

FISCAL COMMITTEE OF THE GENERAL COURT

MINUTES

June 7, 2006

The Fiscal Committee of the General Court met on Wednesday, June 7, 2006 at 9:00 a.m. in Room 210-211 of the Legislative Office Building.

Members in attendance were as follows:

Representative Frederick King, Chairman
Senator Charles Morse, Vice Chairman
Representative Joseph Stone, Clerk
Representative Elizabeth Hager
Representative Christopher Pappas
Representative Peter Franklin
Senator Theodore Gatsas
Senator Richard Green
Senator Robert Clegg
Senator Lou D'Allesandro

Chairman King opened the meeting at 9:10 a.m.

ACCEPTANCE OF MINUTES:

On a motion by Representative Stone, seconded by Senator D'Allesandro, that the minutes of the May 5 and May 19, 2006 meetings be accepted as written. MOTION ADOPTED.

OLD BUSINESS:

FIS 06-088 Department of Safety, Division of Motor Vehicles - accept and expend \$3,000,000 (**Tabled 3/24/06**) Chairman King stated that he had had a telephone call from Commissioner Flynn and he requested that this item stay on the table.

FIS 06-141 Department of Resources and Economic Development, Division of Parks and Recreation - accept and expend \$100,000 **Tabled 5/8/06** Kenneth Plourde, Business Administrator requested that this item remain tabled.

FIS 06-145 Department of Employment Security - accept and expend \$552,255 **Tabled 5/8/06** - On a motion by Senator Clegg, seconded by Senator D'Allesandro, that this request be removed from the table. MOTION ADOPTED.

Jill Revels, Business Administrator and Colleen O'Neill responded to questions of the Committee.

On a motion by Senator Clegg, seconded by Senator D'Allesandro, that the Committee approve the request from the Department of Employment Security to accept and expend \$552,255. MOTION ADOPTED.

RSA 14:30-A, III AUDIT TOPIC RECOMMENDATION BY LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE:

FIS 06-179 Letter from Representative Kenneth Weyler, Chairman of the Legislative Performance Audit and Oversight Committee relative to

the recommendation of the following performance audit topics (1)Fish and Game Department - Management and Functions of the Department and (2)Board of Medicine - Rulemaking Procedures and Regulatory Practices - Representative Weyler presented the two performance audit topics and responded to questions of the Committee.

On a motion by Representative Stone, seconded by Representative Hager, that the Committee approve the two audit topics as presented by Chairman Weyler. MOTION ADOPTED.

RSA 9:16-a TRANSFERS AUTHORIZED - CONSENT CALENDAR:

Michael Buckley, Legislative Budget Assistant stated that the Department of Justice has requested that item number FIS 06-195 be withdrawn.

On a motion by Representative Hager, seconded by Senator D'Allesandro, that the Committee approve the remainder of the requests on the agenda under this section as submitted. MOTION ADOPTED. (FIS 06-149, FIS 06-163, FIS 06-185, FIS 06-186 and FIS 06-183)

RSA 14:30-a,VI FISCAL COMMITTEE APPROVAL REQUIRED FOR ACCEPTANCE AND EXPENDITURE OF FUNDS OVER \$50,000 FROM ANY NON-STATE SOURCE -CONSENT CALENDAR:

Chairman King had questions on FIS 06-147 from the Department of Resources and Economic Development. Kenneth Plourde, Business Administrator and Kenneth Desmarais, Forester responded to questions of the Committee.

Chairman King also had questions on FIS 06-157 from the Department of Environmental Services. Michael Walls, Assistant Commissioner responded to questions of the Committee.

The Committee requested this request be tabled until Commissioner Murray can appear before the Committee to respond to questions.

Chairman King also had questions on FIS 06-170 from the Fish and Game Department. Daniel Lynch, Assistant Director responded to questions of the Committee.

On a motion by Senator Morse, seconded by Senator Green, that the Committee table request FIS 06-157 from the Department of Environmental Services. MOTION ADOPTED.

