



POLICY MATTERS

Using Information and Ideas to Transform Public Policy

NH fills over 400 vacant positions despite hiring freeze

By Grant D. Bosse

A hiring freeze put in place five years ago by Governor John Lynch is doing little to prevent state agencies from filling their vacant positions, as the Governor's Office has issued 436 waivers so far this Fiscal Year. Governor Maggie Hassan has not denied a single request to waive the hiring freeze in her first six months in office.

Lynch issued an Executive Order in February 2008 preventing much of state government from replacing workers who retire or leave their jobs. But the order, and the budget provisions that write the spending freeze into law, allowed department heads to seek a waiver from the Governor. In the first two quarters of Fiscal Year 2013, Governor Lynch 249 such waivers, while denying or delaying 14 requests. Since taking office in January, Governor Hassan has received fewer waiver requests, but granted them all. The four-member committee delegated by Hassan to decide which waivers should be granted has approved all 187 requests it has considered since January.

Data on the first three quarters of FY13 included in a report compiled by the Department of Administrative Services, and submitted to the Joint Legislative Fiscal Committee in April. That includes 348 state employees hired to fill vacancies across all state departments receiving General Funds. Final figures for the fourth quarter will be presented at the Fiscal Committee's September meeting, but the Hassan Administration has approved 83 hiring freeze waivers so far since April 1. While most of the state employees hired through the waiver process are unionized classified employees, the list also includes five upper management unclassified positions, including new Department of Resources and Economic Development Director Jeffrey Rose.

The hiring freeze applies to state positions funded in whole, or in part, with General Funds, and does not apply to employees funded completely with federal money, Highway and Turnpike Funds, or other dedicated funds. The freeze also does not apply to direct care, custodial care, or law enforcement positions. Commissioners can replace departing employees in those categories without checking with the Governor or reporting to Fiscal.

Lynch's 2008 spending freeze also prevented departments from making capital equipment purchases or funding out of state travel with General Funds, with exceptions. Commissioners have received permission to by nearly \$1.6 in equipment so

far in FY13, 75% of which is computer and electronic equipment purchased by the Department of Information Technology. Other gear includes \$8,890 for a "Folder/Inserter machine" for the Department of Revenue Administration, \$2,368 for a closed-circuit TV system at NH Hospital, and \$500 for a 2006 Ford Focus for DRED. Approved out-of-travel has amounted to just \$86,000 since July 1, 2013.

That followed a trend that saw the Lynch Administration becoming increasingly lenient during his last days in office. Lynch denied twelve waiver requests in the first quarter of FY13, and just one in the second quarter. The Hassan Administration has yet to deny any request to fill a vacant General Fund position. DAS calculates that the General Fund salary and benefits from vacancies filled in the first three quarters of FY13 will cost \$7.3 million this year. The total cost of filling those positions for a full year is not included in the report to Fiscal.

The number of vacancies across state government at any given time is unknown. Department heads must submit the number classified and unclassified positions, filled and vacant, when they request a waiver of the hiring freeze, but DAS does not track that data. Each is a snapshot that includes jobs exempt from the hiring freeze, and positions that have already received a waiver but yet to be filled.

House and Senate budget negotiators are just beginning the Committee of Conference process for New Hampshire's two-year state budget. The Senate plan includes \$50 million in "back of the budget" cuts to personnel costs, \$10 million of which must come from General Fund salary and benefits in each of the next two years. The State Employees Association claims that could result in 700 layoffs. In 2011, Governor Lynch negotiated contract savings with state unions to meet a similar \$50 million "back of the budget" cut to labor costs, avoiding the 500 layoffs that the unions had predicted.

While the DAS waiver report does not include how many positions are currently vacant across state government, it does show that 400 vacancies refilled so far this year would be nearly enough to cover the Senate's labor savings clause, at least within the General Fund. The rate at which vacancies are filled has also increased sharply. Governor Lynch only approved 274 hiring freeze waivers under the first two years of his Executive Order.

Both House leadership and Governor Hassan opposed the Senate provision, though both include smaller "back of the budget" cuts that they expect department heads to produce. Hassan calls the Senate provision "the fiscally irresponsible approach of sweeping, across-the-board cuts." The dispute over labor costs will be one of the key issues considered by the budget conference committee, which must report a budget compromise to the full House and Senate by June 20th. Other contentious issues will revenue estimates, which the House Ways and Means Committee boosted significantly last week, and Medicaid Expansion.