

JOINT LEGISLATIVE FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, February 17, 2017

MEMBERS PRESENT:

Rep. Neal Kurk

Rep. Karen Umberger

Rep. Lynne Ober

Rep. Mary Jane Wallner

Rep. Daniel Eaton

Rep. Frank Byron (Alt.)

Sen. Gary Daniels

Sen. President Chuck Morse

Sen. Lou D'Allesandro

Sen. Regina Birdsell

(The meeting convened at 10:05 a.m.)

**(1) Acceptance of Minutes of the January 13, 2017,
Meeting.**

NEAL KURK, State Representative, Hillsborough County,
District #02: Good morning, everyone. I'd like to open the
February 17, 2017, meeting of the Fiscal Committee. Good morning
to everyone. We'll start off with item number one, the
acceptance of the minutes. Do I have a motion?

**** DANIEL EATON, State Representative, Cheshire County,
District #03:** So move.

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

CHAIRMAN KURK: Representative Eaton moves the acceptance of
the minutes of the January 13, 2017, meeting, seconded by
Senator Daniels. Discussion? There being none, are you ready for
the question? All those in favor, please indicate by saying
aye? Opposed? The ayes have it and the minutes are approved.

***** {MOTION ADOPTED}**

(2) Old Business:

CHAIRMAN KURK: We now turn to item number 2 on the agenda, Old Business. A number of items were tabled last time. Is there any interest in removing any of the items from the table?
Senator D'Allesandro.

****** LOU D'ALLESANDRO, State Senator, Senate District #20: Move to take 17-002 off the table.

CHAIRMAN KURK: Motion is to take 17-002 off the table. Is there a second?

MARY JANE WALLNER, State Representative, Merrimack County, District #10: Second.

CHAIRMAN KURK: Seconded by Representative Wallner. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is off the table.

***** {MOTION TO TAKE THE ITEM OFF THE TABLE ADOPTED}**

CHAIRMAN KURK: Senator Morse.

CHUCK MORSE, State Senator and Senate President, Senate District #22: We want to take them all off at once or --

CHAIRMAN KURK: I think we'll take them in order individually. So the motion is -- we have taken 17-002 off the table and that's before us now.

****** SEN. PRESIDENT MORSE: Okay. Move to take 17-004 off the table.

CHAIRMAN KURK: No, we need to act on 17-002 before we take the next one off.

SEN. PRESIDENT MORSE: Okay.

****** SEN. D'ALLESANDRO: I move ought to pass on 17-002.

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REP. WALLNER: Second.

CHAIRMAN KURK: Moved to --

REP. EATON: Approve.

SEN. D'ALLESANDRO: Approve.

CHAIRMAN KURK: The motion is to approve Fiscal 17-002. The motion was made by Senator D'Allesandro, and seconded by Representative Wallner. Is there discussion? Representative -- excuse me -- Senator Daniels.

SEN. DANIELS: Thank you, Mr. Chairman. I do have a question for the Department regarding the new position.

CHAIRMAN KURK: Good morning.

SHERI ROCKBURN, Chief Financial Officer, Department of Health and Human Services: Good morning.

CHAIRMAN KURK: We have a question for you. Could you identify yourselves first?

MS. ROCKBURN: Sure. Sheri Rockburn, Chief Financial Officer for the Department of Health and Human Services.

PATRICIA TILLEY, Chief of Population of Community Services, Department of Health and Human Services: Good morning. Patricia Tilley, Chief of Population of Community Services at the Department of Health and Human Services.

CHAIRMAN KURK: Senator Daniels.

SEN. DANIELS: Thank you. I notice in here that the amount requested splits two ways. A lot of it is for services to be performed. The other is for a new position data specialist, and I wondered what -- it seemed like the data specialist was more doing things behind the scenes, but it was, I think, around

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\$700,000, if I recall, for everything associated with not providing the direct services. So I would just like an explanation on that and why we should approve the data specialist as opposed to just approving the services?

MS. ROCKBURN: I'll let Patricia talk more about the program. But in terms of clarifying the dollar amount, the one position is about 121,000 of this request. The rest of it actually all is in contracts for direct services. So the contract line if you're on Page 2, it's an increase of 819,000 is in the contract line. The position is in Class 59 and 60 and that's the 67,000 for the salary and benefits of 54. So just to clarify on the dollars, and I'll let Trish talk a little bit about the program itself.

SEN. DANIELS: Thank you.

MS. TILLEY: Sure. So this program serves families throughout the State of New Hampshire, approximately 325 families a year, which are families that are most at need for these services. So these are families that are very low income, often single parent families, and we are providing intensive home visiting services around parenting, child development, and accessing other services, like, substance misuse services or health care services.

SEN. DANIELS: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. DANIELS: What benefit does the data specialist bring to this?

MS. TILLEY: The data specialist provides the support at the State to manage all of the data reporting from those areas. So we -- this is a federally funded program that has a very complex matrix of outcomes that we measure. So we are measuring outcomes in terms of family self-sufficiency. We are measuring outcomes in terms of abuse and neglect. We are measuring many health outcomes of both the child and the mother around depression,

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child development. And so the data specialist is the person who handles the data system that all of the local communities provide that information into and the person on our end deals with the system here as well as the vendor that we have that manages the program.

SEN. DANIELS: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. DANIELS: And we don't do any of that now?

MS. TILLEY: We currently do not have anyone in that role. It is -- if I may follow-up? It is current -- in the past, it had been part of someone else's position who also provides quality improvement and technical assistance to the home visiting agencies. This new position carves out a role that is simply around the data. So that that other position can focus on the other quality improvement activities and technical assistance to ensure that the programs are providing the services as appropriate.

SEN. DANIELS: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. DANIELS: And is it the Department's intent to continue this position beyond this Fiscal Year?

MS. TILLEY: Yes.

SEN. DANIELS: Thank you.

CHAIRMAN KURK: Representative Ober.

LYNNE OBER, State Representative, Hillsborough County, District #37: Thank you. My questions are also about this position. You just said that this person, who will be a Labor Grade 23, will be compiling data from the other towns. Are the other towns sending you data in electronic format?

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MS. TILLEY: Yes. We have a data system that is highly secure that we have purchased a number of years ago. We have a data system that conforms with Federal mandates, as well as our State mandates, and it's the Community-Based Agencies. So all the consents are signed and it's, for the most part, non-identified information. But it's aggregate data and across many, many different domains.

REP. OBER: Follow-up, Mr. Chairman.

CHAIRMAN KURK: Follow-up.

REP. OBER: How will that data be put into this system?

MS. TILLEY: It is uploaded directly from the Community-Based Agencies into our system, and then the Data Specialist is in charge of running the reports, and also troubleshooting when there's problems. We have had difficulties occasionally with our vendor and the Community-Based Agencies ensuring that they can get their work uploaded. This person would act as a liaison between the Community-Based Agencies and the vendor who owns the software package.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: So you see this person as a technical person?

MS. TILLEY: Yes.

REP. OBER: May I ask the Commissioner of DoIT a question?

CHAIRMAN KURK: You may.

REP. OBER: Commissioner Goulet.

CHAIRMAN KURK: Commissioner.

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REP. OBER: Based on the testimony we just heard, we're looking at a systems development specialist, Labor Grade 23. She just defined this as a purely technical person. Would this person not better reside in your Agency because you're supposed to be providing centralized support and care?

DENIS GOULET, Commissioner, Department of Information Technology: Good morning. For the record, Denis Goulet, Commissioner of DoIT.

REP. OBER: Sorry to put you on the hot seat, because I know you haven't seen this; but based on the testimony, I just have that question.

MR. GOULET: No, I mean, when I see an SDS position, it sounds like an IT position to me; but beyond that, I really don't know enough detail to comment for sure. I'd be happy to look into it. And based on what we talked about before, I think that's the kind of thing that could be resolved in the long run if we had to as well. Because we are putting -- we are going to put a mechanism in place to work around that. So I wouldn't be anxious about going forward with it now knowing that we could resolve this going forward if we had to.

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you, Commissioner.

MR. GOULET: You're welcome.

REP. OBER: Based on that, would it not behoove us to approve this without the position, allow Commissioner Goulet to work with them and come back on that position? I just toss that out, because I think we are trying to do the right thing with our technical stuff, and I'm concerned this position is not located in the right place. Thank you.

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CHAIRMAN KURK: Thank you. We'll consider that at a later point. I do have some other questions. There's a lot of information here about evidence-based outcomes and all those things. Do you have specific criteria that will be used to judge whether this program is successful? For example, right now you expect based on the evidence that X percentage of the families will be helped in a particular -- particular measurable way and you have a number. And, therefore, if at the end of a year or two years that number is not met, we can say this program failed. If that number is met or exceeded, we can say that the program was successful.

MS. TILLEY: Thank you for the question. So what we use the evidence, the evidence has shown nationally that Healthy Families America, which is the curricula that we use here, shows improvements in areas as I described before around self-sufficiency, around those -- and however, there is no statement -- there is no baseline that we would expect a number, an exact number or exact replication of what the national studies have seen. We can through the over 100 data fields that we have in the data system right now, we are tracking that data. It is a relatively new program. It is -- so we are gathering that information now, which is why it's so important that we have someone who can manage the data.

