State of New Hampshire
Department of Revenue Administration

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October 3, 2022

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court and

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, the Department of Revenue Administration (DRA) requests authorization to accept and expend funds in the amount of $400,000 in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for a Highspeed Scanner effective upon Fiscal Committee and Governor and Council approval through June 30, 2023. This is an allowable use of ARPA SFRF funds under Section 602 (c)(1)(C) for provision of government services to the extent of the reduction in revenue. **100% Federal Funds.**

Funds are to be budgeted in FY2023 in the following account:

01-84-84-840010-26XX0000 [1] DRA ARP HIGH SPEED SCANNER		
CLASS	**ACCOUNT**	**FY23 REQUESTD BUDGET**
EXPENDITURES		
020 – Current Expenses	500216	$5,000
030 – Office Equipment (New)	500301	$387,100
037 – Computer Hardware Maintenance	500165	$5,000
040 – Indirect Costs	500800	$2,500
041 – Audit Fund Set Aside	500801	$400
TOTAL EXPENSES		**$400,000**
SOURCE OF FUNDS		
000 – Federal Funds	16-400338	$400,000
TOTAL REVENUE		**$400,000**

[1] All direct program costs will be accounted for using activity 00FRF602GS8403Aand all administrative and indirect costs will be accounted for using activity 00FRF602GS8403Z. Accounting classifications may be subject to technical changes at the discretion of the Department of Administrative Services' Division of Accounting Services.

EXPLANATION

The State has experienced unprecedented pressure on its existing workforce, seeing staff shortages across agencies and increased wage competition with the private sector, as the negative effects of the COVID-19 health crisis continue to unfold. This reality has forced State agencies to attempt to operate with a high number of vacancies and find other means to adapt in order to achieve core responsibilities and required outcomes or deliverables.

This has resulted in the development of the State Workforce Efficiency Enhancement Program (SWEEP), an initiative focused on one-time investments in technology, systems, or other tools that will make it easier for State agencies to perform required functions over the long term as they adjust their roles and needs to the realities brought on by the pandemic and move toward a more sustainable staffing model that helps avoid burnout and encourages retention. This request is part of the overarching SWEEP effort.

This request would enable the purchase of a new highspeed document scanner to assist the DRA with efficiently processing paper tax forms and payments (checks).

Currently, DRA processes documents through two large highspeed scanners, an IBML IT5 and IBML IT6. The IBML IT5 was purchased in 2012 as part of the DRA's capital project to modernize front end processing. The IBML IT5 was refurbished in 2019 and a second scanner (IBML IT6) was also purchased at that time to ensure that the DRA has continuity of operations (if one scanner goes down, documents and money can still be processed through the second scanner) and to also ensure that documents and money are processed in a timely manner during the busy document processing months of March, April, October, and November.

DRA's IBML IT5 highspeed scanner is end of life. Both the image compression boards and cameras are out of date and no longer available. Once those parts fail on the IBML IT5, the DRA will be relying solely on the IBML IT6. At that point, without a second scanner, a maintenance issue that brings down the scanner during a high-volume period at the DRA would cause staff to revert to manual processing of tax forms and money, which is cumbersome and inefficient.

This request would allow the DRA to replace the IBML IT5 scanner and purchase components to upgrade and refurbish the IBML IT6 scanner to extend its useful life. By replacing the IBML IT5 scanner with a newer model, the DRA would experience a 10% faster throughput at base speed and up to 66% faster with optional speed upgrades. The new scanner will also automatically separate documents, thus reducing upfront manual document preparation, and includes an upgraded camera that functions at a higher speed with increased clarity from 60 to 100 megapixels. In addition, the newer patented camera

technology and document imaging enhancement capabilities provide the best images possible improving Intelligent Character Recognition (ICR) read rates, which will require a significant reduction in manual data entry.

DRA staff working with the scanner and responsible for the majority of the manual data entry work resulting from the aging equipment, are our entry level employees working at a labor grade of 12. Recently, as these employees have been promoted to higher positions within or without DRA, we are finding it increasingly difficult to recruit for these positions, so the increased functionality of the new scanner will help to alleviate some of the workload on these positions and help the DRA maintain our level of production with fewer staff. It is critical to DRA's mission that documents and money are processed in a timely and efficient manner. Existing maintenance costs for the two highspeed scanners will not increase as a result of replacing the end-of-life scanner with a new scanner, thus this is a one-time expense.

Funds are budgeted as follows:

Class 020 – Current Expenses – funds will be used for shipping/freight.
Class 030 – Equipment – funds will be used for new highspeed scanner.
Class 037 – Computer Hardware Maintenance - funds will be used for installation.
Class 040 – Indirect Costs - to recover a proportional share of the outside funding source to alleviate agency indirect costs.
Class 041 – Audit Fund Set-Aside – 1% of federal funds payable to DAS for audit fees.

In the event that Federal Funds are no longer available, General Funds will not be requested to support this program.

Respectfully submitted,

Lindsey M. Stepp

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