

JOINT LEGISLATIVE FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, March 24, 2023

MEMBERS PRESENT:

Rep. Kenneth Weyler, Chair

Rep. Keith Erf, Clerk

Rep. Jess Edwards

Rep. Mary Heath

Rep. Peter Leishman

Rep. Gerald Griffin (Alt.)

Sen. James Gray, Vice-Chair

Sen. Jeb Bradley

Sen. Regina Birdsall

Sen. Lou D'Allesandro

Sen. Cindy Rosenwald

(1) Acceptance of Minutes of the February 17, 2023 meeting

KENNETH WEYLER, State Representative, Rockingham County, District #14: Good afternoon. It being one o'clock, I'll call the Fiscal Committee to order for our March 24th, 2023, meeting. The first item on the agenda is acceptance of the minutes on Tab 1.

****** JAMES GRAY, State Senator, Senate District #06: Move to approve.

CHAIRMAN WEYLER: Senator Gray moves to approve. Senator D'Allesandro seconds. Does anyone have any change to the amendment -- to the minutes? Seeing none. Are you ready for the question? All in favor say aye? Opposed no? The minutes are adopted.

***** {MOTION ADOPTED}**

(2) Old Business:

CHAIRMAN WEYLER: Moving on to the Tab 2 is empty.

CONSENT CALENDAR

- (3) RSA 9:16-a, Transfers Authorized:
- (4) RSA 9:16-c, I, Transfer of Federal Grant Funds:
- (5) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source:
- (6) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source, and RSA 9:16-c, I, Transfer of Federal Grant Funds:
- (7) RSA 124:15, I, Positions Authorized:

AMERICAN RESCUE PLAN 2021 - CONSENT CALENDAR

- (8) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source:
- (9) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source, and RSA 124:15, Positions Authorized:

CHAIRMAN WEYLER: Tab -- we have a Consent Calendar that goes all the way from Tab 3 through Tab 9. I have requests to remove under Tab 4. I have FIS 079. Under Tab 6, FIS 23-099, and under Tab 8, FIS 23-082.

Are there any other items to be removed from the Consent Calendar? Under Tab 4, 079; under Tab 6, 099; and under Tab 8, 082.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

KEITH ERF, State Representative, Hillsborough County, District #28: Who made the motion?

CHAIRMAN WEYLER: Senator Gray, Senator D'Allesandro. I'll entertain a motion to adopt the rest of the Consent Calendar.

** JEB BRADLEY, State Senator, Senate District #03: So move.

LOU D'ALLESANDRO, State Senator, Senate District #20:
Second.

CHAIRMAN WEYLER: Motion by Senator Bradley, second by Senator D'Allesandro, to approve the other items on the Consent Calendar. Further discussion? Seeing none. Are you ready for the question? All in favor say aye? Opposed no? The Consent Calendar is adopted.

*** **{MOTION ADOPTED}**

CHAIRMAN WEYLER: We'll go to Tab 4 and Item FIS 079. That's the Department of Education. We welcome Commissioner Edelblut.

FRANK EDELBLUT, Commissioner, Department of Education: Good morning or good afternoon. For the record, Frank Edelblut, Commissioner of Education.

MS. VAILLANCOURT: Tammy Vaillancourt, CFO for Education.

CHAIRMAN WEYLER: Senator -- Senator Rosenblatt (sic) is recognized for a question.

CINDY ROSENWALD, State Senator, Senate District #13: Thank you, Mr. Chairman. Good afternoon, Commissioner, Tammy. Um -- my understanding is that the -- this grant -- um -- ends next year. And so my question is what's -- what is the Department's plan to continue this system of care work --

CHAIRMAN WEYLER: Rosenwald. What did I say?

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

SEN. ROSENWALD: -- beyond the period of the federal grant. Is it in the budget or how -- how will we continue the work?

MR. EDELBLUT: So there are appropriation requests that are included in the budgeting process, but as well we will seek both no cost extensions, as well as re-apply for the grant. Um -- some parts of the grant program are continuing on, and we will seek and apply for those from the Federal Government.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Senator Birdsell for a question.

REGINA BIRDSELL, State Senator, Senate District #19: Thank you, Mr. Chair. Thank you for taking my question. Also, in the same -- where it says increasing family engagement and expanding professional development, what type of professional development are -- are we --

REP. EDELBLUT: So most of the professional development around the system of care grant is in our MTSSB work, which is Multi-Tier System of Support Behavioral setup. And so, essentially, what we're doing is we're working specifically with school districts. There are seven districts in the program right now where we help them develop -- uh -- relationships and, really, a framework to inter-connect with the community around them to provide supports to students. The way that MTSSB works is we have universal support. So at the lowest level and that's kind of every student needs some degree of support. I like to describe it as we have to teach kids not to stick their gum under the table, and then it escalates from there.

Level two is kids who maybe need some more support and then up to level three which is generally where we're referring them outside of the school system to get support. And by building that MTSSB kind of coalition of both the school and the community, we're able to more seamlessly inter-connect those students to support services.

SEN. BIRDSELL: Great. Thank you.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

CHAIRMAN WEYLER: Senator Rosenwald moves approval. Senator Gray seconds. Is there any further discussion? Have a motion to approve the item. All those in favor say aye? Opposed no? And we have adopted FIS 079.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to Tab 6, and we'll be looking at item 082. 099, excuse me. FIS 23-099, and that's the Department of Energy. Who do we have to answer the questions from Energy? Please introduce yourself. Welcome to the Fiscal Committee.

JOSH ELLIOTT, Director, Division of Policy and Programs, Department of Energy: Good afternoon, Mr. Chairman, Members of the Committee. For the record, Josh Elliott, Director of the Division of Policy and Programs, Department of Energy. Commissioner Chicoine sends his apologies. He's actually at a regional meeting in Massachusetts today.

CHAIRMAN WEYLER: Thank you. Senator Rosenwald is recognized for a question.

SEN. ROSENWALD: Thanks. Great to see you back.

MR. ELLIOTT: Likewise, Senator.

SEN. ROSENWALD: So we're accepting another \$16 million. I'm just wondering how many more households and -- uh -- how much more money per household will we be able to -- um -- help Granite Staters with?

MR. ELLIOTT: Sure. So if looking at just sort of the average numbers that we've seen so far this season, currently the average benefit has just been shy of \$2,000 per household. Um -- there is a matrix that determines the actual amount that any particular household will receive based on income, based on fuel type, as well as household size as well. So rather than

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

depending on how much money we get, it's dependent on a number of other factors that is within those matrices.

So if we were to say, okay, assume that every single, you know, we were to see additional enrollment to eat up this entire fund, this entire appropriation, the extra 16 million, it would cover about 8400 additional households, assuming everybody was in at the average benefit of just less than \$2,000.

CHAIRMAN WEYLER: Further questions from Committee Members? Senator Birdsell moves to approve FIS 23-099 and Senator Rosenwald seconds. Further discussion? Seeing none. Are you ready for the question? Motion is to approve 099. All in favor say aye? Opposed no? The item is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: FIS 082 dealing with the Department of Administrative Services. I see Commissioner Arlinghaus coming forward.

CHARLES ARLINGHAUS, Commissioner, Department of Administrative Services: Hi. I'm Charlie Arlinghaus. I'm the Commissioner of Administrative Services. And you are?

KAREN RANTAMAKI, Director, Bureau of Plant and Property, Department of Administrative Services: I am Karen Rantamaki, Director of Plant and Property.

CHAIRMAN WEYLER: Thank you. Senator Rosenwald is recognized for a question.

SEN. ROSENWALD: Thank you. I feel like bad bunny. Um -- so as I was reading this item, last year when we started it, it was for ventilation improvements. But now it seems like you want to repurpose the funds for building envelope which I think must mean the outside of the building. Paving, life/safety, piping, and improvements to interior spaces. Have -- have we decided that ventilation is all good?