What we've seen recently, there's a Rand Study that the Endowment for Health has just put out that really shows about the cost-effectiveness of home visiting programs that when you invest a certain amount of money here, it saves money in the long run. Very long outcomes so around school readiness, around parents' self-sufficiency, and those are the outcomes that we would expect to see.

CHAIRMAN KURK: In other words, the answer is no. You have no idea what you expect to accomplish with this program in terms of specific outcomes, such as the ones you mentioned here, and we can read them.

MS. TILLEY: So --

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CHAIRMAN KURK: Increase their capacity to serve families, allowing for continuous family improvement activities and professional development, reduce child abuse and neglect, reduce domestic violence, improve school readiness and achievement, improve family economic self-sufficiency. You have no way to determine whether or not those standards have been met because you have no baseline by which to judge?

MS. TILLEY: So if I may, sir? We are gathering that baseline currently. So that is what this data is. We are developing what the baseline of the families in New Hampshire are as they come in. We understand what the baseline is and we are improving from that baseline.

CHAIRMAN KURK: Could you explain then what you mean by evidence-based programs?

MS. TILLEY: So the program, Healthy Families America, has shown to have results in other areas of the country. Twenty other states use this program and have seen improvements in those areas. There is no -- unlike some other scientific areas where you could say this exactly has improved by X percentage points, we could aim for that. But I'm not prepared to say right now that we will rep -- we are running this program. That is why we are using the data to see if we're replicating. If we do not see any improvement of the baselines from which we start, I have no doubt that the program will terminate at some point in the future. And we are funded through the Federal Government. They are very closely managing and watching what our baselines are. So we are highly -- we are highly monitored right now.

CHAIRMAN KURK: So let me see if I understand this. You don't have a baseline. We are going to create one. And then on the basis of that, we are going to decide whether we improve.

MS. TILLEY: Yes.

CHAIRMAN KURK: So the concept is we could start off with a 5% improvement and go from there, depending on what our baseline is, or a 95% improvement and go from there. That strikes me

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as -- as creating a program that will have a self-fulfilling prophecy. In other words, the program results are just about guaranteed to show improvement, because you don't have a standard to start with. You're creating your own standard based on what the data shows. And I always thought that an evidence-based program suggested that we had an expectation at the beginning that this would be the result that we would see by collecting our data whether we achieve that numerical measurable result. And I think your answer is we don't have that for this program.

MS. TILLEY: What I would just restate is that we are showing -- we are looking -- the evidence shows that there are areas in which there are improvements. We are measuring the same things as the evidence base in other -- that has been done in other states. So we are looking to see improvements in those same domains, over 100 domains. And many -- they're all at different levels. So whether you're talking about 78% of women are currently getting depression screening. So we will measure that base over next year. Will that -- our expectation and our quality improvement activities would say, how do we increase that from 78%?

We know that in other areas we have more than 90% of mothers, again, screened for post-partum depression. We know that we are seeing breastfeeding that increased from 14% in Fiscal Year 15 to 21% in Fiscal Year 16. So we are showing measurable improvements in each of those areas. I feel like it falls short of your expectations, but these are what we're measuring.

CHAIRMAN KURK: Thank you. Further questions?
Representative Ober, did you wish to make a motion?

REP. OBER: We have a motion on the floor, but I would, if you --

CHAIRMAN KURK: An amendment, I'm sorry.

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** REP. OBER: Yes, I would amend the motion to approve this minus the cost of the position pending the coordination between the two agencies so we can do what's best for that position.

CHAIRMAN KURK: So if I understand your motion, it's to approve requested action under number one, but not under number two, and under number one to change the amount of money to \$869,020.

REP. OBER: I believe that is correct. I hadn't worked up the figures so I trust you.

CHAIRMAN KURK: I was given those by the LBA.

REP. OBER: Oh, by the LBA, that's even better. Yes, that would be perfect.

CHAIRMAN KURK: Is there a second?

SEN. PRESIDENT MORSE: Second.

CHAIRMAN KURK: Second by Senator Morse. Discussion? Representative Wallner. This is on the amendment?

REP. WALLNER: Yes, on the amendment. If I could ask Representative Ober a question about the amendment.

CHAIRMAN KURK: Please.

REP. WALLNER: And that is when would you expect the Department and OIT to come back to us with a plan on how they will move forward?

REP. OBER: One would hope by next meeting, but I have no control over that, Representative.

REP. WALLNER: Thank you.

CHAIRMAN KURK: Senator Morse.

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SEN. PRESIDENT MORSE: Maybe the House already knows this. Is this position in the Governor's Budget?

MS. ROCKBURN: This position is not yet in the Governor's Budget. We were pending the outcome of this item. If this item were to move forward, we would work during our House phase of the budget process with Division III to then add this position in. It is 100% general -- sorry, 100% federally funded so there's no General Funds attached to it.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. The success or failure of the program would depend upon the data collected, and it's imperative that's part of the deal. So if you can't do something with IT, then where are we with this without our ability to serve the people we want to serve? I think there's got to be a definitive time when something happens between you and Information Technology to make sure that this happens. We want the program -- I want the program to succeed. And as a result of that, I think it's imperative that this synergy between you and IT take place and take place in a very prompt manner. That's the only way I'll support the amendment. Otherwise, we're dooming it to failure. And I know that's not the intention of our Committee.

I would like it clearly understood that this relationship between you and IT will take place. It will take place ASAP, and you'll come back here and let us know that that's done so we can get the rest of the money.

MS. TILLEY: Yes, sir.

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

CHAIRMAN KURK: Further discussion? There being none, are you ready for the question? The motion is on Representative Ober's amendment. If you're in favor of that, please now indicate by saying aye? Opposed? The ayes have it and the amendment is adopted.

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*** {MOTION TO AMEND ADOPTED}

CHAIRMAN KURK: The motion before us is to approve section one of the request at a cost of \$869,020 without any additional position as was mentioned. Further discussion on the motion? Senator D'Allesandro.

SEN. D'ALLESANDRO: Just a point, Mr. Chairman, that they will come back to us at the next meeting and report to us what's happened with IT with regard to the position.

CHAIRMAN KURK: That is the expectation.

MS. ROCKBURN: Senator, we will definitely have a revised item that comes to you at the next meeting just on the position. That will come to you.

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

CHAIRMAN KURK: Thank you. There being no further discussion, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

*** {MOTION ADOPTED}

CHAIRMAN KURK: I voted no on that just in case there's any question.

REP. OBER: On the whole motion?

CHAIRMAN KURK: On the whole motion. I voted in favor of your amendment, Representative Ober, but not the whole item. Senator Morse, did you wish to remove another item from the table?

** SEN. PRESIDENT MORSE: Several but 17-004.

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CHAIRMAN KURK: Senator Morse moves that we remove 17-004 from the table.

SEN. DANIELS: Second.

CHAIRMAN KURK: Seconded by Senator Daniels. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is off the table.

***** {MOTION TO TAKE THE ITEM OFF THE TABLE ADOPTED}**

CHAIRMAN KURK: Senator Morse, did you wish to discuss the item?

****** SEN. PRESIDENT MORSE: I move ought to pass.

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Senator Morse moves ought to pass on the item, seconded by Senator D'Allesandro. Is there discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

***** {MOTION ADOPTED}**

CHAIRMAN KURK: Senator Morse.

****** SEN. PRESIDENT MORSE: Move to take 17-010 off the table.

SEN. DANIELS: Second.

CHAIRMAN KURK: Moved by Senator Morse and seconded by Senator Daniels that item 17-010 be taken -- be removed from the table. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is before us.

***** {MOTION TO TAKE THE ITEM OFF THE TABLE ADOPTED}**

CHAIRMAN KURK: Senator Morse.

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** SEN. PRESIDENT MORSE: I move ought to pass.

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Senator Morse moves ought to pass, seconded by Senator D'Allesandro. Is there someone here from Fish and Game who can answer some questions?

GLENN NORMANDEAU, Executive Director, Department of Fish and Game: Good morning. Glenn Normandeau, Director of Fish and Game with Colonel Jordan, head of our -- Chief of Law Enforcement.

CHAIRMAN KURK: Thank you, gentlemen. Welcome and good morning. Could you tell me whether any of this money is coming from an account which does not -- which does not receive services from the vehicles that would be purchased by money from that account?

MR. NORMANDEAU: All of the vehicles receive partial service is probably the most accurate to say it. We have no vehicles in law that are used exclusively for a certain dedicated purpose.

CHAIRMAN KURK: Partial, does that mean proportional or not?

MR. NORMANDEAU: Hum --

CHAIRMAN KURK: In other words, the proportion of use with respect to each vehicle that's purchased with funds from a particular fund is used in proportion to the amount of money that's taken from that fund. So --

MR. NORMANDEAU: That is not the case.

CHAIRMAN KURK: Thank you. Further discussion? Senator Daniels.

