

JOINT LEGISLATIVE FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, September 9, 2022

MEMBERS PRESENT:

Representative Karen Umberger, Chair

Representative Tracy Emerick

Representative Jess Edwards

Representative Keith Erf

Representative Peter Leishman

Representative Bob Lynn (Alt.)

Representative Joseph Pitre (Alt.)

Senator Gary Daniels

Senator Jeb Bradley

Senator Perkins Kwoka

Senator Cindy Rosenwald

Senator James Gray

(1) Acceptance of Minutes of the July 22, 2022 and August 10, 2022, meetings.

KAREN UMBERGER, State Representative, Carroll County, District #02:I'd like to call the September 9th Fiscal Committee to order. And -- uh -- before I start -- um -- many of you in the audience today had a wonderful trip to the top of Mount Washington. And I understand that some of you have never been there before. So I'm glad that you had the opportunity to see one of our greatest icons in -- in the state. And I definitely want to thank Executive Councilor Kenny for -- for setting that up for you. And so anyhow, I just -- I just thought that was an interesting day for everyone.

So first on the agenda are acceptance of the minutes for July 22nd and -- oh, I guess we need to do July 22nd. So okay. We have a motion from Senator Rosenwald.

GARY DANIELS, State Senator, Senate District #11: Second.

CHAIRWOMAN UMBERGER: Second from Senator Daniels. Are there any questions, comments. Yes.

REBECCA PERKINS KWOKA, State Senator, Senate District #21: Chairwoman, I'll be abstaining from this vote since I was not present.

CHAIRWOMAN UMBERGER: Okay. No problem. All right. Will the Clerk --

TRACY EMERICK, State Representative, Rockingham County, District #21: Don't need to call the roll

CHAIRWOMAN UMBERGER: Do we need to call the roll?

REP. EMERICK: (Inaudible).

CHAIRWOMAN UMBERGER: Yeah, let's just do a show of hands. All right. All in favor? Opposed?

JESS EDWARDS, State Representative, Rockingham County, District #04: Abstain.

CHAIRWOMAN UMBERGER: Okay. I have two abstentions. One from Representative Erf and one --

REP. EDWARDS: (Inaudible).

CHAIRWOMAN UMBERGER: Oh, you weren't here either.

REP. EDWARDS: I wasn't there.

CHAIRWOMAN UMBERGER: Okay. We have three abstentions and Senator Perkins Kowala (phonetic). Is that how it's pronounced?

SEN. PERKINS KWOKA: Kwoka, Perkins Kwoka.

CHAIRWOMAN UMBERGER: Kwoka. Okay. Oh, the K-W is the Q as in -- okay. Like in Kuwait. Okay. I can get that.

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***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: All right. Um -- the second set of minutes that we have to approve is the August 10th Fiscal Committee meeting. And could I have a motion? Senator Gray. Thank you. Do I have a second?

SEN. DANIELS: Second.

CHAIRWOMAN UMBERGER: Second by Senator Daniels. All those in favor, please raise your hand. Opposed? It appears I have two abstentions.

REP. EDWARDS: Three.

CHAIRWOMAN UMBERGER: Oh, okay. Sorry. Yes, thank you very much. Appreciate that. Okay.

***** {MOTION ADOPTED}**

(2) Old Business:

CHAIRWOMAN UMBERGER: Old Business. To the best of my knowledge, there is no one that wants to bring FIS 22-023 off the table; is that correct?

CONSENT CALENDAR

(3) RSA 9:16-a, I, Transfers Authorized:

CHAIRWOMAN UMBERGER: All right. We now move to the Consent Calendar. Uh -- the following items are removed from the Consent Calendar. FIS 275, FIS 277, FIS 278, FIS 291, FIS 315, FIS 317, FIS 300, FIS 302, FIS 304, FIS 305, FIS 313, and FIS 316. Are there any other items to come off the Consent Calendar?

REP. EDWARDS: Madam Chair.

CHAIRWOMAN UMBERGER: Yes.

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REP. EDWARDS: This is probably an issue with my notes, but my notes suggested 312. We might want to pull that off of Consent. But I'll defer to your notes because I'd have to go back and look at 312 right now to tell you if I meant it.

CHAIRWOMAN UMBERGER: No, I had that as okay; but if you'd like to take it off, we certainly can.

REP. EDWARDS: If you don't mind just taking it off and we can just deal with it rapidly if it's not an issue. I'm just not ready to speak to it in the moment.

CHAIRWOMAN UMBERGER: Okay. 312.

KEITH ERF, State Representative, Hillsborough County, District #02: (Inaudible).

REP. EDWARDS: Yes, sir.

REP. ERF: Which tab?

REP. EDWARDS: Seven.

CHAIRWOMAN UMBERGER: Seven. Okay. Uh -- could I have a motion to accept all of the other items on the Consent Calendar? Senator Bradley moves. Second by Senator Gray. Will the Clerk please call the roll.

REP. EMERICK: Representative Edwards.

REP. EDWARDS: Yes.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

PETER LEISHMAN, State Representative, Hillsborough County, District #24: Yes.

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REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

JEB BRADLEY, State Senator, Senate District #03: Yes.

REP. EMERICK: Senator Gray.

JAMES GRAY, State Senator, Senate District #06: Yes.

REP. EMERICK: Senator Rosenwald.

CINDY ROSENWALD, State Senator, Senate District #13: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: The vote being 10 to zero, those items on the Consent Calendar have passed.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: I would like to compliment Natural and Cultural Resources for the tremendous job that they did with FIS 22-322 dealing with the Parks. And that is an example for everyone to look at and, hopefully, imitate. So, I -- I definitely want to thank the people at Natural and Cultural Resources. Okay.

(4) RSA 9:16-c, I, Transfer of Federal Grant Funds:

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CHAIRWOMAN UMBERGER: We now turn to FIS 275 in Tab 3. Tab -- sorry, Tab 4. I can't read. Uh -- Tab 4. Is there someone here? Uh -- okay.

REP. EMERICK: Want to table?

CHAIRWOMAN UMBERGER: No, I don't want to table it. Okay. Uh -- we will come back to that when Commissioner Jasper or someone -- oh, okay. Okay. Just -- just turn on the mic, if you would.

JOSH MARSHALL, Director, Agricultural Development, Department of Agriculture, Markets and Food: Commissioner Jasper apologizes for not being here. I'm representing the Department of Agriculture.

CHAIRWOMAN UMBERGER: And do you have a name?

MR. MARSHALL: Sorry, yes. Josh Marshall, Director of the Division of Agricultural Development.

CHAIRWOMAN UMBERGER: Okay. Thank you very much. Are there questions from the Committee? I do have one question. And -- um -- that is that your proposal is to fill an unfunded position.

MR. MARSHALL: I was told that the position is fully funded.

CHAIRWOMAN UMBERGER: Pardon?

MR. MARSHALL: I was told that the position is funded.

CHAIRWOMAN UMBERGER: Well, it's -- it's looking to be funded through this -- um -- FIS that's here.

MR. MARSHALL: I believe that the position was a full-time position when it came to the Department of Agriculture. And that -- uh -- the -- this is the -- the FSMA position; correct?

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CHAIRWOMAN UMBERGER: Okay. All right. Are there any further questions? Seeing none. Will the Clerk please call the roll.

REP. EMERICK: You need a motion.

CHAIRWOMAN UMBERGER: Oh, I need a motion.

****** SEN. BRADLEY: I'll move.

CHAIRWOMAN UMBERGER: Okay. Senator Bradley moves. Senator Rosenwald seconds.

REP. EMERICK: FIS 275. Representative Edwards.

REP. EDWARDS: Yes to 275.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

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REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: The vote being 10 to zero, FIS 22-275 passes.

*** {MOTION ADOPTED}

(5) **RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source:**

CHAIRWOMAN UMBERGER: We now turn to FIS 277, which is Department of Health and Human Services for money for birthing centers.

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

CHAIRWOMAN UMBERGER: Good morning. Are there questions? Yes, Representative Edwards.

REP. EDWARDS: Thank you, Madam Chair. So on 277 I have just a specific question out of curiosity and just a general observation.

One, the thing that comes closest to a question is this is -- this is funding to help with hospital birthing services, a valuable important thing. But to the more general point is this write-up has a description of the services. It's -- it's a qualitative description of what we're doing, but there's nothing quantifiable in here. I don't -- reading this, I don't have a

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sense of what this \$2.4 million will deliver. And, you know, what the value add is and, you know, just -- just the things that we need to do to do our due diligence for the taxpayers to know that we're investing our money as opposed to just rubber stamping a narrative.

MR. WHITE: Sure. I can certainly speak to that. So -- and I'm going to speak to 277 and 278 at the same time, and -- and because they're very similar.

So House Bill 1661 appropriated funding. In 22-277 you'll see 2.4 million for rate increases for birthing services, and then the personal care attendant, roughly 700,000 was also appropriated in General Funds for -- through HB 1661. And so we were appropriated those funds through that bill. And then you'll see reference in here, we had a question come through about why -- why are we referencing General Funds and why did we submit a memo to the Department of Administrative Services.

So we submitted a memo to accept those funds into our budget, and what you see here is you see the federal matching funds, the 50/50 federal matching funds to effectuate the directive of the Legislature through HB 1661. So what you're seeing here this is the mechanics of us accepting the matching federal dollars.

REP. EDWARDS: Follow-up.

CHAIRWOMAN UMBERGER: Follow-up.

REP. EDWARDS: All right. I -- I'm going to move on because I had no intent to oppose this. I -- I'm not sure that you've heard what I've said. So maybe I've said it poorly. You can describe something qualitatively and you can describe something quantitatively. And it's the quantitative that helps me get my head around exactly what the program scope, value, benefits are, and that's not in this document. And since you brought up 278, it's the same observation. I -- I -- I'm -- I'm -- I'm good for a good story. I just want enough math to know what we're doing and what the benefit is. That's all. And I'm not -- I'm not

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going to hold this up. I just want to emphasize that so that in future write-ups we see a quantitative description of the benefit for the money that we're going to invest. That's all. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Okay.

REP. EDWARDS: And -- okay. So I was going to move to pass, but I'm going to let --

CHAIRWOMAN UMBERGER: Okay. Senator Rosenwald.

SEN. ROSENWALD: Thank you. I have a question. Sometimes in the legislation we include a sentence that says the Department may accept federal matching funds without having to go to Fiscal. Did we not do that in this piece of legislation and that's why we have to accept the Federal funds?

MR. WHITE: Yes, that is correct, Senator Rosenwald. That language was not included in HB 1661, which is why we're here today.

SEN. ROSENWALD: Okay. Got it. Thank you.

CHAIRWOMAN UMBERGER: Are there further questions? Senator Bradley.

SEN. BRADLEY: Thank you very much, Madam Chair. I would just note for the record that that was my bill that was put onto House Bill 1661. It was a request of the Department, written by the Department, so just want to make sure the record is clear as to where the snafu came from.

MR. WHITE: I was not in my role at the time, but I will take full -- I will take the fall for that.

CHAIRWOMAN UMBERGER: Okay.

****** SEN. GRAY: Move to approve.

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CHAIRWOMAN UMBERGER: Okay. A motion from Senator Gray to approve and seconded by Senator Bradley. Will the Clerk please call the roll.

REP. EMERICK: FIS 277. Representative Edwards.

REP. EDWARDS: Yes to 277.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative UMBERGER.

CHAIRWOMAN UMBERGER: Yes.

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REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: Thank you. The vote being 10 to zero, FIS 22-277 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: We now turn to FIS 22-278. Uh --

REP. EMERICK: (Inaudible).

CHAIRWOMAN UMBERGER: Yes, we did.

****** REP. EDWARDS: I would move to approve. I think we just discussed it.

CHAIRWOMAN UMBERGER: Okay.

REP. LEISHMAN: I have a question, Madam Chair.

CHAIRWOMAN UMBERGER: Okay. Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. Um -- in some of the material you provided the Committee just before the meeting, I guess yesterday, there was a chart and I don't know this is probably a good place to bring it up or not, but in Table 8 of the information you provided it talked about clients served by Community Mental Health Centers. And I was just curious in 2012, and this is on Table 8, it shows a remarkable decline between 2012 and 2020. Could you tell me why there's been a decline?

MR. WHITE: Sure. I'm gonna have Katja Fox, our Director for Division of Behavioral Health, come up.

CHAIRWOMAN UMBERGER: This is on -- Representative Leishman, are you sure you're on 278?

REP. LEISHMAN: Yeah. It was in a package of responses, 278. There were a number of charts they provided to us yesterday, I believe, in response to Representative Erf's questions.

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CHAIRWOMAN UMBERGER: Okay.

KATJA FOX Director Division for Behavioral Health
Department of Health and Human Services: So good morning, Madam Chair. For clarification, this is part of the Dashboard. So it's part -- um -- when he references Tab 8, it's the -- it's the Dashboard, the operating statistics; but I'd be happy to respond to that question now.

CHAIRWOMAN UMBERGER: Okay. Representative Leishman, this one is dealing with -- um -- something.

REP. LEISHMAN: Yeah, it was just in that whole package that we got. So I figured it's a good chance probably to ask the question.

CHAIRWOMAN UMBERGER: Okay. Well, can we hold off on that?

REP. LEISHMAN: Oh, sure.

CHAIRWOMAN UMBERGER: All right. Because I saw that as well. Okay. Uh -- Representative Edwards has moved.

REP. EDWARDS: To approve.

CHAIRWOMAN UMBERGER: To approve FIS 278.

SEN. GRAY: Second.

CHAIRWOMAN UMBERGER: Seconded by Senator Gray. The Clerk please call the roll.

REP. EMERICK: FIS 278. Representative Edwards.

REP. EDWARDS: Yes to 278. Emerick votes yes. Representative Erf.

REP. ERF: Yes.

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REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Sen Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is ten to nothing.

CHAIRWOMAN UMBERGER: The vote being ten to nothing, FIS 278 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: Okay. The next one that we're taking off is FIS -- this is still -- this is in Tab 5 still -- FIS 291. Okay. This one we loved about the I-V service that you're providing. I think it was supposed to read title, Title IV but that's okay. We did have a good laugh about that, so

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we're really looking forward to that. So are there questions that -- Representative Erf -- I'm sorry -- Edwards.

****** REP. EDWARDS: I'm sorry, I still know who I am. So -- so -- Madam Chair, thank you. And my comments to 291, this is basically a three pack of -- of requests that we received where it's for -- this one's for additional workload and pay for marital masters and -- and there's no way I would want to oppose that. We need to do that. But I'm -- I'm just missing the numeric story behind this to understand, you know, the richness, the vibrancy, the status of this program. These are just -- these are just sterile, stale words, and I -- I want numbers.

So -- so I -- I am prepared to move to approve with just the request that in the future we -- we -- we tell the other side of the story. Quantitative as well as qualitative. Thank you.

CHAIRWOMAN UMBERGER: Okay. Do I have a second or are there any other questions? Second by Senator Bradley. Will the Clerk please call the roll.

REP. EMERICK: (Inaudible).

CHAIRWOMAN UMBERGER: Okay. No problem.

REP. EMERICK: FIS 291.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: FIS 291. Representative Edwards.

REP. EDWARDS: Yes to 291.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

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REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: The vote being 10 to zero, FIS 291 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: We now turn to FIS 22-317 from the Governor's Office of Emergency Relief and Recovery.

TAYLOR CASWELL, Executive Director, Governor's Office of Emergency Relief and Recovery: Good morning.

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CHAIRWOMAN UMBERGER: Good morning.

MR. CASWELL: Taylor Caswell, Executive Director of GOFERR. Chase Hageman, Deputy Director of GOFERR.

CHAIRWOMAN UMBERGER: Great. And glad to have you here. Are there questions that folks have? Representative Erf.

REP. ERF: Thank you, Madam Chair. I wonder if you could provide an overview of where -- should I speak louder?

MR. CASWELL: No, I gotcha. I gotcha.

REP. ERF: Where this program stands. It's been going on for, well, basically since the -- through the pandemic. And, more specifically, once you get through that, what happens when all these -- and there's this one, there's several others, I believe, in this same today and I'll just address them all here. What happens when all these rental assistance programs end at some point in the future?

MR. CASWELL: Yeah, so this -- this program emanates going back, as you pointed out, to I believe the December of 2021 was the first round of the -- we call the Emergency Rental Assistance Program. Uh -- it's been operational in New Hampshire from roughly a couple months after that, and then a second tranche of funds that came later in 2021. I don't know if I have my --

CHASE HAGEMAN, Deputy Director, Governor's Office of Emergency Recovery and Relief: March 2020.

MR. CASWELL: March 2020. Anyway -- um -- so at this point we have spent probably a little over \$200 million of those funds from the Federal Government under this program through New Hampshire Housing. They are the -- the administrator of this program.

I don't have the exact numbers in terms of the number of families that have been assisted, but it is a substantial amount over the course of the program.

What you're looking at here in this item is 22-317 relates to the first tranche of the funds that we received, the State of New Hampshire received under that program, which we refer to as ERA-1. Those funds are due to expire at the end of September. And so what we're asking for here is to take the remaining amount that we have allocated to ERA-1 and get those over to New Hampshire Housing so that they can spend down those dollars prior to the end of the month.

REP. ERF: Right, I understood that. Thank you. But there's another one in here, I think, for another \$10 million or \$20 million, if I'm not mistaken. I just maybe capture them all here at one time. More particularly, my real question is related to all of these is what happens when these programs end?

MR. CASWELL: So at this point it's hard for us to have any sort of idea exactly when this is going to end because we do have an expectation that at some point we're told over the next few weeks there will be another tranche of funding under the ERA-2 program, which is a later item. That will keep the program -- keep the program running. So we're hopeful that we're going to be able to drag this to the point where we are able to plan for some level of transition for people that are in the program now; but at this point it's hard for us to say exactly when that is going to be.

REP. ERF: May I follow-up?

CHAIRWOMAN UMBERGER: Please.

REP. ERF: I wasn't asking for the end point. I get that. You don't know when it is. I hope it's not never. I'm just wondering have you -- so have you started thinking about the fact that it might end and these people who have been used to this over what has been two, maybe three, maybe four years,

maybe more, I don't know, but have you given some thought to what's going to happen to these folks when -- if it does end?

MR. CASWELL: Well, it is going to end at some point. That is a fact. I think what we're working with now with New Hampshire Housing and with the CAP agencies is a series of other programs that go with this rental and utility assistance that go to things like transitional services, support services, and funding to assist people to be able to make themselves -- get themselves into a more permanent housing solution.

This program was in its, you know, in its initial design really designed to be able to help people get through a lack of a job or the downturn, the economic downturn and not able to pay their rent or their utility costs. And so we've, you know, seen great success in that program. But as it does end, we're going to have to lean pretty heavily on the services that are being provided now and expand those and extend those in order to support those people that are not able to transition to a more permanent solution.

CHAIRWOMAN UMBERGER: Any further questions? Senator Daniels.

