



# State of New Hampshire

FIS 13 112

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DEPARTMENT OF ADMINISTRATIVE SERVICES  
OFFICE OF THE COMMISSIONER  
25 Capitol Street – Room 120  
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March 27, 2013

The Honorable Mary Jane Wallner, Chairman  
Fiscal Committee of the General Court  
State House  
Concord, New Hampshire 03301

Approved by Fiscal Committee 4/19/13  
Date

Her Excellency, Governor Margaret Wood Hassan  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

### REQUESTED ACTION

1. Pursuant to Chapter 224:85, I Laws of 2011, approval is requested for the Commissioner of the Department of Administrative Services (DAS) to transfer and reallocate appropriations for personnel from the Department of Transportation (DOT), Department of Environmental Services (DES), and the Liquor Commission (Liquor) with their respective unexpended FY 2013 appropriations in the amount of \$290,861 for consolidation of business processing within state government at the Shared Services Center within DAS, upon Fiscal Committee and Governor and Executive Council approval effective May 3, 2013 through June 30, 2013. **Estimated 21.50% General Funds, 0.85% Federal Funds, 4.08% Liquor Funds, 31.25% Highway Funds, 39.50% Turnpike Funds 2.82% Other income:**
2. Pursuant to Chapter 224:85, III Laws of 2011, approval is requested for the Commissioner of the Department of Administrative Services to establish the number of total personnel required for business processing functions in the executive branch of state government and to initiate the initial transfer of personnel, along with such items as identified in the law as necessary from their respective agencies, to the Department of Administrative Services to establish a Shared Services Center for the consolidation of business processing within state government upon Governor and Executive Council approval for the period effective May 3, 2013 through June 30, 2013.

Funds are to be transferred from available appropriations into the accounting unit # 014-014-140510-2980 entitled "Shared Services" for FY 2013 as follows:

The Honorable Mary Jane Wallner, Chairman  
 Fiscal committee of the General Court

Her Excellency, Governor Maggie Hassan  
 and the Honorable Council  
 March 27, 2013  
 Page 2 of 4

Class	Description	Current SFY 2013 Adj. Authorized	Requested Action	Revised SFY 2013 Adj. Authorized
010 - 500100	Personal Services - Permanent	438,525.00	160,569.00	599,094.00
018 - 500106	Overtime	5,000.00		5,000.00
020- 500200	Current Expense	-	1,500.00	1,500.00
022 - 500242	Rents	25,000.00		25,000.00
039 - 500188	Telecommunications	-	1,000.00	1,000.00
050 - 500109	Personal Services - Temporary	48,287.00		48,287.00
060 - 500601	Benefits	317,213.00	127,792.00	445,005.00
	<b>Total Expenditures</b>	<b>834,025.00</b>	<b>290,861.00</b>	<b>1,124,886.00</b>
000 - 400388	Federal Funds	(90,711.00)	(2,467.00)	(93,178.00)
001- 405717	Transfer from Other Agency	(120,586.00)		(120,586.00)
003 - 402159	Revolving Funds	-	(7,997.00)	(7,997.00)
007 - 402193	Agency Income	-	(201.00)	(201.00)
009 - 407085	Agency Income	(173,138.00)		(173,138.00)
010 - 000010	General Funds	(329,604.00)	(62,547.00)	(392,151.00)
012 - 000012	Liquor Funds	-	(11,876.00)	(11,876.00)
015 - 000015	Highway Funds	(98,625.00)	(90,880.00)	(189,505.00)
017 - 000017	Turpniike Funds	-	(114,893.00)	(114,893.00)
020 - 000020	Fish & Game Funds	(21,361.00)		(21,361.00)
	<b>Total Revenue</b>	<b>(834,025.00)</b>	<b>(290,861.00)</b>	<b>(1,124,886.00)</b>

**EXPLANATION**

DAS notes that this request is the third request made to the Fiscal Committee and Governor and Executive Council, as part of a phased approach to implementing a shared AP services model in the state. The initial request was approved by Fiscal Committee on November 8, 2012 item # FIS 12-336 and approved by Governor and

The Honorable Mary Jane Wallner, Chairman  
Fiscal committee of the General Court

Her Excellency, Governor Maggie Hassan  
and the Honorable Council

March 27, 2013

Page 3 of 4

Executive Council on November 14, 2012 item # 9. The Second Request was approved by Fiscal Committee on February 1, 2013 # FIS 13-044 and approved by Governor and Executive Council on February 6, 2013 item # 7.

