,562,807	10,024,247	3,538,560	
Total Sal and Benefits	41,047,181	31,278,285	9,768,896	31%
Current Expenses	3,572,097	1,719,142	1,852,955	
Rents-Leases Other Than State	4,573,811	4,211,103	362,708	
Utilities	12,528,586	10,725,676	1,802,910	
027 Transfers To Oit	2,634,295	1,690,483	943,812	
Equipment	715,972	294,501	421,471	
Technology - Software	1,114,439	816,354	298,085	
Maintenance Build-Grnds (non own force)	6,755,570	3,211,881	3,543,689	
Consultants	327,705	1	327,704	
Contracts for services	1,978,654	1,241,403	737,251	
Retiree Health	71,400,000	90,400,000	(19,000,000)	
Property and Casualty Insuranc	2,367,225	605,000	1,762,225	
Subtotal Non Sal & Benefits	107,968,354	114,915,544	(6,947,190)	-6%
Everything Else	3,395,885	3,833,149	(437,264)	-11%
TOTAL **	152,411,420	150,026,978	2,384,442	2%
** EXCLUDES Intra-agency transfers	9,670,057	15,960		
Total	162,081,477	150,042,938		
General Fund Only	63,525,387	68,307,314	(4,781,927)	-7%

ARPA funding allocated to DAS was for one-time projects

General Funds were not replaced with ARPA

ARPA FUNDING

Funding Allocated to DAS FY 22- 25

ARPA PROGRAM	In Millions	
ONE-TIME CONSTRUCTION		
HVAC (courts, state buildings and State House)	\$	33.0
DEFERRED MAINTENANCE of State Buildings	\$	25.8
NHFIRST Cloudsuite Upgrade	\$	15.0
STATE-WIDE RECRUITMENT SUPPORT (excludes incentive payment programs)	\$	1.0
TOTAL ARPA	\$	74.8

NEW Gen Funds: NH Paid Family & Medical Leave (PFML)

HB2, Laws of 2021
established the NH PFML
plan, charging DAS and NH
Employment Security
(NHES) with
implementation

- PFML is insurance that provides NH workers with 60% wage replacement benefits (up to the social security wage cap) for up to 6 weeks per year for common life events such as one's own illness, illness of a family member, and birth and bonding with an infant
- The law requires the state purchase Paid Family Leave (PFL) for all benefits eligible state employees as a vehicle to attract carriers and create a market for a voluntary PFML program in NH
 - Coverage first available to state employees in 2023; funding is in agency Class 60 budgets
 - Rate per employee: less than 1% (.00207 or .207%) of covered payroll up to social security maximum
 - FY 24 total cost: \$1.452 million for employees at all 3 branches
- Participation in the PFML by NH employers and workers plan is voluntary
 - All NH employers may decide whether to offer PFML to their employees and whether to pay for the coverage 100% or to require an employee contribution
 - NH workers whose employers do not offer a PFML benefit may purchase coverage through the individual plan and premiums are capped by law at \$5 per week
- The budget for PFML operations is in the DAS budget (not in NHES). Funding supports a vacant position and contracts for consulting support, a website and marketing and outreach, and promotional materials

100% Generally Funded				FY 2025 YTD	Efficiency Budget	
	FY 2022	FY 2023	FY 2024	1/25/25	FY 2026	FY 2027
Appropriation	696,190	1,681,447	1,082,771	969,847	717,252	717,252
Expenses	330,768	1,380,009	713,199	230,544		
Current Encumbrance Balance				1,298,322		
<i>Funds not spent or encumbered will lapse at 6/30/25</i>						

CHANGE IN POSITION COUNTS FROM FY19 TO FY27 AS OF EFFICIENCY

	Classified	Unclassified	Other FT positions	TOTAL	Change from PY	Comments
FY27	304	26	5	335	0	Efficiency Budget UNFUNDED 28
FY25	304	26	5	335		
FY25	304	26	5	335	9	2 Purchasing, 2 DOP, 1 safety/environmental, 2 Maintenance workers for new buildings -Granite Place and Hall St, 2 building service worker positions created by eliminating 8 part-time building positions.
FY23	285	26	15	326		
FY23	285	26	15	326	1	1 Business Office to manage 5 new attached boards (now up to 7)
FY21	296	14	15	325		
FY21	296	14	15	325	4	2 DOP and 2 DEAM
FY19	293	12	16	321		