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

MR. ARLINGHAUS: No, not even close. We're still very pro ventilation. And, as you know, many of the State buildings have -- let's just put it mediocre ventilation. And my understanding is we still consider fresh air to be a good thing. And there are actually two separate ARPA items and they're -- the one of them you approved this transfer for last month, when I was not here, and you got to talk to Sheri about it. I think Karen, too, but I'm not positive. And that's -- that -- that is strictly speaking for HVAC sort of issues.

SEN. ROSENWALD: Hm-hum.

MR. ARLINGHAUS: This item is a -- is a -- this item is a separate item. The description refers to both of them, but this item is the non HVAC stuff. And so they're each about 20 million, give or take. And the item last month was all the HVAC because it's a separate ARPA category, I believe, because it's specifically called out in ARPA, where this is just sort of general deferred maintenance around the state. So this is -- think of this item as non-HVAC and the old item, the item from last month as HVAC. HVAC meaning ventilation. The V is for ventilation.

SEN. ROSENWALD: Just follow-up, please.

CHAIRMAN WEYLER: Further question.

SEN. ROSENWALD: Thank you. It's Friday afternoon. I'm struggling. So there were two different items. One was for ventilation, one was for general repairs; but the explanation refers to both of them.

MR. ARLINGHAUS: Yes. And that was a -- and that's probably something we shouldn't have done.

SEN. ROSENWALD: Okay. But got it. Thank you. Thank you, Mr. Chairman.

CHAIRMAN WEYLER: Further questions from the Committee? Senator Bird -- Senator Birdsell moves approval, second by Senator Rosenwald. Any further discussion? Seeing none. Are you ready for the question to approve Item 23-082? All in favor say aye? Opposed no? That motion carries.

***** {MOTION ADOPTED}**

(10) RSA 9:16-a, I, Transfers Authorized, and RSA 9:17-a, III, Limitations:

CHAIRMAN WEYLER: We'll move on to Tab 10 in the Regular Calendar. The first item is 23-086, Department of Health and Human Services. Are there any questions on the item? Senator Rosenwald.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Welcome, Mr. White.

NATHAN WHITE, Chief Financial Officer, Department of Health and Human Services: Good afternoon. Nathan White, Chief Financial Officer.

ELLEN LAPOINTE, Chief Executive Officer, New Hampshire Hospital, Department of Health and Human Services: Good afternoon. Ellen LaPointe, CEO at New Hampshire Hospital.

SEN. ROSENWALD: Thank you. So this item is short-term staffing contracts. It's my understanding that we have like 30 or so beds at New Hampshire Hospital that we're not able to operate because we don't have staffing. Will this money allow us to reopen those beds so that New Hampshire Hospital will be running at full capacity?

MS. LAPOINTE: Thank you for the question, Senator. And I wish I could tell you the answer was yes; but, no, unfortunately, this money won't further assist us in opening additional beds. The reason for that is because this money is actually a request to re-allocate funding for the expenses that

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

we've already incurred for our agency and temporary staff to be able to make those line items whole.

SEN. ROSENWALD: Could I follow-up?

CHAIRMAN WEYLER: Follow-up.

SEN. ROSENWALD: Thank you for that. Has the Department looked at making a bigger transfer so that we could open up all the beds and get people out of emergency departments or would that mean you couldn't make your lapse?

MR. WHITE: So I -- I think there's two elements to this, and I'll defer to Ellen on the -- on the hiring.

There are challenges with hiring the nurses and the social workers and other key positions at New Hampshire Hospital right now. So even if we were to transfer funds for personnel, there would be challenges there. And then, Ellen, I don't know if you want to speak to the wings as well.

MS. LAPOINTE: Yes. Thank you, again, Senator, for the question. So -- um -- in terms of work that's being done to address the -- the closed beds at New Hampshire Hospital, it's very much a priority on behalf of the hospital, as well as the Department. And we're working on several plans in order to try to expedite that and make it a top priority so that we can reopen those beds.

However, an additional concern that has happened within the last several weeks is when we had that very cold weather back in February, there was a sprinkler head that burst in New Hampshire Hospital. And, thankfully, the week prior to that we had vacated those two sister units in their entirety and that's where the open beds at New Hampshire Hospital currently reside. However, it caused a significant amount of damage at those locations that required a significant amount of demolition. So from a staffing perspective, we have concerns and now from an environmental perspective we also have significant concerns in that space.

CHAIRMAN WEYLER: You all set? Further questions from Committee Members? Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. With regard to those beds, we appropriated money in the last biennium to do the transition from where the young kids were to where adults were. How -- how have -- how far have we progressed in terms of that conversion situation, because that was to create 40 -- 40 additional beds.

MS. LAPOINTE: So thank you for the question, Senator. I just want to clarify. Are you talking about the renovation that we -- that was approved, funding was approved for a renovation of those two units?

SEN. D'ALLESANDRO: I'm talking about, yes, the money that we allocated to take the rooms that the children were occupying and to convert them to adult beds. There were 20 of those. And when you converted them to adult we created 40 more spaces.

MS. LAPOINTE: Thank you for clarifying that question for me --

SEN. D'ALLESANDRO: Sure.

MS. LAPOINTE: -- so I understood. So at the time that the beds that the children were in were vacated during COVID, we did actually without having pursued the renovation at that time implement those beds for adult services. So at the peak of COVID our maximum census was approximately 184. Since then, we've lost significant staffing which has yielded the need to close those units and have the deficit of 31 beds that we have currently.

SEN. D'ALLESANDRO: Thank you. Thank you, Mr. Chairman.

CHAIRMAN WEYLER: Further questions about the item from any Committee Members?

I'll entertain a motion to approve. Motion to approve from Senator Rosenwald, second by Senator D'Allesandro to adopt Item

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

23-086. Any further discussion? Seeing none. Are you ready for the question? All in favor say aye? Opposed no? The item is adopted.

***** {MOTION ADOPTED}**

(11) RSA 228:12 Transfers from Highway Surplus Account:

CHAIRMAN WEYLER: Moving on to Tab 11 and Item 23-090, Department of Safety. Any questions on this item? Senator Rosenwald.

SEN. ROSENWALD: Thank you. Um --

STEVE LAVOIE, Director of Administration, Department of Safety: Good afternoon. Steve Lavoie, Director of Administration.

CHAIRMAN WEYLER: Hi, Steve.

SEN. ROSENWALD: Thank you, Mr. Chairman. So it seems to me if I add it up like we're spending about over \$600,000 a year in credit card fees at the DMV. Is that reimbursing -- do we charge a convenience fee to customers who are using their credit cards?

MR. LAVOIE: We do not and that's what these expenses represent. These are the costs that the Department pays the merchant service providers for accepting payment by credit card. We don't currently charge a convenience fee. That would be another alternative to covering some of these costs.

SEN. ROSENWALD: Could I follow-up?

CHAIRMAN WEYLER: Follow-up.

SEN. ROSENWALD: Would you have the statutory authority to do that?

MR. LAVOIE: We do have the statutory authority, yes.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

SEN. ROSENWALD: Okay. Why aren't you doing -- yeah, I mean, why are we losing money for customer convenience?

MR. LAVOIE: It's a combination of both a business decision and a budgetary decision. Uh -- if -- if we don't have the funding in our budget to cover these costs, we're really forced as a Department to implement a convenience fee. When on-line transactions were first introduced at the DMV, we really wanted to encourage people to move in that direction. And so at the time, convenience fees were viewed as a deterrent to doing so if there's an additional cost to processing on-line. Times have changed, and now it's common for convenience fees to be assessed. And so, again, it's really a combination of -- of a business and a budgetary decision whether or not we would continue to move forward with -- with that practice.

At this point -- um -- we wouldn't be in a position to make that change this Fiscal Year, and we've been having those discussions with House Finance Division II as far as moving it forward.

SEN. ROSENWALD: Okay. Thank you. I'm sure we'll have discussions in the Senate as well.

CHAIRMAN WEYLER: Senator D'Allesandro for a question.

SEN. D'ALLESANDRO: Thank you. Thank you, Mr. Chairman. First of all, Stevie, congratulations on your elevation.