Chapter 224, Laws of 2011, Section 85, calls for the Commissioner of the Department of Administrative Services (DAS) to achieve efficiencies via consolidation of business processing functions within state government. DAS and the State's consultant for this project, MGT of America, Inc., have worked with multiple agencies to analyze the accounts payable (AP) business process and collaborate on a design for shared services. (Please see attached the final enacted Chapter 224:85, Laws of 2011.)

After consideration of the variety of agency business operations and the input from agency AP processors, their supervisors, financial managers and commissioners, DAS has proceeded with a phased implementation of an AP Shared Services Center (AP-SSC) designed to transition standard AP processing functions in state agencies to the AP Shared Services Center starting in mid-November 2012.

With the launch of the AP Shared Services Center for standard back-office processing, agencies will retain control and responsibility for validating their vendor invoices; correctly coding each for budgeting/accounting accuracy and indicating agency authorization to pay (POA). Agencies will transmit vendor invoices to the AP-SSC for back-office processing, quality control and pre-audit.

The DAS AP-SSC will be responsible for processing transactions received from agencies and for providing customer service to research vendor or project manager inquiries about AP transaction payments. Building on the AP process improvements implemented over the past two years, including the transition to paperless processing, the AP-SSC will further enhance the business process to improve efficiency while freeing State agencies of back-office processing to enable agencies to direct remaining resources to mission-critical functions.

The DAS AP-SSC will implement a statewide system using a multi-phased approach. The phased approach brings in state agencies in steady, manageable increments to ensure that the AP-SSC has sufficient time to train AP staff on modified procedures and activities as well as to ensure that the agencies' staff understand and are comfortable using the proposed mechanisms for transmitting invoices into the AP-SSC.

DAS will establish a standard Service Level Agreement (SLA) to ensure timely processing and measurement of quality. The SLA will also enable DAS to conform normal productivity standards and goals. The AP-SSC will offer an SLA that accommodates both routine processing timeframes as well as emergency or rush services. The design will enable the AP-SSC to process invoices timely, efficiently and with high quality. These criteria will be regularly measured and reported to client agencies.

The Honorable Mary Jane Wallner, Chairman  
Fiscal committee of the General Court

Her Excellency, Governor Maggie Hassan  
and the Honorable Council  
March 27, 2013  
Page 4 of 4

The positions requested below represent the positions requested for transfer into the AP Shared Services Center (AP-SSC) to carry out consolidated AP operations on behalf of state agencies, as well as positions representing potential cost reductions to meet the stated objective of HB 2, to reduce costs for back-office functions in the State by \$1.5 million during Fiscal Years 12 and 13.

Dept	Account Unit	Position Title	Position Number	Labor Grade	Salary	Available Benefits	Total
Liquor	02-77-77-771012-1023	Accounting Technician	14282	12	3,551	8,325	11,876
DES	03-44-44-440010-1002	Accountant IV	12031	23	6,086	6,441	12,526
DES	03-44-44-440010-1002	Accountant II	13058	18	-	-	-
DES	03-44-44-440010-1002	Accountant III	42720	21	28,061	21,959	50,021
DOT	04-96-96-960515-3009	Secretary II	19675	9	4,635	3,099	7,734
DOT	04-96-96-960215-3001	Audit Tech	21270	11	7,820	-	7,820
DOT	04-96-96-960215-3001	Audit Tech	20022	11	4,883	-	4,883
DOT	04-96-96-960515-3005	Accounting Technician	20257	12	4,773	3,224	7,997
DOT	04-96-96-961017-7022	Accountant II	21025	18	10,926	24,501	35,427
DOT	04-96-96-961017-7022	Clerk IV	18366	12	35,766	15,408	51,174
DOT	04-96-96-960215-3001	Accounting Technician	20023	12	30,846	18,155	49,000
DOT	04-96-96-960215-3001	Audit Tech	21286	11	13,040	11,071	24,110
DOT	04-96-96-961017-7022	Program Assistant II	21638	15	12,682	15,609	28,291
TOTAL					163,069	127,792	290,861

Respectfully submitted,



Linda M Hodgdon  
Commissioner

1 currently owned or rented by the state, or space which may be rented by the commissioner utilizing  
2 amounts which may be saved by the state as the result of the consolidation of human resources and  
3 payroll functions.

4 IV. The consolidation of human resource and payroll functions shall achieve a savings in the  
5 fiscal year ending on June 30, 2013 of no less than \$1,428,000 in total funds and \$571,200 in general  
6 funds.

7 85 Department of Administrative Services; Consolidation of Certain Business Processing  
8 Functions.