SEN. DANIELS: Just had a question regarding the replacement of cruisers. Has the Department ever looked at just changing

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engines in the cruisers as opposed to replacing the whole vehicle?

KEVIN JORDAN, Chief of Law Enforcement, Department of Fish and Game: We have actually, Senator, and good morning. And we do that, quite frankly, on cruisers that are not -- are not essentially worn out. What you have to be careful of is we went through an experiment a number of years ago where we tried to extend the length of the cruisers, the time we kept them. We kept cruisers for double the length of time for a period of almost eight years. We ended up spending a good deal more in maintenance cost because we had cruisers breaking down in the field in some of these remote areas that had to be towed in. We had cruisers that not only had worn motors, but then we had front-end parts that we had to replace. So it became more of an expense. And the other problem with that, sir, is you never know what that money is going to be. It's difficult to budget for that. Where if you know that in four years you're going to be -- or five years, whatever the rotation is, we determined I think that five years was the optimal time, we knew what that amount was and we could budget accurately and stay on-line with that in a much better fashion.

Also was a safety concern. You know, when you have officers that are first responders responding to tragedies like we had this past weekend. If you got a cruiser and officer you need at a scene and he breaks down because he's driving an old cruiser that creates real hardship for us. So it is something we looked to stay away from.

MR. NORMANDEAU: If I may, also? When it comes to, for lack of a better term, vehicles which the whole thing isn't wearing out. For example, our fleet of boats, you know, we have replaced engines, you know, obviously numerous times, whether they be outboards, inboards. In fact, the air boat used on the unfortunate episodes this weekend -- past weekend on Winnepesaukee, that engine in that was replaced by us, what, three years ago?

CHIEF JORDAN: Three years ago.

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MR. NORMANDEAU: So, it's -- it does somehow somewhat matter what you're talking about. If it's something that's on the road with the suspension as well as the engine and transmission all getting worn, it's a little more of an issue.

SEN. DANIELS: Thank you.

REP. EATON: Lou.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. I mean, while Fish and Game are here, kudos to the work that you did over the weekend --

CHIEF JORDAN: Thank you, sir, very much.

SEN. D'ALLESANDRO: -- on Winnepesaukee. Just shows the quality of the work we do in saving lives. And Fish and Game has performed admirably and I think that some of them owe their lives to you. It's a tragedy we didn't get them all, but work well done in the public interest, and I know everyone here appreciates that. Kudos for doing that kind of job on a daily basis.

CHIEF JORDAN: I'll tell them that, sir. Thank you very much.

SEN. D'ALLESANDRO: You're welcome.

CHAIRMAN KURK: Further discussion?

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

CHAIRMAN KURK: There being none, are you ready for the question? The motion is to approve the item. If you're in favor of that, please now indicate by saying aye? Opposed?

REP. EATON: No.

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REP. OBER: No.

CHAIRMAN KURK: No. Let's see show of hands. If you're in favor of the item, please now signify by raising your hand? Those opposed? Motion fails 4 to 5. Is there a motion to put this back on the table?

** REP. EATON: Move.

CHAIRMAN KURK: Is there a second?

Seconded.

Motion is to put this back on the table. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the motion is back on the table.

*** {**MOTION TO PLACE THE ITEM ON THE TABLE ADOPTED**}

THE COURT REPORTER: Excuse me, Mr. Chair. Who seconded that motion?

CHAIRMAN KURK: I did.

THE COURT REPORTER: Okay. Thank you.

** REP. EATON: Move to remove 015.

CHAIRMAN KURK: Motion is to remove 015 from the table. Is there a second?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: It's been moved and seconded that we remove 015 from the table. All those in favor, please indicate by saying aye? Those opposed?

Aye.

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The motion carries. We now have this item before us.

*** {MOTION TO TAKE THE ITEM OFF THE TABLE ADOPTED}

REP. EATON: Could we ask the Director to come up and explain it or Administrator Steve, former LBA.

CHAIRMAN KURK: Is somebody here from the Department of Safety who could answer some questions?

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

CHAIRMAN KURK: Good morning and welcome.

REP. EATON: Would you --

CHAIRMAN KURK: Representative Eaton has a question.

REP. EATON: Mr. Lavoie, we went through this last month. I think memories get short over the course of time. Would you just review that there was a disaster of multiple events all occurring that put you in this spot? Why do you need the money?

MR. LAVOIE: Yes. So this item is requesting additional monies to support an increase in the hours that our current part-time employees are working at the DMV. What's happening, we have a new driver license system that's being implemented. That system in and of itself will change the way that we process license transactions and will result in an increase in transaction time for our customers, while people come up to speed and become familiar with the system.

We had originally planned to have this system "go live" last year in '16. In FY16 there's a -- that was the year of the expected five-year dip in license renewals. So our transactions in '16 are lower than any other time. Unfortunately, the system wasn't ready. The vendor wasn't prepared to "go live". They underestimated complexity of our systems and of our financial responsibility section which resulted in a delay in the

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implementation into '17. So now we are in a year where we have our normal transaction levels. So the -- those two pieces are adding to delays to the transactions that we would expect once the system goes live.

The final piece has to do with Real ID. So as effective January 1st, customers can opt to have a Real ID compliant license. That new piece is adding some questions in line for the DMV customers so that they -- their transactions are increasing in time as well. So really it's a perfect storm of those three instances that we are trying to mitigate by increasing the hours of our existing part-time employees during the system implementation period, which we expect to be a temporary increase through the end of this Fiscal Year.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you. Thank you for coming. We still have some of the same issues that we had when you were here last time because there are issues in the paperwork that was submitted to us. Page 2, towards the bottom. There's a list of personnel involved in 22 part-time positions. And yet, on Page 3 you moved six of those people to full-time. They are no longer part-time. There has no end date for those positions who are going to full-time to go back to part-time in the paperwork. And we talked about this before it got onto the table. And I -- I didn't get a revision. So I guess a revision wasn't submitted. How far into this implementation are you, because I saw the memo that went out. Hasn't that started?

MR. LAVOIE: The system is planning to be implemented this weekend, over this holiday weekend.

REP. OBER: So do you have paperwork with you that would provide an end date for making six part-time people full-time?

MR. LAVOIE: So the six individuals that you're referring to on the second page of the item --

REP. OBER: I'm on Page 3.

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MR. LAVOIE: Third page of the item actually, they are part-time employees. Their status is not being changed to a full-time employee status. They're just part-time employees who are being authorized to work hours in excess of the normal part-time limit. So it's not a case of an employee being shifted to a full-time status. It's just that their hours will be approaching that of a full-timer.

REP. OBER: However, I believe -- if I might follow-up, Mr. Chair?

CHAIRMAN KURK: Please.

REP. OBER: I believe that once an employee goes beyond 29.5 hours, the collective bargaining agreement says that those employees are eligible for benefits. And you're asking us to approve raising them to 40 hours per week, which makes them eligible for benefits. And on Page 1 we have no Class 60 expenditures whatsoever. How are we getting around the collective bargaining agreement?

MR. LAVOIE: So the requirement for benefits isn't -- is an ACA requirement, the Affordable Care Act. There are provisions that the State has put in place that allows for part-time employees to temporarily exceed their normal hours and move into hours that exceed the 29 and a half, without having an impact on benefits. That waiver process has been established and it's one that's used in rare circumstances. This is one of those cases where we plan to utilize those waivers to allow these employees to help us get through this transition period.

REP. OBER: Last follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: That gets back to my original statement. We have no end date for moving these people to full-time. We just have a request to move 60 people to 40 hours -- six people to 40 hours per week without a definitive end date. So it appears this is a

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full-time transfer to us because the end date is missing from the paperwork.

MR. LAVOIE: The end date would be the end of the Fiscal Year, 6/30/17. That's when the funding in Class 50 will lapse, any funding that's not used. And then in the next -- in the next budget, our Class 50 funds at that time are available for use for our part-time employees, depending upon the hours that we schedule them. So I would say that the end date is in the item itself of the end of this Fiscal Year.

CHAIRMAN KURK: Further questions?

** REP. EATON: Move approval.

CHAIRMAN KURK: Did we have a motion?

REP. OBER: No.

REP. EATON: I got it off the table but didn't make a motion.

REP. UMBERGER: Just making a motion to approve.

CHAIRMAN KURK: Representative Eaton moves that we approve the item. Is there a second?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Seconded by Senator D'Allesandro. Further discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed?

REP. OBER: I'm opposed.

CHAIRMAN KURK: The ayes have it and the item is approved.

*** {MOTION ADOPTED}

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

CHAIRMAN KURK: Is there anything else anyone wishes to take off the table? There being none, we now proceed to item -- Tab 3, which is the Consent Calendar. And since there's only one item, since there is some discussion on it, why don't we have a motion on that?

** SEN. D'ALLESANDRO: Move the item.

CHAIRMAN KURK: Senator D'Allesandro moves. Representative Eaton seconds that we approve the item.

Is there someone from the Insurance Department who can answer questions on this? Good morning, gentlemen.

ROGER SEVIGNY, Commissioner, Department of Insurance: Good morning, Mr. Chairman. My name is Roger Sevigny. I'm the Insurance Commissioner in New Hampshire, and with me is Ted Perkins who is our business manager, and we're here to answer any questions you may have.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Commissioner, good morning.

