

**Senate Finance
Hearing**

APRIL 21, 2025

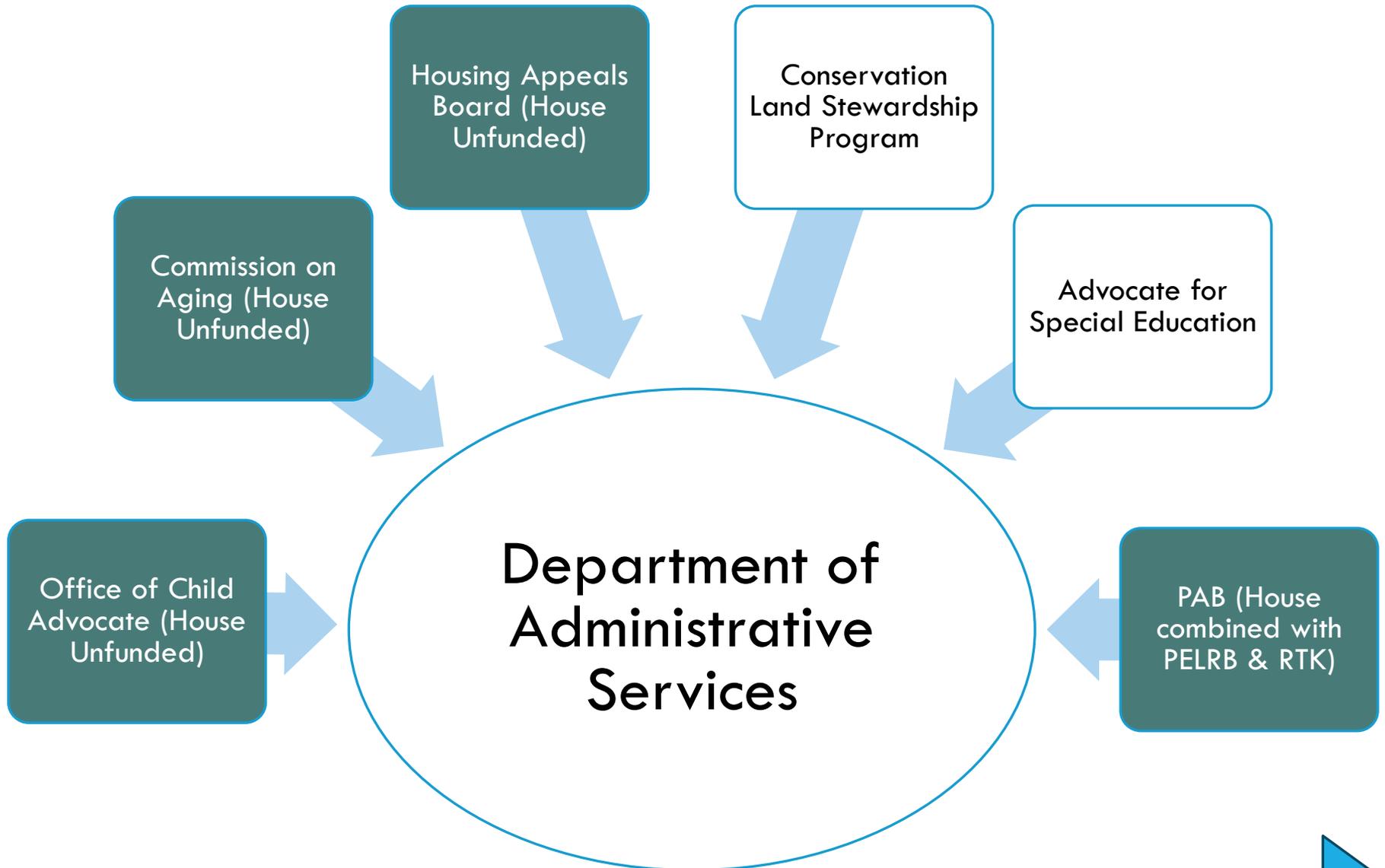
**Department of Administrative
Services**