SEN. DANIELS: Thank you. Uh -- following up on that statement, your documentation says in the event the Federal funds are no longer available, General Funds will not be requested to support the program. But it sounds like what you just said that you would be asking for General Funds later to support those Federal funds that aren't there any longer.

MR. CASWELL: No, I should -- I should -- I should clarify that and really kind of important maybe to another item later on is that under ERA-2, which is the second tranche of funding, obviously, that program allows us to spend until 2025. And so you'll see a later item here that takes a lot of the services and the programs that I described a moment ago, transitions those over to ERA-2, and enables us to continue to spend under that program until at least, you know, at the longest we could go with that would be 2025.

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So, effectively, what we're asking here between these items is to fully utilize the ERA funding for the rental assistance and utility assistance, and then to -- in addition to continuing that program under ERA-2, shift the cost of those support services to ERA-2, because we have a longer horizon to spend those in order to avoid and to make sure that we're using Federal funds for those -- for those programs.

SEN. DANIELS: Follow-up.

CHAIRWOMAN UMBERGER: Follow-up. Go ahead.

SEN. DANIELS: Has the Department been monitoring this program? I mean, this started back in the COVID, in the heart of COVID with 2% unemployment. Right now one would expect that maybe the numbers would have gone down, because people are employed and now have jobs that they didn't have back then. And so maybe they don't need as much assistance with rental. Has the Department been following that, monitoring that enough so that you can give us some sort of a historical graphing of what's happening?

MR. CASWELL: Yeah, the level of monitoring that goes on with this program is pretty substantial and, in fact, most of it is right on the website with the numbers and where it's being used and how much is being used and the number of families that are served and so on. I think the thing to remember, too, is that while we are definitely seeing the reduction in the unemployment rate, we still are seeing very, very low vacancy rates across the state. And a lot of those, particularly rental unit -- rent costs, are not seeing the same decrease as the unemployment rate. So it does remain a challenge for a lot of people.

SEN. DANIELS: Thank you.

REP. LEISHMAN: Madam Chair.

CHAIRWOMAN UMBERGER: Are there further ques -- yes, Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. So I have two questions. One is a follow-up to Representative Erf's question. Do you have a rough idea how many people are being served? You said you didn't have a number, but you must have a rough idea.

MR. CASWELL: I'm going to ask Chase.

MR. HAGEMAN: Hi, Chase Hageman, Deputy Director at GOFERR. Um -- I made a note because I assumed this question would come. To date, we've provided over \$200 million in assistance to over 21,000 households.

REP. LEISHMAN: And a follow-up, if I could, Madam Chair?

CHAIRWOMAN UMBERGER: Yes, you may.

REP. LEISHMAN: Thanks. I don't believe we've seen any of the contractual language that you've had with the Federal Government for receiving these funds. But there's no, like, claw back language in there that the Federal Government will be looking for any sort of reimbursement from these Federal funds?

MR. HAGEMAN: Uh -- that's a good question, Representative. There are re-allocations within these programs that the Federal Government has already been engaging in. And, in fact, the \$12 million from this item is \$12 million being re-allocated from other jurisdictions to New Hampshire to support its program.

REP. LEISHMAN: Thanks, Madam Chair.

CHAIRWOMAN UMBERGER: Okay. Representative Edwards.

REP. EDWARDS: Thank you, Madam Chair. This is -- this is a general concern, I think you and I talked about this once in a previous Fiscal Committee meeting. And -- and I'm -- I'm just concerned with our vacancy rate of rentals as low as they are as

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we continue to pump more money into chasing fewer and fewer facilities that we are likely to be contributing to the inflationary nature of the rental increases, and we're exacerbating a problem for those who are chasing property that aren't receiving the benefit of government funds.

And last time I mentioned it, I -- I -- I think it was the first time you and I had ever talked about it. I'm just curious in the months since then, have you given any thought to that dilemma and whether or not we have a valid cause to worry that we're part of the problem?

MR. CASWELL: Well, I'm certainly familiar with that -- with that concern, Representative, and I think that, you know, we are not the only state that is spending resources, Federal Government resources under this program. I think the scope and the scale of the rental shortage and the cost in New Hampshire predated in a lot of cases the situation that we're experiencing right now.

Um -- as you're aware, we've also requested and approved and are running a program called Invest-NH, which is a hundred million dollars, a federal program to assist getting more of these rental units on-line. I think exacerbating the situation pretty significantly is the increase in mortgage rates. As you see it more difficult to become for individuals and families to purchase a home, it continues to put downward pressure on our rental units that are available. So people are staying in rental units that normally in sort of the healthy housing market you would see this churn of people moving from, you know, maybe a one bedroom, to a three bedroom, and then to a house. The leap to the house has become a bigger leap than it was just a few months ago. And so it's -- there's a number of factors that are going into the cost of the rental markets right now in New Hampshire.

This, you know, one could certainly argue is part of it; but it is a problem on a national scale, certainly on a regional scale, and we're trying to alleviate that with some of the other programs that we have running at the same time.

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REP. EDWARDS: Thank you.

CHAIRWOMAN UMBERGER: Are there further questions? I do have one. And you probably won't be able to answer it. But if someone is qualifying under this program, will they also be receiving LIHEAP money?

MR. CASWELL: I think we have -- we might be able to answer that question.

CHAIRWOMAN UMBERGER: Oh, good. Thank you.

MR. HAGEMAN: It's a question that's come before, Representative. The way the systems are designed is the two are not competing sources of assistance. So there's a tracking mechanism to make sure those who are receiving LIHEAP are not duplicatively receiving ERA utility assistance.

So to the extent that LIHEAP is unavailable to a household, then the ERA assistance steps in.

CHAIRWOMAN UMBERGER: Okay. So that was my concern that we were double dipping, if that's the right term. Okay. Thank you very much. All right. Are there further questions?

SEN. ROSENWALD: (Inaudible).

CHAIRWOMAN UMBERGER: Senator Rosenwald moves FIS 317, seconded by Senator Bradley. Will the Clerk please call the roll.

REP. EMERICK: Roll call FS 317. Representative Edwards.

REP. EDWARDS: Yes to 317.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

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REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: Vote being 10 to zero, FIS 317 passes.

*** {MOTION ADOPTED}

AMERICAN RESCUE PLAN 2021

CONSENT CALENDAR

7. **RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from any Non-State Source:**

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CHAIRWOMAN UMBERGER: We now move to Tab 7, FIS 22-300. This is also from GOFERR. Okay. Are there -- let me just go to my page here, 300. Sorry for the work being done downstairs.

MR. CASWELL: I feel like someone's going to pop through a hole right here any second.

CHAIRWOMAN UMBERGER: Yeah, well.

MR. HAGEMAN: A real live gopher.

MR. CASWELL: Yeah, a real live gopher.

CHAIRWOMAN UMBERGER: Yeah, a real live -- oh, that is really --

MR. CASWELL: Sorry. I've been waiting for two years to use that.

CHAIRWOMAN UMBERGER: Yeah. Well, it's -- I'll tell you what, it's not a bad thing.

REP. EMERICK: Well timed.

MR. CASWELL: We could jump into Caddyshack anytime.

CHAIRWOMAN UMBERGER: Yeah. Are you sure this is -- is this -- are you sure this is the right career for you?

MR. CASWELL: Yet to be determined.

CHAIRWOMAN UMBERGER: Oh, yet to be determined. Okay. Fine. All right.

Tab 7, 300. While I'm trying to find this -- um -- yeah, in my book, are there any other questions? Okay. Um -- this is -- uh -- authorization for youth and adult homeless shelters; is that correct, if I --

MR. CASWELL: Youth and young adult, yes.

CHAIRWOMAN UMBERGER: Youth and young adult. Um -- is this in addition to the current homeless shelter beds that we have or is this part of?

MR. CASWELL: This is a separate item, Representative. This is -- um -- a re-allocation or an extent -- an expansion of an existing obligated source for the youth residential services. So what we're trying to do with this item is use 10 million of the original 19 million that was authorized to get to a specific subset of providers under this program for under 22, I believe. Under 25 years old.

CHAIRWOMAN UMBERGER: Okay. So it's --

MR. CASWELL: It was really in the original purpose of the -- of the original item. But for whatever reason through some sort of lapse in the language, we weren't able to get it specifically to those younger -- those -- those locations that serve younger populations.

CHAIRWOMAN UMBERGER: Okay. So they are different than our normal homeless shelter.

MR. CASWELL: They're qualified as different in a way that we need to have additional authorization to get them those resources.

CHAIRWOMAN UMBERGER: Okay. Fine, fine. Are there any further questions? Representative Erf.

REP. ERF: Thank you, Madam Chair. So I posed this question in my queries, which apparently I don't know got through to you or not, but related to what grants -- because this is an ongoing program and I was asking about what grants have already been made and to whom, et cetera. I'm guessing your answer is going to be it's on the website, which is a good answer. Could you provide us with it, not -- not right here in -- in -- in words,

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but could you e-mail to Mr. Kane that website address so be easy to look up this information?

MR. CASWELL: Yeah. I mean, we could send you the website for all of the programs here.

REP. ERF: That be great. Thank you.

MR. CASWELL: This program here, I'll just reiterate, too, is for capital improvement components of requests from these organizations.

REP. ERF: But I assume it's also -- the information is also probably on the website as well?

MR. CASWELL: With regard to the specific -- once they are approved by Council, I believe that that -- that will be up there.

REP. ERF: Right. So, as I said, this is -- my understanding this is an ongoing program.

MR. CASWELL: Yes.

REP. ERF: Many grants have already been authorized so those will probably appear.

MR. CASWELL: They've been authorized. They haven't been through Council yet.

REP. ERF: Oh, they haven't.

MR. CASWELL: They're coming up the next meeting.

REP. ERF: All right. Thank you. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Yes. Are there further questions? Seeing none. Could I have -- please have a motion. Thank you, Senator Rosenwald. Second? Second by Senator Bradley. Will the Clerk please call the roll.

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REP. EMERICK: FIS 300. Representative Edwards.

REP. EDWARDS: Yes to 300.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

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CHAIRWOMAN UMBERGER: The vote being 10 to zero, FIS 300 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: We now turn to FIS 22-302, the Department of Safety.

STEVE LAVOIE, Director of Administration, Department of Safety: Good morning. Steve Lavoie, Director of Administration for the Department of Safety.

CHAIRWOMAN UMBERGER: Good morning. Are there questions from anyone? Okay. I do have just a couple of questions, Mr. Lavoie.

Uh -- I saw your explanation about what you have left out there in -- in these variable, whatever they're called. I assume that those are the ones we see on the highway that say, you know, one death is too many. We're at 99 or whatever it is. Is this the sign boards that we're talking about?

MR. LAVOIE: Those are the sign boards that we're talking about, yes.

CHAIRWOMAN UMBERGER: Okay. And you indicate that you loaned these to towns for whatever.

MR. LAVOIE: Yes. So these are boards that the Division of Emergency Services and Communications maintains primarily for emergency response capabilities. We use them for state purposes coordinating with HSEM if they're needed; but locals can also request to utilize those boards. They can put a request in through the website form that's on the HSEM web site, and those can be used locally.

CHAIRWOMAN UMBERGER: And how -- how long have you had the signs that are now not functional?

MR. LAVOIE: Um -- we've had them for well over -- I want to say over ten years.

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CHAIRWOMAN UMBERGER: Okay.

MR. LAVOIE: They've -- they're -- they're signs that are out in the elements in the weather. They wear out over time, and we've been patching them together and keeping them running as best as we can; but we continue to lose functioning signs on a regular basis.

CHAIRWOMAN UMBERGER: So it's not like one or two years. It's a long time.

MR. LAVOIE: It's been a while.

CHAIRWOMAN UMBERGER: Okay. Thank you very much. Are there any further questions? Okay. We have a motion by Senator Gray to approve, seconded by Representative Leishman. Will the Clerk please call the row.

REP. EMERICK: FIS 302. Representative Edwards.

REP. EDWARDS: Yes to 302.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

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SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: The vote being 10 to zero, FIS 22-302 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: Okay. We now move on to FIS 22-304, from the Department of Health and Human Services.

MR. WHITE: Nathan White, CFO, DHHS.

PATRICIA TILLEY, Director, Division of Public Health, Department of Health and Human Services: Good morning. Patricia Tilley, Director of Public Health.

CHAIRWOMAN UMBERGER: Are there questions on FIS 304? Representative Edwards.

REP. EDWARDS: Thank you, Madam Chair. And thank you, Miss Tilley, for engaging with me yesterday to prepare for some of this. I -- I -- I -- I think New Hampshire does a great job. One of the things we need to do, I think, is given some concerns about the CDC coming out and admitting that oftentimes they made policy up as they want without the underlying science, I think

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that it's incumbent upon us that when we do something controversial, and injecting kids under five and boosters over five turns out to be a controversial issue, I think it's important for us to demonstrate that we're following the science.

And so we have a policy before us with \$6 million of funding for the State to send mobile vaccines out. That's the policy. That policy should follow the science.

Would you summarize for us what the science is that suggests that the Department has done the State's due diligence to ensure that there's published peer-reviewed research to indicate that this is a safe and efficacious way to go?

MS. TILLEY: Thank you for that question. So what we would say primarily, I don't know that I would necessarily agree with your characterization of the CDC. They have had some communications issues and others, but we're not here to discuss that.

In terms of the science of vaccine -- um -- the way New Hampshire and, in particular, Public Health and the Department of Health and Human Services makes its decision is based on the data. We, led by Dr. Chan, who is our State Epidemiologist and leading infectious disease expert, he is charged with reviewing all of the data, all of the peer-reviewed studies around safety and efficacy.

Some of the questions have been around vaccine for children. We have monitored that data closely. We have seen that the current monovalent vaccines are safe and effective in ensuring that kids do not have the worst outcomes of COVID-19, hospitalizations, or even death.

We know that in New Hampshire that we've been lucky. We have only had one death of a child during this pandemic, while we've had over 2600 deaths through the great -- through the adult population. We continue to have about a death a day in the adult population of COVID-19. COVID has not gone away. So we are

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continuing to look at that data. We look at the broad effects from both the efficacy of the vaccine itself and balance that with the long-term effects of COVID-19.

In children we see long-term effects even with those smaller numbers. We know that 20 to 29-year olds are actually the age group that have COVID the most, but the 10 to 19-year old population is -- is up there as well. And we know that there are implications of essentially long COVID from children who have had COVID-19 infections. There are other outcomes from myocarditis, some impacts around diabetes that are really concerning. And so we think it is effective policy in order to have vaccine available to children and to adults.

There's no requirement for COVID-19 vaccine in school or child care. This is a decision that families can make for themselves and individuals can make for themselves as adults. But it is our job and it is our policy direction that we think we should make vaccine as easily available in every nook and cranny around the state, and our mobile vaccine services help us.

We know that last year we administered almost 40,000, around 40,000 doses through our mobile vaccine services. So there was, obviously, a demand. Communities asked us for the van. We deployed it. There was no pushing of vaccine. This was in reaction to -- um -- the input from our community members. We were also able to vaccinate over 2,000 homebound individuals. Again, individuals that had limited access to get that vaccine any other way.

CHAIRWOMAN UMBERGER: Follow-up.

REP. EDWARDS: Thank you, Madam Chairman. And -- uh -- thank you for that reply. I'm glad that Dr. Chan is reviewing all the literature. Is there a way to make available to the public a set of the literature that he's looked at that specifically supports the idea that providing this vaccine to kids under five and boosters to those over five, that that is safe and efficacious? And what I'm looking for there is actual academic research

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that's been published and peer-reviewed so that the public can understand, get a glimpse into the decision process that we're going through on their behalf.

MS. TILLEY: Thank you for that question. We can certainly look into what the best way to share that data, whether it's on our website or others. I, as the Committee knows, I shared a long list, a long literature review last night, looking at those very specific to around kids' vaccine but around the efficaciousness of the vaccine, and also some of the other effects of COVID-19. We can work with our communications folks to determine the best way that we can make that available.

CHAIRWOMAN UMBERGER: Okay. Before you go on, I think that what we're looking for is not a list of the studies, okay, but rather kind of a Dr. Chan's summary, if that makes sense. Because -- because I don't know about peep -- everybody, but it would be nice to have a summary, and then if I want to go someplace else I can do that.

MS. TILLEY: Sure. We can certainly provide that.

CHAIRWOMAN UMBERGER: Okay. Thank you. Yes.

REP. EDWARDS: Thank you, Madam Chair. And then on a slightly separate topic. In the write-up it says that this program is necessary to help students return to school, but the services don't actually start until October. And so as I remember school kids, they've already begun to go to school. So is this -- is this just poorly written or did we mean something else?

MS. TILLEY: No. I -- I think, you know, as you know, we prepare these documents long in advance before they actually get to you. Um -- we are -- um -- in short we want to with these funds we're going to bring them to, if approved today, we will bring it to Governor and Council at the end of the month. That's a little bit later than we had originally anticipated. But, regardless, whether it's for kids to go back to school or kids

to stay in school, it's really important that we have access to vaccine.

I think we have all felt, anyone with a child in their life, the impact of having to have a child being in isolation out of school and the impact that it has on their caregiver's ability to work. So I think we could word that differently, but I think it's an artifact of when we actually started writing the letter.

REP. EDWARDS: All right. Thank you for that. The reason I'm so picky is because this goes to the public and this is our communication, and it's important to maintain credibility, and one way to do that is to write precisely. So -- so that's where I'm going with that. And -- and if there are no other questions, Madam Chair, I'd be prepared to --

CHAIRWOMAN UMBERGER: Well --

****** REP. EDWARDS: -- move to approve.

CHAIRWOMAN UMBERGER: Okay. Representative Erf.

REP. ERF: Thank you, Madam Chair. So why does the State need to be involved in this vaccine distribution and not others?

MS. TILLEY: That's a really great question. So I think if you look at childhood -- routine childhood vaccinations, we have a long established process by which we provide free vaccines, vaccines for children to all providers. We have a complicated way in which we work with the insurance companies in order to fund that so that we can have universal access to vaccines. That is an artifact of decades worth of work, and there's a routine to getting that vaccine.

COVID-19 is still supplied by the Federal Government. Again, separately than if I go to the pharmaceutical market to get the other vaccines. That's a different process. With the federal market, we, the Department of Health and Human Services, receives a tranche of vaccines. Another set of the vaccines go

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directly to some of the partners, like pharmacies. There's a direct federal relationship between retail pharmacies and the Federal Government. There's also a direct relationship in other areas, like federal corrections, and to a smaller degree federally-qualified health centers. So we are, essentially, the middle men in this particular vaccine because of the way the Federal Government has procured it.

It is, also, we are still in the middle of a Public Health incident. So we are still managing this as an emergency. We certainly aren't using emergency powers as we did early in the vac -- in the vaccinate or the pandemic; but we are still controlling it on a day-to-day or managing it on a day-to-day basis ensuring that we get vaccines to the right populations, ensure that there's equitable distribution everywhere instead of just leaving it to the free market on its own.

CHAIRWOMAN UMBERGER: Okay. Senator Daniels.