MR. LAVOIE: Thank you, sir.

SEN. D'ALLESANDRO: Assistant Commissioner of the Department. But with regard to the fees, Steve, it seems to me in today's world everyone that's accepting the credit card is charging that fee. I see it all the time when I go to a restaurant. They add an additional 3% if you use the card. So we're really remiss if -- if we're not on top of that. And when you look at these numbers, this represents a lot -- a lot of money, a significant amount of money. So I would -- I know in

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

the Senate we'll be looking at that. I look at the -- the two movers and shakers here, the trio. So the five of us are here. The three amigos and us two will be looking at that. Thank you, Mr. Chairman.

CHAIRMAN WEYLER: Representative Edwards for a question.

JESS EDWARDS, State Representative, Rockingham County, District #31: Thank you. This wasn't my topic, Mr. Chair, but I -- I just would say that I eat out a lot these days, unfortunately. No home cooking for me. I don't see a 3% credit card fee. The only time I see it is in the State cafeteria downstairs, sir, or -- or when I go to my Auburn town to do dog fees, you know. I -- I'm okay with government not slapping an extra transaction on. I would assume that we have advantages to making sure that our cash flow, that we're not having shrinkage in our cash collections if we have everything electronic. It's for our convenience, I would think.

CHAIRMAN WEYLER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Mr. Chairman, if I could address that. Um -- at particular restaurants that I go to, I'm seeing the 3% addressed all the time. Uh -- and -- and I think more, and more, and more as cards are becoming the way to do business, very few people have cash. I know my kids don't know that cash exists. Uh -- they get, you know, wallets full of credit cards. I never had a credit card. So the 3% didn't bother me until I got one. But I think it's -- it's the rule of thumb as we speak around the state. So you're lucky. You're very fortunate if it's not happening in your area.

REP. EDWARDS: McDonald's is just not missing -- they missed out, I guess.

SEN. D'ALLESANDRO: Well, we'll catch them later.

CHAIRMAN WEYLER: Further --

** SEN. GRAY: Move to approve.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

CHAIRMAN WEYLER: Further discussions from the Committee?
Senator Gray moves to approve the Item --

SEN. BRADLEY: Second.

CHAIRMAN WEYLER: -- 090. Who was the second?

SEN. GRAY: Senator Bradley.

CHAIRMAN WEYLER: Senator Bradley seconds. Further discussion on the item? Seeing none. Are you ready for the question? All in favor say aye? Opposed no? The item is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving in the same tab to 23-102, Department of Transportation.

ANDRE BRIERE, Deputy Commissioner, Department of Transportation: Good afternoon, Chairman, Members of the Committee. Andre Briere, Deputy Commissioner at NH-DOT.

MR. CHADONNET: Danielle Chadonnet, Director of Finance. Sorry. Danielle Chadonnet, Director of Finance.

CHAIRMAN WEYLER: Very good. Any questions from the Committee Members?

SEN. D'ALLESANDRO: If I might?

CHAIRMAN WEYLER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. Uh -- it seems to me that we make this every year. You come to us every year for this transfer. Why don't we just appropriate properly when we're building the budget rather than come here for -- for a transfer?

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

MR. BRIERE: It would not hurt our feelings sir, but that -- that is the way we're budgeting. Yes, sir.

SEN. D'ALLESANDRO: It just -- it just seems to me every year we come and we -- and we do this and it's a waste of paper.

CHAIRMAN WEYLER: Well, it's different every year. Sometimes we have a terrible winter and they might come in for twice as much. Sometimes we have a nice winter and they don't need to move much.

SEN. D'ALLESANDRO: But they're always coming in.

CHAIRMAN WEYLER: I know, but I credit them with being very accurate at what the costs are. That's what I always look for in people working on money.

MR. BRIERE: Yes, sir, we do try. The variability of -- of winter does change our requests. If you recall, we were here not too long ago. The recent storm events that continued higher use of rented trucks and the increased material costs, inflation, is why we're back. I won't knock on wood, but -- but, hopefully, we're winding down.

CHAIRMAN WEYLER: Representative Leishman for a question.

PETER LEISHMAN, State Representative, Hillsborough County, District #33: Thank you, Mr. Chairman. Some of us, unfortunately, don't live in the big city like Manchester, but where I live we got like 35 inches of snow --

MR. BRIERE: Yeah.

REP. LEISHMAN: -- in Peterborough just --

MR. BRIERE: Yes, sir.

REP. LEISHMAN: -- week or two ago, and we still have some left. But I did have a question, if I could, Mr. Chair, on the Class 20 item on Page 2. You mentioned the anti-icing materials.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

Are you using -- I know you're using the salt and what's it -- uh -- brine.

MR. BRIERE: Brine, yes, sir.

REP. LEISHMAN: Are you using anything else that may be less environmentally sensitive, 'cause I've heard from Peterborough even and people, rather, in my area that have had some salt contamination issues or are you moving to other things? Like I hear nitrogen is sometimes used now.

MR. BRIERE: We also use sand in some areas, but I do have our operations experts here. Mike, do you want to -- Michael or Alan. They can tell you about other things we've looked at. We do look at an extensive range of materials, balance cost and environmental impact of all those materials. But we're continually testing. Alan, go ahead and introduce yourself.

ALAN HANSCOM, Highway Maintenance Engineer, Department of Transportation: Good afternoon. Good afternoon. Alan Hanscom, State Highway Maintenance Engineer. We do -- we have experimented with different chemicals at various times, potassium acetate and others. Comes at a significant cost increase -- um -- to almost an order of magnitude at times. So we would be here more often if we did switch that over. But it's -- it's a significant cost of four to \$5 per gallon versus \$85 a ton for salt. So we have -- we have tried, and -- but we didn't find it cost effective.

CHAIRMAN WEYLER: Further question.

REP. LEISHMAN: If I could. Thanks, Mr. Chairman. I guess I'm just concerned, because we hear more and more about water contamination in my division, Division I, and the cost that that's now basically bearing down on the state with the requests we're getting from the Department of Environmental Services. So I'm just -- that's why, I guess, I'm asking the question because there may be significant savings by using the more cheaper salt, but the long-term effect down the road, and I do have one follow-up, if I could, Mr. Chairman.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

On -- you noted in Class 22, again, on the second page, that that is going up, obviously, because of the outside contractors. But have you seen a decline in the Highway Maintenance Bureau to offset what you're asking for for additional funding, because you have to hire so many contractors?

MR. BRIERE: Right. Sir, I mean, at the moment this is due to vacancy -- vacancies. This is not an optimal situation. Hired trucks we have always used and we'll continue to use because we staff for summer. We don't staff for winter maintenance. Otherwise, we'd have a lot of excess staff during the non-winter months. So the hired trucks are used to fill that delta.

Our vacancy rate comes at an opportunity cost. Routine maintenance, things like bridge washing, other things that extend the life of our infrastructure aren't being done because of our vacancy rate right now. So reducing head count in that case would -- would just further exacerbate that situation and in our view, at least, lead to a long-term degradation of our transportation infrastructure.

REP. LEISHMAN: I guess my question wasn't clear. I'm sorry, Mr. Chairman.

CHAIRMAN WEYLER: Further question.

REP. LEISHMAN: I'm just wondering where you said that I understand the vacancy rates and everybody's having that problem, but have you seen a large drop in your Maintenance Bureau Budget? Obviously, if you're not doing all these things, I would guess it be a corresponding drop in excess.

MR. BRIERE: Yeah. Danielle, did you want to come up? Just a moment, sir. I'll let Danielle take that question.

MS. CHADONNET: I'm sorry, sir. I didn't hear the question. Could you repeat the question for me? Thank you.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

REP. LEISHMAN: On Page 2, Class 22, it was mentioned that, you know, we all know about the vacancy rate and all the departments, but I was just curious if the line had changed significantly within your Highway Maintenance Bureau, as far as expenses, because of that vacancy rate and not being able to as Assistant Commissioner said wash bridges and do other maintenance. Is that --

MS. CHADONNET: For the Class 22? For Class 22? That's specifically for the rented equipment. The reason why there's been such a change in that, in addition to the vacancy rate, is the fuel surcharge that's paid because it's also tied to the fuel fluctuations that are occurring.