FY 2026 -2027

**Agency Overview and Budget
Presentation**

Commissioner Charlie Arlinghaus

Department of Administrative Services and Attached Boards

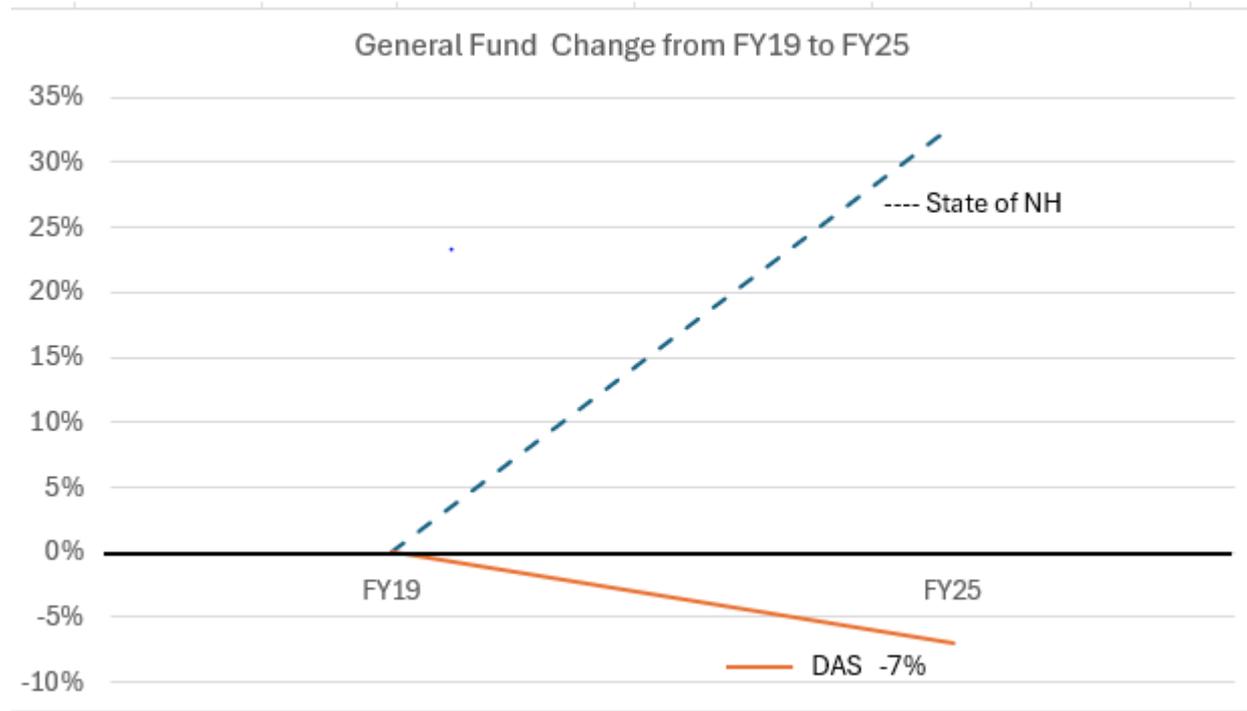


APPROPRIATION GROWTH: DAS VS. STATE-WIDE GENERAL FUNDS FY 2019-2025

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

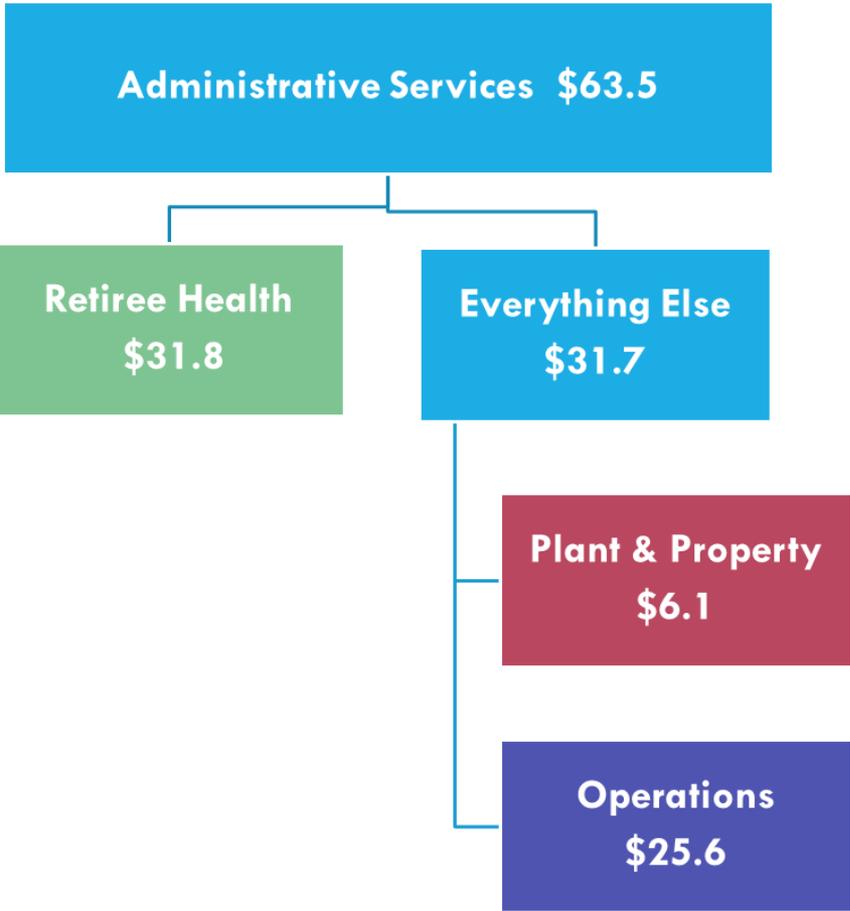
Accounts for about 4% of the over-all State Gen Fund spend