SEN. DANIELS: Thank you. These services offered through mobile are still being offered through the pharmacy or have they been discontinued?

MS. TILLEY: No, these services are also available in pharmacy. I think right now those bivalent vaccines have just started to land in the state. You can get on-line and go to CVS and Walgreen's. And so if you are someone who's capable and/or willing to go through an app and find it -- find a vaccine, time, and get yourself there, you can do that if that's -- if that's the direction you want to go.

What we found last year, in particular, that we were -- the mobile vans made it more convenient for individuals. An example I often use is we were able to go to work sites. And, again, the work site did not require the vaccine for its employees but wanted to make it available. They understood the value in keeping their own workers working. And many of the workers wanted to participate. And we were able to send the van out in off hours for third shift workers. That's the sort of flexibility that the van provides for us. We can go to a certain

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event that if they invite us we can bring there, and people can then take that opportunity to get their vaccine, rather than trying to get an appointment, either at their provider or at a retail pharmacy.

SEN. DANIELS: Follow-up.

CHAIRWOMAN UMBERGER: Yes.

SEN. DANIELS: So where does the Department find balance between personal responsibility and thinking that it's our job to -- to go to somebody's door, as opposed to them taking the time to go to the pharmacy on their own?

MS. TILLEY: Sure.

SEN. DANIELS: Because there is a cost to that.

MS. TILLEY: There is a cost, and I think that's something that we struggle with in Public Health or we balance every day of what's personal responsibility, and what's protective of public health. This particular strategy not only protects individuals, it also protects the community. We still have a valid interest in ensuring that we reduce and mitigate the spread of COVID-19.

I think we've all learned how expensive those surges of COVID-19 are to our workplaces who lose staff, to those who have to stay home. We've seen the implications over and over. And we -- and right now, as I noted, we're still having at least a person a day die by COVID-19. It was the third leading cause of death last year. So we're still making that balance.

SEN. DANIELS: Thank you.

CHAIRWOMAN UMBERGER: Are there any further questions?
Representative Edwards.

REP. EDWARDS: Thank you, Madam Chair. As you know, I wrestled with making a motion to table, but I'm not going to do

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that. I -- I just would appreciate a much stronger commitment by the Department to have Dr. Chan sign a public-facing document certifying that he's reviewed the research and that he believes in his professional opinion that this is safe and efficacious for these age groups. I heard the Department respond to it in general, but I didn't hear a strong yes, we will get it done. We'll get it done within a week. I'd like -- I'd like to hear something specific.

MS. TILLEY: Thank you. I -- I -- I need to go back to the team to determine which is -- what is the best way. We agree in the intent of what you're asking. I think we can get there. I just don't know exactly what that would look like in this moment.

REP. EDWARDS: I'm fine with that. I -- what I'm looking for is clear accountability that we have an individual who says I've done the research and -- and this is good, so --

MS. TILLEY: Thank you.

REP. EDWARDS: -- that's what I'm looking for. So thank you for your patience.

CHAIRWOMAN UMBERGER: No problem. Are there further questions? Comments? Senator Bradley.

SEN. BRADLEY: (Inaudible).

CHAIRWOMAN UMBERGER: Okay.

REP. EDWARDS: Second.

CHAIRWOMAN UMBERGER: Senator Bradley moves. Representative Edwards seconds. Will the Clerk please call the roll.

REP. EMERICK: FS 304. Representative Edwards.

REP. EDWARDS: Yes.

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REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: No.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: No.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is eight yes, two no.

CHAIRWOMAN UMBERGER: The vote being eight yes and two no,
FIS 22-304 passes.

***** {MOTION ADOPTED}**

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CHAIRWOMAN UMBERGER: We now move on to FIS 22-305 from the Department of Health and Human Services, dealing with a -- with 15 million in Federal funds looking at Solution Health, so. Welcome.

LORI WEAVER, Deputy Commissioner, Department of Health and Human Services: Good morning. Red is on, I guess.

CHAIRWOMAN UMBERGER: Yes, red is on.

MS. WEAVER: Thought green would be on. Lori Weaver, Deputy Commissioner for the Department of Health and Human Services. Good morning. Do you have any particular question you want me to start with or would you like me to just give a general overview to start of the item?

CHAIRWOMAN UMBERGER: Why don't we start with just a general overview. I think that would be helpful.

MS. WEAVER: Sure. So this item here for Solution Health when we look at what the work of the Department over the last several years of building a system of care, which is basically building services on a continuum from least acuity need to higher acuity need, we spent a lot of time doing that.

Since COVID, the increase in demand for higher acuity services has been there. And last year the Commissioner has been out publicly talking about working to find vendors to work with those to meet those services. As you may recall back in January, one of those vendors was HCA when we were here to submit and accept and expend for that money.

Unfortunately, since that time, we have worked with HCA and have not been able to reach agreement. So we're not able to move forward at this time with HCA. We are able, however, to present to you the Solution Health, which is really the other vendor. So this vendor is coming to you now because we're here in front of Fiscal, but we have been talking with them for a while as well, and they are ready to move forward.

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It's the same prototype of a contract. So when we look at what we were asking for HCA and what we're asking for here, it's pretty much the same ask, which is to offset the capital cost for them to build services and in return guarantee the State access to services when we need them for that continuum of care for higher acuity.

It is our plan that should this be approved today, that we would go to Governor and Council with our request for that grant which would detail what we would ask the vendor specifically to be doing, in addition to the accept and expend. Most times we go to Council for the accept and expend and come back with a contract. We're going to do that altogether should this be approved here today.

CHAIRWOMAN UMBERGER: Are there any questions?

Uh -- Representative Edwards.

REP. EDWARDS: Thank you, Madam Chair, and thank you, Miss Weaver, for taking the question. I -- I -- I -- I would just ask you if you could help clarify my understanding of the scenario here.

When we approved, essentially, you're saying it's essentially the same deal as we offered HCA, now we're offering Solution Health, which I understand is somehow affiliated with Elliott. When -- when -- when we cast that vote, I could have sworn that we were told that HCA had been identified because we had done our due diligence in the state and nobody else had wanted to -- to bid or participate in an offer like that. And so to find ourselves a few months later now with Elliott basically saying that they'd be open to this, I'm -- I'm -- I'm curious, did -- did -- did the situation evolve? Did we not do the right homework upfront? I'm just curious about that -- that gap from going from only HCA is willing to do this to finding a replacement. And I'm happy about it, by the way.

MS. WEAVER: Sure. I -- I believe in -- in -- in terms of doing our due diligence, I believe that we did do that and we did have two interested parties. At the time, HCA was the one

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who was able to come forward first and be able to get to a point where we could ask for an accept and expend. Solution Health at that time hadn't materialized. So the Commissioner has said publicly several times that we were looking at two vendors that could meet this level of service.

CHAIRWOMAN UMBERGER: Are there further -- Senator Rosenwald.

SEN. ROSENWALD: Thank you, Madam Chair. I'm just -- can you clarify whether the 25 DRF beds would be net add or is Elliott planning to close its DRF beds and move them to this new facility?

MS. WEAVER: Sure. Morissa, do you want to --

SEN. ROSENWALD: Any other beds to the voluntary beds.

MR. WHITE: Sure. So -- um -- based on the letter of intent in discussions that we've had to date -- um -- you'll see on page -- on Page 3 of the item we have the -- the -- the inpatient beds listed there. We have listed 25 beds which is essentially doubling the existing capacity. Obviously, we couldn't exactly, you know, it's not doubling because it's 12.5. But -- but it is, as I understand it, it would be a net increase at this point. However, ultimately, you know, the final figures would be determined through negotiations in the final agreement.

SEN. ROSENWALD: So the Elliott is not closing its inpatient units and using that space to do something else? Will the --

MS. WEAVER: Not to my knowledge, no.

SEN. ROSENWALD: Would we be requiring that?

MS. WEAVER: I think as Nathan had said, I think we would go through an occasion -- negotiations won't know that, but I don't think we're planning on requiring anybody to close anything. What we're requiring is access to services that we don't currently have through that vendor.

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SEN. ROSENWALD: Thank you. I wasn't thinking we would require Elliott to close their beds. I was hoping maybe we would require them to keep them open. I see that as of yesterday we had 35 adults waiting for an emergency bed. So we haven't solved the E.R. boarding crisis, despite approving lots of millions of dollars.

Are we thinking of giving Solution Health this money and saying you have to keep these beds open or are we not?

MR. WHITE: So if it be helpful, I can speak to sort of what we're envisioning for the larger agreement and how that would work if you think that would be helpful, because it kind of feeds into your question if you would like that.

SEN. ROSENWALD: I mean --

CHAIRWOMAN UMBERGER: Yes, go ahead.

SEN. ROSENWALD: I think we're all interested in --

MR. WHITE: Sure, absolutely.

SEN. ROSENWALD: -- solving the E.R. boarding crisis.

MR. WHITE: Yeah.

SEN. ROSENWALD: I know we approved money for all the hospitals to open DRF beds. There were no takers this time. HCA plan didn't move forward. I'm hopeful about this proposal. I know the Elliott and Southern are interested; but we have some leverage with this money, and I'm just hoping that the Department will use that leverage and wondering if you're going to.

MR. WHITE: Yes. So -- so we -- we fully intend to. So the agreement itself is going to look a little different than many of the contracts that we typically have. In this case, it would -- it would likely be an agreement that has two major

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phases, and the first phase is the construction phase. So during at which point the Solution Health would incur construction costs, they would submit invoices. We'd reimburse them for qualified payments.

After that, once the facility would be ready to go live and start accepting patients, that's where we envision a ten, potentially 12-year commitment where they would be required to ensure certain levels of service, and there'd be required quarterly, monthly, annual, potentially bi-annual reporting requirements based upon the specific terms of those -- of that agreement.

We would also ensure that there would be claw back provisions so that if certain levels of services were not provided, we would have the ability to claw back some of those funds and/or extend the length of contract. We're -- we're -- as we've been looking at this agreement, we've consulted with many different individuals to make sure that whatever the final agreement looks like, it will ensure that, A, we have long-term access to services for the State. And, B, we have the ability to take action if -- if necessary, if the required services that have been outlined within that agreement are not met.

SEN. ROSENWALD: Thank you.

MR. WHITE: You're welcome.

CHAIRWOMAN UMBERGER: Are there any further questions? Yes, Senator Daniels.

SEN. DANIELS: Thank you. On Page 3 your justification for this capital ask seems to be based upon the COVID blip which tends to be an anomaly in the whole course of things. So my -- my question is -- uh -- since you're basing this on that period of time, what are you doing to address what happened during -- during COVID so that it doesn't happen again? And does that maybe necessitate not the need for such a large facility or the services that are being asked for now?

MORISSA HENN, Associate Commissioner, Department of Health and Human Services: Thank you, Senator Daniels. Morissa Henn, Associate Commissioner at DHHS. I think it's interesting when we think about an event like COVID because we don't yet know how long the impacts on a population level when it comes to behavioral health, how long that will last. We know from other mass events that affect population, things like Hurricane Katrina, et cetera, that oftentimes the impacts from an emotional, psychological distress standpoint can last for decades. So many of our local and national and international indicators are suggesting that we may have an increased prevalence and acuity of behavioral health need for a very long time to come.

That said, I think you raise an important question, which is how do we not restrict this just to the COVID phenomenon but also build on all the important work that's been going on across the state to address behavioral health needs. And I think to the Deputy Commissioner's point this is building on the ten-year mental health plan and the system of care work to really ensure that we have a continuum of services that we're offering, of course, still committing to that community-based objective of serving people in their homes, in their communities, when possible, but recognizing there remains a need for that sort of tip of the pyramid level of acute care services and that that needs to be provided in more than one facility. And -- and, of course, that, you know, to the question of Hampstead, having these beds for children, for example, not just at Hampstead, but also offering it at a peer facility is a particular opportunity at hand.

CHAIRWOMAN UMBERGER: Are there any further questions?
Seeing none. Could I --

** SEN. BRADLEY: Move the item.

CHAIRWOMAN UMBERGER: Senator Bradley moves FIS 22-305.

REP. ERF: Second.

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CHAIRWOMAN UMBERGER: Second by Representative Erf. Will the Clerk please call the roll.

REP. EMERICK: FIS 305. Representative Edwards.

REP. EDWARDS: Yes to 305.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative UMBERGER.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

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CHAIRWOMAN UMBERGER: The vote being 10 to zero, FIS 22-305 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: We now turn to FIS 22-312. Are there any questions from the Committee? Representative Edwards.

REP. EDWARDS: Thank you, Madam Chair. And it's just an observation that this 312 has the same issues as the prior three that I isolated. There's -- there's nothing -- it's 252,000. It's not a great deal of money. But when you read the explanation, there's nothing quantitative in here to give us an understanding of exactly what this 252 is going to do. What -- if we're going to spend money, what does the end state look like. What is our goal, what's our objective, is it measurable? Those are the kind of things, I think, the Fiscal Committee needs to know about, and I'm not going to oppose this. I just wanted to make that point again.

CHAIRWOMAN UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Thank you. I was sort of a chicken and an egg question. You state in the narrative that birth centers are maybe increasing their deliveries because families are choosing not to have births in a hospital setting. But to what extent are we seeing this being influenced by the number of hospitals that are closing their birthing units?

MS. TILLEY: Thank you. Patricia Tilley again, Director of Public Health. Thank you for that question, Senator. We're not sure right now. I think that that requires a little bit more study and a lot more detail of understanding where the individuals come from who have those births. So it's not surprising that many of those freestanding birth centers are in some of the more densely populated areas of the state. So they would still have access as opposed to the birth closures that we've really seen cut across the middle of New Hampshire.

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Oddly enough, if you -- if you know Route 11 that goes east/west, it's roughly along Route 11. That's where we've seen the first round of big closures from Claremont all the way to the eastern part of the state. We have some closures up north.

So, you know, we would need to do more digging to figure out. We've -- we've just looked at right now and we've certainly seen the numbers that all births in New Hampshire have gone up in 2020 and 2021. New Hampshire was one of the only states to have an increase in births in 2021. So it's hard to pull apart if this is just an artifact of it's the same proportion that are going or if we're seeing a real increase.

We know anecdotally what we've heard from the birth centers is that people are saying it was because of COVID. It was about a more personalized experience. It was about being able to bring people, especially in 2021, where you couldn't bring supportive partners to the birth. All of that has contributed to some of their growth, but I can't tell you definitely.

SEN. ROSENWALD: Quick follow-up.

CHAIRWOMAN UMBERGER: Yes.

SEN. ROSENWALD: Thank you. I know that at some point the State was paying an enhanced payment to Androscoggin Valley --

MS. TILLEY: Correct.

SEN. ROSENWALD: -- to keep their OB Unit open. Are we still doing that and are we doing that to any other hospital?

MS. TILLEY: Well, thank you. Yes. It is my understanding, I am not Henry Lipman, but I can tell you that we are still providing that enhanced payment to Androscoggin. Luckily, with support of the Legislature, we were able to have an increase in all rates for birth centers and, in particular, among those rural areas. So we're looking forward to that at moving forward to have some increased rates for everyone. But Androscoggin has historically kept that rate. They have a, you know, if we were

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to lose Androscoggin that would be a huge deficit for us in the North Country.

CHAIRWOMAN UMBERGER: Senator Daniels.

SEN. DANIELS: Thank you. In the course of doing business, I -- I would look at insurance premiums, in this case malpractice premiums, as an ongoing operating expense. And so my question is what's the justification of using one-time money through ARPA funds to pay for operating expense which are ongoing as opposed to one-time cost?

MS. TILLEY: Thank you, Senator Daniels. I think that's a very fair question. One of the health center -- one of the birth centers reported to us and reported to GOFERR that their malpractice insurance had typically been from about \$24,000, rose in one year to \$68,000. Their volume is so small that they were unable to keep, you know, that would be a rounding error in many other businesses; but that was enough to have them consider closing their doors.

So I think this is a stopgap measure for two years to help them get back on their feet. We have some increased rates coming forward for the birth centers. So that should be able to equal that -- that balance of being able to provide one-time support and then support it with ongoing reimbursements from commercial and public insurers.

SEN. DANIELS: Follow-up. So you state that in the event the Federal funds are no longer available that General Funds will not be used. But I just heard you say that you'll be asking for more, basically would take the place of general -- of Federal funds.

MS. TILLEY: I -- I would not characterize that exactly as being the General Funds are going to take the place. We are -- those rates were artificially low and so those rates are rising to regular -- closer to what it actually costs to do business. I don't know if you want to answer that.

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MR. WHITE: I -- I -- I think the -- that statement is specific to this program here which is specific to targeting the malpractice insurance rate increases, and not necessarily to the Medicaid rate program. We were thinking about those separately in that statement.

SEN. DANIELS: So are we actually playing a shell game so that when the Federal funds stop, the malpractice insurance is still high so you're just moving -- moving money from the General Fund that you get now over to cover the malpractice insurance and asking for more through the General Fund?

MR. WHITE: I don't necessarily think I would characterize it in that manner. The way that -- the way that we were envisioning this in conversations with GOFERR and others was that this would be, as Director Tilley pointed out, this would be the one-time stopgap measure. The rates have been increased. That was approved by the Legislature this past session. Um -- so we -- we -- we kind of see these things as two separate items. I don't know if I would characterize it in the same way. I don't know (Inaudible).

MS. TILLEY: No. I mean, I think what we would see with any rates it covers the broad spectrum of costs associated with doing business. Malpractice is one particular -- one part of that, but it's across the board, all of whether the professional service fees and the other fees that are required to -- to do business. So as -- as noted, the fees are to support ongoing costs. This is a one-time effort to address this one big leap in malpractice insurance that they've seen in one year.

CHAIRWOMAN UMBERGER: Are there any further questions? Yes, Senator -- Representative Edwards.

REP. EDWARDS: Okay. Thank you, Madam Chair. Throughout the day, I've pointed out four of these requests that I -- I thought needed stronger quantitative analysis and I just didn't want to leave it without giving you an example of what I'm talking about. So if you look at 314, we did not -- you don't have to do it now, but when you -- we're not pulling it off the

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calendar, in large part because whoever ghost wrote this for the Commissioner's signature did a fairly nice job in that last paragraph, giving us some numbers that we can begin to wrap our head around. So -- so I wanted to give you an example of -- of -- of the kind of thing that would be helpful in the future. So I didn't want to just be negative. This is a positive thing. This is what I'm looking for.

MR. WHITE: Sure. And maybe we could have a conversation offline about, you know, some better details and, you know, outcomes and whatnot that you're looking for.

CHAIRWOMAN UMBERGER: Okay. Are there any further questions? Seeing none.

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

CHAIRWOMAN UMBERGER: Representative Leishman moves. Do I have a -- seconded by Senator Bradley. Will the Clerk please call the roll on FIS 312.

REP. EMERICK: FIS 312. Representative Edwards

REP. EDWARDS: Yes to 312.

REP. EMERICK: Emerick votes yes. Erf, Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: No.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

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REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is nine yes, one no.

