

STATE OF NEW HAMPSHIRE  
INTER-DEPARTMENT COMMUNICATION

**DATE:** January 5, 2022

**FROM:** William J. Oldenburg, PE                      **AT (OFFICE):** Executive Office  
Asst. Director of Project Development

**SUBJECT: Recommendation on Escalation Rate  
For Consultant Services Contracts**

**TO:** William J. Cass, PE                              **THRU:** Peter E. Stamnas, PE  
Assistant Commissioner                              Director of Project Development

Approved: WJC                      Date: 1/25/2022  
Routed and approved in MTS: DPD-BHD-01-2022-04

**MEMORANDUM**

**This memo requests approval that the 2022 annual Escalation Rate be set at 3.75%.**

The Consultant Committee discussed the recommended annual Escalation Rate to be used for determining the mean average salary rate used for fee calculations on 2022 standalone contracts. At the recommendation of the Consultant Committee, this escalation rate is established each year by the Assistant Commissioner, and is used to offset some of the consultant’s risk involved in determining a fixed salary rate for each classification during fee negotiations of standalone agreements. The escalation factor is intended to take into account changes in employee salaries over the life of the contract so the salaries used in the fee negotiations more accurately estimate the actual salaries over the life of the contract. The escalation factor for 2021 was set at 2.00%, 2020 = 2.25%, 2019 = 2.75%, 2018 = 2.0%, prior to 2018 the rate had been 3% for the previous several years.

The Consultant Committee has reviewed the information with the Department’s Internal Audit Office on the determination of the annual contract adjustment rate calculation. Using the escalation rate calculation procedure approved in 2019 the Committee determined the “Employment Cost Index - Professional, Scientific, and Technical Services” industry for the 12-month period ending on September 30<sup>th</sup> of 2021 was 3.8%.

The Committee recommends approval that the 2022 annual escalation rate be set at 3.75%. This percentage is rounded to the next lowest ¼ percent.

cc: Consultant Committee  
Internal Audit Office