REP. LEISHMAN: I guess I'm having trouble, Mr. Chairman, because I'm just looking at the -- again, have you seen a marked decline in the Highway Maintenance Bureau budget because of the lack of --

MS. CHADONNET: No.

CHAIRMAN WEYLER: If you're having lower miles on some of the trucks, is it saving you in some other costs?

MS. CHADONNET: No, sir.

MR. BRIERE: Our trucks are fully utilized due to our volunteers. So it's an all hands on deck effort right now with regard to winter maintenance. I think I get what you're saying, sir. I -- and the answer would be no. We are not seeing that because those -- those personnel are being utilized. And primarily it's a personnel cost that would decrease. The -- the actual material cost of maintenance of a -- of a bridge itself is absorbed in other activities.

REP. LEISHMAN: Thank you. Thank you, Mr. Chairman.

CHAIRMAN WEYLER: Further questions on Item 23-102? Seeing none. Senator Bradley moves the item. Who made the second?

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

SEN. GRAY: Seconded.

CHAIRMAN WEYLER: Senator Gray seconds the adoption of FIS 23-102. Is there any further discussion on the item? Seeing none. Are you ready for the question? All in favor say aye? Opposed no? The item is adopted. Thank you.

***** {MOTION ADOPTED}**

MR. BRIERE: Thank you.

(12) RSA 604-A:1-b, Additional Funding:

CHAIRMAN WEYLER: Moving on to Tab 13 or no, next item is I have 12. Item is 23-073, the Judicial Council.

RICHARD SAMDPERIL, Executive Director, Judicial Council: Good afternoon. My name's Richard Sandperil. I'm the Acting Executive Director.

CHAIRMAN WEYLER: Are there any questions on Item 23-073 from the Committee Members?

****** SEN. D'ALLESANDRO: Move to approve.

SEN. BRADLEY: Second.

REP. LEISHMAN: Second.

CHAIRMAN WEYLER: Senator D'Allesandro moves to approve Item 23-073. Senator Bradley seconds. Further discussion? Seeing none. Are you ready for the item? All in favor say aye? Opposed no? The item is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: And we also have, while you're sitting there, Item 23-074. Again, from the Judicial Council. Any --

****** SEN. D'ALLESANDRO: Move to approve.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

CHAIRMAN WEYLER: Senator D'Allesandro moves to approve. Is there a second? Representative Heath seconds. Further discussion? Seeing none. All in favor say aye? Opposed no? That item is adopted.

***** {MOTION ADOPTED}**

MR. SAMPERELL: Thank you.

(13) Chapter 90, Laws of 2021, Agency Footnote:

CHAIRMAN WEYLER: Tab 13. We'll be looking at Item 23-091 from Department of Corrections. She's been waiting all this time. Welcome, Commissioner Hanks.

HELEN HANKS, Commissioner, Department of Corrections: Thank you, sir. For the record, Helen Hanks, Commissioner of Department of Corrections, and to my left is Paula Mattis, our Director of Medical and Forensic Services.

CHAIRMAN WEYLER: Item 23-093. Are there any questions from Committee Members? Representative Leishman.

REP. LEISHMAN: I was going to move the item, but I see Senator Rosenwald has a question.

CHAIRMAN WEYLER: All right. Then Senator Rosenwald moves the item.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Senator Leishman seconds to approve Item 23-091 for the --

SEN. ROSENWALD: I had a question.

CHAIRMAN WEYLER: Oh, hang on, hang on. Senator Rosenwald is recognized for a question.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

SEN. ROSENWALD: Thank you. Thank you, Mr. Chairman. Commissioner -- um -- what is the budget going to look like for the next year? Are you going to be back here asking for extra money to pay providers or did we budget at a higher rate? And I'm sure for the House Members they already know all this, but we don't.

MS. HANKS: Senator Rosenwald, I appreciate that question. Talking about the end of this Fiscal Year this is amount -- this amount we're asking for today is to make us whole for this Fiscal Year. We -- we're at a disadvantage when we forecasted the last biennium budget because we did not know how many contracted medical provider services were going to cost and that makes up a large portion of this ask. We have that information in the budget we have before the House and soon to be before the Senate. So we feel very confident in those numbers and I'm careful when I say that, but we feel very confident in those numbers.

CHAIRMAN WEYLER: Further questions from the Committee? Senator Birdsell moves approval.

SEN. D'ALLESANDRO: Second.

CHAIRMAN WEYLER: Senator D'Allesandro seconds approval of Item 23-091. Is there any further discussion? Seeing none. Are you ready for the question? All in favor say I? Opposed no? That item is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to Item 23-092, Department of Administrative Services. Are there any questions on Item 23-092 from the Committee? Seeing none, I'll entertain a motion to approve.

****** SEN. BRADLEY: So move.

CHAIRMAN WEYLER: All right. I have two motions. Uh -- Senator Bradley, second by Senator Rosen -- Rosenwald.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

Further discussion? Seeing none. Are you ready for the question? All those in favor say aye? Opposed no? The item is approved.

***** {MOTION ADOPTED}**

(14) Chapter 91:70, Laws of 2021, Department of Corrections; Transfer Authority:

CHAIRMAN WEYLER: Moving on to Tab 13. Fourteen, Tab 14. First item is 23-072. Again, Department of Corrections. Back again. Are there any questions on this item?

****** REP. LEISHMAN: Move the item.

CHAIRMAN WEYLER: Representative Leishman moves the item for approval. Representative Heath seconds. Approve the item. Any further discussion from the Committee Members? Seeing none, are you ready for the question? All in favor say aye? Opposed no? That item is adopted.

***** {MOTION ADOPTED}**

(15) Miscellaneous:

(16) Informational Materials:

CHAIRMAN WEYLER: Finishes our regular calendar. Were there any questions on any of the information materials while we have all -- all these people here from all the departments? Seeing none. I'll recognize Stephen Smith from the Audit Division.

AUDITS:

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Mr. Chairman. Mike Kane over here. Representative Weyler. If you wanted to make a motion to accept the audits, place them on file, and release them to the public in the usual manner now before the presentations, feel free to do so; but I'll leave that up to you.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

** SEN. GRAY: So move.

CHAIRMAN WEYLER: Okay. Senator Gray moves that we accept the audits, place them on file, and release in the usual manner. And Senator Rosenwald seconds that. And now we'll have the presentation.

STEPHEN SMITH, Director, Audit Division, Office of Legislative Budget Assistant: Thank you, Mr. Chairman. Good afternoon, Members of the Committee. For the record, Steve Smith, Director of Audits for the LBA. Our first audit to present is the performance audit for the Weatherization Assistance Program. With me from our office is John Clinch. He's the Senior Audit Manager and the In-Charge Manager on this audit. And joining us from the Department, Division Director Josh Elliott. So, with that, I'll have John present the audit and then go from there.

CHAIRMAN WEYLER: Welcome.

JOHN CLINCH, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Thank you. Good afternoon, Mr. Chairman, and Members of the Committee. My name is John Clinch. I'm a Senior Audit Manager with the Office of Legislative Budget Assistant, and I was the Auditor In-Charge for this audit, the Weatherization Assistance Program, which I'm here to present today.

As shown on the transmittal letter on Roman numeral I, the objective of our audit was to determine if the Weatherization Assistance Program was efficiently and effectively overseeing Community Action Agencies weatherization services.

Our audit period was primarily State Fiscal Year 2022 when the Legislature placed it under the Department of Energy, which is known here as the New Hampshire -- is New Hampshire Energy. Please turn to our Executive Summary on Page 1.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

We found New Hampshire Energy's monitoring program was generally effective and the program had exceeded its expected statewide number of dwellings weatherized in two of the three State Fiscal Years for which we requested federal reports. The program functions primarily in an oversight and grant management role, while the Community Action Agencies qualify and serve clients based on federal statutes, regulations, and program guidelines.