CHAIRWOMAN UMBERGER: The vote being nine in favor and one opposed, FIS 22-312 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: We now turn to FIS 22-313. Again, Health and Human Services, dealing with emergency shelters. Are there questions from the Committee? Senator Bradley.

SEN. BRADLEY: Thank you very much. I just wanted to -- um -- get into the record the conversation that we had the other day, which I believe addressed all of my concerns. Um -- when the Senate looked at this idea of providing funding for homeless services, we did it in a different manner, mainly because many of the small towns in New Hampshire have limited options in terms of services, especially in the northern part of the state.

So I wanted and the Senate, I think, wanted to ensure that for those towns that the only real option for them is to place homeless individuals in motel or hotel rooms that this would

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allow for that kind of service, the million dollars to be utilized in that manner.

CHRISTINE SANTANIELLO, Associate Commissioner, Department of Health and Human Services: Now I'm on? Okay. I can't figure this out. Thank you for that question, Senator Bradley. Chris Santaniello, Associate Commissioner, and yes, that would be allowed within the funds that we allocate for those communities, absolutely.

SEN. BRADLEY: Further.

CHAIRWOMAN UMBERGER: Yes, please go ahead.

SEN. BRADLEY: And so a town like Conway, which both the Chair and I represent that we know have folks that are homeless right now, when the cold weather comes, the Town of Conway, for instance, and I'm just using it as a for instance, would be able, either through a not-for-profit agency or directly to come to the Department and be able to access these funds.

KAREN HEBERT, Director, Division of Economic and Housing Stability, Department of Health and Human Services: Thank you, Senator Bradley. My name is Karen Hebert. I'm the Director for the Division of Economic and Housing Stability. So yes. For example, the Waypoint organization up in Conway that is trying to seek further funding for their program that would be very applicable to this for this funding that they'd be able to strengthen their program there. So looking at just those -- those organizations throughout each county and their unique needs that would meet that.

SEN. BRADLEY: So if I -- Madam Chair.

CHAIRWOMAN UMBERGER: Yes, please.

SEN. BRADLEY: The Town of Conway then could work with Waypoint or the Carroll County, the County --

MS. HEBERT: Yes.

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SEN. BRADLEY: -- to access these funds to be able to utilize motel accommodations if that's what the best option was.

MS. HEBERT: Yes, absolutely.

SEN. BRADLEY: Perfect. Thank you.

CHAIRWOMAN UMBERGER: Are there further questions?
Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. Thanks for your explanations. But I'm reading through your letter that you have and you talk about the number of shelters available or beds in the state and it's far not sufficient for the ones we need. But I also noted that you do not provide any funding for temporary cold weather. Could you tell me why?

MS. SANTANIELLO: Sure. Chris Santaniello again. Um -- that's just not a program that the Department has -- um -- had funding for. Typically, that occurs through, you know, municipal dollars, community fund-raisers; but we have very limited dollars in this program area. And so we use it for year-round shelters.

REP. LEISHMAN: Thanks, Madam Chair. Thank you.

CHAIRWOMAN UMBERGER: Okay. But I thought it said some of this money could be used for the cold weather shelters?

MS. SANTANIELLO: Yes. Um -- we're gonna do -- it's divided up. We have allocated a million dollars for that. Yes.

CHAIRWOMAN UMBERGER: Okay.

MS. SANTANIELLO: But, typically, we don't fund those.

CHAIRWOMAN UMBERGER: Okay. And are there further questions?
Representative Edwards.

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REP. EDWARDS: Thank you, Madam Chair. I -- I -- I expect that 313 is going to pass in an overwhelming way, and so I want to explain why I'm going to vote no. It's got nothing to do with the Department has done. It's simply a process issue.

The -- the -- the basic outline of this proposal was with the other body in the Legislature at the beginning of the term. It was held within that body and never sent over to the House. So the House Policy Committee has been excluded from reviewing and approving of this policy. I think they may have. But in order to make the point that we have a bi-cameral system, and this had an opportunity to go to the House for review and it wasn't, I'll be voting no, because this is a process crime in my view. Not a crime but that's just a saying. It's a -- it's a process foul, how's that. All right. So thanks.

CHAIRWOMAN UMBERGER: Okay. Thank you. Uh -- further comments, questions? Um -- I do know that folks are anxious to -- um -- know how to apply for this money. Do you have any idea how long it will be until something can come out?

MS. HEBERT: We are working on expediting that process right now. So, hopefully, it would just be a matter of weeks subject to further approval.

CHAIRWOMAN UMBERGER: And I assume the application would be on the website?

MS. HEBERT: I'm sorry, I didn't hear you.

CHAIRWOMAN UMBERGER: The application would be on the website.

MS. HEBERT: Oh, yes.

CHAIRWOMAN UMBERGER: Okay. Thank you. Any other questions? Seeing none. Could I please have a motion?

SEN. BRADLEY: (Inaudible).

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CHAIRWOMAN UMBERGER: Senator Bradley moves to approve, seconded by Senator Rosenwald. Will the Clerk call the roll.

REP. EMERICK: Roll call FS 313. Representative Edwards.

REP. EDWARDS: No on 313.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is nine yes, one no.

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CHAIRWOMAN UMBERGER: The vote being 9 to 1, FIS 313 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: We now turn to FIS 315, which is sort of related to 317 that we passed earlier. But -- um -- if I could, this is from the GOFERR Office. Welcome back.

MR. CASWELL: Good to see you again.

CHAIRWOMAN UMBERGER: Yes. Are there questions? I see, Representative Rosenwald, you have your microphone on.

SEN. ROSENWALD: Oh.

CHAIRWOMAN UMBERGER: Oh, okay. Are there any further questions that were not answered when we discussed -- um -- 317 earlier? Okay. Seeing none. Is there anything you would like to add?

MR. CASWELL: No, ma'am. I appreciate your interest.

CHAIRWOMAN UMBERGER: Oh, okay. Thank you. All right. Senator -- uh -- second -- Senator Rosenwald moves, seconded by Senator Daniels. This is on FIS 22-315. Will the Clerk please call the roll.

REP. EMERICK: FIS 315. Representative Edwards.

REP. EDWARDS: Yes to 315.

REP. EMERICK: Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

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REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: The vote being 10 to zero, FIS 22-315 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: We now turn to FIS 22-316, also from -- uh -- the -- uh -- the GOFERR Office, not the gopher. So are there any questions? Senator Rosenwald.

SEN. ROSENWALD: Thank you. Just curious if the business goes out of business, is the State in any way on the hook to repay the Federal Government for those funds?

MR. CASWELL: No, ma'am.

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SEN. ROSENWALD: So we have no risk?

MR. CASWELL: No.

SEN. ROSENWALD: Thank you.

CHAIRWOMAN UMBERGER: Are there any further questions?
Representative Erf.

REP. ERF: Uh -- thank you, Madam Chair. Do you have any idea why so many businesses fell into this recoupment?

MR. CASWELL: Yes. Well, first of all, I mean, I should go back to the underlying programs that this is sort of helping us get through to the end of. Back in CARES Act under Main Street Relief Fund and there was a self-employed program, there was around \$500 million of aid that went under those programs to businesses across the state -- uh -- to roughly 12,000 small businesses. Over the course of time and in early April 2021, we did see that there were going to be some businesses that were going to fall into the recoupment category under the federal rules.

Um -- through a series of programs, we've now gotten that down to five -- roughly about 300 of small businesses left of those original 12,000. Not all of them, obviously, face recoupment; but, you know, we are down to basically 98 percent of the program is in a situation where there's no recoupment necessary. So it really is at the end. We're giving a final option for businesses to choose, if they so choose, to extend the ability to repay whatever they might owe under the recoupment requirements for a period of two years at zero percent interest. So this is the -- the very last opportunity.

REP. ERF: Follow-up. But you didn't quite answer my question or maybe you can't, which if you can't, that's fine. But I'm just curious as to why did so many businesses -- maybe I

shouldn't say so many -- why did businesses, why did they fall under this recoupment?

MR. CASWELL: Well, I mean, the simple answer is that a lot of businesses did better than they had anticipated they would do when they -- when they applied for the initial program. So if you recall, the way the program worked was that we asked businesses to project what the anticipated losses were going to be over the course of the next couple of months, and we paid a percentage of that, which I believe under most programs around 17 percent of their projected losses. We gave them a grant in that amount.

There were businesses, however, that ended up not losing the amount of money that they anticipated they would have -- that they would have lost. And so that put them in a situation where we had to offer them options to offset that. And we did that through programs like offsetting with COVID expenditures. We did that with a recoupment program where there was another brand they could credit against what those -- what the potential recoupment was, and that's how we got it down to the 300 number that we're at right now.

REP. ERF: Thank you.

CHAIRWOMAN UMBERGER: Are there further questions? Yes, representative -- Representative Lynn.

REP. LYNN: Thank you. Could I ask a question? Do we -- has there been some effort made to or will there be some effort made to ensure that before we're, you know, giving sort of loan -- loans to some of these companies that there's not -- that they're not sort of under investigation by -- by the -- either the Attorney General's Office or the Feds for some kind of fraudulent activity in connection with the original loans?

MR. CASWELL: Yes, sir, absolutely. And that's something we monitor very, very closely. Thankfully, we have not had many

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cases in those categories; but that would absolutely be part of any review that we would be doing to offer these loans.

REP. LYNN: Thank you.

CHAIRWOMAN UMBERGER: Are there further questions? Seeing none. Could I have a motion, please.

** SEN. BRADLEY: Move.

CHAIRWOMAN UMBERGER: Thank you, Senator Bradley. Seconded by Senator Daniels. Will the Clerk please call the roll. Representative Pitre, would you please come forward.

REP. EMERICK: Roll call FS 316. Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Pitre.

REP. PITRE: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

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SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: The vote being 10 to zero, FIS 22-316 passes.

***** {MOTION ADOPTED}**

(8) RSA 7:12, Assistants:

CHAIRWOMAN UMBERGER: Okay. We now turn to Tab 8. The first item on -- in Tab 8 is FIS 294 from the Department of Justice. I know. You spent a lot of time with us this week and so this just one more.

JOHN FORMELLA, Attorney General, Office of Attorney General, Department of Justice: I'm excited to be back.

CHAIRWOMAN UMBERGER: I thought so. Okay. Would you mind just giving us a brief overview of what you're looking for, please?

ATTORNEY FORMELLA: Not at all. So thank you, Madam Chair, Members of the Committee. For the record, John Formella, Attorney General. And I'm joined by Kathy Carr, our Director of Administration.

So this is the request that we bring before the Fiscal Committee one, sometimes more times per year for funds in our litigation fund. The litigation fund is used to -- to support

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the Department's efforts to both defend the State in civil litigation and -- um -- prosecute.

So -- uh -- for our Criminal Bureau, enforce the State's criminal laws. It's used to support the Environmental Protection Bureau which enforces the State's environmental laws. Used to support our criminal -- our Consumer Protection Bureau, which enforces our consumer protection laws. We do both civil and criminal work in the Consumer Protection Bureau and -- um -- it -- it is meant -- meant to be used sort of as a supplement when we have needs at the Department that go beyond what our internal resources can -- can support.

This is a larger request than normal. So that goes without saying. This is a particularly large request. And I think that stems from a couple of things. And it's multiple factors but -- but two primary factors.

One is that I think the State is dealing with more complex civil litigation at the moment than it typically deals with. I'll go through it but that -- that consists of -- of YDC and the litigation associated with that. It consists of a major school funding case, one that is much closer to trial and that's now been paired with the second school funding -- school funding lawsuit that was filed earlier this year. Consists of two major -- major federal Court cases in which we are defending the Department of Health and Human Services. Multiple cases regarding redistricting and election law, and -- and the list goes on. But the Department is dealing with more complex civil litigation right now than it typically deals with.

It's also not just about the number of cases that the Department's dealing with. It's about where these cases are in the process. So the further you move along in a case, the further you move through discovery, the closer you get to trial, if they're complex cases the costs -- the -- the funding needs at any time -- um -- get higher, depending on where you are in the case. And so it's not just that we have more complex civil litigation, but we have a few cases that are -- that have come to a point where they require some -- some significant funding.

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So that -- that's one general reason I think why this is a larger request than normal. And the second is that the Department has, and I won't go through the entire organizational chart, but we have a lot of internal resources. We do a lot of different things. But one -- one kind of general function of the Department of Justice is to assist every State Agency in State Government. We represent every State Agency. We give legal advice. We lend support. And I think across State Government, as we all know, we've seen challenges with recruitment and retention and that puts a lot of burden on State Agencies.

And because we serve every State Agency, we -- I think agencies require more support from us than normal, and so we're using our internal resources for that. And internal resources that we use for that client counselling function cannot be used for litigation.

So those are two -- I wanted to just give that overview to sort of explain why this is a larger request than normal. I think those are -- those are two factors that contribute -- contribute to that.

So, with that, I'll just walk through the major cases that we are talking about.

CHAIRWOMAN UMBERGER: I'm not sure that's necessary.

ATTORNEY FORMELLA: Okay.

CHAIRWOMAN UMBERGER: You pretty much put that in the thing. So -- uh -- are there -- Senator Rosenwald.

SEN. ROSENWALD: Thank you, Madam Chair. Just a question on the smallest thing in here. The election law. Do you expect or have you already hired any outside counsel on either of these two redistricting cases or is this incurred in-house?

ATTORNEY FORMELLA: We have not, and I -- I think the expenses we're expecting there are for -- for experts and

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potential expert testimony. We have not retained outside counsel for those redistricting cases. I -- it's possible we may; but at this point, my goal and my intent is to use in-house resources for those cases.

CHAIRWOMAN UMBERGER: Are there any further -- Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. Thank you, Attorney General. Is it fair to say that some of the recoveries or settlements that you've received lately would more than cover this request, the funds that you've received?

ATTORNEY FORMELLA: Yes. I mean, those recoveries don't go into the litigation fund, but I -- I think it is fair to say that the Department has brought in far more money in this Calendar Year through settlements and recoveries than this litigation fund request.

CHAIRWOMAN UMBERGER: Are there any further questions? Seeing none. Could I have a motion to approve?

** REP. LEISHMAN: Move the item.

CHAIRWOMAN UMBERGER: Thank you, Representative Leishman. And seconded by Senator Rosenwald. Will the Clerk please call the roll.

REP. EMERICK: Roll call on FIS 294. Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Pitre.

REP. PITRE: Yes.

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REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: Thank you very much.

ATTORNEY FORMELLA: Thank you.

CHAIRWOMAN UMBERGER: FIS 22-294 passes on a vote of 10 to zero.

*** {MOTION ADOPTED}

- (9) RSA 21-I:42, VI, as amended by SB 226, Laws of 2022
Division of Personnel, and 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

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228:12 Transfers from Highway Surplus Account, and RSA
237:15-a Transfers from the General Reserve Account:

CHAIRWOMAN UMBERGER: We now turn to Tab (9), and -- um -- FIS 22-319 from the Department of Administrative Services. Uh -- I believe that we can talk about 319 and 320 together since one is the program and the other's the money. Okay. So Commissioner.

CHARLES ARLINGHAUS, Commissioner, Department of Administrative Services: Okay. I want to emphasize -- I'm Charlie Arlinghaus. I'm the Commissioner of Administrative Services.

SHERI ROCKBURN, Assistant Commissioner, Department of Administrative Services: And I'm Sheri Rockburn. I'm the Assistant Commissioner.

MR. ARLINGHAUS: So I want to emphasize a couple things here. There are a bunch of different things in this package. So we're here performing more of a ministerial function. So I can talk about the what and the why. There's a whole host of commissioners and commandants behind me who will, no doubt, explain all of that to you why.

It's essentially a group of recruitment and retention packages for -- for a variety of officials. Um -- State Police. Um -- there's a few -- um -- people at the Fire Academy. I'm gonna get that wrong. Fire safety personnel. Correctional personnel. Veterans Home personnel. And there's also a -- I left somebody out -- oh, nurses generally across State Government. And then, in addition to that, there's a winter maintenance retention program. So think of highway maintainers, but that program will be extended to other people in State Government who have a CDL. So people who don't normally participate in winter maintenance could if they chose and they have a CDL, Commercial Driver's License, participate in winter maintenance.

It's a sum of recruitment packages which was, I think, discussed, as sort of a significant conversation between various

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people in the Governor's Office and various people in -- in these agencies -- um -- who will -- who'll be affected by this in ways to both retain personnel in the case of -- of retention -- retention payments and in the case of recruitment payments.

A lot of people, like correction officers, for example, have an opportunity to get a bonus if they go somewhere else. And this will allow us to keep them. The commonality, I believe, between all of these items is that they are functioning 24/7 facilities, as opposed to anything else. And I'll just note that there's nobody in my Department who gets a dime. So I have no conflict.

CHAIRWOMAN UMBERGER: Okay. Uh -- yes, Senator Rosenwald.

SEN. ROSENWALD: Thank you. My question is really specifically about the retention piece. My understanding this is one-time money that is pretty significant. It looked to me like \$10,000 per person.

MR. ARLINGHAUS: It is.

SEN. ROSENWALD: And I'm trying to think what happens at the end of that when the individual's compensation goes back down by \$10,000. Are we going to see people leaving State Government and what do you think we're going to end up needing to do on the ongoing compensation? And I realize that you don't get to negotiate the contracts, but what do you think is going to happen to the vacancy rate when people see their compensation fall off?

MR. ARLINGHAUS: I think I want to emphasize that it's not -- it's not pay. Uh -- I mean, it is pay, but it's not ongoing in your paycheck. It's a -- it's a payment and in some cases a one-time payment or in some cases a two-payment tranches. And so it really is in the effect of a -- it'll feel like a bonus as opposed to a -- um -- ongoing compensation increase.

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I think it's for any employer the challenge with paying things like bonuses to sign on, you know, \$5,000 to work at Dunkin Donuts -- it's probably not 5,000 at Dunkin Donuts but -- but significant is yeah, what happens then? Do people shop around a year later? And I think that's going to be a question.

I think historically if you look at, you know, and I don't have data on this, but historically if you look at things like -- like signing-on bonuses -- um -- they tend to occur in times where there's a particularly tight labor market and not on an ongoing basis. There's not a reset. They -- they go in waves, and they tend to go in waves everywhere. That is to say, tons and tons of employers are offering them. And then tons and tons of employers are not, because the labor market loosens. And -- and I think that's where we would be.

I don't honestly think the State Government -- this is extraordinary. Quite possibly unprecedented in our -- in our history. And -- um -- it's sort of a -- you know, a storm of a -- of a particularly tight labor market right now and the availability of ARPA funding. And both of those two things are quite unusual, and the likelihood of them appearing at the same time again, you know, ARPA IV and -- and another tight labor market is slim.

So I don't think it'll happen again, and I think it's probably incumbent upon most managers to explain to employees that -- that this is unusual, and this probably won't happen again.

CHAIRWOMAN UMBERGER: Representative Perkins Kwoka.

