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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
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Charles M. Arlinghaus
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March 28, 2023

The Honorable Ken Weyler, Chairman
Fiscal Committee of the General Court
State House
Concord, NH 03301

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

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI, authorize the Department of Administrative Services (DAS) to amend Fiscal Committee item #FIS 21-225 approved on 8/20/2021 and G&C item #125 approved on 8/18/2021, for the Human Resources Support Unit (HRSU) within the Division of Personnel (DOP), by reallocating $80,770 for better utilization of funds, effective upon Fiscal Committee and Governor and Council approval through June 30, 2023. **100% Transfer from Other Agency.**

01-14-14-141010-57720000 Human Resources Support Unit

Class	Description	FY23 Current Modified	Requested Action	FY23 Adjusted Budget
018-500106	Overtime	$1,101	$9,000	$10,101
020-500200	Current Expenses	$1,778	$1,270	$3,048
029-500290	Transfers within an Agency	$16,200	$0	$16,200
037-500174	Equipment	$2,349	$2,100	$4,449
038-500175	Software	$995	$0	$995
039-500180	Telecommunications	$4,156	-$1,500	$2,656
042-500620	Post-Retirement Non-GF	$0	$7,900	$7,900
050-500109	Personal Serv-Temp PT	$116,044	-$47,200	$68,844
057-500534	Subscriptions - Online	$800	-$600	$200
059-500117	Temp Full Time	$106,689	-$31,470	$75,219

Class	Description	FY23 Current Modified	Requested Action	FY23 Adjusted Budget
060-500601	Benefits	$46,901	$35,500	$82,401
070-500704	In-State Travel	$1,120	$0	$1,120
103-502507	Contracts – Program Services	$0	$25,000	$25,000
	TOTAL EXPENSES	$298,133	$0	$298,133
001-484902	Transfer from Other Agency	$298,133	$0	$298,133
	TOTAL REVENUE	$298,133	$0	$298,133

EXPLANATION

The original budget presumed DOP would have the ability to hire both full-time and part-time staff for the new HRSU. However, due to staffing challenges and turnover, the expected new hires have not materialized. As such, DOP requests to transfer excess funds from these salary lines to fund the following:

Class 018: overtime for existing staff to fulfill the responsibilities of the HRSU,
Class 042: post-retirement, which was omitted in error in the original request but required for inter-agency payments for non-generally funded positions,
Class 060: benefits related to the actual employees' benefit plans,
Class 103: contract support for the development of agency-level dashboards to provide real-time metrics on staffing, budgets, and recruitment to monitor and improve operations for participating agencies.

The remaining transfers are to purchase equipment, furniture, and supplies as needed in anticipation for hiring a part-time position.

I respectfully recommend approval of this item.

Respectfully submitted,

Sheri L Rocklum

for Charles M. Arlinghaus,
Commissioner
Department of Administrative Services

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State of New Hampshire

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August 18, 2021

The Honorable Ken Weyler, 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 ACTIONS

1. Pursuant to RSA 14:30-a, VI, authorize the Department of Administrative Services (DAS) to **retroactively** accept and expend funds in the total amount of $411,661 from the Department of Energy (DOE), the Public Utilities Commission (PUC), the Department of Agriculture, Markets, and Food (DAMF), the Department of Business and Economic Affairs (BEA), the Office of Professional Licensure and Certification (OPLC), the New Hampshire Department of Labor (DOL), and the New Hampshire Council on Developmental Disabilities (CDD). Effective upon approval by the Fiscal Committee and the Governor and Executive Council for the period of July 1, 2021 through June 30, 2023. 100% Transfer from Other Agencies.

Funds are available, and proposed to be budgeted in 01-14-14-141010-57720000 Department of Administrative Services, Human Resources Support Unit (HRSU), as follows:

REVENUE CLASS	DESCRIPTION	FY 2022 REQUESTED	FY 2023 REQUESTED
001-484926	Transfers from Other Agency – Department of Labor	$6,000	$6,000
001-484921	Transfers from Other Agency – Office of Professional Licensure and Certification	$58,690	$63,070
001-484922	Transfers from Other Agency – Department of Business and Economic Affairs	$35,879	$38,559
001-484918	Transfers from Other Agency – Department of Agriculture, Markets and Food	$27,337	$29,378
001-484902	Transfers from Other Agency – Developmental Disabilities Council	$3,075	$3,305