MR. SEVIGNY: Good morning.

REP. OBER: My understanding we funded these positions in your budget.

MR. SEVIGNY: Pardon me?

REP. OBER: Weren't these positions funded in your budget?

MR. SEVIGNY: Yes, they were.

REP. OBER: So why are you here?

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MR. SEVIGNY: So what's the problem? The problem is the positions are funded at Step 1 and with a couple. We almost never are able to hire people in the positions that we have at Step 1. So what ended up happening, because we had a particularly significant number of vacant positions at the beginning of the biennium, 19 to be specific, and we were very -- very successful in hiring for those positions. But we did not -- we were not able to hire them at Step 1, and most of them had families. Therefore, both the salary lines and the lines for benefits had to be greater than what they were budgeted at.

Now you might ask, well, why didn't you attempt to budget them at greater than a Step 1?

REP. OBER: That is exactly what I would ask.

MR. SEVIGNY: Frankly, that's on me. I truly did not realize that you could do that. And it wasn't until recently when we discovered this discrepancy and Ted brought it to my attention and said, you need to be careful here because we don't want to overspend the personal services line or the benefits line. As soon as I found that out, the vacant positions that we currently have, I put a freeze on them, an internal freeze. I said okay, nobody can hire anybody, unless we are able to transfer the money from a line item where we did not -- we don't anticipate spending all of it. And that line item we don't anticipate spending all of it in some measure because we were able to accept some federal grants to do some of that work. So the consulting piece of that work was done with other than the funds that come out of the Insurance Department's budget.

We've since learned, so we are going to be coming to Finance Committee asking for positions that are currently vacant but approved to be funded at a step higher than Step 1. That's the reason.

REP. OBER: Follow-up, Mr. Chair.

CHAIRMAN KURK: Follow-up.

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REP. OBER: Of these ten positions, which five are critical to your organization?

MR. SEVIGNY: Which five are critical? Actually, I don't have any non-critical positions, Representative Ober; but I can go through each one of them with you if you would like.

REP. OBER: I'm trying -- follow-up, Mr. Chair.

CHAIRMAN KURK: Yes.

REP. OBER: I'm trying to find a way to allow you to hire some of them without hiring all of them because this should be in the budget soon, and we are very close to discussing your budget.

MR. ROGERS: Then would it be helpful if I identified the five most critical?

REP. OBER: Yes.

MR. SEVIGNY: And provide you -- do I have to do it like this minute or can I get back to you on that?

REP. OBER: Well, I figured if they -- excuse me. Mr. Chair.

CHAIRMAN KURK: Go ahead, Representative Ober.

REP. OBER: I just thought if they were critical that off the top of your head you'd be able to say these are our five most critical that we couldn't live without between now and July 1st.

MR. SEVIGNY: I pretty much -- if I may, let me go to the sheet that shows what the positions are that are currently vacant and tell you. I can tell you that those that have to do with financial and financial analysis and financial examination because -- and those are very difficult positions to hire for.

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You're hiring people that have typically have CPAs and typically either have or are working for their CFEs. Not easy positions to hire for. So we have to hire them at greater than Step 1 or we won't get them. But I would say out of those positions that the life, accident, and health market conduct position is a critical one. That one of the fraud positions is a critical one. That one of the positions in financial analysis is a critical one.

REP. OBER: Commissioner, I'm sorry. But the sheet that I was just given by the LBA, which is the first time I've seen this, has different job titles on it. So I am lost.

MR. SEVIGNY: Identify them. All right.

REP. OBER: Sorry.

MR. SEVIGNY: Sorry. I'm using our vernacular. I'm sorry. Let me translate it into -- do you want the position numbers?

REP. OBER: That would probably do it because we do have position numbers and then -- yeah.

MR. SEVIGNY: Okay. Okay. Position number 41777, position number 10960. Position number 10958. Position number 40592 and position number 40859.

VICE-CHAIRMAN DANIELS: Further questions?

REP. OBER: Could I ask the LBA a question?

VICE-CHAIRMAN DANIELS: Yes.

REP. OBER: Mike, given that we just have five position numbers and we have salary and benefits, how long would it take to determine what Step 2 was to go with those benefits so that we could determine if what we could do here was give the Commissioner the most critical and postpone until the budget year, which will be shortly, the least critical. And I don't know how to get to Step 2 quickly. So I have to ask you that.

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MR. KANE: Sure. I could have someone back at the office put that together in the next 20 minutes.

REP. OBER: Could we postpone 20 or 30 minutes?

CHAIRMAN KURK: Sure.

** SEN. PRESIDENT MORSE: Move to table.

REP. EATON: Second.

CHAIRMAN KURK: All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is on the table.

*** {MOTION TO TABLE ADOPTED}

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

CHAIRMAN KURK: We now turn to Tab 4. I'm aware of at least two items that people wish to have off the table -- off the Consent Calendar and that is Fiscal 17-034 and Fiscal 17-038. Are there any other items?

** REP. EATON: Move the adoption of the rest.

REP. OBER: Second.

CHAIRMAN KURK: Moved and seconded that the other items on the Consent Calendar be adopted. That's 17-030, 17-044 and 17-045, moved and seconded. Discussion? There being none, are you ready for the question?

All those in favor, please indicate by saying aye? Opposed? The ayes have it and those items are approved.

*** {MOTION ADOPTED}

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CHAIRMAN KURK: We you turn now to Fiscal 17-034, request from the Police Standards and Training Council for authorization to accept and expend two grant awards in the amount of 110,500 and \$4,288.14 in other funds through June 30th, 2017.

** SEN. D'ALLESANDRO: I would move the item.

CHAIRMAN KURK: I think there was some questions on this so why don't we hear that before we take a motion. Is there someone here from the Department of Safety?

REP. EATON: Police Standards.

CHAIRMAN KURK: I'm sorry, Police Standards and Training.

BEN JEAN, Police Standards and Training: Good morning, Mr. Chairman. Ben Jean from Police Standards and Training.

CHAIRMAN KURK: Good morning. Is it Representative Ober who had the questions?

REP. EATON: Pretty sure. I think her first question was --

CHAIRMAN KURK: Why don't you ask it.

REP. EATON: First question, Ben, is the abbreviation of HGN/SFST. When you come to Fiscal, never good to do abbreviations.

MR. JEAN: I apologize for that. Generally, I try to write the whole thing out, then give the abbreviation. But it stands for Horizontal Gaze Nystagmus which for those that aren't familiar with that, that's the pen test that's done by officers using the eye tracking to determine impairment levels. And the SFST stands for Standard Field Sobriety Testing. Those are the roadside tests that are performed when someone is suspected of being under the influence.

REP. EATON: If you'd written gaze nystagmus, you wouldn't be at the table.

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MR. JEAN: I will remember that next time.

REP. EATON: Follow-up question, Mr. Chair. The question was, I get it, but the question was asked why printing of all the manuals, why isn't that included in whatever is being done?

MR. JEAN: So we have done away with printing of almost all materials to the recruits at the Academy because we use I-Pads now and everything is delivered electronically. So one of the requests on the printing side was the idea that we would, again, provide printed manuals to the recruit officers so that they can keep those manuals in the future. Because what happens is when they make arrests in the future, they get called into court. And then a lot of times the defense will want to know specifically what manual were you trained on. So the thought was if officers were actually provided with the printed manual which take their notes during their training that they would also have that available to them when they go to court and for discovery. So that it was going to be a benefit of that. Where we deliver things electronically, manuals will change, depending on the change in sobriety testing base from NHTSA. So that was the idea.

CHAIRMAN KURK: Further questions? Representative Umberger.

KAREN UMBERGER, State Representative, Carroll County, District #02: Thank you. Does -- so the simulator comes with a manual, but it's not digitized.

MR. JEAN: It's two separate items. The simulator was to provide training on the driving simulator for doing evasive maneuvers, detection of impaired drivers and stuff like that. The other request for the manuals is separate. The manual specifically is for the training on HGN and SFST. The driving simulator deals with practical -- more with the vehicle.

REP. UMBERGER: I didn't understand that from this.

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REP. EATON: No, but I'd second Senator D'Allesandro's motion.

CHAIRMAN KURK: Further question? There being none, thank you, sir.

MR. JEAN: Thank you.

CHAIRMAN KURK: We need a motion.

** SEN. D'ALLESANDRO: I move the item.

REP. EATON: Second.

CHAIRMAN KURK: Seconded -- moved by Senator D'Allesandro, seconded by Representative Eaton that the item be approved. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

*** {MOTION ADOPTED}

CHAIRMAN KURK: We turn now to Fiscal 17-038, a request from the Department of Safety for authorization to accept and expend \$230,000 in other funds through June 30th, 2017. Is there someone here from the Department who can answer questions?

MR. LAVOIE: Good morning. Steve Lavoie, Director of Administration.

CHAIRMAN KURK: Thank you, sir. Representative Eaton.

REP. EATON: I didn't have a question here.