SEN. PERKINS KWOKA: Thank you, Chairwoman. You got it exactly right.

Um -- thank you, Commissioner. And I guess just as a quick follow-up to Senator Rosenwald's question. I mean, yes, this is absolutely an extraordinary labor market. That said, as a housing advocate, you know, I've been listening to our

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businesses talk about the shortage of workers for years now. So I think the question goes more to this may be a one-time program; but in the long-term, I mean, the State Government may benefit. And I guess I'm asking for your opinion here in -- in seeing higher wages just to ensure that we are -- um -- you know, retaining -- retaining talent at the State level and not seeing turnover at a place where institutional knowledge is really valued.

MR. ARLINGHAUS: I think it's probably very important. You know, my understanding and, you know, I can't speak for the Governor or the bargaining team or any of that, but my understanding is that -- um -- you know, this is a program to deal with one subset of State workers. But there's a general recognition that State workers, broadly speaking, have greater issues and some of that's related to things like inflation. You know, when inflation is one, one and a half, 2%, people don't pay a lot of attention to it. When it's nine, and you kind of do, I'm thinking a lot more about my oil payments than I did the last couple years. Um -- and so I think that's a thing. And I think without question we need to figure out ways, better ways to attract talent. And there's no question that wages are part of that.

Housing is also part of that. I mean, it -- I'll note that on the Governor and Council agenda yesterday or whenever we were on top of Mount Washington, the air was thin. I don't remember well. Um -- somebody resigned from a position and one of the things they said was that, you know, it's really hard to buy a house, and so they're going to move to Wyoming. And we probably need a little bit less of that. I'm just glad I have a house.

CHAIRWOMAN UMBERGER: Uh -- would you like to discuss the total money part, which is in 320?

MR. ARLINGHAUS: I'm sorry, can you say that again? My hearing's bad.

CHAIRWOMAN UMBERGER: Yeah. 320 is -- uh -- is dealing with the money.

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MR. ARLINGHAUS: Yes. Sheri, can you walk through the money quickly?

MS. ROCKBURN: I think the most helpful chart or table to look at is the money on page or the table on Page 12 of 13. It takes up almost the whole page in the packet. I think that's a really good summary though of the programs and -- and the funding. So I'll give you a minute if you have that page open.

You'll notice that the first, you know, six or seven items are all funded with ARPA funding. And that is 13 -- just under 13.5 million. And you'll see two numbers on the bottom. The winter maintenance programs through the Department of Transportation, and those funding is coming -- 4.3 million is a transfer from Highway Surplus, and around 400,000 from the Turnpike General Reserve Account. So that's the breakdown. 13.5 coming from ARPA, and just under 5 million is from Transportation Highway and Turnpike Funding. And that's strictly on the winter maintenance is where Turnpike Funding is coming into play and Highway.

MR. ARLINGHAUS: I would just note that this particular chart Sheri did -- obviously, not me -- in response to my 18 different questions which used a different number for the total each time. And I think she realized that if my little pea-brain could get confused, so could other people's. And when she was up until midnight at the office doing this at some -- one of those late hours, she came up with this chart and I think it's remarkably helpful, at least to me.

MS. ROCKBURN: The only other thing I would add to that is under the initiative. I can just talk real high level about the incentive programs that fall under that. It doesn't have the dollars with it, but I can just very quickly kind of go through that.

So the first item the Safety for the new full-time State Police sworn personnel. That is a \$10,000 bonus paid as soon as practical upon hire. So that's a lump sum that happens at the

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front-end of that hiring. They do have to sign an agreement that says they will stay in that position or similar position for up to one year, subject to payback at the end of that year if they choose to -- to leave State service or take a position that's not related to the one that they were hired into.

The next one down is for the existing sworn personnel at State Police and existing is also 10,000 but that is paid in two lump sum payments. A 5,000 within a as soon as practical upon this passage and then a second payment in March, April, spring time period. I don't have the exact date on that; but that's two lump sum payments, 5,000 each.

Um -- the third one down for Safety is the Fire Safety area. There's about nine positions that are in that. That follows the same new -- any new hire would be the 10,000 upfront. The one underneath it is for existing and that is 5,000 split, sort of fall/spring.

Then you'll see that Corrections has both a new and existing. They follow that same logic. A new correctional sworn personnel, 10,000, and then a 5,000 split. Correctional also has a little bit different item here. This is a retention incentive. It's a 15% enhancement for their nurses, their direct care nurses at the institution at their correctional facilities.

Nurses currently have a 15%. This is an additional 15% that they'll get for a one year period. Normally, enhancements only go through the Governor and Council process. So New Hampshire Hospital has an enhancement, Glencliff Home, Sununu Youth Center. So that normally agencies fund within their existing budget. So it's not something normally Fiscal would see. It's usually just a Governor and Council item. Corrections can't absorb this increase within their existing budget so they've asked for ARPA funding to approve that additional 15%. But all the other institutions that have the nurses at the Governor and Council meeting on Wednesday received approval to have that additional 15%. So they -- they look a little different, but it's just because of their funding stream.

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The Veterans Home, this is a \$2,000 payment to all of the staff at the Veterans Home for full-time. There's a \$500 payment for part-time. Back in June the Veterans Home received approval through Fiscal of a retention program through Fiscal and G & C for direct care to receive this incentive payment. This is for the non-direct care staffing at the Veterans Home. And this would be payable in November time period as a lump sum payment.

That's the sum of all the ARPA funding. And then the last two on Transportation, that is a \$5,000 in total payment and that is split 2500 at the beginning of the winter maintenance period and then 2500 at the end of the winter maintenance period. It would get pro-rated for anyone that gets hired in-between and doesn't either -- uh -- isn't there for the entire winter maintenance period which runs about November 1st through early April. So that's sort of a high-level summary of the individual items and then the funding that goes with it.

CHAIRWOMAN UMBERGER: Thank you. Are there any questions? Seeing none. Could I have a motion to accept FIS 22-319 and FIS 320?

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

CHAIRWOMAN UMBERGER: Okay. Senator Bradley and Representative Pitre. Will the Clerk please call the roll.

REP. EMERICK: Okay. This is for FIS 319 and 320. Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Pitre.

REP. PITRE: Yes.

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REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote on 319 and 320 is 10 to zero.

CHAIRWOMAN UMBERGER: Okay. The vote being 10 to zero on FIS 22-319 and FIS 320 both pass.

***** {MOTION ADOPTED}**

(10) RSA 198:15-y, III Public School Infrastructure Fund:

CHAIRWOMAN UMBERGER: Thank you. Okay. We now turn to -- um -- FIS 22-301. This is Public School Infrastructure Fund in Tab 10.

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Sure. Madam Chair, that's 303. I think it's possibly just the stamp.

CHAIRWOMAN UMBERGER: Yeah, okay. Sorry. Uh -- 22-303, Department of Education. I can't read.

FRANK EDELBLUT, Commissioner, Department of Education: For the record, Frank Edelblut, Commissioner of Education.

FALLON REED, Administrator, Division of Homeland Security and Emergency Management, Department of Safety: Fallon Reed, Department of Safety, Homeland Security/Emergency Management.

CHAIRWOMAN UMBERGER: Would you just give us three sentences on the program and -- uh -- then we'll --

MR. EDELBLUT: Sure. So this is a program to improve the security in our school buildings. Um -- the programs are primarily focused on acc -- go ahead, access.

MS. REED: Three categories. Access control, emergency alerting, and surveillance. And the first round of funding, all public schools were eligible to apply, and we had about \$3.8 million left over from the original Public School Infrastructure Fund. The account earned a little bit of interest because there was 3.3, but now we're up to 3.8 and some change. So this is to award 177 applications to 92 different schools across the state.

CHAIRWOMAN UMBERGER: Okay. Thank you.

MS. REED: Sure. There is -- ma'am, if I may -- the second round of funding that's -- um -- \$10 million that we're working through those applications. But what's before you is for the first round of applications.

CHAIRWOMAN UMBERGER: Okay. The object was to get it out the door as quickly as possible.

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MS. REED: Yes, ma'am.

CHAIRWOMAN UMBERGER: Right. Okay. Are there any questions on the Public School Infrastructure. Representative Leishman.

REP. LEISHMAN: Thank you, Madam Chair. And thanks for your good brief -- brief discussion. So I looked back. The Department presented at some length a 42-page document showing other grants for security enhancements. And I noticed in that particular document there were some issues, like Hudson got \$300,000 for a sprinkler system under the same program. Now, most of the items were for security cameras, doors, locks. Now, in your request are there any outside of security issues or are they all for security?

MR. EDELBLUT: Right. So that first tranche of funding was used for safety, which included some safety measures, security measures, as well as some, truthfully, Broadband measures as well. There were some awards for that in there as well. This is specifically for security only. So these projects are going to be limited to those three categories Fallon had mentioned.

REP. LEISHMAN: Just one follow-up, Madam Chair.

CHAIRWOMAN UMBERGER: Please, go ahead.

REP. LEISHMAN: Thanks. I notice in your request this time, for instance, Salem was looking for maybe a \$208,000, and they got \$100,000 because you set a cap of a \$100,000. And, yet, there were a number of other smaller schools. I'll take my community, there's a charter school, and they were looking for like 96 or \$98,000. How did you determine who gets what, where the cap came from? Because for a small school to get, say, the ninety somewhat thousand dollars but Salem with a much greater school population, they only got a hundred thousand on their request.

MS. REED: Sure. So I can speak to how we did the risk ranking. But the Commission decided to do the \$100,000 cap. So once we received all the applications, my office at Emergency

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Management reviewed each of the applications and we had five questions that were part of the application that helped us do the risk ranking. And depending on the answer, they either got one point or no points. And so the highest potential score was a 7.0, and the lowest that was given was a 2.0, and then we had an average of 5.9.

So we had based -- the questions were pretty standard. Have you submitted an emergency operations plan within the last 12 months? Has your school had an assessment completed by Emergency Management? How many security assessments have your school had since we started the program in 2014? A reference to emergency drills. How many of them have been emergency all hazards? And then have you submitted your current floor plans to first responders? So that allowed us to do the scoring, have a risk ranking, and then we had a categories or tiers that we looked at for the score.

So there were five different tiers. The application scoring below average in the categories of access control and emergency alerting were put first. So we did as many applications as we could at that point with the cap of a hundred thousand. And then we looked at Tier 2, which was applications scoring below 5.0 in surveillance, and then we went there. So we kept going down to the different tiers until we reached the cap of the \$3.8 million.

REP. LEISHMAN: Okay. Thanks. Thanks, Madam Chair.

CHAIRWOMAN UMBERGER: Are there further questions? Seeing none. Could I have a motion, please?

** SEN. DANIELS: Move to approve.

CHAIRWOMAN UMBERGER: Thank you, Senator Daniels. Second? Second by Senator Bradley. Will the Clerk please call the roll.

REP. EMERICK: FIS 203.

CHAIRWOMAN UMBERGER: No, three.

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REP. EMERICK: What is it?

CHAIRWOMAN UMBERGER: 22-303.

REP. EMERICK: 303. I've got 203. I'm sorry. It's a typo.

CHAIRWOMAN UMBERGER: Okay.

REP. EMERICK: Sorry about that. There's a -- I have a typo but that's all right. All right. This is 303. Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Pitre.

REP. PITRE: Yes.

REP. EMERICK: Senator Daniels.

REP. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: Yes.

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

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SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: The vote being 10 to zero, FIS 22-303 passes.

***** {MOTION ADOPTED}**

(11) Chapter 91:34, Laws of 2021, Department of Health and Human Services; Program Eligibility; Additional Revenues:

CHAIRWOMAN UMBERGER: We now move to FIS 22-280 -- uh -- from the Department of Health and Human Services.

MR. WHITE: Nathan White, DHHS CFO.

MS. HEBERT: Karen Hebert, Director of Division of Economic and Housing Stability.

CHAIRWOMAN UMBERGER: Okay. Let me get to the right place. Are there any questions that -- um -- anyone has? Representative Erf.

REP. ERF: Thank you, Madam Chair. So other than moving the cliff to a higher income threshold bringing more people onto food stamps, how does this address the cliff effect?

MS. HEBERT: The intent is that so individuals could continue to pursue employment or pursue a promotion in employment where they would increase their income. But, oftentimes, that isn't quite enough to be able to continue strengthening their own economic condition.

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So what this does is still enable them to be eligible for SNAP benefits. That way they can continue to strengthen their own position with that added income, then slowly be able to, instead of suddenly not being eligible any longer for those benefits and experiencing that loss, they'd be able to just use that extra income over time to be able to just strengthen their own situation financially.

REP. ERF: So I thank you for that and I understand that. That's moving the cliff, but that doesn't take away the cliff effect; correct? They're just going to run into the cliff a little bit higher up in their income.

MS. HEBERT: I would characterize it more as reducing or mitigating the cliff, not necessarily eliminating the cliff. This is an attempt to try to reduce that sudden loss of those benefits. So I'm not sure that there are particular actions that can completely eliminate the cliff, but this certainly mitigates it and reduces it.

CHAIRWOMAN UMBERGER: Are there further questions?
Representative Lynn.

REP. LYNN: Yes, can I ask -- just ask a question? The -- the -- the limit right now is, am I correct, is 180% of the poverty level? Is that right?

MS. HEBERT: 185.

REP. LYNN: 185. I'm sorry.

MS. HEBERT: That's okay.

REP. LYNN: And that 185 was established -- how did that get established?

MS. HEBERT: That's a good question. I believe it was set into law, and I don't know the history of that, but I could certainly find that out and get that for you.

REP. LYNN: So when you -- I guess do you know -- maybe do you know this, at this point, was it -- when you say it was set into law, was that by the State Legislature or the Feds?

MS. HEBERT: I believe the State has the discretion of determining the eligibility, which is why we're able to change the percentage now through this process.

REP. LYNN: Okay. So I guess the only question I have, and it's really sort of a process question, maybe addressed to everyone, really, is if the Legislature set the -- set the current limit at 185, I guess I raise the question of is it appropriate for this body, which represents only a very small percentage of the whole Legislature, to change the number from 185 to 200?

MR. WHITE: Sure. So -- um -- I guess to start I'd like to just go back to HB 2 from this past session. Um -- there was a provision in there, Chapter 91, Section 34, that specified that any -- any modifications to that threshold would need to be both approved by the Health and Human Services and Elderly Affairs Committee, as well as the Fiscal Committee and that's why we're here before you today.

Chris Santaniello just reminded me that the -- that it was originally set up in Administrative Rules which goes -- which goes to the JLCAR public process, which is directed by statute.

REP. LYNN: Okay. So you're saying that -- that -- that -- that statutes contemplate that there will be some change made by other than a full vote of the Legislature?

MR. WHITE: Precisely. And I believe -- I can't speak to the rationale, but I believe that's why an HB 2 provision was put in this past session so that there was greater oversight and transparency to that process.

REP. LYNN: All right. Thank you.

CHAIRWOMAN UMBERGER: Are there any further questions? I do have a couple, I guess. I know that SNAP benefits affect other areas. So by increasing the percentage, what other programs are going to be affected by this change in the SNAP criteria?

MS. HEBERT: There are no other eligibility programs that are really, certainly, not adversely impacted by this particular change. So the -- information that I had provided in an answer to that, it certainly does make more individuals eligible automatically for HeadStart who have children of that age qualifying. There are also education and training benefits that people will qualify for, because of receiving SNAP benefits, including job search, and the ability to pursue credentials that would result in a higher paying job or a high demand job.

They would also qualify for the free-and-reduced meals through the school. Um -- and with an agreement that we are putting together with the CAP agencies, these are individuals with their permission would be contacted by those CAP agencies regarding LIHEAP benefits that they would qualify for. They also qualify for the -- what's known as the Double-Up Food Bucks Program, which is an incentive for purchasing healthy foods.

CHAIRWOMAN UMBERGER: You probably don't know whether or not these children are currently eligible for free-and-reduced lunch or is the answer to that I don't -- do you -- does anybody -- I'm talking about, you know, the -- the differ -- yeah, the differential.

MR. EDELBLUT: So they would -- they would -- so if you're 185% of federal poverty level or below, you qualify for free. If you're 250% or below, you would qualify for reduced price lunch. So between 200 and 185. Is that the question?

CHAIRWOMAN UMBERGER: Hm-hum.

MR. EDELBLUT: Yeah. It may be difficult for us -- so right now we direct certain SNAP students. So given this change in eligibility criteria, we may have to do some additional work to

be able to parse the students between free and reduced, but we can work on that.

CHAIRWOMAN UMBERGER: Okay. So we have no clue what that number is?

REP. EDELBLUT: Because it's yet another tier.

CHAIRWOMAN UMBERGER: Yeah, yeah. I got it. I got it. We'll know that before the budget cycle, right? So that the only thing that would truly affect the -- um -- the State Budget is the free-and-reduced lunch eligibility.

MS. HEBERT: Yes, potentially.

CHAIRWOMAN UMBERGER: Okay. And -- and then LIHEAP. Sure, certainly.

MR. EDELBLUT: I mean, we would probably need to look further at it; but depending upon how this change in classification is recognized, Health and Human Services at the Federal level may recognize it for one thing. Some of that same information is used by the U.S. Department of Education to determine specific funding levels relative to some of our title programs. So I'm not sure how U.S. Department of Education would recognize these shifts, these changes, in terms of their funding allocation formulas on the education side at the federal level.

CHAIRWOMAN UMBERGER: Well, yeah. I think we better have somebody come back and talk to us in November about that, I think, because we just -- we just need to know, you know, what -- what's happening.

MS. HEBERT: Just if it's helpful, I can tell you that there are a number of other states, maybe 20, is my guess, including Massachusetts that have moved from the 185% Federal Poverty Level to 200 already. So the -- the -- on the federal level that may have been resolved.

CHAIRWOMAN UMBERGER: Well, we'll see. Anyhow we'll look at -- I don't think I have anything particular scheduled for November, but I do think we need to get a clear understanding of the impact that it's going to have on the -- on the budget. Uh -- Representative Erf.

REP. ERF: So these are all Federal funds, correct, and we're raising the eligibility rate here?

MS. HEBERT: That is correct.

REP. ERF: You just said Massachusetts or some other states have it to 200%.

MS. HEBERT: That's correct.

REP. ERF: Can we set it at 10,000%? Is there any limit, in other words?

MS. HEBERT: Um -- that's an interesting question -- um -- Representative. I don't know that there's a cap on the percentage. But I would anticipate that -- um -- with a need to be reasonable for the purposes of SNAP -- um -- to, you know, address poverty, that it would remain, you know, within the percentage that we're looking at and not what you're suggesting.

REP. ERF: Well, you just suggested it up to 200% in some states. What's -- what percentage are we looking at; 500%, a thousand percent?

MS. HEBERT: I don't know that anyone is looking at that.

MR. WHITE: And Chris Santaniello just indicated to me we -- um -- we can go back and confirm this; but it's our understanding that 300% is the max currently allowed by Federal Law.

CHAIRWOMAN UMBERGER: Okay. Are there further questions? Okay. Yes.