On a motion by Senator D'Allesandro, seconded by Representative Franklin, that the Committee approve the remainder of the requests on the agenda under this section as submitted. MOTION ADOPTED. (FIS 06-147, FIS 06-154, FIS 06-165, FIS 06-177, FIS 06-178, FIS 06-180, FIS 06-190, FIS 06-191, FIS 06-170, FIS 06-199, FIS 06-181, FIS 06-184, FIS 06-193, FIS 06-194, FIS 06-196, FIS 06-197 and FIS 06-200)

RSA 9:16-a TRANSFERS AUTHORIZED AND CHAPTER 176, LAWS OF 2005
OPERATING BUDGET):

FIS 06-188 Department of Corrections - William Wrenn, Commissioner and Robert Mullen, Director of Administration presented the request and responded to questions of the Committee.

On a motion by Senator D'Allesandro, seconded by Representative Hager, that the Committee approve the request from the Department of Corrections to transfer \$610,861 and authorize \$1,199,000 in additional funding for medical and dental expenses. MOTION ADOPTED.

RSA 14:30-a,VI FISCAL COMMITTEE APPROVAL REQUIRED FOR ACCEPTANCE AND
EXPENDITURE OF FUNDS OVER \$50,000 FROM ANY NON-STATE SOURCE - CONSENT
CALENDAR (CONTINUED):

FIS 06-157 Department of Environmental Services - Commissioner Murray appeared before the Committee to respond to questions of the Committee regarding the I-93 project and how this item may affect the start of the project.

On a motion by Representative Stone, seconded by Senator D'Allesandro, that this request be removed from the table. MOTION ADOPTED.

On a motion by Senator D'Allesandro, seconded by Representative Stone, that the Committee approve the request from the Department of Environmental Services to accept and expend \$560,000. MOTION ADOPTED.

RSA 14:30-a,VI FISCAL COMMITTEE APPROVAL REQUIRED FOR ACCEPTANCE AND
EXPENDITURE OF FUNDS OVER \$50,000 FROM ANY NON-STATE SOURCE AND RSA
124:15 POSITIONS RESTRICTED:

FIS 06-168 Department of Environmental Services - Senator D'Allesandro noted that the agenda had the wrong amount stated on the acceptance and expenditure; it should be \$106,889, not \$134,540.

On a motion by Senator D'Allesandro, seconded by Representative Hager, that the Committee approve the request from the Department of Environmental Services to accept and expend \$106,889 and establish one (1) Hydrogeologist V position through June 30, 2007. MOTION ADOPTED.

FIS 06-182 Department of Cultural Resources, Division of
Historical Resources - On a motion by Senator Clegg, seconded by Representative Pappas, that the Committee approve the request from the Department of Cultural Resources, Division of Historical Resources to accept and expend \$248,000 and establish a Historian position through June 30, 2007. MOTION ADOPTED.

CHAPTER 176:4, LAWS OF 2005 LOTTERY COMMISSION; AUTHORITY GRANTED:

FIS 06-160 Lottery Commission - On a motion by Senator D'Allesandro, seconded by Representative Stone, that the Committee approve the authorization to purchase \$2,300,000 in instant game tickets. MOTION ADOPTED.

Chapter 177:1, LAWS OF 2005 TRANSFERS AMONG ACCOUNTS; OFFICE OF INFORMATION TECHNOLOGY:

Michael Buckley, Legislative Budget Assistant stated that the Office of Information Technology requested that item FIS 06-176 be withdrawn.

FIS 06-164 Office of Information Technology - On a motion by Senator Green, seconded by Senator D'Allesandro, that the Committee approve the request from the Office of Information Technology to transfer \$40,000. MOTION ADOPTED.

CHAPTER 177:4,II, LAWS OF 2005 DEPARTMENT OF HEALTH AND HUMAN SERVICES; PROGRAM ELIGIBILITY; ADDITIONAL REVENUES:

FIS 06-171 Department of Health and Human Services, Division of Public Health Services - On a motion by Representative Hager, seconded by Senator D'Allesandro, that the Committee approve the request from the Department of Health and Human Services, Division of Public Health Services to accept and expend \$38,960. MOTION ADOPTED.

FIS 06-172 Department of Health and Human Services, Division of Public Health Services - On a motion by Representative Hager, seconded by Representative Pappas, that the Committee approve the request from the Department of Health and Human Services, Division of Public Health Services to accept and expend \$60,000. MOTION ADOPTED.