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



DAS GENERAL FUND Spend

FY 25 Adjusted Authorized Amounts in Millions



50% DAS Gen. Funds is Retiree Health

Plant & Property accounts for more than 50% of the DAS TOTAL FUNDS BUT represents only 10% of the Gen. Funds

Division of Plant & Property (P&P)

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 DAS? institutions, parks, military
- ❑ While the P&P Division accounts for more than 50% of the DAS total 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. This charge is budgeted in Class 028 in all agency budgets.
- ❑ Agency payments are counted in P&P as Agency Income.
- ❑ Deferred Maintenance: Operating vs. Capital
- ❑ **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.

ACTUARIAL SMOOTHING: PROJECTED MEDICARE CALL LETTER IMPACT

Account	Governor's Recommended			House Budget			House - Gov.
	FY 26	FY 27	Biennium	FY 26	FY 27	Biennium	Biennium Change
Transfers from other agencies	16.7	19.5	36.2	15.2	19.4	34.6	(1.6)
Misc. Income (medical subsidy)	8.1	8.7	16.8	8.7	8.7	17.4	0.6
Retiree Premium Contribution	11.6	13.0	24.6	12.0	13.7	25.7	1.1
Retiree Health Transfer (Reserve Share)	-	-	-	6.6	6.3	12.9	12.9
General Fund	30.5	33.6	64.1	26.5	33.6	60.1	(4.0)
Total Revenue	66.9	74.8	141.7	69.0	81.7	150.7	9.0
Total Expense	66.9	74.8	141.7	69.0	81.7	150.7	9.0

- General Funds cover 45% of the overall cost.
- Federal "call letter" announced 4/7/25, for rate changes effective 1/1/26 (FY26), is estimated to increase total expenses by \$9 mil over biennium.
- Medicare premium went from \$0 to estimated \$115 pmpm.
- To minimize the "Rate Shock", utilized reserves to offset the Gen Fund impact.
- To help "smooth" rates from federal uncertainty, the reserve amount was actuarially determined and amortized over 10 years.