CHAIRMAN KURK: Was this Representative Ober again or Representative Umberger?

REP. UMBERGER: Yes, this is fine.

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CHAIRMAN KURK: Representative Umberger is recognized for a question.

REP. UMBERGER: Thank you. The question is on the -- this is, obviously, going to the Yankee communities that are near the now decommissioned Yankee Nuclear Plant. So how long does this requirement for whatever they're called for --

REP. EATON: Decommissioning.

REP. UMBERGER: You know, the planning, the Homeland Security planning, how long does that have to go on?

MR. LAVOIE: So these funds are actually going towards statewide planning and exercise activities, which would include those on the Vermont border, but as well as potentially including some of our major cities as well. The -- the funding and the requirement for planning and training related to nuclear emergencies will continue because of Seabrook remaining in operation and the impact that that has on our state. So until -- until both nuclear power plants that are within our -- that are within our vicinity are closed or decommissioned, we'll always have a need to continue with planning and training exercises.

CHAIRMAN KURK: Follow-up. Representative Eaton.

REP. EATON: I just remember Representative Ober's question, which I thought I knew, and I think I still know just so Steve can say it. She wanted to know who is the 100% private and local funding.

MR. LAVOIE: The private local funds, that is the Vermont Yankee Voluntary Assessment.

REP. EATON: That was what I said.

CHAIRMAN KURK: Further questions?

** SEN. D'ALLESANDRO: I would move the item.

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REP. EATON: Second.

CHAIRMAN KURK: You ready?

REP. UMBERGER: Yes.

CHAIRMAN KURK: Senator D'Allesandro moves, seconded by Representative Eaton that the item be approved. Further discussion? There being none, are you ready for question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

*** {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 and RSA 124:15 Positions Authorized:

CHAIRMAN KURK: We turn now to Tab 5 on our agenda. I have requests to remove item 17-027, 17-028, 17-033, 17-037, and 17-039, leaving a single item -- a single item on the Consent Calendar. Does any -- we'll deal with them all separately, I guess.

Starting off with Fiscal 17-027, a request from the Department of Health and Human Services for authorization to accept and expend \$1,035,063 in Federal funds through June 30th, 2017, and to establish seven temporary full-time positions through June 30th, 2017. Is there a motion?

** REP. WALLNER: I'll move the item.

CHAIRMAN KURK: Representative Wallner moves the item.

SEN. D'ALLESANDRO: I'll second.

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CHAIRMAN KURK: Seconded by Senator D'Allesandro. Is there someone from the Department who can -- is there someone from the Department? Oh, good morning, again.

MS. ROCKBURN: Good morning.

MS. TILLEY: Good morning.

(Representative Ober left the room and Representative Byron is substituted in her place.)

CHAIRMAN KURK: There were several questions that folks had on this item. Representative Byron, I believe you had some.

FRANK BYRON, State Representative, Hillsborough County, District #20: Thank you, Mr. Chairman. Thank you for coming today. Question for you on this grant. Was this -- this goes until the end of the 2017 Fiscal Year. Continuing after that, are these positions part of the Governor's budget?

MS. ROCKBURN: These positions are not yet included in the Governor's Budget. They are 100% federally funded. We were waiting the outcome of Fiscal approval in State Fiscal 17 before we moved forward with putting them into '18 and '19. If it was to be approved, we would then seek to make an amendment during our Division III presentations to add these federal funds into it.

REP. BYRON: Okay. In terms of the positions, is it your intention that you would want to do -- can you do this as part of the normal budget process or do you have to start this earlier?

MS. ROCKBURN: For Fiscal 18 and 19?

REP. BYRON: Yes.

MS. ROCKBURN: I guess I'm unsure of the question. I'm sorry, can you repeat that?

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REP. BYRON: So my question really is, you're asking the Fiscal Committee to approve the time period between now and the end of July. Looking at some of these positions, my question really is they are going to be difficult positions to fill and how do you expect you'll have expenditures in '17 or will they only be in '18, '19?

MS. ROCKBURN: I'm going to turn that over to Trish Tilley to answer that. I understand you're looking for could these wait until July 1 or could we move forward sooner.

MS. TILLEY: Sure. Thank you very much for the question. The Department feels it's critical to start moving on recruiting and filling these positions as quickly as possible. We are at critical shortages in both our epi capacity and our laboratory capacity in areas around emerging diseases. So I think the quicker we -- we have been working with very short staff and with the outbreaks around things like Zika, we currently have a gonorrhoea outbreak, these staff are needed to come on as soon as possible to shore up other areas in terms of anti-microbial infections and some food borne illness, as well as arboviral.

REP. BYRON: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. BYRON: These positions are not simply restricted or focused strictly on Zika. It's also a broader spectrum.

MS. TILLEY: The CDC allows us to be flexible in where the positions are focused. Currently, we as a plan, we know that we have things like anti-microbial that we need to focus on and some other issues. But we know that with emergent, especially with the summer coming up around Zika, we know that that will increase in numbers and the CDC allows us to be flexible in where they focus their time.

REP. BYRON: And the grant continues until -- what's the expiration of the grant?

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MS. TILLEY: I don't have that.

MS. ROCKBURN: I'm going to have to get back to you on that. I don't see it in this handout.

REP. BYRON: I'm looking and I can't tell you what page. It says Page 1 of 16 at the very bottom, and it's one of the left-hand pages if you understand what I'm saying.

MS. ROCKBURN: I don't have a copy of that, that section with it. I believe it goes through 2020. But I'm going to double-check on that. I want to say I thought it was around September of 2019 which I believe is Federal Fiscal Year 2020 but let me confirm that.

MS. TILLEY: I also have the understanding that it is certainly through the next biennium, but I don't have the exact date for you.

REP. BYRON: And these grants would pay for 100% of the personnel?

MS. ROCKBURN: Correct.

REP. BYRON: Including benefits and everything?

MS. ROCKBURN: Yes.

REP. BYRON: No general funds?

MS. ROCKBURN: None.

CHAIRMAN KURK: Further questions?

SEN. D'ALLESANDRO: Mr. Chairman.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. Just looking over the people that you're trying to hire. It seems to me that

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there's going to be some difficulty in recruiting these personnel. So ample time needs to be in order to find them. You're looking for a microbiologist, you're looking for nurse specialists. These are pretty specific and pretty difficult to accommodate your needs. So how we going to get them?

MS. TILLEY: So we have reached out to all of the schools of public health, the nursing schools, and we have a wide range. Once we have the ability to start recruiting for these positions, we use our professional contacts to try and engage new graduates, as well as seasoned professionals, to come in and work for the Department.

Chris Bean, who is the Director of our Public Health Lab, has a long relationship with the University of New Hampshire. We utilize that to the best of our ability.

SEN. D'ALLESANDRO: Thank you.

VICE-CHAIRMAN DANIELS: Further questions? Senator Morse.

SEN. PRESIDENT MORSE: What have we been doing before this application?

MS. TILLEY: Thank you for the question, sir. We have been working incredibly hard on extremely limited resources. And so we have -- currently have some outbreaks, as I mentioned, about gonorrhoea is a great example, where we have gone from typically around 128 cases of gonorrhoea to over 465, and we simply do not have the manpower to do the kind of investigation, public health nurse investigation that we should have. So we are very concerned given any -- any new emergent infectious disease coming out that we have the power to and the manpower and the bench strength to address the public's health and safety.

SEN. DANIELS: Follow-up.

SEN. PRESIDENT MORSE: How many nurses are we short already?

MS. TILLEY: So --

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SEN. PRESIDENT MORSE: Within all 2600 employees.

MS. ROCKBURN: I don't know that direct number, Senator Morse. I could probably easily get that for you.

SEN. PRESIDENT MORSE: Isn't that significant?

MS. ROCKBURN: On average we have an almost close to 15 -- 13, 15% vacancy rate. A lot of that is in our nursing area, but I have to get the exact number for you.

MS. TILLEY: And -- there's no Chair. And if I may follow-up? For these positions it is, you know, a very different recruiting strategy than, say, nurses for the New Hampshire Hospital. These are nurses that have a very different interest and a different skill set necessarily than floor nurses.

SEN. DANIELS: Representative Byron.

REP. BYRON: Thank you, Mr. Chairman. You've got about a total expense, I think, of \$1 million roughly budgeted between now and the end of this Fiscal Year to be used for this. Do you believe that you're going to be able to spend all that money in terms of your recruitment effort, your people on board and everything else?

MS. ROCKBURN: Just to clarify on the dollars, if you look on Page 2. Of the million, the amount for just the positions is only about \$200,000 of that million. The rest of that is sitting in, you know, equipment contracts, other service lines. So the majority of the million that we are requesting is not in the personnel for the remainder of State Fiscal 17.

We recognize that we are going to have a delay in that hiring for State Fiscal 17. So that if you look at the, really, descriptions, more of that is sitting in our service area.

REP. BYRON: Follow-up.

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VICE-CHAIRMAN DANIELS: Follow-up.

REP. BYRON: And assuming this grant expires at the end of the biennium, 18-19, do you believe that you're going to be able to find the types of people you need with the understanding that their jobs may go away potentially if that's not put into the -- either another grant secured or put into the budget for the next biennium?