REVENUE CLASS	DESCRIPTION	FY 2022 REQUESTED	FY 2023 REQUESTED
001-484955	Transfers from Other Agency – Public Utilities Commission	$12,300	$13,220
001-484952	Transfers from Other Agency – Department of Energy	$55,356	$59,492
	Total Income	**$198,637**	**$213,024**
EXPENSE CLASS	**DESCRIPTION**	**FY 2022 REQUESTED**	**FY 2023 REQUESTED**
018-500106	Overtime	$1,800	$1,100
020-500200	Current Expenses	$1,430	$1,084
029-500290	Transfers within an Agency	$8,100	$8,100
037-500174	Equipment	$1,550	$1,500
038-500175	Software	$995	$995
039-500180	Telecommunications	$2,250	$2,250
050-500109	Personal Serv-Temp PT	$85,817	$93,771
057-500534	Subscriptions - Online	$800	$800
059-500117	Temp Full Time	$56,282	$61,599
060-500601	Benefits	$39,047	$41,265
070-500704	In-State Travel	$560	$560
	Total Expenditures	**$198,637**	**$213,024**

2. Pursuant to RSA 124:15, and contingent upon approval of Requested Action #1, authorize the Department of Administrative Services (DAS) to establish a temporary, full-time Administrator I (labor grade 27) position to manage day-to-day operations of a new unit within DAS's Division of Personnel (DOP), called the Human Resources Support Unit (HRSU), that will provide human resource support services for various smaller agencies as agreed under inter-agency MOUs. Effective upon approval by the Fiscal Committee and the Governor and Executive Council through June 30, 2023. 100% Transfer from Other Agencies.

EXPLANATION

In FY 2021, the DAS Division of Personnel (DOP) worked with several agencies to pilot a new approach and unit, called the Human Resources Support Unit (HRSU), for the purposes of providing human resources (HR) management support services to smaller-sized agencies that cannot support a full HR team on their own.

The establishment of the HRSU is a component of the DOP's broader plan to modernize the State's personnel management practices. On February 1, 2020, pursuant to Chapter 346:243 (Laws of 2019), DAS submitted a report to the Governor, Speaker of the House, and Senate President summarizing four goals following DOP's review of the State's personnel system (see attached). The goals of this plan include, among other activities, enhancing customer service to agencies and employees and developing statewide policies and standard operating procedures to standardize HR practices and ensure legal compliance

statewide. This work includes adjusting DOP and agency HR roles to ensure that all agencies receive the top-notch HR services critical to achieving their missions.

Smaller agencies typically have one staff person, often doing HR work on a part-time basis along with other business-related functions, struggling to fulfill the agency's HR needs. In smaller agencies, staff who perform HR functions do so irregularly and, therefore, have little opportunity to develop general familiarity or expertise in HR work. Participating in the HRSU, which operates under the guidance of experienced and seasoned DOP staff, provides for more timely, comprehensive, and accurate HR support for these agencies.

For most agencies, the HRSU provides a full array of human resource and payroll services including, but not limited to:

- Advising on and entering position and employee transactions.
- Advising on position reclassification needs and processes.
- Coordinating employee reviews and implementing increments.
- Assisting with disciplinary issues and actions.
- Helping employees as needed, including with extended leaves of absence.
- Overseeing timecard submissions for payroll.
- Conducting staffing analysis in support of the agency's strategic objectives.

Each inter-agency HRSU MOU identifies the HR support services to be provided and specifies the fee for such services. Inter-agency MOUs with DAMF, OPLC, BEA, DOL, and CDD were approved by the Governor and Executive Council on June 16, 2021, item #146. Inter-agency MOUs with DOE and PUC were brought forward to the Governor and Executive Council for approval on August 4, 2021. Copies of the fully executed MOUs for SFYs 2022-2023 are attached for reference.

HRSU service fees are based on the number of full- and part-time employees in the agency (using a full-time equivalent (FTE) count where part-time employees are counted as a fraction of an FTE.[1] Some agencies have chosen to retain certain human resource functions or to continue to fund an existing staff person to be reassigned to the HRSU in lieu of a direct payment. In these situations, the allocation of human resource and payroll responsibilities, and/or adjustment to the service fee, is specified in the inter-agency MOU. Further, as outlined in each MOU, DOP works with participating agencies to evaluate the HRSU service provided and address any HRSU performance and service delivery concerns.

Staffing for the HRSU is based on an industry standard of one human resources (HR) staff per 100 employees served. Under this industry standard, an efficiency of scale is realized once the number of employees served reaches around 700, which supports an HR staff team of sufficient size to provide the needed expertise and coverage across all areas of responsibility. HRSU rates are based on this staffing standard. Based on this standard, the HRSU can currently support four staff to service the approximately 400 full-time equivalent employees within the seven agencies now participating. DOP proposes to staff the HRSU with two full-time staff, one of whom is a Department of Labor employee currently assigned to the DOP HRSU, and three part-time staff (each working from 60-75% of the work hours of a full-time staff on

[1] The number of full-time equivalent employees served by the HRSU is determined by counting regular part-time staff as 0.5 of a full-time employee, and per diem part-time staff at 0.15 of a full-time employee. This adjustment reflects the reduction in services and support required by part-time employees.