This General Fund Offset was presented to House and adopted in House Budget

SPENDING BY DIVISION

GENERAL FUNDS FY2024 -2027

	2024	FY 2025 ADJUSTED AUTHORIZED	FY 2026 Gov.	FY 2027 Gov.	FY 2026 HOUSE	FY 2027 HOUSE
Commissioner's Office	4,596,050	5,429,939	4,398,742	4,603,257	4,358,742	4,563,257
Accounting Services	3,053,843	3,485,988	3,342,523	3,408,731	3,342,523	3,408,731
Public Works	1,712,647	2,673,966	1,657,807	1,667,771	1,657,807	1,667,771
Enterprise Application Management	6,211,906	5,731,736	7,176,280	7,199,940	7,071,314	7,090,008
Personnel	3,256,173	3,800,000	4,040,857	4,159,619	3,953,870	4,098,763
Plant and Property	5,283,907	6,152,224	5,844,709	6,338,645	5,824,702	5,828,949
Purchase of Granite Place	21,000,000					
Procurement & Support Services	2,604,297	2,904,682	2,637,572	2,719,092	2,637,572	2,719,092
Risk and Benefits (less retiree health)	1,185,517	1,579,153	1,374,377	1,471,633	657,125	754,381
Subtotal OPERATIONS	48,904,340	31,757,688	30,472,867	31,568,688	29,503,655	30,130,952
<i>General Fund % change</i>		-35%	-4%	4%	-7%	2%
<i>% change from Governor</i>					-3%	-5%
Retiree Health	26,207,905	31,767,699	30,496,992	33,601,808	26,492,292	33,601,808
<i>General Fund % change</i>		21%	-4%	10%	-17%	27%
<i>% change from Governor</i>					-13%	0%
Total Department	75,112,245	63,525,387	60,969,859	65,170,496	55,995,947	63,732,760
<i>General Fund % change</i>		-15%	-4%	7%	-12%	14%
<i>% change from Governor</i>					-8%	-2%

DAS GENERAL FUNDS by Expense Category

Unfunded 30 FT positions, a 15% decrease in operations workforce

	FY2025 Adjusted			% Change	
	Authorized	FY26 House	FY27 House	FY26 vs FY25	FY27 vs FY26
Salary	14,247,274	13,650,553	13,936,296		
Benefits	6,968,434	6,964,807	7,325,506		
Total Sal and Benefits	21,215,708	20,615,360	21,261,802	-3%	3%
Current Expenses	475,522	408,508	400,127	-14%	-2%
Rents-Leases Other Than State	126,891	278,278	281,326	119%	1%
Heat- Electricity - Water	1,182,578	1,017,825	1,017,825	-14%	0%
Transfers To Oit	2,204,336	1,628,475	1,559,370	-26%	-4%
Equipment New/Replacement	31,681	174,701	174,848	451%	0%
Technology - Software	1,097,869	2,491,485	2,404,830	127%	-3%
Contracts / Maintenance P&P	1,303,982	1,401,508	1,317,429	7%	-6%
Consultants and Contracts- PFML	735,705	-	-	-100%	0%
Property and Casualty Insuranc	570,274	649,957	747,148	14%	15%
Everything Else	1,197,908	822,265	950,986	-31%	16%
Subtotal Non Sal & Benefits	8,926,746	8,873,002	8,853,889	-1%	0%
AGENCY SUBTOTAL EXCLUDING RETIREE HEALTH	30,142,454	29,488,362	30,115,691	-2%	2%
Retiree Health	31,767,699	26,492,292	33,601,808	-17%	27%
AGENCY GENERAL FUNDS Total *	61,910,153	55,980,654	63,717,499	-10%	14%
* EXCLUDES Intra-agency transfers	1,615,234	15,293	15,261		
<i>Total</i>	63,525,387	55,995,947	63,732,760	-12%	14%

POSITION STATISTICS

DAS BY MAJOR DIVISION			
FY 26			
	TOTAL	UNFUNDED	
P&P (minimal GF)	124	2	
Risk (no GF)	18	0	
OPERATIONS (almost all GF)			
ACCT	24	2	
COMM	33	10	
DPW	21	3	
DEAM	32	3	
DOP	26	2	
PURCHASING	51	7	
PFML	1	1	
Total Ops	188	28	15%
TOTAL DAS	330	30	

The 30 unfunded positions in FY26-27 will decrease an already fragile and understaffed Dept and represents about a 15% decrease in the operations workforce

NH Paid Family & Medical Leave (PFML)

HB2, Laws of 2021 established the NH PFML

HOUSE — unfunded administration of program in the DAS budget, but kept state employee benefit in agency budgets

(METLIFE contract expires Dec. 2027)

- 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>						

SENATE CHALLENGES

1. Reinstate Funding for 5 of the 30 positions unfunded

General Fund need: FY26 \$450k and FY27 \$473k

2. Additional Funding for Software for ERP State-wide Systems Upgrade (HB1)

To cover anticipated contract(s) amendments associated with variable terms

General Fund need: FY26 \$1.5mil and FY27 \$1.5mil

3. Non-lapsing Extension for ERP State-wide Systems Upgrade (HB2)

Any remainder of the sum appropriated in class 038 to the department of administrative services division of enterprise application management for the purpose of software upgrades shall not lapse until June 30, ~~2025~~–2027