We believe with the new administrative support provided by New Hampshire Energy and implementing our recommendations, the program appears to be well-positioned to improve its operating efficiency and effectiveness, which will be especially important as it receives an additional \$18.2 million from the federal bi-partisan infrastructure law through the end of State Fiscal Year 2027.

Our Recommendation Summary starts on Page 3. Our report had six Observations and the Department of Energy fully concurred with all Recommendations. No Observations will require legislative action.

Our background section begins on Page 5. It contained a brief description of the Weatherization Assistance Program, including the program's organization and structure, an overview of the weatherization process, and a discussion of the program monitoring, oversight, and expenditures.

The next section begins on Page 13 and contained our Observations and Recommendations related to information management.

In Observation No. 1, we found the program could be operated more efficiently and effectively with an information system specifically designed and operated to support the Weatherization Assistance Program. We recommended New Hampshire Energy work with the Department of Information Technology to identify the requirements of an information system that will better support the program, develop or purchase a system that will meet these unique requirements, and immediately establish a

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

secure method of receiving monthly requests for reimbursements and supporting documentation from Community Action Agencies.

In Observation No. 2 on Page 15, we recommended New Hampshire Energy develop and implement a records management system that will enable the program to organize its records for efficient oversight and program reporting.

In Observation No. 3 on Page 16, we found the weatherization program was able to report to the U.S. Department of Energy the number of dwelling units completed for every quarter, but it did not track which Community Action Agencies completed the audits. We recommended the program track the number of completed dwelling units by each Community Action Agency.

Turning to the Program Operations Chapter on Page 19, Observation No. 4 discussed the need for administrative rules. We recommended New Hampshire Energy consult with the Department of Justice and the Office of Legislative Services on whether rules are needed for aspects of the program being implemented and managed through contracts between the program and Community Action Agencies.

Observation No. 5 on Page 21 discussed the need for periodic risk assessment and recommended establishing formal written -- written risk assessments to be used for planning, budgeting, and implementing program improvements.

Finally, Observation No. 6 begins on Page 22. It discussed the need to keep public information updated on its web site. During the audit period, the program changed its household income eligibility limits; yet, it did not change information in all places on its web site.

The Appendices are found in the tab section of the report; included are scope, objective, and methodology, and New Hampshire Energy's response to our audit.

Before I conclude my prepared remarks, I'd like to thank the New Hampshire Energy for its assistance during the audit. Uh -- with your permission, I'd like to turn it over to Josh Elliott, Director of Policy and Programs.

CHAIRMAN WEYLER: Thank you. Energy's comments.

MR. ELLIOTT: Good afternoon, Mr. Chairman, Members of the Committee. Again, Josh Elliott, Director of the Division of Policy and Programs. Again, Commissioner Chicoine being at a meeting in Massachusetts unable to attend, but sends his apologies.

First and foremost, we'd like to thank the LBA Audit Division for their thorough review of this program, as well as their patience. At certain points we were working on filing applications for those additional Federal funds and they were very lenient in terms of our turnaround times in getting them documents. So just want to, again, thank them for their consideration.

As -- as mentioned, the Department concurs with all six of the Recommendations of -- that the LBA audit had suggested for the program. I'm happy to either take questions or walk through the specific actions that the Department has taken to address each of these recommendations.

CHAIRMAN WEYLER: Have you had discussions with Information Technology to come up with a timeline and a cost?

MR. ELLIOTT: Thank you for the question. Yes. So there is an item contained within House Bill 25, the Capital Budget. We have a request for a data management system that would not only cover this program, but the existing Fuel Assistance Program, as well as the Electric Assistance Program. So that's working its way through the process. So we expect to speak to the House Public Works colleagues and Senate Capital Budget Committee in the next couple weeks about the project.

CHAIRMAN WEYLER: Further questions from the Committee? Representative Edwards.

REP. EDWARDS: Do you have an order of magnitude cost on that system, that database management system?

MR. ELLIOTT: So we have gotten initial quotes back last year during the initial stage of the Capital Budget process. We're looking at a roughly around \$800,000. Again, in the interim we are looking at just getting updated quotes just to make sure we have the best and latest, most up-to-date information, especially given inflation and a number of other factors involving with software costs over the course of the year. But that sort of gives a ballpark of what the software costs would be for the entire program of not only of the Weatherization Assistance Program, but of the Fuel Assistance Program, as well as the Electric Assistance Program.

CHAIRMAN WEYLER: Thanks for all the help to the people that needed it. Any further discussion on the item? All right. I guess we're going to approve them all in one vote. What should we move on to next? Thank you, gentlemen. Director Smith, what should we move on to next?

MR. SMITH: We'll move on to our Management Letters. These are a by-product of our financial audits for both Lottery and Liquor. But first off will be the Lottery Commission. From our office Kim Bisson. She was the Senior Audit Manager on this. And joining us, I believe, is Director McIntyre and Jim Duris, CFO, from Lottery Commission.

CHAIRMAN WEYLER: Welcome.

KIMBERLY BISSON, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Mr. Chairman, and Members of the Committee. For the record, my name is Kimberly Bisson, and I'm a Senior Audit Manager with the LBA Audit Division. I'm here today to present the Management Letter, which is a by-product of our audit of the Lottery's Fiscal Year

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

2022 financial statements, which were previously presented to the Committee at the January 27th meeting.

If you turn to the Table of Contents, you will see that the report includes two Internal Control Observations, none of which were identified as material weaknesses, and it also includes one State Compliance Observation.

The Lottery concurs with all three comments, and the State Compliance Observation suggests legislative action may be required. The Observations begin on Page 3.

Observation No. 1 recommends Lottery strengthen its Internal Control procedures over iLottery revenue reconciliations. We recommend that the Lottery review its current revenue reconciliation procedures and work with the vendor to ensure that all relevant data points used in the reconciliation are agreed to valid supporting documentation. We also recommend that Lottery support its existing reconciliation procedures with a formal management approved policy and procedure document.

Turning to Page 4, Observation No. 2 recommends that Lottery implement procedures to ensure that its gaming system vendor provides routine and timely updates to the listing of individuals used to identify ineligible players as required by game rules or contract.

Finally, the State Compliance Observation on Page 6 recommends that Lottery continue to take steps towards developing and adopting administrative rules relative to qualifications for enhanced penalties in accordance with statute. It also recommends Lottery consult with the Attorney General's Office to determine whether a statutory revision is necessary to address conflicting statutory language regarding the establishment of the Investigative Compliance Division.

The Appendix located behind the tab on Page 7 reports the current status as of December 19, 2022, of Observations contained in the Fiscal Years 2021 and 2020 Lottery Commission

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

Management Letters. As noted on Page 9, four comments were fully resolved, and three were in the process of remediation.

This concludes my presentation. I would like to thank Lottery's management and staff for their assistance and cooperation during the audit. And, with your permission, I will now turn the presentation over to Director McIntyre for any comments he may have.

CHARLES MCINTYRE, Executive Director, New Hampshire Lottery Commission: Good afternoon, Mr. Chairman, Members of the Committee. I'm Charlie McIntyre, the privilege being the Director of New Hampshire Lottery. With me is our Chief Financial Officer, Jim Duris. I also want to thank the good folks at LBA for their hard work and effort on this. It's a remarkably collaborative process. It has been ongoing since I've been here and certainly before us. And so it's a useful exercise, and one we don't enjoy, but certainly it's worthwhile. I'm happy to answer any questions you folks may have, Mr. Chairman, Members of the Committee.

CHAIRMAN WEYLER: Representative Edwards.

REP. EDWARDS: Thank you, Mr. Chair. This is probably a question for whoever wrote the report. On Page 7, 8, and 9 there's a status indicator with some dots filled in, some not. I -- I don't see a key, so I don't know what those status bullets mean.

MS. BISSON: It's on Page 9 at the bottom.