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** SEN. DANIELS: Madam Chair, I move to table.

CHAIRWOMAN UMBERGER: I have a motion to table.

REP. ERF: Second.

CHAIRWOMAN UMBERGER: Seconded by Representative Erf. Will the Clerk please call the roll.

REP. EMERICK: Motion's to table on FIS 280. Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: No.

REP. EMERICK: Representative Pitre.

REP. PITRE: Yes to table.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Bradley.

SEN. BRADLEY: (Inaudible)

REP. EMERICK: Senator Gray.

SEN. GRAY: No.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: No.

REP. EMERICK: Senator Perkins Kwoka.

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SEN. PERKINS KWOKA: No.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: No.

REP. EMERICK: Madam Chair, the vote is four yes, six no. So the motion fails.

CHAIRWOMAN UMBERGER: The tabling motion fails.

***** {MOTION FAILED}**

CHAIRWOMAN UMBERGER: Did -- did you want to make a different motion?

****** SEN. ROSENWALD: Move to approve.

CHAIRWOMAN UMBERGER: Okay. Thank you. Do I have a second? Representative Leishman.

REP. EMERICK: Okay. This is a motion to approve FIS 280.

REP. EMERICK: Representative Emerick votes yes. Representative Erf.

REP. ERF: No.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. Emerick: Representative Pitre.

REP. PITRE: Yes.

REP. EMERICK: Senator Daniels.

REP. DANIELS: No.

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REP. EMERICK: Senator Bradley.

SEN. BRADLEY: (Inaudible).

REP. EMERICK: Senator Gray.

SEN. GRAY: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator Perkins Kwoka.

SEN. PERKINS KWOKA: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 8 to 2 in affirmative.

CHAIRWOMAN UMBERGER: The vote being 8 to 2, FIS 22-280 passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: And that's with the understanding that we will see you in November for all things, education and SNAP. How's that? Because it will have -- uh -- some impact on the budget.

MS. HEBERT: Sure. Thank you.

(12) Miscellaneous:

(13) Informational Materials:

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CHAIRWOMAN UMBERGER: Thank you. Okay. We now move to -- um -- the Informational items. And I can't find Page 5. Oh, here it is. Okay. And -- um -- all right. Yeah, I found it. Okay. Um -- the -- uh -- Representative Leishman had a question on FIS 22-298. This is the --

REP. LEISHMAN: Dash.

CHAIRWOMAN UMBERGER: Operating Statistics Dashboard.

REP. LEISHMAN: Thank you, Madam Chair. I apologize for jumping earlier, but we're finally at the right spot. So on the table you provided us Table 8, it had the annual totals for clients served by Community Mental Health Centers. And I see there's been quite a reduction from 2012 to present. I don't know if you could explain why there's been a reduction in service?

MS. FOX: So, good afternoon, Members of the Committee, and Madam Chair. I'm Katja Fox. I'm the Director of the Division for Behavioral Health. And, first and foremost, I want to say that these statistics have been an area that we've wanted to focus on from where we pull the information. And so you'll be seeing when we present an updated Dashboard and a new design of the Dashboard, we're also going to change the way that we pull these statistics.

We want to accurately reflect all of the work that's being done by our Community Mental Health Centers, and we believe that the new and improved Dashboard will also include new improved data in this particular area.

With that being said, I think that what I would like to focus on, I see the big drop that you probably noticed from last month, from June to July. I went back and looked at that. And we also had an even more significant drop last year and a couple other years as you go through the Dashboard.

So we can attribute it to several things. Probably seasonality with school ending and the summer providing more

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opportunity to not be engaged in services as people do different things through the summer months. But, also, we know as you've already heard about staffing issues. And the centers have been among the many health care providers who've struggled with staff, and so you need staff to be able to provide those services.

REP. LEISHMAN: All right. Thanks. Thanks, Madam Chair.

CHAIRWOMAN UMBERGER: Are there any further questions? Yes, Senator Rosenwald.

SEN. ROSENWALD: Thank you. Two questions, if I could. We've seen a lot of items to put money into more restrictive settings in the mental health system, but not into the Community Mental Health Centers to the same extent. And I'm just wondering if you could talk about why we haven't worked to address the staffing issue financially as we have in facilities. That's my first question.

MS. FOX: So I'm just looking to see if someone else wants to jump in. But -- um -- first and foremost, the Community Mental Health System through the Ten-Year Plan has been an amazing effort that has occurred over the last few years. And I know you've been part of that through legislative action to provide significant funding. That funding has all gone to the community system. So we've been talking about housing. We have raised rates through that process, through Medicaid. We've, you know, had 3.1% increase on a subsequent one. We supported the Community Mental Health Centers through the ARPA funding and before that the CARES Act funding. That has all gone to support and shore up the Community Mental Health System and, specifically, to community-based services.

We have housing dollars that we've been putting in there. We have had different initiatives, and be happy to list those out. As a matter of fact, you'll be hearing about this next Friday at Health and Human -- I'm sorry -- with HHS Oversight because we are submitting our required report, and then doing a presentation on that on all of the efforts.

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So we have been doing that, and I don't think there's any one sector in the health care system right now that has a solution and has been able to crack that nut when it comes to staffing.

SEN. ROSENWALD: Thank you. My second question is probably really for Nathan. We got information that the Department had lapsed \$35 million in revenues. I think that's the additional 6.2% F-MAP.

MR. WHITE: Um -- I would have to dig into the details to -- to specifically answer that question. Um -- upon initial analysis, I -- I didn't identify that. Um -- however, I know before -- before I started in my role, I know that Kerrin had previously spoke to all of you about the revenue challenges that we have in identifying and estimating those on an ongoing basis.

I do have an update on that. We did acquire a system, we procured a system this past spring, and we developed it, and it is now currently live. The downside is that we're currently entering data in for this upcoming budget, but we won't -- we won't be able to really utilize that until -- until we have a full year of complete data which will not be until the end of State Fiscal Year 2024, which would allow us the analytical tools to really easily dig into that.

I can go back and conduct a more thorough analysis, if you'd like, so that I can give you a little bit more insight into what -- what revenue sources feed into that -- that revenue lapse, if you'd like.

SEN. ROSENWALD: That would be great because --

MR. WHITE: Sure.

SEN. ROSENWALD: -- we've been told in the past it is the additional federal match. But that means that we are not spending the appropriation and that's why we're lapsing the funds. So my question was could the Department tell us, please,

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which programs are lapsing appropriation that is losing us federal revenues, because we can't find the services or something?

MR. WHITE: Sure.

SEN. ROSENWALD: Can we find out where?

MR. WHITE: Yes, I'll go back and conduct that analysis and follow up.

SEN. ROSENWALD: That would be great. Thank you. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Senator Rosenwald -- um -- since we're going to have Education and HHS here in November is that soon enough or --

SEN. ROSENWALD: I expect to be out of town for that meeting; but yes, whenever -- obviously, whenever you schedule it.

CHAIRWOMAN UMBERGER: Well, then --

SEN. ROSENWALD: But there will be written materials I can look at.

CHAIRWOMAN UMBERGER: Yeah, but I would prefer you to be here. So -- uh -- October we have -- um -- DES coming to talk to us about PFAS in landfills.

SEN. ROSENWALD: It's exciting.

CHAIRWOMAN UMBERGER: Yeah, it is. It's very exciting especially if you looked at what's going on with -- with our landfills in the state. So -- um -- I guess they told me it would take them about 15, 20 minutes on the --

SEN. ROSENWALD: In October?

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CHAIRWOMAN UMBERGER: Yeah, in October. So let's try to do this in October. Is that --

SEN. ROSENWALD: That would be amazing. Thank you.

CHAIRWOMAN UMBERGER: Would that be okay, Nathan? Oh, I'm sorry.

MR. WHITE: I think so.

CHAIRWOMAN UMBERGER: I should refer to you by your position. I apologize. Okay. So, hopefully, we can -- we can get that together.

Are there any further questions? Okay. Are the auditors here? Okay. And then we are anxiously awaiting a presentation from DAS on retirement health care.

Audits:

JEAN MITCHELL, Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: My name is Jean Mitchell. I'm the Audit Supervisor with LBA Audit Division, and with me is the Adjutant General Mikolaities.

So I'm here today to present the report on our assessment of the internal controls in place over the receipt, deposit, recording, and reporting of revenue, as well as the authorization payment recording and reporting of the Department of Military Affairs and Veterans Services' expenditures during the nine months ended March 31st, 2022.

If you turn to the Table of Contents you will see the Executive Summary, Summary of Results, background, our audit objectives, scope, methodology are located on Pages 1 through 5 of the report. The report contains three findings and recommendations, none of which suggest legislative action may be required. The Department concurred with all of the Observations.

Moving on to the background section on Page 2. The Department was legislatively created -- legislatively created by Senate Bill 208 which became effective in September of 2019. The bill consolidated military and veterans services, which were previously housed in three separate departments into the Department of Military Affairs and Veterans Services. The Department is organized into divisions, including the Division of Veterans Services, the Division of Community-Based Military Programs, and the State's Veterans Cemetery; as well as two advisory boards, the Veterans Council and the Military Leadership Team.

The Department is overseen by the Adjutant General who essentially functions as the Commissioner and is also a member of the National Guard.

The Department is funded mainly by federal revenue reimbursements. The Department spends funds in accordance with the Master Cooperative Agreement, which provides federal support for services provided to state military departments for authorized facilities for leases, real property services, operations, maintenance, repair, and minor construction costs, as well as several -- several Military Construction Cooperative Agreements which provides federal support for the construction of military facilities, real property improvements, and design services.

The Department records its revenue and expenditures in the General Fund in the Capital Projects Fund across 61 different accounting units within the State Accounting System.

On Page 4 you will see a summary of the Department's revenues and expenditure activity for the nine months ended March 31st, 2022, which includes approximately \$11 million in total revenues and \$22 million in total expenditures.

We conducted our audit in accordance with Government Auditing Standards. The objective of the audit was to evaluate whether the State had designed, communicated, implemented, and operated suitable internal controls over the receipt, deposit,

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recording, and reporting of the Department's revenue, as well as the authorization payment recording and reporting of the Department's expenditures.

As reported in the summary of the results, we found the Department's controls over the receipt, deposit, recording of their revenues, as well as the authorization payment recording/reporting of their expenditures were generally suitably designed to provide reasonable assurance that the specified internal control objections were achieved.

The Observations begin on Page 7. In Observation No. 1 recommend that the Department formally document its policies and procedures covering the major areas of its financial operations and to look for areas to gain efficiencies within its current process for tracking and requesting federal reimbursements of expenditures. Written policies and procedures should be approved by management, and it be in sufficient detail to prevent significant disruption in its operations upon the departure or absence of key employees.

In Observation No. 2 beginning on Page 9, we recommend the Department establish and document a formal risk assessment process for recognizing, evaluating, and responding to risk that could affect the major areas of its financial operations, including the receipt, deposit, and recording of revenue and the authorization payment recording and reporting of its expenditures. The risk assessment should be periodically reviewed and revised as necessary to ensure it remains relevant and should be reviewed and formally documented.

Finally, Observation No. 3 on Page 10 recommends the Department work with the State Department of Administrative Services in the National Guard Bureau to document its arrangement with the New Hampshire National Guard for the federal supervision of State Employees in a Memorandum of Understanding or other formal policy document which evidences the agreement of both parties.

The policy document should clearly outline the roles and responsibilities of each party to ensure the supervision of Department employees and approval of employee time cards is completed in accordance with State policy. We also recommend the Department's current process for completing a secondary review of employee time cards should be strengthened to include the evidence of the review.

Additionally, the Department should consider requiring New Hampshire National Guard supervisors who receive access to the State's Time Management System to complete a confidentiality agreement underscoring that they may have access to personal and confidential information and that they are not to disseminate it.

The Appendix beginning on Page 13 reports the current status of prior audit findings. The status key on the bottom of Page 14 reports the Department has fully resolved seven Observations and one remains unresolved.

This concludes my presentation and we would like to thank Adjutant General, the Deputy Adjutant General, as well as the Business Office staff for their help and cooperation during the audit process. And if you had any questions, we could certainly answer them.

CHAIRWOMAN UMBERGER: This is -- this is a question dealing with -- does the Guard Bureau, the D.C. Guard Bureau have people located in your office?

MAJOR GENERAL DAVID J. MIKOLAITIES, Adjutant General, Department of Military Affairs and Veterans Services: Ma'am, for the record, I'm Major General David Mikolaities, Adjutant General, Department of Military Affairs and Services. No. You're talking D.C. Guard, like the Washington D.C., District of Columbia National Guard are you talking like --

CHAIRWOMAN UMBERGER: No, I'm talking about the Bureau, the National Guard Bureau.

MAJOR ADJUTANT GENERAL MIKOLAITIES: Yes, one. We call him the United Property and Fiscal Officer. So he's a Title X individual who's essentially our federal money guy. So his money's dispersed through National Guard Bureau to the State of New Hampshire. It goes through him. So he's sort of our federal money guy. Then he disperses the funds for the State Business Office.

CHAIRWOMAN UMBERGER: Well, who is he paid by?

MAJOR ADJUTANT GENERAL MIKOLAITIES: The U.S. -- well, he's Air Force, U.S. Air Force.

CHAIRWOMAN UMBERGER: So he's paid by the Guard Bureau?

MAJOR ADJUTANT GENERAL MIKOLAITIES: Yes.

CHAIRWOMAN UMBERGER: Okay. Okay. Because it was confusing to me this write-up dealing with who could sign time cards, you know, and -- uh -- who could, you know, supervise. Because, anyhow, normally it's the ranking person no matter who they are.

MAJOR ADJUTANT GENERAL MIKOLAITIES: Right, right. So in this particular case just conceptually 3,000 strong, about 2800 service members, about 150 federal Title V civilians and 150 State Employees. Most of the State Employees work underneath maintenance maintaining our facilities throughout the state, both Army and Air. So, generally speaking, that maintenance worker, his supervisor is probably either a federal civilian or a federal military individual. So he -- that individual is the one who signs the time card, because they're the ones who have oversight. So just more the documentation of the risk associated with -- um -- that time card signing process. Does that help?

CHAIRWOMAN UMBERGER: Okay. I just want to make sure that we're not creating complications that don't need to be there.

MAJOR ADJUTANT GENERAL MIKOLAITIES: We do it. It's just not a formalized process. So we have no issue with the finding.

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CHAIRWOMAN UMBERGER: Okay. So you'll -- you'll set up a procedure or something or other for that?

MAJOR ADJUTANT GENERAL MIKOLAITIES: Yes.

CHAIRWOMAN UMBERGER: Okay.

MAJOR ADJUTANT GENERAL MIKOLAITIES: Yes, ma'am.

CHAIRWOMAN UMBERGER: All right. Thank you. Are there any other questions? I do have one more. Sorry. I know that -- um -- risk assessment is a problem across all agencies, not just the -- whatever you are now, Military Affairs. And I'm not exactly sure how we solve this problem, whether it's a reminder to all the Commissioners or -- or a new audit that just goes out and looks at do you have risk assessments because this comes up all the time.

And I -- I recognize that in my past life I got dinged because I didn't have risk assessments. And -- um -- and, I mean, we are dealing with public money, and we should be making sure that we're guarding those dollars accurately and we're following the procedure, so. And since this was written up in your -- in 2007 and it was still open, and now we are in some other year, and I -- I just get concerned that, you know, risk assessment is probably not on the front burner of -- and I'm not -- I'm not talking just about Military Affairs, but I'm talking about the entire scope of the State Government, so. Anyhow that's just my -- my comment and I know that Mr. Kane will take that back, so. Okay. Is there anything else that you would like to say, either one?

MAJOR ADJUTANT GENERAL MIKOLAITIES: Um -- Ma'am, this day was exceptional. We get -- we have an internal auditing department on the federal side so we get audited a ton to make sure the disbursement of the Federal funds for the State is done in an appropriate manner. It was exceptional working with them and we have no other comments other than I was talking to Senator Daniels earlier just struggling when you hear all these other State Departments talk about the challenge for either

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health care workers, snowplow drivers, no one's joining the military this year.

CHAIRWOMAN UMBERGER: Yes.

MAJOR ADJUTANT GENERAL MIKOLAITIES: In the Army we're having our worst recruiting year since the end of the draft in 1972 and it's affecting us.

CHAIRWOMAN UMBERGER: That's -- that's true, very true across not only the Guard and the Reserves, but the active duty as well. I -- I read that and it makes me sad. Okay. Thank you very much. Appreciate it. And thank you for your work. And now Mr. Arlinghaus.

REP. EMERICK: (Inaudible) a motion?

CHAIRWOMAN UMBERGER: Oh, wait. I need a motion on the --

****** REP. EMERICK: Madam Chair, I move to accept, place on file, and release to the public in the usual manner this audit.

REP. PITRE: Second.

CHAIRWOMAN UMBERGER: Okay. Thank you. You got those two people?

REP. EMERICK: No.

CHAIRWOMAN UMBERGER: Yourself and Representative Pitre. Can the Clerk call the roll or do I need to --

REP. EMERICK: (Inaudible) show of hands.

CHAIRWOMAN UMBERGER: I can just do a show of hands. Can I just do a show of hands?

MR. KANE: (Inaudible).

CHAIRWOMAN UMBERGER: Okay. All those in favor? Opposed? All right. The motion passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN UMBERGER: Thank you very much. So, by the way, very good piece of paper you put together here.

MR. ARLINGHAUS: Thank you. We buy our paper in bulk. So it is a very good piece of paper and I didn't do it, Joyce did. I'm Charlie Arlinghaus. I'm the Commissioner of Administrative Services.

JOYCE PITTMAN, Director, Division of Risk and Benefits, Department of Administrative Services: I am Joyce Pittman, the Director of Risk and Benefits.

MR. ARLINGHAUS: Chair Umberger asked us to do a presentation. And -- uh -- to talk to you about how we -- how we pay for health insurance for State Employees and retirees. And it's very easy when -- for us to get in our head and think everybody -- everybody remembers when the State went from self-insured to -- from fully insured to self-insured when Craig Benson was Governor. God knows how many of you were in office at the time. And then -- although, actually, probably more of you than not. Um -- but a refresher is always good because we live and breathe this every day and Joyce is going to talk to you about -- I wish Senator Perkins Kwoka was still here because I wanted to say that one of the most important things in recruiting employees in the State wages are -- wages are always the first thing, right? We're all crazy if we don't -- pretend we don't look at the salary. But for the State one of the ways we're wonderfully competitive is on health benefits. And it's because we do a really good job on health benefits and are able, therefore, to offer good health benefits. And it's largely because of people like Joyce who's going to talk to you.

MS. PITTMAN: Thank you. Thank you, Madam Chair, for the opportunity to come here and talk about the health benefit plan. I know it's late for this presentation in the morning or,

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actually, early afternoon. So I do want to have it interactive. So if there's something I'm going over too quickly, please stop me, if that's okay.