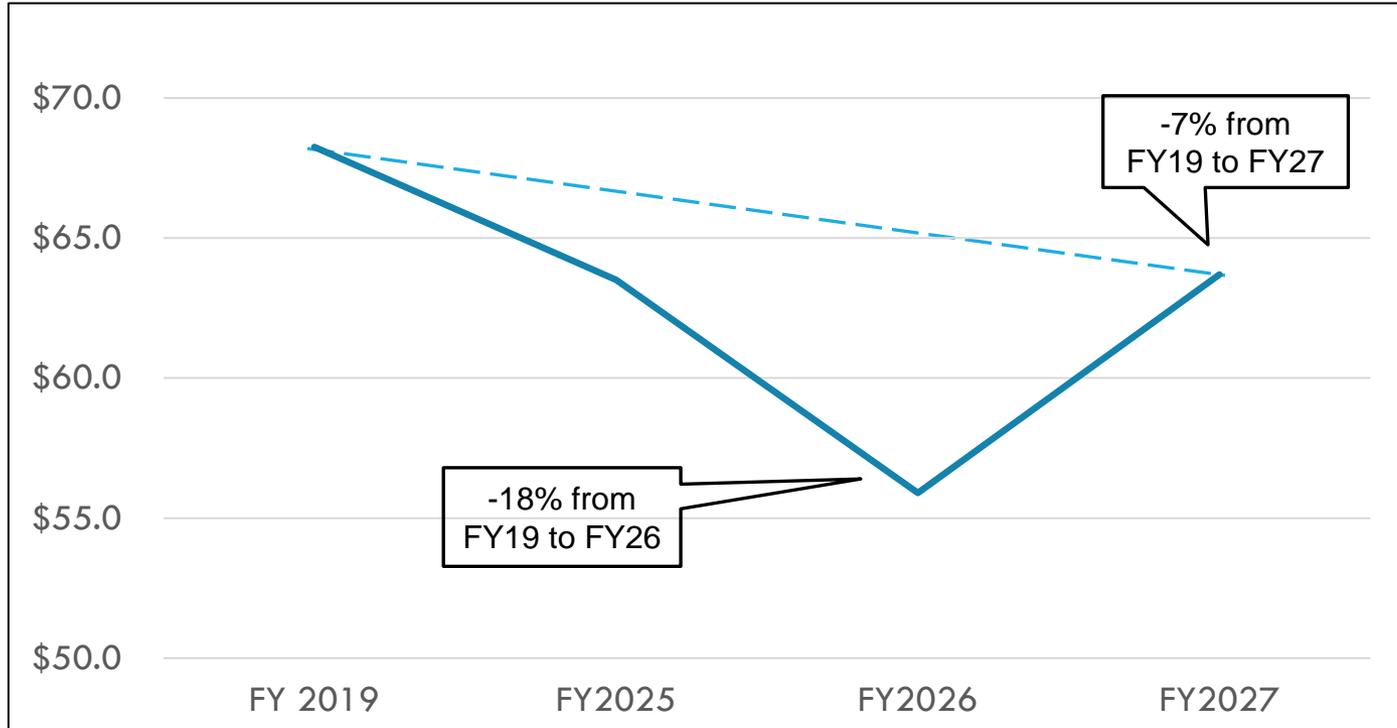
4. Non-lapsing for Retiree Health (HB2)

Any remainder of the sum appropriated in class 102 to the department of administrative services division of risk and benefits for the purpose of retiree health insurance shall be non-lapsing and continually appropriated. (this would replace the current HB1 Organization Footnote)

5. Technical Changes (HB1)

Ability to work with the LBA on technical changes that have a \$0 impact to General Funds

RECAP – DAS GENERAL FUND FY 2019 -2027



Cumulative decrease in Gen Fund of -7% since FY19.

Increases from FY26 to FY27 are inflationary, Retiree Health Insurance, and Employee step increases and associated payroll benefit changes.

(in millions)	House			
	FY 2019	FY2025	FY2026	FY2027
Gen Funds	\$ 68.3	\$ 63.5	\$ 55.9	\$ 63.7
Cumulative Change from FY19		-7%	-18%	-7%

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

- 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.

Personnel

- 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.