MS. TILLEY: Well, we would acknowledge that it is always challenging to recruit for these highly technical positions. I believe that we can -- we can fill them and we often work with that uncertainty of grant funding. We are fortunate to have a great relationship with the CDC. There are other funds coming along the way; but right now I think we are confident that we can fill these very needed positions.

REP. BYRON: Thank you.

SEN. DANIELS: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. Just to improve on Senator Morse's question, I think that's one that really deserves iteration. You mention the cases of gonorrhea have gone from 100 to 400. That's an enormous increase.

MS. TILLEY: Yes.

SEN. D'ALLESANDRO: How are we servicing? I mean, if personnel are limited because we can't find nurses, I mean, didn't we just have the action of the Governor and Council increase the salaries that we can put forth for nurses? If that hasn't brought us to the point where we are filling those vacancies, how we going to fill these? That's really my concern. I have strong belief in servicing, but how we going to do it? I mean, that's my issue.

MS. ROCKBURN: I'll reiterate what Trish said earlier. The 15% enhancement that Governor and Council had approved is only

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the nurses at New Hampshire Hospital. So they were very specific to that area. I think this is a different category of specialists.

MS. TILLEY: Yes. So if you can look at your list. We have one nurse noted on here, one nurse specific role. We have opened up some of our classifications to having program specialists and epidemiology assistants so that we can broaden the professionals from which we can gather that information.

SEN. D'ALLESANDRO: So if I might?

VICE-CHAIRMAN DANIELS: Follow-up.

SEN. D'ALLESANDRO: So broadening the categories you think, what, you expanded the base --

MS. TILLEY: Yes.

SEN. D'ALLESANDRO: -- in terms of recruitment?

MS. TILLEY: Yes.

SEN. D'ALLESANDRO: I understand that. But, again, my perception is you're in a critical situation in terms -- I mean, if you look at the labor supply, it's non-existent basically. Thank you, Mr. Chairman.

CHAIRMAN KURK: Further questions? There being none, are you ready for the question? Thank you, ladies.

SEN. D'ALLESANDRO: I move the item.

CHAIRMAN KURK: It was -- I believe it was moved and seconded. Are you ready for the question? All those in favor of approving 17-027, please now indicate by saying aye? Opposed? The ayes have it. The item is approved. One nay. We had at least one nay but was approved.

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SEN. PRESIDENT MORSE: Like the Chair, I'd like to be recorded as a nay.

CHAIRMAN KURK: Let's have a show of hands. All those in favor of the item, please indicate by raising your hand? One, two, three, four, five, six. All those opposed? Three. The motion carries 6 to 3.

*** {MOTION ADOPTED}

CHAIRMAN KURK: Moving on to Fiscal 17-028, a request from the Insurance Department to accept and expend \$583,603 in Federal funds through the end of this year and establish a consultant position through the end of this year. Is someone from the Insurance Department available? Good morning again, gentlemen. Representative Ober has a question.

MR. SEVIGNY: Good morning. Thank you.

REP. OBER: Tab 5. Commissioner, I just wanted to know about this position, whether it was already in the budget. As I didn't -- I figured you weren't going to spend more than half a million dollars between now and June 30th.

MR. SEVIGNY: That's right. The position is a very small part of what will be expended from this grant. We already have a part-time position that does -- that administers these and does the bookkeeping for these federal grants that we have had for other grants that have been received and accepted. This would simply continue her position and allow her to work on this particular grant. Did I get it right, Ted?

TED PERKINS, Department of Insurance: That's correct.

REP. OBER: Is she in the budget for Fiscal Year 18? If you don't spend this through '17, she would need to be in the budget.

MR. SEVIGNY: As part of the grant?

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MR. PERKINS: She is currently a part of the budget for '18 and '19, correct; '17, '18 and '19.

MR. SEVIGNY: In the grant funding, not in our, right, our assessment budget.

CHAIRMAN KURK: Further questions?

REP. OBER: I don't think they answered that.

CHAIRMAN KURK: Representative Ober.

REP. OBER: If I go to your last page of your budget, it will show me how many employees total you have. And is this position counted in that total?

MR. PERKINS: That is correct.

REP. OBER: Thank you. That makes it clear. Thank you, Mr. Chairman.

CHAIRMAN KURK: You're welcome. Is there a motion?

** SEN. D'ALLESANDRO: Move the item.

REP. OBER: Second.

CHAIRMAN KURK: The item has been moved for approval by Senator D'Allesandro, with a second by Representative Ober. Further discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved. Thank you, gentlemen.

*** {MOTION ADOPTED}

MR. SEVIGNY: Thank you.

CHAIRMAN KURK: We turn now to 17-033, a request from the Department of Education to accept and expend \$3 million in

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federal funds for the end of this year and establish two temporary full-time positions through the end of this year. Is someone from the Department of Education available? Good morning and welcome.

TAMMY VAILLANCOURT, Chief Financial Officer, Department of Education: Good morning. Tammy Vaillancourt, Chief Financial Officer for the Department of Education.

MARY STEADY, Administrator, Department of Education: Mary Steady, Department of Education.

CHAIRMAN KURK: There was a question.

REP. OBER: I think, Mr. Chairman, if I might? We were curious whether these positions are in Fiscal Year 18 and 19 budget already?

MS. VAILLANCOURT: The funding has been entered into the budget. They will remain as temporary full-time positions.

REP. OBER: So if I could follow-up. So you really just need our approval to start between now and June 30th because everything is in the budget.

MS. VAILLANCOURT: Correct.

REP. OBER: Thank you.

CHAIRMAN KURK: Question on what the purpose of this project is. What are we getting for our \$3 million a year, what results -- not the services provided but the results of those services? How will our children be different in some measurable way as a result of spending three million Federal dollars a year?

MS. STEADY: So the results of the program really will be used, as I heard you speak earlier, on some evidence-based practices. One of them is a multi-tiered system of support. We have implemented this and other schools through other Federal

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projects, and we're really seeing a decrease in student office discipline referrals and an increase of time gained back into the classroom.

Multi-tiered system of support model really shows if you're looking at the evidence K to 12, and if you're implementing it that there's a reduction in those behavior so there should be any more than any one office discipline referral per day. We have some local data to show that we've decreased that even further. So school districts decreasing office discipline referrals by over 50%, one particular school district has moved from five major office discipline referrals per day down to .9, which increases kids' time back in the classroom, teachers' time back teaching, administrators' time and, obviously, dealing with the systemic issues that the school has to focus on.

CHAIRMAN KURK: Thank you. That's very helpful. Will you be able to give us this data at the end of year two and three and so on?

MS. STEADY: Absolutely, yep.

CHAIRMAN KURK: Thank you. Further discussion? Did we have a motion on this?

** SEN. D'ALLESANDRO: I move the item.

REP. EATON: Second.

CHAIRMAN KURK: Moved by Senator D'Allesandro, seconded by Representative Eaton that the item be approved. Further discussion or questions? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved. Thank you.

*** {MOTION ADOPTED}

CHAIRMAN KURK: We turn now to Fiscal 17-036, a request from the Department of Health and Human Services for authorization to accept and expend \$320,015 in Federal funds through the end of

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this year and subject to the approval of, number one, to establish one full-time temporary Program Specialist position.

** REP. WALLNER: Move the item.

CHAIRMAN KURK: Representative Wallner moves. Seconded by?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Senator D'Allesandro that the item be approved. Is there someone from the Department who can answer questions? Good morning.

JOSEPH HARDING, Director, Bureau of Drug and Alcohol Services, Division of Community Based Care Services, Department of Health and Human Services: Good morning, Chairman, Members of the Committee. My name is Joe Harding and I serve as the Director for Drug and Alcohol Services at Health and Human Services.

CHAIRMAN KURK: Thank you. Could you explain what the modification of the electronic health records means?

MR. HARDING: So that they would be able to make some adjustments to the electronic health records to be able to monitor certain metrics associated with these services. So the use, their participation and treatment for substance use disorders treatment, medication, the types of medication they're getting, that sort of thing.

CHAIRMAN KURK: These are people for whom you already have personal medical records?

MR. HARDING: Uh -- these would be contracts with FQHC, Federally-Qualified Health Centers, that already have electronic health records systems, and they would modify those systems to be able to meet the reporting requirements for our Federal grant for these services.

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CHAIRMAN KURK: Okay. Let me thank you for item number three on Page 2 where you actually have some standards that you put in here.

MR. HARDING: Yes, sir.

CHAIRMAN KURK: Apparently, words have consequences. Thank you. I appreciate it. Further questions? Representative Umberger.

REP. UMBERGER: Thank you. So this is not money that will actually go to programming but rather just to personnel?

MR. HARDING: So this is -- majority of the funding, the Federal funding from the substance abuse went to health services administration is for programming, about 90% of the funding that would go to contracts to provide medication-assisted treatment services, and then there's funding for a position within the Department that's required by that Federal agency to manage this grant.

REP. UMBERGER: If I might?

CHAIRMAN KURK: Follow-up.