CHAPTER 177:4,II AND III, LAWS OF 2005 DEPARTMENT OF HEALTH AND HUMAN SERVICES; PROGRAM ELIGIBILITY; ADDITIONAL REVENUES; TRANSFER AMONG ACCOUNTS:

FIS 06-166 and FIS 06-167 Department of Health and Human Services - John Stephen, Commissioner presented the requests and responded to questions of the Committee.

On a motion by Representative Stone, seconded by Senator D'Allesandro, that the Committee approve both these requests as submitted. MOTION ADOPTED.

FIS 06-169 Department of Health and Human Services, Office of Medicaid Business and Policy - John Stephen, Commissioner presented the request and responded to questions of the Committee.

On a motion by Senator D'Allesandro, seconded by Representative Hager, that the Committee approve the request from the Department of Health and Human Services, Office of Medicaid Business and Policy to accept and expend \$10,531,500 and transfer \$5,000,000. MOTION ADOPTED.

FIS 06-174 Department of Health and Human Services - John Stephen, Commissioner presented the request and responded to questions of the Committee.

On a motion by Senator D'Allesandro, seconded by Representative Hager, that the Committee approve the request from the Department of

Health and Human Services to accept and expend \$2,660,058 and transfer \$1,500,000. MOTION ADOPTED.

CHAPTER 177:4,III, LAWS OF 2005 DEPARTMENT OF HEALTH AND HUMAN SERVICES; PROGRAM ELIGIBILITY; TRANSFER AMONG ACCOUNTS:

FIS 06-153 Department of Health and Human Services - John Stephen, Commissioner presented the request and responded to questions of the Committee.

On a motion by Senator Green, seconded by Senator D'Allesandro, that the Committee approve the request from the Department of Health and Human Services to transfer \$1,500,000. MOTION ADOPTED.

CHAPTER 42, LAWS OF 2006 - STATE MATCHING FUNDS FOR FEMA DISASTER ASSISTANCE GRANTS:

FIS 06-192 Department of Safety, Division of Emergency Services, Communications, and Management, Bureau of Emergency Management - Rosemary Faretra and Tammy Vaillancourt presented the request and responded to questions of the Committee.

On a motion by Senator Green, seconded by Representative Stone, that the Committee approve the request from the Department of Safety, Division of Emergency Services, Communications, and Management, Bureau of Emergency Management for authorization to distribute \$938,006.74 in state general funds. MOTION ADOPTED.

RSA 21-P:23 HIGHWAY FUND SURPLUS AND RSA 124:15 POSITIONS RESTRICTED:

FIS 06-189 Department of Safety, Division of Administration - Rosemary Faretra presented the request and responded to questions of the Committee.

On a motion by Representative Stone, seconded by Representative Hager, that the Committee table this request. MOTION ADOPTED.

RSA 206:33-b TRANSFERS FROM FISH AND GAME FUND:

FIS 06-175 Fish and Game Department - Daniel Lynch, Assistant Director presented the request and responded to questions of the Committee.

On a motion by Senator D'Allesandro, seconded by Representative Hager, that the Committee approve the request from the Fish and Game Department to transfer \$12,500. MOTION ADOPTED.

RSA 622:28-a,V INDUSTRIES INVENTORY ACCOUNT:

FIS 06-187 Department of Corrections - William Wrenn, Commissioner and Robert Mullen, Director of Administration presented the request and responded to questions of the Committee.

On a motion by Senator Green, seconded by Senator Clegg, that the Committee approve the request from the Department of Corrections for

authorization to expend up to \$12,000 from the Correctional Industries' Revolving Account to purchase equipment and equipment-related items. MOTION ADOPTED.

MISCELLANEOUS:

Senator Morse stated that he would like to bring up something that happened on the Senate Floor and hear from LBA relative to E-Permitting along with a veterans' issue. On E-Permitting, we took the money out of the ODD fund, and everyone on the Senate floor was concerned that we were doing that; and what was brought up was that we were going to come to Fiscal and change that. Senator Morse further explained that this also happened to him last year when he was told in the budget that he could come to Fiscal and change something, and we still have not solved the positions in DOT. Now we have this issue he's being told we can't change the funding source that's in the legislation here at Fiscal. So he would just like to make sure that's true from the LBA and then have some discussion regarding this topic.