9 I. The commissioner of administrative services, with the prior approval of the fiscal  
10 committee of the general court and the governor and council, is authorized to make such transfers of  
11 appropriation items and changes in allocations of funds available for operational purposes to the  
12 department of administrative services, from any other agency, as may be necessary or desirable to  
13 effectuate the efficient consolidation of business processing functions within state government. Such  
14 business processing functions shall include (i) accounts receivable, (ii) accounts payable, (iii)  
15 collection of fines, penalties, fees, restitution, remittances, and other moneys due to the state, and  
16 (iv) such other finance and accounting functions and transactions the commissioner of administrative  
17 services determines would achieve substantial efficiencies from consolidation.

18 II. The commissioner of administrative services is authorized to issue a request for proposals  
19 or purchases in accordance with RSA 21-I:22 and RSA 21-I:22-a for the services and assistance of a  
20 qualified consultant to evaluate and identify opportunities for business processing consolidation in  
21 state government and to make recommendations, including for a proposed implementation plan, for  
22 consolidation of such functions.

23 ~~III. The commissioner of administrative services is authorized to establish the number of~~  
24 total personnel required for business processing functions in the executive branch of state  
25 government and, with the prior approval of the governor and council, is authorized to eliminate  
26 unnecessary positions and to transfer to the department of administrative services any position in  
27 another agency identified by the commissioner of administrative services as necessary or desirable to  
28 effectuate the efficient consolidation of business processing functions within state government. Such  
29 transfers shall include the transfer of all associated books, papers, records, personnel files, and  
30 equipment, including but not limited to work station and information technology equipment, and  
31 shall include the transfer of any unexpended appropriations for any of the foregoing, as well as any  
32 unexpended appropriations for salary/payroll, benefits, support costs, or any other costs associated  
33 with the transferred personnel.

34 IV. The commissioner of administrative services may locate personnel whose positions have  
35 been transferred in such work spaces as the commissioner determines will efficiently effectuate the  
36 consolidation of business functions. Such work spaces may include either space currently owned or  
37 rented by the state, or space which may be rented by the commissioner utilizing amounts which may

1 be saved by the state as the result of the consolidation of human resources and payroll functions.

2 V. The consolidation of business processing functions shall achieve a savings in the fiscal  
3 year ending on June 30, 2012 of no less than \$352,000 in total funds and \$88,000 in general funds,  
4 and savings in the fiscal year ending on June 30, 2013 of \$1,000,000 in total funds and \$250,000 in  
5 general funds.

6 86 Appropriation; Department of Administrative Services. The sum of \$250,000 is hereby  
7 appropriated to the department of administrative services for the biennium ending June 30, 2013, for  
8 the purpose of selecting and retaining an independent business processing consultant, through a  
9 request for proposals or purchases process, for evaluating and making recommendations relative to  
10 the consolidation of business processing functions within state government. The governor is  
11 authorized to draw a warrant for said sum out of any money in the treasury not otherwise  
12 appropriated.

13 87 Sweepstakes Fund. Amend RSA 284:21-j, I to read as follows:

14 I. The state treasurer shall credit all moneys received from the lottery commission and all  
15 moneys received from the racing and charitable gaming commission under *RSA 284*, *RSA 287-D*,  
16 and *RSA 287-E*, and interest received on such moneys, to a special fund from which the treasurer  
17 shall pay all expenses of the commission incident to the administration of this subdivision and all  
18 administration and enforcement expenses of the racing and charitable gaming commission under  
19 *RSA 284*, *RSA 287-D*, and *RSA 287-E*. Any balance left in such fund after such expenses are paid  
20 shall be deposited in the education trust fund established under *RSA 198:39*.

21 88 McAuliffe-Shepard Discovery Center; Appropriation.

22 I. The sum of \$227,000 is hereby appropriated for the fiscal year ending June 30, 2013 to the  
23 McAuliffe-Shepard discovery center for the purpose of supporting the transition of the discovery  
24 center to a fiscally self-sufficient entity. This sum shall be in addition to any revenue or grants that  
25 may become available to the discovery center. The governor is authorized to draw a warrant for such  
26 amount out of any money in the treasury not otherwise appropriated.

27 II. The discovery center shall, no later than December 15, 2011, report to the fiscal  
28 committee of the general court and the governor and council detailing the discovery center's plan to  
29 maintain its operations in fiscal year 2013 as a state agency utilizing no more than the general funds  
30 appropriated under this section, or its plan to become a self-sufficient not-for-profit organization no  
31 later than January 1, 2013.

32 89 Lottery Commission; Incentive Program. The lottery commission may develop and  
33 implement an employee recognition program for monetary incentives to promote increased sales and  
34 compensate lottery sales representatives based upon performance and funded from an existing  
35 lottery budget line item. The incentive program shall be implemented through rules adopted by the  
36 lottery commission in accordance with *RSA 541-A*. The lottery commission shall report quarterly to  
37 the fiscal committee of the general court on the status of the incentive program.