HRSU functions). The additional full- and part-time staff will be hired if this request is approved. Existing DOP staff will provide additional support as needed, particularly in areas requiring specialized expertise, until participation in the HRSU grows to the level needed to support a full, well-rounded human resources staff within the HRSU itself.

Funds are to be budgeted as follows:

Class 18 – Overtime: Covers overtime by HRSU staff and DOP staff assisting with HRSU operations.

Class 20 – Current Expenses: Supplies, copier expenses, and miscellaneous expenses for HRSU-dedicated staff (includes the full-time and part-time staff proposed here, and one DOL-funded employee assigned to the HRSU).

Class 29 – Transfers within an Agency: Payment for use of Bureau of Education and Training office space required for HRSU-dedicated staff, which is rented space.

Class 37 – Equipment New Replacement: Budget for new/replacement of equipment for new staff and replacement of one computer per year beginning in FY 2023 to maintain a standard replacement schedule.

Class 38 – Software: Annual license for Adobe Pro, to create and modify HRSU-agency documents and forms, and for Visio, to manage and maintain agency organizational charts and HRSU business process flows.

Class 39 – Telecommunications: DOIT charges for HRSU-dedicated staff.

Class 50 – Personal Services – Temporary Part-Time: Funds salary for three part-time positions, two Human Resources Technicians, LG 17, working 22.5 and 29.5 hours/week; and a Human Resources Coordinator, LG 21, working 29.5 hours/week.

Class 57 – Subscriptions – Online: To provide HRSU staff with access to online human resource recruitment and information services.

Class 59 – Full-Time Temporary: Funds one position, an Administrator I, LG 27, to manage day-to-day HRSU operations, supervisor subordinate HRSU staff, and liaison with HRSU-participating agencies.

Class 60 – Benefits: Benefits for full- and part-time employees funded above.

Class 70 – In-State Travel: In-state travel is included to permit HRSU staff to visit participating agencies as needed to consult in person with employees or agency management.

The following information is provided in accordance with the Comptroller's instructional memorandum dated September 21, 1981.

1) **Personnel Involved:** Establishes one new full-time, temporary position, and provides funding for additional part-time positions, under a new unit under the direction of the DAS' Division of Personnel. No personnel are involved as these positions are not filled.

2) Nature, Need, and Duration: These positions are needed to provide human resource support functions for participating agencies as agreed under inter-agency MOUs. The positions are needed for the duration of the MOUs, which currently run through June 30, 2023. Should the HRSU MOUs with these participating agencies be renewed for FY 2024/2025, DAS will work with the agencies to build this funding, and needed HRSU positions, into the respective budgets.

3) Relationship to Existing Agency Program: The HRSU will operate as each participating agency's human resource office and act independently from DOP's core operations to perform human resource actions at the request of each agency being served. DOP staff will provide expertise and intermittent support to the HRSU as needed, much as they currently provide to other agency human resource offices. DOP will continue to review and approve transactions submitted by the HRSU as they do for all agency human resource offices.

4) Has a similar program been requested of the legislature and denied? No

5) Why wasn't funding included in the agency's budget request? This unit was established as a pilot-program in FY 2021. It was unknown if the program would continue into FY 2022-2023 and, if so, how many agencies would choose to participate. Therefore, DAS could not accurately estimate revenues or propose funding for the HRSU in the FY 2022-2023 budget request. Moreover, DAS's MOUs with agencies participating in FYs 2022-2023 were finalized and approved by G&C on June 16, 2021; and the MOUs with the DOE and PUC established in July 2021 after the FY 2022/2023 budget was passed.

6) Can portions of the grant funds be utilized? No.

7) Estimate the funds required to continue this position(s): Approximately $160,000 per year is required to continue to fund these full- and part-time positions beyond FY 2022-2023.

The majority of the agencies included in this request engaged initially with the DOP in FY 2021 to pilot the new HRSU approach and now wish to continue their agreements through the coming biennium (SFYs 2022-2023). During the next biennium, DOP will work with other smaller agencies to incrementally move their HR responsibilities to the HRSU, at the discretion of each agency. DAS will work with the Fiscal Committee and the Governor and Executive Council to accept and budget additional funds and establish additional positions, as needed, based on the employee counts of future participating agencies.

This request to accept the funds is **retroactive** because the beginning date of July 1, 2021 associated with this request is the new biennium. It is the policy of the Fiscal Committee of the General Court to act only on items within the current biennium and this is the first meeting in the new biennium.

The Department of Administrative Services requests approval of this request.

Respectfully submitted,

Charles M. Arlinghaus
Commissioner