Michael Buckley, Legislative Budget Assistant stated that he believes the issue revolves around the question of RSA 9:16-a. That appears on your agenda regularly and is a transfer statute. This transfer statute allows the department to come to this Committee to transfer appropriations. That's the authority to spend. And it allows the departments to come here as long as the funding source for the appropriation is the same. You can transfer general funds to a general fund item within an agency. You can transfer federal funds to federal funds. You can't switch funding sources. That's what RSA 9:16 says.

RSA 9:16 does not allow this Committee to approve or the agencies to ask this Committee to leave the appropriation as is, but to change the funding source from something different, from general to a restricted account, or between restricted accounts. This Committee's authority per RSA 9:16 and 9:17 is to change appropriation authorities, to move money from one line to another. It does not allow this Committee to change a funding source. To change a funding source would be to appropriate from a new source in place of an appropriation from what the Legislature called from the appropriation to be made for. This Committee is not allowed to appropriate money.

Senator Clegg stated he disagreed with that interpretation that this Committee can't do it. In fact, he thinks that's one of the things this Committee should be doing, instead of creating new avenues, they should use the money they have.

Representative Stone stated that the Oil Disbursement Board of which he and Senator Clegg both represent, first heard of this on the 22nd of May, and unbeknownst to them, they were not notified, they were not contacted, and the entire group that was there that morning was very much opposed to this motion to use the money for oil disbursement.

Senator Morse inquired whether this Committee could wait until next month to transfer DES money to fill the hole in the ODD Fund.

Mr. Buckley stated he believed the answer is no. What DES has given you is pots of money, restricted revenue accounts where there are balances. Mr. Buckley noted he had not seen a list of appropriation authorities where there is excess money where you can transfer. They have identified excess revenue sources, but not excess appropriations. If the excess appropriations are for fiscal year 2006 appropriations, it would be too late in July because you've passed the end of the fiscal year.

Chairman King asked if the Committee could create a late item for today's meeting. Mr. Buckley stated he has never seen a Committee create an item itself. You act on items that are brought forward.

When asked how he would recommend the Committee resolve this issue, Mr. Buckley suggested studying the situation and bring it back to the Committee but he did not have a recommendation at this point.

INFORMATIONAL MATERIALS:

The informational items were accepted and placed on file.

AUDITS:

State of New Hampshire Department of Transportation Management Letter For the Fiscal Year Ended June 30, 2005 - On a motion by Senator D'Allesandro, seconded by Representative Stone, that this report be tabled until the July meeting for presentation, and that the report be accepted, placed on file and released in the usual manner. MOTION ADOPTED.

Management Letter for the State of New Hampshire for the Year Ended June 30, 2005 - Sean Warren, Partner, KPMG presented the management letter and responded to questions of the Committee.

MISCELLANEOUS:

Senator D'Allesandro stated that he had requested that the Community Technical College System be present to address questions and give an update on the financial aid situation at the Community Technical Colleges.

Charles Annal, Deputy Commissioner and Michael Marr, Chief Financial Officer from the Community Technical Colleges addressed the Committee and presented a summary of the issues surrounding financial aid in the System, and responded to questions of the Committee.

Joseph Bouchard, Assistant Commissioner, Department of Administrative Services gave the Committee an update on the ERP Project.

AUDITS (continued):

State of New Hampshire Pari-Mutuel Commission Financial and Compliance Audit Report for the Nine Months Ended March 31, 2005 -

Catherine Provencher, Director of Audits, Office of Legislative Budget Assistant presented the report and responded to questions of the

Committee. Paul Kelley, Executive Director of the Pari-Mutuel Commission was also present to respond to questions of the Committee.

On a motion by Representative Hager, seconded by Representative Franklin, that the Management Letter for the State of New Hampshire and the Pari-Mutuel Commission Financial and Compliance Audit Report be accepted, placed on file and released in the usual manner. MOTION ADOPTED.

DATE OF NEXT MEETING AND ADJOURNMENT:

Chairman King stated that he would try and call another meeting before the end of June to address a possible request from the Department of Environmental Services.

On a motion by Senator D'Allesandro, seconded by Representative Stone, that the meeting recess to the Call of the Chair, and that future regular meetings be set for Tuesday, July 11, 2006 and Tuesday, August 8, 2006. MOTION ADOPTED.

(Whereupon the Committee recessed to the Call of the Chair.)

Representative Joseph Stone, Clerk