REP. UMBERGER: So this is the money for the person to manage.

MS. ROCKBURN: No, this request includes money for not just the position, but also for the direct services that would go out related to the medication-assisted treatment. Sorry.

MR. HARDING: Yes, about 90% of the funding is for the actual services.

REP. UMBERGER: If I may?

CHAIRMAN KURK: Follow-up.

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REP. UMBERGER: So the two -- the 286, that's your direct service money.

MS. ROCKBURN: Correct.

REP. UMBERGER: Thank you.

CHAIRMAN KURK: Further discussion? Senator Morse.

SEN. PRESIDENT MORSE: Thank you. The position that's in here, it's my understanding that's in the Governor's Budget.

MS. ROCKBURN: That is correct. This one is.

SEN. PRESIDENT MORSE: Thank you.

CHAIRMAN KURK: Further discussion or questions? There being none, are you ready for the question? All those -- the motion is to approve. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved. Thank you.

***** {MOTION ADOPTED}**

CHAIRMAN KURK: We'll stand in recess for five minutes.

(A recess was taken at 11:16 a.m.)

(Reconvened at 11:25 a.m.)

CHAIRMAN KURK: Committee will come out of recess. The Chair recognizes Representative Ober who moves to take Fiscal 02 -- 17-026, a request from the Insurance Department, off the table.

REP. OBER: Tab 3.

CHAIRMAN KURK: Is there a second?

SEN. D'ALLESANDRO: Second.

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CHAIRMAN KURK: All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is before us.

***** {MOTION TO REMOVE THE ITEM FROM THE TABLE ADOPTED}**

CHAIRMAN KURK: The Chair recognizes Representative Ober for a motion.

****** REP. OBER: Thank you, Mr. Chairman. I move to allow the Insurance Department to transfer a total of \$145,320. Of that, \$96,880 will go into Class 10; 48,440 will go into Class 60, and this represents the five jobs we were discussing.

CHAIRMAN KURK: Is there a second?

REP. EATON: Second.

CHAIRMAN KURK: Seconded by Representative Eaton. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the motion is approved and the item's approved to the extent of the motion.

***** (MOTION ADOPTED)**

CHAIRMAN KURK: We turn now to Fiscal -- we are back under Tab 5, Fiscal 17-037, a request from the Department of Health and Human Services for authorization to accept and expend \$143,198 in federal funds to the end of this year; subject to the approval of that item; re-establish one full temporary position through the end of this year. Is there a motion?

****** SEN. D'ALLESANDRO: Move the item.

CHAIRMAN KURK: Move the item. Seconded by Representative Wallner.

REP. OBER: 37.

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CHAIRMAN KURK: The motion is to accept Fiscal 037. Are there questions? Excuse me, Senator Daniels.

SEN. DANIELS: Thank you. A question for the Department, please.

MS. ROCKBURN: Good morning, Senator.

MS. TILLEY: Good morning.

SEN. DANIELS: Is this item in the Governor's Budget?

MS. ROCKBURN: This one is not yet in the Governor's Budget for '18 and '19. Once again, we were pending the approval from Fiscal and then we would work with Division III to ensure that this funding does go into the budget going forward.

SEN. DANIELS: Thank you.

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Your item to us was dated January 20th, which is long before the budget came out. How come this didn't get into the budget?

MS. ROCKBURN: One of the things that was holding this up is the creation of the position, and we did not have that approval from the Department of Administrative Services until December 30th, 2016, and that's one of the attachments in the handout. So while the grant had come in, we did not have the position established in time.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

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REP. OBER: However, the Governor was actually inaugurated in January, so you had that approval prior to the time he started working on the budget. So the question remains, how come this didn't get put into the budget?

MS. ROCKBURN: Yes, this is definitely something on the Department. We had some miscommunication in terms of whether or not we wanted to bring this forward prior to the Fiscal approval of it. So we decided to hold off on the Fiscal approval first before bringing it forward in the Governor's Budget.

CHAIRMAN KURK: Senator Morse.

SEN. PRESIDENT MORSE: I'm just going to make a general statement. The -- if we keep approving all these things that aren't in the budget as the House is going through its phase of making -- putting in what needs to be in there, and maybe this does, you're going to be delivering us a \$13 billion budget. And no matter what, everybody can feel great, it's not going to happen. I mean, and I'm concerned we approved a million dollars already, and then we have this and the one after it. These things aren't in the Governor's budget. So we are making decisions today that are handcuffing you guys as you go through the process, and I am just not sure that's a good idea.

CHAIRMAN KURK: Further discussion? There being none, are you ready for the question? The motion is to approve the item. If you're in favor of that, please now indicate by saying aye? Opposed?

Show of hands, please. If you're in favor of the item, please indicate now by raising your hand? Opposed? The motion carries 5 to 4.

***** {MOTION ADOPTED}**

CHAIRMAN KURK: We now turn to Fiscal 17-039, a request from the Department of Safety for authorization to accept and expend \$680,320 in federal funds to the end of the year; and if that is

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approved, for authorization to establish a full-time temporary position, part-time position.

** REP. EATON: Move approval.

CHAIRMAN KURK: Moved by -- approval is moved by Representative Eaton, seconded by?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes, thank you.

CHAIRMAN KURK: Discussion and questions? Is somebody from the Department of Safety available? Thank you.

MR. LAVOIE: Good morning. Steve Lavoie, Director of Administration.

CHAIRMAN KURK: Representative Umberger is recognized for a question.

REP. UMBERGER: Yes. My question is dealing with don't we already have people that provide education for the State on fire service safety for fire safety?

MR. LAVOIE: Yes, we do have people that provide education to the people of the State on fire safety. What this particular grant does is the primary focus is to install smoke alarms and carbon monoxide alarms. And the idea was to use that opportunity to add an educational component during the installation process in and of itself. And so this position, this temporary part-time position would be responsible for ensuring that that program is rolling out to the communities.

CHAIRMAN KURK: Follow-up.

REP. UMBERGER: Yes. I -- I have no problem with the installation of all the things which I don't know exactly who's

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going to do that but somebody is; but I do feel that within the Department that you have fire safety people that actually do a good job in conjunction with the various communities. And so I don't have the -- so my recommendation would be to reduce this by the \$20,478 for the temporary person.

CHAIRMAN KURK: Question on this. How many alarms or how many smoke alarms are going to be purchased?

MR. LAVOIE: We'd be purchasing enough to install in 3,900 households. That's the target amount. We need to go out to bid and see how many we can actually obtain.

CHAIRMAN KURK: And that's going to cost us \$680,000?

MR. LAVOIE: That would be part of the \$571,000 under the Class 20 expense.

CHAIRMAN KURK: No, but for the whole program is 680,000 to distribute?

MR. LAVOIE: Correct.

CHAIRMAN KURK: Thirty-nine hundred. So that's \$175 per smoke alarm -- per household.

MR. LAVOIE: Per household, correct.

CHAIRMAN KURK: And that would be multiple alarms?

MR. LAVOIE: That could be multiple alarms depending on the size of the house and the floors.

CHAIRMAN KURK: And covers the cost of installation as well as the alarms?

MR. LAVOIE: Correct; and these are -- these are ten-year alarms where the battery is good for ten years, can't be taken out. The targeted communities are those that are in the most need of this type of smoke alarm. They don't have a large amount

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of -- there aren't a lot of smoke alarms in those areas. They're in older buildings so they don't have the requirement to have hard-wired alarms. If they do have alarms, they may or may not have batteries that are up-to-date. They may not be checking them. So it's really the high-risk population that we are targeting with this particular grant program.

CHAIRMAN KURK: Would these be going into apartment buildings where the owner has failed to put in alarms?

MR. LAVOIE: No. These are only for single-owner homes. No apartment buildings or tenant-occupied spaces.

CHAIRMAN KURK: Thank you. Representative Eaton.

REP. EATON: Mr. Lavoie, just so there's clarification. The item you're requesting, including the part-time personnel, is 100% federal funds, no match money, no General Funds; correct?

MR. LAVOIE: That's correct. It's 100% federal funds from the Assistance For Firefighters Grant from the U.S. Department of Homeland Security.

CHAIRMAN KURK: The 5% match?

MR. LAVOIE: It's a 5% -- I believe it's a 5% soft match.

REP. EATON: In-kind?

MR. LAVOIE: In-kind match.

CHAIRMAN KURK: Which you will meet by doing what?

REP. UMBERGER: Says will be met with in-kind services.

MR. LAVOIE: I don't have the exact amount, but there's other -- there's other services and work associated with any type of program like this, which we have -- if we are not using those expenditures for an existing grant match, then we can use those to support this particular grant. The Fire

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Safety -- Division of Fire Safety doesn't currently have a large grant portfolio. So we should have ample opportunity to utilize the soft match.

CHAIRMAN KURK: Thank you. Further questions? There being none, are you ready for the question? All those in favor of approving this item, please now indicate by saying aye? Opposed? The ayes have it. The ayes have it and the item is approved.

SEN. PRESIDENT MORSE: Mr. Chairman, could we have a five-minute recess?