REP. EDWARDS: Oh, there's the key. Yep. Good job.

CHAIRMAN WEYLER: And I guess -- I guess Lottery still survives as the most audited group in the -- in the state.

MR. MCINTYRE: Yes, we hold that title many years in a row proudly.

CHAIRMAN WEYLER: Given them their own space yet?

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

MR. MCINTYRE: Yes, actually, we do. We have an office for them because -- yes, we have an office space for them.

CHAIRMAN WEYLER: Very good. Further questions from Committee Members? Seeing none. Thank you very much.

MR. MCINTYRE: Thank you, Mr. Chairman, Members of the Committee.

CHAIRMAN WEYLER: Congratulations on the good results. I guess we'll hear next from Liquor.

MR. SMITH: Thank you, Mr. Chairman. Yes, the last one will be Management Letter for the Liquor Commission. Jim LaRiviere from our office will present the audit. And joining us from the Commission is Chairman Mollica and James Vara is also here, Director of Administration. So, with that, James -- Jim will present the audit report.

JAMES LARIVIERE, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Chairman Weyler, and Members of the Committee. Again, for the record, my name is Jim LaRiviere, Senior Audit Manager with the Office of Legislative Budget Assistant. We're here to present the New Hampshire Liquor Commission Fiscal Year 2022 Management Letter.

If you turn to the Table of Contents you'll note that this report contains Three Internal Control Observations, none that are identified as a material weakness, and one State Compliance Observation.

The Commission concurred, in part, with two and concurred with two.

The State Compliance Observation is identified with an asterisk suggesting that legislative action may be required.

The Observations begin over on Page 3. Observation No. 1 discusses the ongoing risk from continued -- continued delays

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

encountered while replacing the Commission's 35-year old legacy system mapper with a new system, NextGen, resulting in a strain on staff resources, increased project costs, and increased risk to the operations.

The Commission's endeavor to replace its mapper system began in Fiscal Year 2016 with an estimated 24-month time frame. Since then, multiple planned go-live dates have not been achieved. The Commission reports the risk of implementing the NextGen system are currently greater than the risk of continuing operations with its current mapper system until numerous issues described in the bulleted items on Page 3 with the NextGen implementation can be resolved.

We recommend, number one, the Commission consider and respond to risks posed by its reliance on its limited retired staff resources that support its mapper system while continued delays and other issues are resolved with the implementation of the NextGen system.

And, two, the Commission seek additional resources to fulfill its information technology needs to ensure that they're receiving and acting upon the best available advice in the implementation of its NextGen system.

Turning to Page 6, Observation No. 2, we recommend the Commission continue to develop a formal and documented risk assessment procedure for recognizing, evaluating, and responding to risk that could affect its ability to achieve its financial accounting and reporting, information technology, and overall business operation objectives. A similar recommendation was made in the 2020 Liquor Commission Management Letter.

In Observation No. 3 on Page 7, we recommend the Commission revamp its current internal audit roles and work towards the implementation of traditional internal audit function that performs audits and focuses on risk mitigation and strengthening internal controls for the organization. The internal audit function should include a formalized process, including planned procedures, reporting of weaknesses in internal control and

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

non-compliance, and recommendations to address the deficiencies noted.

Internal auditors should have appropriate training, education, and professional background to perform internal audit activities. The Recommendation was originally reported in the 2019 Liquor Commission Management Letter.

Observation No. 4 on Page 9, our final and State Compliance Observation, recommends the Commission comply with statutes in its computation of its transfer to the Alcohol Abuse Prevention and Treatment Fund. The Commission's Fiscal Year 2022 transfer was calculated based on Fiscal Year 2020's gross profit, not Fiscal Year 2021, as statutorily required. This resulted in an understatement in the amount transferred of 1.2 million for Fiscal Year 2022.

If the Commission believes its current practice of using audited gross profit from two Fiscal Years prior is a better alternative to determine its transfer, then we recommend it seek statutory revision.

Current status of prior audit findings for Fiscal Years 2021 and 2020 begin on Page 11 located behind the tab. Of the combined seven comments contained in those reports, four are fully resolved, and three were in the process of being remediated.

This concludes my presentation. I'd like to thank the Liquor Commission for their assistance and cooperation during the audit. And, with your permission, Chairman Weyler, I would like to turn the presentation over to Chairman Mollica for any comments that he may have.

JOSEPH MOLLICA, Chairman, New Hampshire Liquor Commission:
Thank you very much, Jim. Mr. Chairman, Members of the Committee, Joseph Mollica, Chairman of the New Hampshire Liquor Commission. Our COO James Vara is here with me. Tina Demers, our CFO, could not be here today. And behind me are Deputy Commissioner Nicole Brassard Jordan and Project Manager for the

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

NextGen April Bunker. They have worked on the project from the beginning and we'd like to thank Jim and his team for the work that they've done. I think we're running in competition with Lottery for the most audited. And happy to have -- happy to have them there and learn something every year from them being there. So truly appreciate it, sincerely. Happy to answer any questions that the Committee may have. Thank you.

CHAIRMAN WEYLER: Senator Gray for a question.

SEN. GRAY: Certainly I have concern over Observation No. 1. Started in, I think, it's '16 was what the testimony is. Uh -- I'm sure that that's the bullet that I see in the bottom of Page 11. And, I guess, you know, looking into the budget season that's coming up when you'll be in front of Senate Finance, I certainly want to know more about this why from '16 to present that I haven't seen more progress in -- in replacing that system or what your plan of action milestone for this item here on bottom of Page 11 is. And so that's a heads up for you and for the Administrative Services Department in the back that -- that apparently has some control over the computer systems. I think he's saying that, if I'm not correct but we'll find out, but that it will be a significant interest item that I have, you know, when we look into your budget, why that particular item is taking as long as it has.

MR. MOLLICA: Thank you, Senator.

CHAIRMAN WEYLER: Representative Leishman for a question.

REP. LEISHMAN: Thank you. Thank you, Mr. Chairman. So I had a couple of questions, but I'll go through the Chair if that's all right. So going to Page 8, I was kind of curious about your response at the bottom of that section where it says the Commission will revamp existing internal audit functions as soon as Observation 1 and 2 can be suitably addressed. That seems awful vague to me, suitably addressed. Can you tell me what that means?

JAMES VARA, Chief Operating Officer, New Hampshire Liquor Commission: As Chairman Mollica indicated, my name is James Vara. I'm Director of Administration. Nice to see you.

So -- uh -- I worked on this finding. So I certainly can talk about it clearly. So as -- as we've -- as you've seen from audit recommendation number one, NextGen is a project that's been going on for a long period of time now.

Number two discussed a position that was -- has now actually been posted. I've not had the opportunity to talk to Jim LaRiviere about that. So we're -- we're actually going through a new process now. So when I came on board in September, I've been at the Commission for longer than that, but my current position September of last year we had some staffing changes, which included a position the Senior Audit Analysis position. We've now posted that position. This is all going to be a new comprehensive view of how all these things work. All these things have to work in concert with one another. I think we all would agree with that. All these things have to work in concert with one another.

So I would not say it's vague. I would say that this is a project that's in full form, right? So we've now posted the position. I'm now in this position. We had turnover of my position -- my current position and, also, the person who had the position before. Now I had the opportunity to take deep dive in how that position was run. We want this to now work in concert. We are now going to have a position that's going to look at -- as you know there was the performance audit that was done on the Enforcement Division. That was the first of the ERM that we looked at. We are now going to do a comprehensive review of the entire office with this position, with audit position coming in. But part of that has to also look at how NextGen is going to work.

NextGen is a fully formed project. It's -- it's from Point A to Point Z of how the Commission runs its business. All these things are going to work in concert with one another, like I

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

said, and part of that is going through all of these things now me being in this position.

REP. LEISHMAN: Further questions, Mr. Chairman. Thank you. So I've been on Division I for, I think, eight terms. And I have to say that during those eight terms there always seems to be some kind of a delay. We have other departments that work with DoIT, things move more smoothly. I assume that you're -- I know you're relatively new there, but I just want to express my concern as you already heard from Senator Gray that he's going to take a bite at your budget coming up. But it just seems there's always a delay or an excuse. I'm sorry, but that's what I've seen in my years on Division I, and it troubles me.

