



POLICY MATTERS

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Governor Waives Hiring Freeze 71 Times in 2008

Annual cost \$3.9 million. 25 waivers denied, saving \$1 million a year

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Governor John Lynch approved 71 exceptions to his hiring freeze in Fiscal Year 2008, at an annualized cost of nearly \$3.9 million, or \$464,000 in FY08 alone. Governor Lynch and the committee he charged with reviewing waiver requests approved 74% of agency requests acted upon in FY08. A report submitted in advance of tomorrow's meeting of the Legislative Fiscal Committee understates both the number and the cost of these waivers.

Of the 104 agency requests to waive the hiring freeze acted upon before the end of the Fiscal Year, 71 were approved and 25 denied, for an approval rate of 74%¹. The annualized General Fund cost of salaries and benefits for these positions is \$3,877,673. An additional five waiver requests were pushed into Fiscal Year 2009, and will be included in our analysis of that's year waiver process. Three waiver requests were denied, resubmitted, and later approved. These duplicate requests are not included in these totals.

Summary of FY08 Hiring Freeze Waivers

Position	#	FY08 Cost	Annualized Cost
Waiver requests granted in FY08	71	\$464,086	\$3,877,673
Waiver requests denied	25	(\$143,121)	(\$1,096,291)
Percentage approved	74%	76%	78%
Waiver requests received in FY08 and granted in FY09	5	\$0	\$328,730
Denied Waiver requests granted upon resubmission	3	\$48,694	\$241,207

In February 2008, Governor John Lynch responded to a shortfall in anticipated state revenues by issuing Executive Order 2008-01², which instituted a freeze on the hiring of new state employees, out of state travel, and large equipment purchases. The order only applied to the use of General Fund money and did not apply direct care, custodial care and law enforcement. Under the order, Governor Lynch retained the ability to grant exceptions to these freezes at the request of department heads, provided he informed the Legislative Fiscal Committee of any waivers granted.

Following a two-month investigation by the Josiah Bartlett Center for Public Policy, the Department of Administrative Services submitted a report to the Fiscal Committee on August 11, 2009 outlining the number and costs of 352 waivers³ issued in Fiscal Year 2009. In a September 2, 2009 letter to the Fiscal

Committee, DAS Commissioner Linda Hodgden summarized the FY08 waivers, which had not been previously submitted.

The 9/2 Report states that agencies made 210 waiver requests made between the issuance of the Executive Order in February and the end of the Fiscal Year on June 20, 2008. Governor Lynch charged DAS with forming a committee to review these requests and either grant them, deny them or hold for later decision. According to the 9/2 Report, 129 were approved, along with three blanket waivers, at a total cost of just under \$488,000.

The 9/2 Report states that the waiver committee approved 61 of 106 exceptions⁴ to the hiring freeze, at a cost of just under \$70,000 in FY08. Analysis of committee records shows that 71 hiring freeze waivers were granted at a cost of \$464,000 to the FY08 General Fund. Five additional waivers were granted after June 30th and three waiver requests that were initially denied were later approved when the Departments resubmitted their requests. 25 hiring requests were denied outright, saving New Hampshire taxpayers \$143,000 in FY08, and over \$1 million for a full year. We do not examine the 104 requests to waive the travel and equipment freezes here. The 9/2 Report states that 68 of those requests were approved.

The 9/2 Report includes only the General Fund cost of each new employee in Fiscal Year 2008, and not the total annual increase in state payroll. For example, the Department of Revenue Administration requested permission to hire a new Director of Property Appraisal. The waiver committee approved the request, and estimated that the cost of this hire would be \$23,513 through June 30, 2008. The salary and benefits for this position total \$125,637 over a full year. Unlike waivers to the travel and equipment bans, filling a vacant state position is not a one-time cost. Though salaries and benefits vary with each state employee, the Josiah Bartlett Center has estimated the annualized General Fund cost for each position filled through a waiver.

Annualized Cost of Waivers to Executive Order 2008-01

Position Description	Waiver #	FY08 Cost ⁵	Annualized Cost ⁶
Commission on Disability			
Program Specialist III	H-1	\$14,418	\$40,014
Office of Information Technology			
Technical Support Specialist III	H-27	\$9,677	\$64,633
Technical Support Specialist I	H-33	\$6,972	\$46,559
IT Manager	H-32	\$12,003	\$80,162
IT Manager IV	H-54	\$9,843	\$49,083
Business Systems Analyst II	H-69	\$3,001	\$8,016
Buyer	H-97	\$0	\$16,154
Adjutant General			
Maintenance Mechanic II	H-68	\$6,212	\$40,886
Administrative Services			
Risk Manager (Administrator VI)	H-18	\$17,173	\$63,531
Project Manager III	H-23	\$17,480	\$48,770
Human Resources Technician*	H-19	\$8,714	\$32,234
Manager of Employee Relations*	H-20	\$17,087	\$63,208
Financial Data Manager*	H-24	\$20,084	\$74,296
Comptroller*	H-35	\$24,101	\$111,295
Program Specialist IV	H-60	\$4,838	\$65,674
Program Assistant II	H-61	\$3,214	\$43,551
Financial Data Administrator II	H-62	\$6,562	\$89,300