POSITION STATISTICS

DAS BY MAJOR DIVISION

FY 26 EFFICIENCY BEFORE UNFUNDED

	Total	Vacancy Rate
P&P (minimal GF)	124	11%
Risk (no GF)	18	22%
OPERATIONS (almost all GF)	188	13% 28 positions unfunded
TOTAL DAS	330	13%

FT PERMANENT (includes classified and unclassified, excludes 9T and PT)

The 28 unfunded positions in FY26-27 will decrease an already fragile and understaffed Dept and represents about a 15% decrease in the operations workforce

OPERATIONS

DIVISION	FY26 Efficiency			Vacancy Rate
	TOTAL	VACANT	FILLED	
ACCT	24	4	20	17%
COMM	33	5	28	15%
DPW	21	3	18	14%
DEAM	32	5	27	16%
DOP	26	2	24	8%
PURCHASING	51	5	46	10%
PFML	1	1	0	100%
Total Ops	188	25	163	13%

DAS IN TOTAL

	Total	Vacancy Rate
2026-2027	330	13%
2024-2025	330	17%
2022-2023	311	21%
2020-2021	310	11%
2018-2019	305	15%

Source Tax agency phase. Data is loaded based on employees in positions June of even year prior to effective budget year.

CONTACTS

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APPENDIX

Department of Administrative Services Overview of Divisions

WHO ARE WE: A CENTRAL SERVICE AGENCY

Commissioner's Office

Accounting Services

Public Works Design
& Construction

Division of Enterprise
Application
Management

Personnel

Plant & Property

Procurement &
Support Services

Risk and Benefits

Retiree Health

Commissioner's Office

- **Budget Control:** The State Budget Office builds the budget, manages the budget system, works with statewide agency staff on all aspects of fiscal management, reviews all fiscal committee items, and manages the Governor & Council process.
- **Business Office:** Central Finance, Human Resources & Payroll
- **Office of Cost Containment**
- **Legal Office**
- **Deferred Compensation Administrator**
- **Special Disbursements**
 - **Governors Transition Fund**
 - **Concord Fire & Municipal Services**
 - **Contract for parking shuttle services**
 - **Parking cards for downtown complex employees**

Accounting Services

- Manages the state's books including various accounting controls, produces the ACFR– the audited statement without which the state would cease to operate, manages statewide payroll to pay more than 13,000 people every two weeks, and processes almost 200,000 audited payments each year.

Public Works Design & Construction

- Manages design and construction of every capital construction project greater than \$25,000 – typically up to \$200 million dollars in total construction projects each biennium. Currently 120 projects are active in some stage of development.

Enterprise Application Management

Personnel

- Manages NHFIRST, the state-wide enterprise system that is the structural backbone of government. Every financial and HR process and related analysis is managed, supported, and backed up by DEAM.
- Manages state-wide personnel needs through the development of statewide employment policies; support in recruitment, hiring, and training for every agency; negotiates and administers contracts with 14 employee unions; and runs the state's Bureau of Education and Training.

Plant & Property

Procurement & Support Services

- Strategically manages more than 4 million square feet of office space including the inside, outside, and underneath of 92 state-owned buildings, deferred maintenance, and statewide energy management.
- Manages statewide procurement services allowing anyone to bid on state business and uses competitive bidding and post-bid negotiation to save millions of dollars. There are more than 850 contracts covering more than \$500 million in annual spend.
- Administers statewide Graphic Services, Procurement Cards, Property Surplus, Federal Food Surplus Distribution, Fleet Management, Mail Operations and Asset Management.

Risks and Benefits

- Manages a \$500 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 our state employees.

Retiree Health

- Provides healthcare for more than 12,000 retired State workers and spouses.