If I could, Mr. Chairman, I'd go to the Alcohol Abuse Prevention calculation. There seems to be a disagreement with the Liquor Commission and what statute says and that fund isn't getting properly funded, apparently, based on what I'm reading here. So what's that all about?

MR. VARA: So I could -- I actually have history with that.

REP. LEISHMAN: Okay.

MR. VARA: Prior to my time being at the New Hampshire Liquor Commission, I was the drug czar for Governor Hassan and Governor Sununu.

REP. LEISHMAN: I remember that.

MR. VARA: So I am familiar how that statute was going to be implemented, right? As you would remember, it was never fully funded, right? Liquor fund would never fully fund it.

Now, there was a change of it being funded and how those funds would be -- would be put in -- in a sort of bank, right? I would say that 176:16 there's not a difference in how 176:16 is run. It was done during a different -- different period of time of how the Liquor Commission was supposed to put the money in, right? We -- we talked with DAS. We also talked with the

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

LBA. We also talked with HHS -- excuse me -- HHS related of how this should be done. We, of course, do not want to violate any statute. That, you know, I've been -- I've been a lawyer now for many -- oh, shoot, I was going to say 18 years, it's actually 20 years, 20 years coming up. We certainly in no way, shape, or form want to violate any statute. But in consultation with those three groups, we wanted to ensure that we want -- we want to put the appropriate money in. I think we have.

If -- if there is concern, and there is, and we've talked to the LBA about it, we talked about it when, actually, it was currently being done, and now we'll just ask for a statutory -- we'll request a statutory change. I think that would then satisfy any concerns.

I want to first though say at no point in time have we ever not provided the funding for the alcohol fund. We've always done it appropriately. The money that was requested to be in there has always made it there. So if there's any concerns of it being somehow an excuse of some way, shape, or form, I want to dissuade any of those concerns, because I certainly have not seen it on my time on the Commission, nor would I say that Chairman Mollica would have seen that as well.

Now, related to the NextGen Project, we certainly have people here that can talk about it; but I certainly can outline a few of the things that have happened. We had a prior vendor, Alpha people, that did not go through. We -- we made the right fiscal decision to end our relationship with them. We now have Blue Horseshoe which has done, I think -- oh, I'm sorry. I apologize. I apologize, Representative. So, you know, we now are at the point where we're further along than ever before. We certainly did not anticipate a pandemic occurring. We also have had updates that are required updates from Microsoft. We've also had, you know, and I think DOT, I know they would agree with this, we had staffing challenges as related to DoIT. You know, we've had things that certainly were no fault of the Liquor Commission that ended up being, you know, a delay. And I think their -- I think the team here today would say this unequivocally. There's no group that wants this project to be

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

up and running more than us. And I think I -- I would say with -- with some level of assurance that we anticipate Fiscal Year 2024 that the project will be up and running.

MR. MOLLICA: I just want to add, Representative, the caveat has always been the risk, the risk versus the reward. Do we really want to put the revenue of the Liquor Commission at-risk to be on time with a project that could possibly be faulty? The answer to me is no. The revenue that we create every year is essential to the State of New Hampshire, and this old system that we have is a working system. Do we go with a new system when we're not 100% sure of it? In my mind we don't. And that's one of the -- one of the cautionary tales that we've always been through with this. We -- we've been pressured to launch, and we aren't going to launch until we can assure everyone that the revenue will not be disturbed.

CHAIRMAN WEYLER: Further question. Senator Rosenwald.

SEN. ROSENWALD: Thank you. Hi, Commissioner, and Mr. Vara. It's really nice to see you again. I have a few questions, if I could.

So going back to what Senator Gray started on the NextGen system, am I reading correctly on Page 4 that we've already put 20 million into this? What is the full cost we're expecting when it's finally running? I mean, are we talking MMIS here? I hope not.

CHAIRMAN WEYLER: Yes, feel free to use that mic.

MR. MOLLICA: April Bunker is the Project Manager. Senator, she can answer that question for you.

APRIL BUNKER, Project Manager, New Hampshire Liquor Commission: So we are, as -- as Director Vara said, we're farther along than we've ever been. We're now talking about support post go-live. We are talking about performance testing to make sure that, although the processes are working, that they can handle the sales volume that we have and the volume

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

of -- of, you know, product movement that we have at the Commission.

And, again, as he said, this -- this touches every piece of our business from A to Z. It has, unfortunately, cost us more money simply because we've had the failed vendor for the three years. We are feeling like we're incredibly close. We do anticipate one additional amendment, which will require additional funding, but we're almost there.

SEN. ROSENWALD: Can I follow-up? Thank you.

CHAIRMAN WEYLER: Further.

SEN. ROSENWALD: So I'm sure we'll be hearing how much that additional funding is. But on the transfers to the alcohol and other drug fund, if we're missing 1.2 million, is the Commission going to be transferring that this Fiscal Year or next Fiscal Year? And when you say you're seeking revision of RSA 176:16, are you doing that in House Bill 2?

MR. VARA: We have not -- we have not asked for a statutory change at this point. Obviously, this happened, you know, fairly recently of when we're here in that audit finding. We certainly could. You know, I don't think there is any harm to that. Well, we concur.

SEN. ROSENWALD: Be in touch.

MR. VARA: Yes, certainly.

SEN. ROSENWALD: But will you be transferring that money when --

MR. VARA: That's our understanding that we would be. The CFO would certainly be better equipped to answer that, but there's no -- we will be -- we will be putting the money in the fund as we have -- as we had previously had. There's no question that we will be putting the funding in, 'cause there's not 1.2 million missing. It's just time of when it has been put in.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

SEN. ROSENWALD: Okay. Thank you.

CHAIRMAN WEYLER: Representative Edwards for a question.

REP. EDWARDS: So this is just to address Senator Rosenwald's issue. Just so you know that for the 24-25 budget, the Division III is just done with now, we -- we did increase on an HB 1 item with some HD -- HB 2 language the full amount of money to make up the 5%. So -- so we've -- I think in the future we'll -- we'll be budgeting it accurately.

CHAIRMAN WEYLER: Representative Erf for a question.

REP. ERF: So I previously read your -- the very last paragraph on Page 10. And it's -- I guess maybe I'm interpreting it differently. But it seems to imply that your change is going to change legis -- change the legis -- change the law to match what you're doing. Is that a misunderstanding or misreading of that?

MR. VARA: It would change it to how we're currently doing with advice from DAS, HHS, as well as LBA.

REP. ERF: So with that understanding, wouldn't that mean you're not going to transfer the one, whatever it is, that amount? Because your current understanding, as I read this, implies that that would not have been -- that would not be transferred.

MR. VARA: Oh, it would be transferred. Obviously, the statutory change would have to happen after that would be transferred would be my understanding of it.

REP. ERF: Okay. So in -- if I may follow up?

CHAIRMAN WEYLER: Yes, follow-up.

REP. ERF: So I think what I just heard you say you'll transfer that, whatever it is; but after a legislative change

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

when we get to the next time you do this, you're going to do it the way that you're -- you've been doing it so you wouldn't have transferred those funds; is that accurate?

MR. VARA: It's a -- it's a hypothetical that we're sort of is not -- the funds will be transferred as required by statute. We will ensure that that funding mandate happens.

REP. ERF: I understand that. That's not my question. Are you -- are you planning -- so you're saying you're gonna legislative change. I understood that correctly; right?

MR. VARA: Yes.

REP. ERF: Are you changing it such that the effect would be to, A, based on the current year, not two years prior or are you changing it so it be based on the two years prior?

MR. VARA: We haven't even gone that far yet. We certainly would -- would ask for any -- any input. We would certainly work with the LBA on that as well. You know, my -- what is here, you know, I -- I would venture to say that we'd be paying it as we've currently been paying it.