Financial Data Administrator I	H-63	\$5,505	\$74,696
Program Assistant II*	H-70	\$0	\$43,551
Financial Data Administrator II	H-71	\$9,510	\$86,293
Financial Data Administrator I	H-86	\$0	\$71,573
Financial Data Specialist II	H-87	\$0	\$78,022
Chief Accountant	H-89	\$0	\$65,674
Supervisor I*	H-106	\$0	\$49,017
Department of Agriculture, Markets & Food			
Administrator II (Pesticide Director)	H-7	\$17,238	\$88,325
Accountant I	H-8	\$10,050	\$51,012
Department of Justice			
Paralegal II	H-12	\$5,656	\$51,873
Attorney (Criminal Justice Prosecutor)	H-84	\$0	\$81,282
Department of Resources and Economic Development			
Program Specialist III	H-51	\$4,442	\$78,022
Department of Environmental Services			
Environmental Programs Administrator	H-13	\$18,817	\$100,463
Microbiologist I	H-65	\$3,924	\$52,415
Administrator IV	H-67	\$6,869	\$63,531
Environmentalist II	H-90	\$1,884	\$50,364
Word Processor Operator I	H-91	\$1,283	\$34,259
Environmentalist III	H-93	\$2,221	\$59,341
Environmentalist III*	H-94	\$208	\$12,310
Department of Corrections			
Business Administrator IV	H-3	\$8,620	\$76,750
Program Assistant II	H-25	\$6,429	\$49,930
Program Coordinator	H-81	\$0	\$69,048
Secretary II	H-82	\$1,282	\$33,979
Medical Records Technician	H-99	\$0	\$35,975
Administrative Secretary	H-100	\$0	\$41,368
NH Board of Accountancy			
Clerk III	H-80	\$0	\$32,922
Department of Education			
Blind Services Coordinator	H-10	\$11,722	\$50,909
Education Consultant III	H-78	\$0	\$71,429
Business Administrator II	H-79	\$0	\$60,087
Plumbers Board			
Plumbers' Board Inspector	H-26	\$8,885	\$57,750
Real Estate Appraisers Board			
Supervisor I	H-59	\$3,774	\$49,083
Liquor Commission			
Account Clerk III	H-2	\$8,246	\$35,734
Retail Store Clerk II	H-72	\$4,591	\$41,715
Retail Store Clerk II	H-73	\$4,591	\$41,715
Retail Store Manager III	H-74	\$6,033	\$55,037
Retail Store Clerk II	H-75	\$4,591	\$41,715
Retail Store Clerk II	H-76	\$4,591	\$41,715
Retail Store Clerk II	H-77	\$4,591	\$41,715

Human Resources Technician*	H-105	\$0	\$45,223
Department of Revenue Administration			
Director Property Appraisal	H-6	\$23,513	\$125,637
Account Clerk III	H-36	\$6,412	\$34,113
Field Audit Leader	H-37	\$11,623	\$61,854
Tax Auditor IV	H-39	\$12,095	\$64,367
Tax Auditor IV	H-40	\$12,095	\$64,367
Tax Forms Examiner	H-42	\$7,175	\$38,174
Tax Auditor I	H-43	\$8,376	\$44,567
Tax Auditor I	H-44	\$8,376	\$44,567
Tax Forms Examiner	H-45	\$7,175	\$38,174
Tax Forms Examiner	H-46	\$7,175	\$38,174
Data Control Clerk I	H-47	\$5,951	\$31,665
Clerk IV	H-48	\$7,175	\$38,174
Senior Accounting Technician	H-101	\$0	\$41,196
Department of Labor			
Secretary II*	H-88	\$0	\$35,426
Board of Nursing			
Account Technician*	H-102	\$0	\$35,462
71 Granted Waiver Requests		\$464,086	\$3,877,673
2008 Waiver Requests Granted in FY09			
Principal Planner (Energy and Planning)	H-16	\$0	\$53,098
Tax Auditor IV (Revenue Administration)	H-41	\$0	\$64,367
Administrator IV (Administrative Services)	H-85	\$0	\$89,300
Retail Store Clerk II (Liquor Commission)	H-103	\$0	\$40,248
Program Assistant II (Liquor Commission)	H-104	\$0	\$41,703
			\$264,363
Resubmitted Waiver Requests⁷			
Education Consultant III (Education)	H-5(H-78)	\$16,517	\$71,429
Administrator IV (Environmental Services)	H-14(H-67)	\$17,173	\$91,756
Financial Data Specialist II (Admin. Services)	H-21(H-87)	\$15,004	\$78,022

*Not included in DAS report to Fiscal Committee⁸

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¹ This percentage is presented as one piece of data in a highly complex policy environment. A high approval rate could reflect department heads declining to seek waivers for all but the most critical needs rather than lax oversight from the waiver committee. Or the committee may convince a department to leave a position vacant before a request is ever put in writing.

² <http://www.governor.nh.gov/orders/documents/2008-01.pdf>

³ <http://www.jbartlett.org/files/pdf/NHSpendingFreezeExceptions2009.pdf>

⁴ DAS 9/2 Report lists waiver H-1 through H-106. However, we can find no record either in that report or in DAS public records for waivers H-17 or H-57. Of the 104 hiring freeze waiver requests on file, five were approved in FY09, and three were denied and later resubmitted. Our analysis is based on the 96 vacant positions acted upon in FY08 alone.

⁵ Based on DAS estimates of each agency request, on file for public inspection at the Department of Administrative Services.

⁶ Based on DAS estimates of each agency request. If the submission did not include a request of annualized cost, the figure is based on the Step I starting salary of the appropriate Labor Grade, as provided to the Josiah Bartlett Center for Public Policy by the Department of Administrative Services.

⁷ These requests were denied by the waiver committee, but each agency later submitted a request for an identical waiver under a separate waiver number which was approved in FY08. These three requests are treated as duplicates.

⁸ These ten positions are included in the DAS waiver committee records, and are marked as approved during FY08.