But the Division of Risk and Benefits submits an informational item every other month to the Fiscal Committee. And the purpose of this presentation is, just as Charlie said, is to provide some of that background. But before we get too deep into the slides, I'm on Slide 3, I thought it would be helpful to talk about the two different types of health benefit plans and the funding mechanisms for those benefits plans that we -- we use them frequently in our world but not sure if everybody knows what we're referring to.

So there are two different funding mechanisms for health benefit plans that we focus on. One of them is fully insured and, basically, with the fully insured plan you're looking at who's assuming the risk for the cost of the claims. And a fully insured claim it's usually an insurance carrier who we pay a premium to every monthly -- a monthly basis per members per month, and then they assume the claim cost.

In exchange for that they may receive some sort of federal funding. I'll speak in particular to our Medicare Advantage Program. Our Medicare Advantage Program for our retirees is fully insured, which means Aetna, who's our current carrier, pays those claims, all those health care claims that our retiree receives, and in exchange for that we pay them a premium, which I'm going to talk about in a little bit.

And then the other type of plan is a self-funded plan. And that's where the State is on the hook for the cost of those health benefits -- those claims expenses. Um -- so in exchange for paying for those claims, we are also eligible to receive subsidies when we're talking about prescription drugs, we talk about rebates regularly. So those rebates come back to the State. If it's a Medicare -- well, we have a Medicare Part D plan for prescription drugs for our Medicare retirees. We pay for those prescription drugs and we get federal subsidies to do so. And I'll talk more about that to come.

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CHAIRWOMAN UMBERGER: Just a quick question.

MS. PITTMAN: Sure.

CHAIRWOMAN UMBERGER: Are all State Employees under the self-funded program?

MS. PITTMAN: State Employees are, yes.

CHAIRWOMAN UMBERGER: Okay. So every across the board.

MS. PITTMAN: Yes.

CHAIRWOMAN UMBERGER: Okay. And then the retirees are under the fully insured.

MS. PITTMAN: So on Slide 4 -- you're giving me a great segue to get to the next slide. The retirees are split. So what you'll see at the top from our employer-sponsored group health plans the active employees and our Troopers, they are for their medical benefits through Anthem. That is self-funded. As well as the prescription drugs through Express Scripts, also self-funded. And then all the way to the right you'll see that we have Northeast Delta Dental, which is also self-funded. And so across the top are all of our active employees and anybody who's eligible to participate on our active employee plan.

Then below that you see the Retiree Health Plan and that's really split. So our non-Medicare retirees we often use the phrase commercial. It's our commercial plan with our actives and our non-Medicare retirees. They are self-funded. And they're on and Anthem self-funded plan, as well as Express Scripts is a self-funded plan.

MR. ARLINGHAUS: I just want to jump in. Um -- self-funded. They are not self-funded. We -- we're the self, not they are the self. So I just -- and I know everybody knows it, but I want to remind you. Self-funded means the State's on the hook as

opposed to the insurance company's on the hook. It does not mean the person is on the hook. I know. Every now and again.

MS. PITTMAN: Yeah. Thank you. So then at the bottom there you'll see Medicare and Medicare we actually have that population in a fully insured, AETna's on the hook to use that phrase, to pay those medical claims. That is a Medicare Advantage Program, also referred to as a Medicare Part C Plan. And then our Medicare Part D prescription drug, D as in dog, plan is self-funded through Express Scripts.

Um -- the laws establishing our health benefit plan are the laws that manage us. Under 21-I:30, it says the State shall pay a premium or partial premium toward group health benefits or self-funded alternative, which we've just discussed, within the limits of the funds appropriated each legislative session. And then, more specifically, section (e) of 21-I:30 specifies that we will have an employee and retiree risk management fund. We refer to it as Fund 60. And that is an internal service fund that is non-lapsing and continually appropriated to DAS. And we're using those funds only for the use of the health benefit plan to pay for those claims and administrative fees that are related to administering those plans.

CHAIRWOMAN UMBERGER: Uh -- yes, Senator Daniels.

SEN. DANIELS: Thank you. Before we leave. Page 4, just a quick question. On the non-Medicare self-funded with Anthem, is that the same plan as the active employees and Troopers have?

MS. PITTMAN: It's actually -- it's very similar. They have a little bit of a different co-pay structure but yes. It's the same -- they're still using the national preferred formulary.

SEN. DANIELS: Okay.

MS. PITTMAN: That the active employees have.

SEN. DANIELS: And on your -- on your Medicare, is there a reason why you are using a Medicare C Program without drugs versus getting one with and then a standalone program?

MS. PITTMAN: The reason now is really a resort -- a result of contracting. So our prescription drug contract is under a different program. But we always explore what would that look like if we were to pull pharmacy into our Medicare Part C Program. So that would be a Medicare Advantage Plan with a MAPD, Medicare Advantage Plan Prescription Drug Plan. But at this time, just based on how we've contracted it, we actually implemented Medicare Advantage in 2000 -- it was 2018 for Plan Year 1/1 of '19, and then '19 and '20 was through Anthem. And then we transitioned with Aetna for the Medicare Advantage Plan for 2020, and we still had Express Scripts separate; but we always explore that as an alternative.

So there's no reason that it's preventing us from doing it. It's just the way it is right now. If we see that we could attain additional savings, we will do that; but we are still getting federal subsidies under the current -- it's called an Employer Group Waiver Plan. We refer to the acronym as EGWP, but -- I live in the world of acronyms so I try not to use those too much. But our EGWP is a prescription drug, it's a Part D plan. So we are getting that subsidy. We're just holding on to it instead of sending it over to our Part C provider.

SEN. DANIELS: Okay. And final question. Medicare C Plans change every year. Are our contracts with whoever's providing those longer than one year?

MS. PITTMAN: We are currently in a three-year contract with Aetna that started in 2020. It goes through 2023. Um -- when we negotiated that contract with Aetna, they came back with a zero premium. So the premium for Aetna to assume the risk for our Medicare eligible retirees to be on that plan is costing the State nothing per month. So we have that rate guaranteed through 2023. Um -- and then we have to look at our plan experience to see what our options are for anything beyond that.

SEN. DANIELS: Okay. Thank you.

MS. PITTMAN: Do you want to add anything?

CHAIRWOMAN UMBERGER: Okay. Just one other question. So DAS determines the rate and then they identify or they charge the individual agencies for the cost of their people. Okay.

MS. PITTMAN: Yes. And so we -- we use the term working rate to determine the total cost of what the health care is going to cost on a per member per month basis. We actually do that on a per employee per month.

CHAIRWOMAN UMBERGER: Hm-hum.

MS. PITTMAN: And it's a term like in health care we use belly buttons when you're looking at members, like how many members are in your household. So each house could have multiple people covered under the plan, multiple members. Our plan is based on employee. How many employees per month. So that working rate it's a all-inclusive charge that we charge out.

So for our Medicare retirees, for example, even though the medical portion of that working rate is zero, there is still cost for access to the prescription drug benefit. Remember, that's still self-funded so the State is still paying the cost of the prescription drug claims, right, in exchange for those federal subsidy dollars and rebates. But also -- um -- any kind of administrative fees for like the Division of Risk and Benefits. We have salaries included in there.

We have a health benefits consultant that we work with, Siegel, that helps us develop those working rates and budget rates every year. There's a cost for them as well and that's included in that working rate. And you'll see more information about the cost of those working rates in the few slides.

So on Slide 6. Whoops! Yeah, I don't need that. It's okay. On Slide 6 it -- I just thought it would be an interesting question, how much does the State pay for health benefits. Seems

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like a logical question to ask. Um -- thank you. So the total cost of the employee and retiree health benefit plan in FY 23 is approximately \$320 million of which 43 percent of that is generally funded. And then I break out just the populations just so you can see for FY 23 by active and the Trooper plan, the retiree health benefit plan cost, and then dental sometimes is forgotten, but that is included in our cost as well.

And then our budget for the active employee and Trooper plan, the budget is sitting in the class -- Class 60s for the agencies and then the retiree health benefit budget there are self-funded agencies that budget for their projected retirees, as well as DAS has a retiree health budget included for the State portion. When you look at Slide 7 --

CHAIRWOMAN UMBERGER: Wait, wait, wait, wait.

MS. PITTMAN: Yep.

CHAIRWOMAN UMBERGER: Wait. When you say self-funded agencies, what -- what agencies?

MR. ARLINGHAUS: Oh, do you know which agencies?

MS. PITTMAN: So -- um -- yes.

MR. ARLINGHAUS: Tell us (Inaudible).

MS. PITTMAN: The why are they -- so they're -- they're bringing -- so why are they self-funded?

MR. ARLINGHAUS: They're non-generally funded.

MS. PITTMAN: Yeah.

MR. ARLINGHAUS: That we bill for the retiree costs. They're non-generally funded agencies that we bill for the retiree health costs. It's carried in their budget in Class 64. That money is then transferred into -- into Risk and Benefits in our budget and you'll see that, if you were in Division I, you

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would see that in the retiree health line. The generally funded agencies or population is budgeted as a lump sum general fund. So the retiree health budget in which shows up in House Bill 1 in the DAS budget, you'll see half of it is transfers from agencies.

CHAIRWOMAN UMBERGER: Hm-hum.

MR. ARLINGHAUS: Via Class 64, and half of it is -- not quite -- is General Funds, and that's a lump sum General Fund appropriation in that portion of our budget. Those of you who have been on group Division I in the past will know that I start my presentation with a tale of two budgets. We have two budgets. One is our divisional operating budget and the other is the retiree health budget, which is a lot of money.

CHAIRWOMAN UMBERGER: Yeah.

MS. PITTMAN: Just some examples of agencies that are self-funded. So we have Liquor, Transportation, Safety, Fish and Game, Banking is in there.

MR. ARLINGHAUS: Insurance.

MS. PITTMAN: Insurance is in there. If you like, I can give you a list.

CHAIRWOMAN UMBERGER: That's fine. I'm just trying to when you say self-funded, I'm going I don't know of any agency that doesn't get something from the General Fund. Maybe Lottery and Liquor.

MR. ARLINGHAUS: It's a -- it's a function of right of their employees and the, you know, when this is a de minimis thing 20 or 30 years ago, and it was never de minimis, but -- um -- it didn't matter. But at some point, you know, the history of state budgeting, if you look for probably forever but certainly for 20 or 30 years, is a question of how do we -- how do we make sure that we're capturing costs and the General Fund. And you -- if you think of things like SWCAP, for example, it's

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a way to get the non-General Fund portion of the operations, so to speak, to pay the -- uh -- to pay their share of that function as opposed to it all being just like, oh, just stick that in the General Fund. And so with retirees it's like, well, who, you know, you retired from Liquor, therefore you're this. You retired from Admin Services in one of our General Funding pieces you're there and so we sort that out.

MS. PITTMAN: On Slide 7 you'll see some history of the total health benefit cost over the past ten years. This is -- it's kind of a logical slide to look at where you can see that costs are going up over the years. You can see a little bit of a blip between FY19 and FY20. I'd like to say it's 100% because we went to Medicare Advantage and saved all kinds of money, but there was something else that happened in Calendar Year 2020 that definitely impacted the cost of health care.

So we did see a decline in health care expenditures in -- during the COVID times, but you'll also see quickly after that that we've rebound -- we've rebounded. So we're back to pre-pandemic, I'll say, utilization.

On Slide 8 we have an Internal Fund 60 Management Team that meets every -- we meet bi-monthly, but we report, too, monthly on what our fund balances are and we use that as -- um -- a management tool for looking at fund balances, looking at where we're going for our budget. These are our working rates, budget rates.

We also have reported to Fiscal in the not too distant history about doing premium holidays for certain populations and it's how we're managing our reserves just to make sure that we're giving that money back if the reserves are getting higher than thresholds that we've determined like, basically, COVID. COVID was slowing down cost expenditures. So we don't want to allow those reserves to get too high.

REP. EMERICK: Thank you, Madam Chair. And as one of the taking advantage of the retiree plan, I'd like to thank you for the holiday we had this summer for premiums.

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MS. PITTMAN: You're welcome. So you know about holidays. Excellent. We give the money back to where we got it.

MR. ARLINGHAUS: It's -- it's a notion -- it's something worth noting, right, is that -- um -- we're collecting -- we're collecting premiums. We're collecting benefit charges from agencies into an Internal Service Fund. We're collecting money from retirees and we have a statutory responsibility and a moral responsibility, obviously, to not collect more than you're supposed to. And if you collect more than you're supposed to, you collected it as a health charge. You can't then go out and spend it on a Christmas tree and/or something like that. And -- and that's one of the reasons for the holidays is for that reason. That -- that this is money we've -- we had this discussion when Senator D'Allesandro usually asked -- would ask about it. But we can't legitimately and legally, I think, use that money for any other purpose. Like there would be no point where we looked at it and went, you know, we need to repave that. Why don't we just use that 'cause we got extra. We collected it as a -- as a -- as the equivalent of a health care premium. It must be used for that and it's part of the reason that there's a management team on the Internal Service Fund. And it's part of the reason that Fiscal has historically wanted us reporting to them every two months is to say, yeah, what'd you collect? Did you use it? What are you doing about that? And it's -- and it's that. I don't want to say they're skeptical, but it's basically, you know, keep us informed about what's going 'cause Representative Emerick needs his money back.

SEN. DANIELS: Do you know, what do you normally keep as a -- I'll call it a reserve for self -- for self-funding because, obviously, you know, the State is paying for that and you don't want to run out of money there. But if you get extra in, what's your buffer?

MR. ARLINGHAUS: This is one of my favorite things. It's -- I'm sort of obsessed about it. Um -- we have -- there's a -- there are two kinds reserves, a statutory reserve and a -- and a -- and a cash balance reserve, but they're both

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reserves. So one is specified in statute as a percentage. It's a slightly different percentage for retirees, for the separate Trooper group, and for actives. But it's 3% or 5% for -- for either one. Actually, I think for -- for Troopers it's a hundred percent.

MS. PITTMAN: In law it's three, minimum of three. It's what we've chosen.

MR. ARLINGHAUS: And then we've chosen to set that 'cause Troopers are a very small group that are very volatile, partly because they're small. Actives are a very large group of less volatility. One of the things we discuss often at the internal -- at the internal -- um -- governance meetings is how big should the reserve be. We have targets which are currently set as a -- as a shorthand at -- at -- um -- two to three months of revenue. Two, I'm sorry, two to three months of expenditure. How much do you want to have in reserve? A couple to three months of expenditure.

One of the things that -- that -- that I look at in particular routinely is what's your high month, what's your low month, because months aren't equal. Generally, we spend on a weekly basis rather than a monthly basis in terms of billing and administration. So there's a four-week month and a five-week month. But the delta between the highest month over the last two years and the lowest month over the last two years the ratio between them is more than a hundred percent. That is, you know, something like 250,000, 612,000.

And so what we want to guard against is we want to look at two things. Trend -- um -- you know, and trend isn't just this month go up or down 'cause there are all kinds of reasons for that. But the other thing is -- um -- um -- are we getting to the point where the reserves are ticking down, down, down, down, and so we need to look at what's going on and be careful or up, up, up, up, in which case we need to plan a holiday. Reserves get too high, we have a holiday. Reserves get -- reserves get too low, we don't have holidays and we have to start thinking about things.

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The last time we had a serious cash flow threat maybe was 2015. And Fiscal in those years took action on things like on the retiree side, in particular, on things like -- um -- premium payment, prescription drug payments, and there was a lot of discussion about what we might do. And then in 20 -- the 2017 past budget there was a -- a change to the retiree health eligibility.

MS. PITTMAN: So along those same lines, on Slide 9 we hold a term or an expression that former Commissioner of DAS, Linda Hodgdon, said how do you know how much -- the question was how do you know how much health -- how much money you need to pay for your health benefits. And she said it's basically like landing a 747 on the head of a pin. And it's a result of all the different variables that influence health care expenditures.

And the next slide, on Slide 10, just goes over a few of those. There are more than this, but one of the key variables that we look at is enrollment. Enrollment going up. Is it also the cost trends around that. What are people spending their money on. You can't predict who's going to get what diagnoses and who's going to need what for -- for care, but you try to look at that over what you've been trending, as well as claim mix, inflation, innovation. There are drugs out there now that cost a lot of money, but they're saving lives. So we want that to be available for our members. We rely on our third party administrators to help us manage those costs. But there is that potential for those -- those types of expenses coming to the plan.

In addition to, as you all know, the funding, the sources of those funds in the budget, and also plan design. Looking at how our members are utilizing the plan. What are they paying for that cost share? There is some change when you increase deductibles. People start to weigh in. That consumerism is introduced, and that's -- that's with everybody.

And then at the bottom of Page 10 there's -- on the right there's that bullet that says different incentives, getting our

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members engaged in shopping for health care and looking for -- they're all high quality health care, but the price variation amongst providers can be significant. So can we incent their behavior to shop, give them a little incentive and save the plan some money. And that is something that we can do for only our active and our non-Medicare members on the plan.

CHAIRWOMAN UMBERGER: So we do provide some incentive or we don't?

MS. PITTMAN: We do for our active employees. There's a program called Smart Shopper. And if they shop first before they seek services and they actually go to one of those high quality, lower cost providers, they can receive a cash back incentive for doing that. And the same for our non-Medicare. Medicare does not allow any kind of steerage.

CHAIRWOMAN UMBERGER: Right.

MS. PITTMAN: And that's considered steerage so we're not permitted to do something like that for our Medicare population.

CHAIRWOMAN UMBERGER: Okay. Thank you.

MS. PITTMAN: So on Slide 11 the members enrolled in our health benefit plan if you're talking about belly buttons, as I mentioned earlier, we're looking at about 37,500 members on our health benefit plan. And it's broken out by the actives. We have about 23,000; Troopers, eight hundred fifty thous -- excuse me -- 850, and then our retiree plan is split like we've been talking about. So about 13,500; 2500 non-Medicare and about 11,000 Medicare retirees.

The big difference between our active plan and our Troopers plan is their plan design and everything about their health benefits is collectively bargained. On the retiree plan side their benefits are determined by the Legislature. And -- and so there's -- that's a big difference between those two different programs.

CHAIRWOMAN UMBERGER: Are the other State Employees, is that part of the collective bargaining or do you just --

MS. PITTMAN: The State Employees?

CHAIRWOMAN UMBERGER: Yeah.

MS. PITTMAN: So the State Employees, are you talking all State Employees?

CHAIRWOMAN UMBERGER: I'm talking about the 2300 members.

MS. PITTMAN: So the 2300, that's the members. They're about 9300 State Employees and yes, they're all somehow connected to the collectively bargained planned design.

CHAIRWOMAN UMBERGER: Okay. I can't read. Okay.

MS. PITTMAN: Okay. It's a lot of information to throw at you.

On Slide 12 I just did a deeper dive on retiree enrollment, mainly because, as Charlie just said, we've made changes over the past few years to how our retiree health benefits are designed to work on cost containment strategies. But one thing we can't prevent is people getting older. So that is happening and what you'll see on Slide 12 -- not, no. No. So the top line that you can see going up that's our Medicare population. And can you see from 2013 to 2000 -- our projected 2025 population were over 11,000 members there. And then the bottom line is the non-Medicare population.