REP. ERF: Okay. I just think to Senator Rosenwald's point it doesn't sound like your verbiage is expressing that in that last paragraph there.

MR. VARA: I apologize for any misinterpretation. We would certainly continue to follow paying as we're required to.

CHAIRMAN WEYLER: Mr. Kane.

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Sure, and we'll continue to work with the Legislature throughout the budget process. It really is a timing issue of what information is available and what the Liquor Commission is statutorily required to do versus the actual timing of a Fiscal Year. Because, as you know, we just got a presentation of Fiscal Year 22 -- um -- on the actual

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

CAFR. And so that's what they'd have to use. But they don't have to -- they won't be able to know that figure until you're doing your budget for '24. So it's that two-year lag. It's the very stringent requirement and statute right now to use the CAFR figures. But I'm sure that as we go through the process with the Legislature working with the Liquor Commission, and we could probably come up with something.

CHAIRMAN WEYLER: Representative Leishman, did you want to add something?

REP. LEISHMAN: Yeah. Thank you, Mr. Chairman. So I guess just to direct -- address the Chairman's comment about raising money and you don't want that anything to get in the way of raising money. But I just want to say we want to make sure everything is -- is as transparent as possible. And I want to read something somebody mentioned, I think Senator Gregg -- Gray, rather, about the budget. You just -- one of you just said that you're trying to get this NextGen system up and running. You've had some issues with it.

What Division I did is the Liquor Commission came before us for some additional priorities, and we provided a supported \$1.9 million for NextGen for '24, and 1.5 million for '25. And this is for -- let me read it here -- maintenance and support of the NextGen system. So I'm kind of concerned when you say you're having trouble getting it up and things haven't worked out, but you're asking for millions of dollars for the maintenance and continued support of the system in your prioritized request. So I just hope the Senate takes a good look at this as well, because I, just as I said earlier, have had concerns for years about what is said and what isn't said.

MR. MOLLICA: Well, I can assure you, Representative, that there's nothing that's not transparent at the Liquor Commission. We've been audited every year and our audit findings have been -- have turned into a minimalistic audit finding, with all due respect. And we work very hard to make sure that the revenue to this State is safe and sound. And one of the concerns with launching NextGen prior to it being ready is the concern of the

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

revenue. And the revenues that you're speaking to in the budget that we've asked for are for once the program is launched, we understand that every program, such as Administrative Services doing now with -- they've asked for \$20 million to upgrade their system. Microsoft changes the systems as you go along. And these types of prioritized needs and upgrades have to happen. We've been running with a system that was homemade for 35 or 40 years and has cost the State nothing, other than the employees that ran it. And what we're moving to is a complete cloud-based system and those cloud-based systems have licenses, and they have -- they have expeditious spending that has to take place in order to keep them current. And that will be an ongoing thing from -- from this point forward, from when NextGen launches, that the State will have to incur. Thank you.

REP. LEISHMAN: I just don't want to be argumentative, Mr. Chairman; but I'm just reading from their prioritized lists, and it's for the maintenance and continued support of the NextGen system.

CHAIRMAN WEYLER: As we heard earlier from the Project Manager, it's a -- it's in progress. Obviously, the big thing and we see a lot of the theft through the cloud of many banks and many financial institutions and I -- I support your caution, because someone would love to steal a few million right out of it. So Senator Gray.

SEN. GRAY: Just a final comment from me. I guess, you know, if I look at Representative Leishman and myself and some of the others, you know, a detailed plan of action milestones, and how you're accomplishing those will answer a lot of our questions. Okay. And that is one of the things that, you know, I expect to see, you know, when we're doing the budget, and when we're talking about this particular item. So, you know, that's the kind of thing that I'm interested in. Hopefully, that will answer, you know, the Representative's questions, my questions, and we will either provide the oversight or have DoIT provide the oversight of, you know, the things that are going on there, and try to help you along to get it up and running and working for everyone.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

MR. MOLLICA: We have a timeline right here, Senator, that we'd be happy to pass out. And this project is -- has been done from the beginning in concert with DAS, DoIT, and the Department of Safety, Rick Bailey. Charlie is on our Board, Dennis is on our Board, as well as myself and others. Thank you.

CHAIRMAN WEYLER: Did the Project Manager want to add anything?

MS. BUNKER: I did want to just stress that we have gone live with certain pieces of the NextGen system which was the second recommendation of the LBA in the -- in the report. We have gone live with the very profitable B to C program that was part of this -- this initial NextGen Project. That was split apart from the Dynamics, Microsoft Dynamics Project when the first vendor failed.

So anything that can be implemented, we've implemented electronic sales tax which saves labor costs in our stores. We've implemented EMV compliant or the chip compliant pin pads. All of our stores have the new hardware in them. So there are many pieces of the NextGen Project that have gone live. I just wanted to make sure that we're stressing that -- that we have done -- done that. And -- and we anticipate that Dynamics is going to be able to go live in the very near future.

CHAIRMAN WEYLER: Thank you. Senator Gray.

SEN. GRAY: If you get on my calendar, call Debbie and whoever else in the Department you want to take with you. I would be interested in -- in what the expansion of this -- this last block, which is on your plan of action milestones is so that I can understand that. Because it's certainly not detailed enough for me to do anything more with than just say, well, gee, yep, they're working on it. So I appreciate it. Thank you.

MR. VARA: Thank you, Senator.

CHAIRMAN WEYLER: Further questions from the Committee? We've already had a motion to accept the reports, place them on

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

file and release in the usual manner. Are you ready for that question? Seeing no further question, I'll entertain your vote on that motion. All in favor say aye? Opposed no? Motion carries.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Thank you, gentlemen. Good luck on your progress. We'll look forward to hearing about it, and the good work of the -- of the Audit Division as usual, gentlemen. Appreciate all your work.

MR. MOLLICA: Thank you, Representative, Mr. Chairman, Members of the Committee. Thank you very much.

CHAIRMAN WEYLER: Mr. Kane, do you have anything else to add?

MR. KANE: Nothing else to add. Just the date of the next meeting, the third Friday in April is the 21st.

CHAIRMAN WEYLER: Um -- we'll be in a much easier position in the House, but I know the Senate will be busy. Any restrictions on when you want to meet that day? Finance will meet that afternoon.

SEN. ROSENWALD: [Inaudible].

SEN. GRAY: Certainly the schedule right now isn't cast in concrete, and that if I need you to carve out a couple of hours for Fiscal, we will certainly do that, so.

SEN. D'ALLESANDRO: We have nothing in the morning. Why don't we go back to our normal morning?

CHAIRMAN WEYLER: We can do it in the morning if it works for us.

SEN. GRAY: Sounds -- sounds good to me.

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023

CHAIRMAN WEYLER: How early, 10 o'clock? All right. Next meeting will be April 21st at 10 o'clock of the Fiscal Committee. And we appreciate all the people that attended today, and all your inputs, especially Audit Division. I didn't thank John there. So I want him to know that I appreciate his efforts as well. So -- and Commissioner Arlinghaus, thank you for staying long-term in case we needed some advice.

[Inaudible].

CHAIRMAN WEYLER: What was that?

[Inaudible].

CHAIRMAN WEYLER: Anything further to come before the Fiscal Committee? Seeing none. I'll entertain a motion to adjourn.

** SEN. D'ALLESANDRO: So move.

SEN. BRADLEY: So move.

CHAIRMAN WEYLER: Motion and second to adjourn. All in favor say aye? We are adjourned.

*** **{MOTION ADOPTED}**

[Meeting adjourned.]

C E R T I F I C A T E

I, Cecelia A. Trask, a Licensed Court Reporter, do hereby certify that the foregoing is a correct transcript from the YouTube video/audio recording of the Fiscal Committee meeting on Friday, March 24, 2023, and has been transcribed to the best of my professional skill and ability.

Cecelia A. Trask, RMR, CRR
NH Licensed Court Reporter #00047

JOINT LEGISLATIVE FISCAL COMMITTEE

March 24, 2023