And so one reason why that population is declining is because they're getting older and they're moving onto the Medicare plan. And the other reason is that we made some changes to our eligibility for the people who are eligible to retire before age 65, before they're Medicare eligible. So that's also part of it.

The other part of it is people are working longer. So they're not retiring before they're Medicare eligible. They're actually in the workforce longer. So there's a few competing demands that are -- that's pushing that Medicare enrollment faster than, and you'll see that decline on the non-Medicare.

CHAIRWOMAN UMBERGER: So I pay money every month for my Medicaid -- Medicare.

MS. PITTMAN: Hm-hum.

CHAIRWOMAN UMBERGER: Where does that go in for the Medicaid retiree -- Medicare --

MR. ARLINGHAUS: Are you a State Retiree?

CHAIRWOMAN UMBERGER: No.

MS. PITTMAN: So you're probably are you thinking about your Medicare Part B premium that you're paying that's coming out?

CHAIRWOMAN UMBERGER: Yeah.

MS. PITTMAN: So that's going through -- I think it's coming out of your Social Security check. The Federal Government is taking that. That's not coming to us. We're not getting -- what you're paying out of your Social Security check is not coming --

CHAIRWOMAN UMBERGER: No, I'm talking about the retirees, the Medicare retirees.

MS. PITTMAN: So our Medicare retirees are also paying a Medicare Part B premium, and it's the same thing. So we're not collecting --

CHAIRWOMAN UMBERGER: Okay. So that goes to the Federal Government.

MS. PITTMAN: Yes, it he does.

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CHAIRWOMAN UMBERGER: Then that must be part of the federal reimbursement.

MS. PITTMAN: Yeah, yeah. So -- um -- that can be confusing. So I'll try to say -- so our Medicare eligible retirees are paying -- they're paying two things. They're paying a Medicare Part B premium that's coming out of their Social Security check and that's going that way. And they're also paying a premium that's coming to us that gives us -- gives them access to our group health benefits. That's the -- and you'll actually see that in a few slides of what they're paying. But it's roughly about \$20 per member per month that they're paying that's coming to us.

In exchange for that \$20, the cost of health care, so our Medicare retirees are responsible to pay a Medicare Part B deductible, and that's this year it's like \$203. So once they've met that out-of-pocket, they're getting their coverage through the Medicare Part C Program. Let's leave pharmacy aside for a moment. They're getting their medical benefits through the Aetna plan. Aetna then is the one who's submitting the bill to the Federal Government. That's it.

So our retirees go to the doctor. They give their Medicare Advantage Aetna card to their doctor. And the doctor in exchange invoices or bills Aetna, and then Aetna handles, okay, this is a Part A or Part B. You know, this is your hospital-based charges or your inpatient charges. And Part B is your outpatient type of services. Aetna handles all of that.

So in this world Medicare Part A, plus Medicare Part B equals Medicare Part C, if that makes sense, and Aetna takes care of that for our members.

On the Medicare Part D as, you know, as in dog, drug, they -- our members use their Express Scripts ID card when they go to the pharmacy. And then Express Script turns around and they actually invoice us for the cost of that drug. And we pay for that. But, in exchange, our retirees pay a co-pay. And that

depends on whether or not it's a generic, a preferred, or non-preferred.

I included some more of that information if you really wanted to dig deeper in the appendix. I just didn't want to get that granular, because I know it can get really weedy; but there is an appendix that gets a little bit into like what's the co-pay structure and what not. Did that answer your question? Okay. Perfect.

On Slide 13, just more about how we're trying to maximize our federal funding. So in 2015, we moved to that employer group waiver program that I was referring to as an EGWP plan for our prescription drug. Prior to that we had a program called RDS which stands for Retiree Drug Subsidy. So the State was still receiving subsidies from the Federal Government; but through working with Siegel we were able to determine that we could increase our federal subsidy by moving to that employer group waiver program through Express Scripts. So we made that change in 2015 and have increased that -- that revenue source to our plan.

In 2019, I know I already covered this, just to recap really quick, we actually did an Amendment to our Anthem medical TPA contract to carve out our Medicare population and put them into the fully insured Anthem program in 2019, and the premium that they were paying just for that Anthem program was about 109.11 per month. I say about, and I am giving you down to the penny. It's burned in my brain. And then that was the same for 2020. But then we went out to bid.

Procurement, as you know, is a strategy to look for cost-saving strategies and cost containment strategies. In 2021, that's when we were able to lock down that zero per member per month premium for Aetna access to the Aetna program. And that, like I said, is a three-year contract and we are estimating about \$15 million in saving per year for 2020, 2021 and '22. Also, we're looking at improvement --

CHAIRWOMAN UMBERGER: We have a question.

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SEN. DANIELS: I thought I just heard you say that the retirees were paying \$20 a month.

MS. PITTMAN: So remember -- so the retirees -- that's the working rate. I'll show you that, too, so you'll see those numbers break out; but that's the total cost of their premium which includes pharmacy.

SEN. DANIELS: Okay. So, actually, what they're doing is they're -- the zero per person per month you're talking about is actually no deductible on health care or no premium on health care but \$20. But -- okay. But the other one is self-funded.

MS. PITTMAN: So the \$20 that they're paying is -- so it's a -- like \$200 a month is what the State pays to provide our retirees the -- um -- access to those group health benefits. So the Aetna, the Express Scripts, and then that extra administrative cost for consulting and DAS salary, you know, Risk and Benefits salaries and that sort of thing. That's less than 3%. That's a small amount.

So you'll see that coming up on a slide. So you can see the breakdown. So we calculate that 10%, which is in law. So if you're a Medicare retiree and your date of birth is on or after 1/1 of 1949, you pay a 10% premium, and that's 10% of the working rate, which is roughly \$200. So that's where they're paying the 20. And you'll see that again in a little bit.

Um -- just the other thing, like I said before, we look at procurement as a mechanism to save -- to find more ways of saving money for the State. Um -- we had a contract -- we have a contract with Anthem through 2022, and we just renewed with Express Scripts and we're able to attain about a 5% savings for the State just by doing that procurement.

REP. LYNN: May I ask a --

CHAIRWOMAN UMBERGER: Yes, please.

REP. LYNN: When you said the cost to the State, I think you said for the AETna was like \$200 a month, and that's where the 20% that the -- that the employee pays. Is that -- did I understand that correctly? I mean, roughly that that's correct.

MS. PITTMAN: So let's skip to Slide 16 because I think if you can see the numbers it helps --

REP. LYNN: Okay. Sure.

MS. PITTMAN: -- a little bit. So over the years you can -- it should say at the top Medicare Monthly Premium Contribution History.

REP. LYNN: Yeah.

MS. PITTMAN: And if you look at the bottom there, as of 1/1 of 2022, you see \$204.87. That's what we call our total working rate. That's what per member. So each retiree on Medicare and/or their spouse, because the spouses also can be on Medicare, they -- that's what it costs us per member to be on our plan.

MR. ARLINGHAUS: For both Aetna and Express Scripts.

MS. PITTMAN: For the total working rate it includes both Aetna, which remember is zero, and Express Scripts which is roughly about \$20 or \$204 -- excuse me -- that -- which also includes the DAS administrative small margin to add to that.

REP. LYNN: Right. So, you know -- no, I -- I -- I guess I understand that. I guess my -- my question, just to make sure I'm understanding, so that strikes me as a really -- the 204.87 strikes me as a really small amount of money which -- which leads me to believe that most of the -- most of -- most of how AETna is being compensated for -- for -- for being the insurer is they're getting paid by the Feds from our Medicare premiums which are a lot more than \$20 a month.

MS. PITTMAN: So they're -- they're also getting paid by the Fed. So when you look at a Medicare Advantage Program,

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they're getting paid by the Federal Government to keep that care at a certain level. So they're -- they're managing their care and then they get what is referred to as -- um -- well, they get a risk score. So the -- the -- if they're managing their population they get a rate by how, I'm going to say, how sick their population is, and it increases the amount of money the Federal Government pays them. But they also if they can keep those people healthier, they keep that money. So by them inheriting our population that roughly, what did I say, like a 11,000 people and they can manage that in their bigger book of business, 'cause Aetna's big.

So it's not just us; but they also got a lion share of a large population in the State of New Hampshire. So if you're coming into a market and you want to start taking over a business in New Hampshire as a Medicare Advantage Program, if you can take on the State as your client, it's worth the zero premium that they're charging us. So we're leveraging that to our benefit.

MR. ARLINGHAUS: Yeah. But the big picture; they get money from the State, only in this case they don't. And they get money from the Feds and they got to cover their costs with those. And Aetna just said yeah, we can make enough off the Feds. So we're good. And -- and, by the way, they probably thought that at zero they would win the bid, and they were right.

REP. EMERICK: So, basically, this is the cost of supplemental insurance for retirees on Medicare.

MS. PITTMAN: I don't like to use that word, because that's a different thing.

REP. EMERICK: I know; but in a dumb person's conceptualization, there's a gap between what Medicare pay and what I have to pay, and this is basically covering that.

MS. PITTMAN: This is basically paying for your -- I'll say it this way -- your prescription drug benefit. I feel better if

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you walk away with that than saying it's paying for a supplemental plan because there is something called a Medicare Supplemental Plan, and we no longer have that. We used to, but we don't have that anymore.

REP. EMERICK: I -- I -- fine. I don't want to get up in the words.

MS. PITTMAN: I know Senator Daniels knows exactly what I mean.

SEN. DANIELS: I'll clarify. For the Medicare Advantage Plan, Medicare does not pay any of the claims. They give a subsidy to private companies like Aetna, Humana, Anthem, places like that so your insurance is through a private -- private company which, as she pointed out, is -- is different than a supplement which Medicare pays, say, 80% of it, and then a supplement picks up the other 20%. So it's a whole new structure. But you do have to pay that -- uh -- Part B premium, 200 -- \$233, in order to be eligible to get a Medicare Advantage Plan.

REP. EMERICK: Thank you. He does this for a living.

MS. PITTMAN: I know. That's why I was looking to him.

So I'm just going to go back. We just quickly glazed over. I think we're done. This Slide 13 at the bottom there just says we made some changes to plan design. And then Slide 14, I'm often asked this of like what did we do on the eligibility side of how do you get into Retiree Health Benefits. And you can see it's on Slide 14 it's divided by Group I and Group II, and then you can see the changes that were made. So prior to July 1st of 2003, there was a different benefit; but as of that date we required ten years of service and a minimum age of 60, unless you had over 30 years of service.

And then you can see the next change that was made, and these changes are being made in law. On or after July 1 of 2003, but before July 1 of '11, the service requirement

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increased to 20 years. I'm looking at the Group I box on the top. And it's still the same minimum age requirement.

And then as can you see, on or after July 1 of 2011, it's still 20 years but that's the -- we changed the entry point to being age 65. And that's where you're seeing that decline on the non-Medicare side because people are on that eligibility for Medicare side of the coin. And it's similar to Group II. I won't read that unless you would like me to go over Group II.

And then on Slide 15, you can see the changes that we've made in the non-Medicare premium over the years. So starting in July of 2009, that's when our retirees started paying a premium. It was a flat dollar \$65 per month fee to be on our non-Medicare Retiree Health Plan. And then as the years went on, you can see in January of 2016, we actually -- Fiscal Committee actually increased the premium contribution from 12.5 to 17.5. And then prior -- then after that in October of 2017, I want to say, Charlie, that was the trailer bill, big Christmas tree bill. Included in that bill was the increase from 17½% to 20%, and that's where we still are today for our non-Medicare retirees.

I know we covered Slide 16, but you can see, so as of January 1 of 2018, this was actually included in that same bill that increased us to 20% for the non-Medicare. Um -- for Medicare you have to make changes on a Calendar Year basis if it's a -- I'm going to call it a negative change or a change that costs the retirees more on Medicare. So we had to postpone that change to January 1 of 2018.

So if you were a retiree and/or your spouse with a date of birth on or after 1/1 of 1949, your -- that's when we started having a charge to our retirees on Medicare of 10%. And you can see through cost containment efforts that in '18 it started at \$36.24 per month. And then you can see we were able to decrease that in '19, that's when we went, remember, to Medicare Advantage. We kept it flat in '20. In '21 it decreased again. That's a result of the changeover with the zero premium going to Aetna in 2021. So our retirees paid almost \$10 less per month at

that point. And then here we are in January of 2022, it went down a little bit more.

MR. ARLINGHAUS: I -- I just have to add, because this is insane. I'm going to just point this out. This is ridiculous in terms of what happened. It's not -- literally not possible I'd have told you.

Costs are not going to go down from 362. Our goal is to make them go up slowly from 362. And they went down to 204. And -- and if you had showed me this after the fact, and I hadn't lived through it, I would tell you that somebody made a -- made a arithmetic error and was adding it up wrong. And that -- that, you know, a lot of this is Joyce, and just to be honest, Joyce and Cassie Keane, who most of the Committee knows, and a lot of work over a lot of time. But we're -- our goal is to hit singles. That's what we try to do every day, and they hit like four grand slams in a row, and it's not going to keep happening, because we're running out of -- there are only so many rabbits you can fit in a hat and she's pulled them all out, I think.

But it's worth noting that, you know, our trend looks like remarkable. Where, you know, health care in the rest of the country is going up 10% a year and we've gone down, and we've cut it almost in half. And, you know, we're done. And but it's -- it's something that I highlight the slide, because I'm really, really, really proud of it. It's not me. It's her and her team. But I'm really proud of it. And it -- and it's something that nobody in this Committee, you know, name me the last program you had where somebody came in and went, you know what, I think we can give you a better benefit next year for half the price and that doesn't happen, and it's not supposed to happen and it -- and it did, so. Anyway, that's me giving her a pat on the back.

MS. PITTMAN: Thank you. The last slide on -- uh -- almost last slide, Slide 17, this was a question that I was regularly asked to report back to Fiscal on just because we're charging a Medicare population, and it's only that date of birth, that the

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line in the sand that we had to draw. And the theory behind that, and we worked closely with the Legislature to come up with that date. It was not a randomly grabbed out of the hat kind of date to keep with the rabbit analogy.

MR. ARLINGHAUS: Very good.

MS. PITTMAN: But it was very -- um -- how much could we get away with, you know, or how can we charge the least amount of people possible. But in time you can see from Fiscal 18 to -- to our projections for FY 25, you can see that our Medicare retirees are projected to continue to increase, but you can also see just through time alone that the people not paying is decreasing, and the people paying is increasing. So without moving the date of birth, just over time it's more people are paying. And that's what that is meant to illustrate.

MR. ARLINGHAUS: It's called the Ober Chart, but I won't explain why.

MS. PITTMAN: And then this is the last slide before the Appendix is just what we keep doing. And we're going to keep doing what we have been doing. So we're going to keep managing our vendors. We're going to keep looking for cost containment strategies. We're going to keep going out to bid. We're going to keep looking for more competitive pricing, more creative funding rate arrangements, trying to get increased federal subsidies where it's possible. We are going to keep exploring what -- what does it mean with our prescription drugs. When do you flip it. Like those are things we ask every year and we try to develop future strategies to do that.

We also work with our retirees and our active employees on how they're managing their individual health, because if we can curb that utilization and keep those from preventative visits on the rise, get those diagnoses if needed earlier, manage their health care, manage the diabetes, that's saving us money. And then, of course, plan design, those sorts of things, looking at ways to incent cost effective health care. So we're going to keep doing that and analyzing the data; and, hopefully, as

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Charlie says, there may be a small rabbit in there somewhere. I just don't know. I'm not promising anything.

CHAIRWOMAN UMBERGER: There's actually a little bunny in there.

MS. PITTMAN: Maybe. I hope there is.

CHAIRWOMAN UMBERGER: Yes, you may.

REP. EMERICK: It's interesting that the Medicare system is working against you because they require certain levels of care. You have to have every six months, you know, my wife's a diabetic. So she has to go see an endocrinologist every six months. And if she doesn't, the prescriptions can't get filled. So you're going to be able to compress this to a point, but at some point Medicare is pushing back on you with this every six-month visit to all of your attending physicians, so. But good for you. I mean, I'm -- I'm loving it, but.

MS. PITTMAN: Thank you.

REP. EMERICK: Thank you.

CHAIRWOMAN UMBERGER: Yeah, this was actually a very good presentation, and I'm sorry that our Fiscal meeting ran so long. Because I do feel that there probably isn't a very good understanding of what goes into that glob figure that everybody complains about and says, well, DAS sets it, and it's all their fault, you know. Um -- but it's not all their fault. It's -- it's all of this. And -- uh -- so I -- I thank you very much and -- um --

MR. ARLINGHAUS: We always like the chance that -- I mean, I understand that so much of what -- so much of what we do and -- and we, you know, some of the back office and the details and the -- all the boring stuff, as I once said, is something that people -- um -- don't understand. And I think any time we have a chance to explain it to people, we're always happy to do so.

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And I will note for the record that Senator D'Allesandro, who couldn't be here, must not have watched it on film, because he called me ten minutes ago and he apparently didn't notice that I was testifying before you, and so couldn't take his call.

CHAIRWOMAN UMBERGER: Well -- uh -- Michael, maybe we can -- uh -- when -- when the budget stuff starts as part of, you know, getting ready for what we're going to be doing in the budget, maybe you can add this briefing to that long list of stuff that we look at to -- to give at least House Finance a better understanding of -- of these costs. Okay. Just -- oh, yes.

REP. LYNN: May I just make a comment? I just wanted to thank both of you and -- and the people on your staff. I -- um -- I can't tell you how -- how many times I've called the Retiree Health because I had questions when I retired and, you know, and -- uh -- there was always, you know, there was always somebody that answered or if they didn't answer, there was a message that said we'll call you back within 24 hours and they always did. They always had the answers. They were very, very helpful, and so kudos to all of the people on your staff.

MS. PITTMAN: That's why I always laugh when Charlie says it's all Joyce. It's not me. There's a bunch of people back in Risk and Benefits that are phenomenal. They're fantastic.

REP. LYNN: They do a really -- a really outstanding job. Always had the answers and it was always right. So thank you very much,

MS. PITTMAN: You're welcome. Thank you.

CHAIRWOMAN UMBERGER: Oh, one more question.

SEN. DANIELS: Yes. Is ServiceLink part of DAS or is that a different agency?

MR. ARLINGHAUS: HHS.

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SEN. DANIELS: HHS. Thank you.

CHAIRWOMAN UMBERGER: Yeah, maybe we should move it from HHS. Oh, I didn't say that.

MR. ARLINGHAUS: I think we're good.

CHAIRWOMAN UMBERGER: Yeah. Okay. You think you have enough things on your -- on the table, huh? Okay. Well, thank you all very much and thank you to those that stayed, and we'll adjourn at 1:30.

(The meeting adjourned at 1:30 p.m.)

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, September 9, 2022, and has been transcribed to the best of my professional skill and ability.

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