CHAIRMAN KURK: We certainly may. We'll stand in recess until quarter to 12.

(A recess was taken at 11:34 a.m.)

(Reconvened at 11:48 a.m.)

CHAIRMAN KURK: Committee will come out of recess. The Chair recognizes Representative Umberger to make a motion to remove an item from the table.

** REP. UMBERGER: I would like to remove 17-010 from the table.

CHAIRMAN KURK: Is there a second?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Was that Senator D'Allesandro?

SEN. D'ALLESANDRO: Well, I would defer to Senator Morse.

CHAIRMAN KURK: Senator Morse. Chair recognizes Representative -- oh, sorry.

REP. UMBERGER: Let me find my place here.

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CHAIRMAN KURK: The motion is to remove this item, Fiscal 17-010, from the table. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is removed from the table.

***** {MOTION ADOPTED TO REMOVE THE ITEM FROM THE TABLE}**

CHAIRMAN KURK: Chair recognizes Representative Umberger for a motion.

****** REP. UMBERGER: Yes, I would like to move that we approve \$203,995 for the -- for this request and this excludes the cost for the three cruisers.

CHAIRMAN KURK: Is there a second?

SEN. PRESIDENT MORSE: Second.

CHAIRMAN KURK: Second by Senator Morse. Discussion?

SEN. D'ALLESANDRO: Just could we get that exactly what she said? I didn't quite get it all.

REP. OBER: Is the Agency here?

CHAIRMAN KURK: Senator D'Allesandro asked that the motion be repeated. Representative Umberger.

REP. UMBERGER: Oh, good.

SEN. D'ALLESANDRO: Please.

REP. UMBERGER: I am recommending for this item 203,995.

CHAIRMAN KURK: The motion is to approve the item, but with the amount requested at \$203,995.

REP. UMBERGER: Right.

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CHAIRMAN KURK: And specifying that this money is not to cover the cost of the cruisers.

REP. EATON: Mr. Chairman.

CHAIRMAN KURK: Are you satisfied, Senator?

SEN. D'ALLESANDRO: Yes, thank you.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: Mr. Chairman, having recollections of a fire truck elsewhere in the State of New Hampshire that appeared without an appropriation, I'm wondering if we could have an exact description and explanation of what these funds are for and why they're here.

CHAIRMAN KURK: Is someone from the Department available?

REP. EATON: I'm pitch hitting for you, Senator.

CHAIRMAN KURK: Good morning.

MR. NORMANDEAU: Good morning. Still barely. Again, Glenn Normandeau and Colonel Kevin Jordan. Kevin, do you want to --

CHAIRMAN KURK: Representative Eaton.

REP. EATON: Now that we have got the cruisers out, can we have an exact description of what the dollars are for, if they have been pre-promised, and why?

COLONEL JORDAN: So, yes, with the cruisers out of that mix, we are left with dollar amounts to include the assigned details -- it will take me a second here, sir -- but assigned details amounting to -- there we go.

REP. OBER: Twenty-five thousand.

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COLONEL JORDAN: The overtime details for the concentrated patrols, sir, would add up to 25,000. The current expense line, which is monies that is used to purchase various items, such as cold winter clothing, replacement of goggles, replacement of helmets and shields, to buy -- to pay for the safety programs, the materials used in the safety programs, and some of the training that's involved that totals \$25,000. The equipment cost I'll get back to because we reduced that.

The temporary personnel services would be the additional money that I pay a currently working temporary dispatch to work through the weekend month -- weekends through the snow machine season as that's when the activity is increased. The \$10,000 lines would be for the benefits for those positions. And then the equipment, sir, what we have left for equipment would be the off-road motorcycles, four off-road motorcycles that we use in enforcement of OHRV and ATV laws in the summer months in the amount of 28,000. ATVs, all-terrain vehicles, which are the full four-wheeled vehicles that we use to patrol the ATV trail systems throughout the state in the summer months, five of those. And then snow machines that are being used currently now.

The only equipment that was bought in advance was the equipment line of my OHRV budget. I took -- I have to order my snowmobiles earlier in the year because it takes a few months to get them here for the season. So those machines were ordered as I've done every year for the last 20, we ordered those in September. They're normally here by late, I believe, it's November. And we get them set up to go onto the trails. We purchased five this past year to replace five older ones, and those were put on the trail in December. And so I'm looking to replace that money in my equipment line for OHRV. I use the extra snow machine registration money every year to purchase that equipment and that amounts to 57,695.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: So I'm just really confused. And seeing what other departments have had for questions, this really throws me.

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\$25,000 for clothing, goggles, and all that that was not in your original budget.

MR. NORMANDEAU: We base a -- we put a base budget for OHRV together for every year going into the biennium. There is a specific statute related to the OHRV laws that talks about us coming to Fiscal Committee for approval each year for using the balances that are in these accounts. And because the amount available varies so much, most of the OHRV money is snowmobiles. Snowmobile registrations go up and down like a yo-yo depending on snow. So what happens is, is we have a baseline that we use every year, a baseline number of registrations of all the OHRVs that were used for budget purposes. And then what amounts to excess in the funds is what, typically, following that statute we come here every year. I mean, this is my eighth year as Director. I've come here every year for those eight years, and I believe it was occurring long before me to when we see what we have in the balance to augment the -- what is in the budgeted -- budget process itself. And -- and that's been the process we've used for a long time.

So in this case with these snow machines, there is an equipment line in the existing OHRV budget; again, based on a certain low baseline of registrations. The Colonel will order those snow machines and have delivered and they got in here in December, which pretty well cleans out what the baseline equipment money is. And then, historically, what's happened is we have come here and, essentially, the funds that we have requested at this meeting with Fiscal have reinvigorated the balance, if you will, in OHRV in our current budget.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: I understand what you just said about the snowmobiles. It seems like bizarro world form of purchasing and budgeting. You said \$25,000 for clothing and goggles. These are full-time officers that are uniformed on an ongoing basis. Why are we getting \$25,000 for clothing and goggles off-budget in this kind of a meeting?

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COLONEL JORDAN: It's more than just clothing and goggles. I use those as examples, sir. But it's also used to fund material for the OHRV program. We teach classes throughout the state throughout the year. There are materials that need to be purchased for that. It could be one of the officers destroys his storage bag on a snow machine where he keeps his equipment in. That current expense money is used for those miscellaneous type expenses. It's much more than just goggles and helmets. And you have to buy -- when you're asking them to do what I asked them to do this past weekend, you have to buy some, you know, snow pants to replace snow pants that get ripped, those type of expenses. It doesn't meet the level for equipment lines so it's used through this general expense line.

REP. EATON: There's a reference to benefits. You paying benefits to part-time people?

MR. NORMANDEAU: Benefits would cover -- required benefits to both the overtime line, as well as part-time and, remember, the benefits don't just include health and retirement, et cetera; but the benefit line includes FICA, you know, stuff whether you're part-time or not, the Department has to pay our share, our share of Social Security, you know, whatever it is. So it's not -- even if they're part-time, they're not -- those benefits wouldn't include, obviously, health and retirement but they still include those pieces.

REP. EATON: One more.

CHAIRMAN KURK: Follow-up.

REP. EATON: Director, are any of these funds being funneled out to local communities, local departments for any enforcement activity?

MR. NORMANDEAU: Yes. Those grants have gone out quite some time ago. But there is OHRV money that we grant to local PDs to assist, mostly -- mostly for OHRV. I don't know about snowmobiles.

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COLONEL JORDAN: No, OHRV.

MR. NORMANDEAU: Just OHRV.

REP. EATON: I thought a couple years ago we discontinued those grants?

MR. NORMANDEAU: They have been reduced, but they're still --

COLONEL JORDAN: Didn't discontinue them, sir. We reduced them. Again, in a tight budget year, it was decided that that money would be better spent within the Agency. So they took away the requirement for the amount, but we still provide those -- what it did is it tightened that program up. It made us go out to the towns to make sure that the towns that were receiving the monies were actually producing enforcement actions. So it reduced that amount, but those monies are still granted every year in the spring of the year.

MR. NORMANDEAU: Which is, what, 20 maybe?

COLONEL JORDAN: I believe it's twenty.

MR. NORMANDEAU: I believe it's around 20,000 a year.

REP. EATON: Mr. Chairman, I just want to state on record that I asked that specific question two years ago. I don't know if it's in the record Ceil has. I was told at this table they were no longer doing those grants.

CHAIRMAN KURK: Thank you. Representative Ober.

REP. OBER: Colonel.

MR. NORMANDEAU: Yes, ma'am.

REP. OBER: The Director has said something that has now confused me.

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COLONEL JORDAN: Yes.

REP. OBER: You said - and I'm paraphrasing what I heard so I figure you'll correct me if I have it wrong - you said you have to order the snowmobiles early which would be sometime in the fall.

COLONEL JORDAN: Yes.

REP. OBER: And that they went into service in December.

COLONEL JORDAN: I believe that's correct, yes.

REP. OBER: And the Director said that you used the current budget, which is Class 30, you have a little more than 100,000 in there to pay for those snowmobiles.

COLONEL JORDAN: Yes.

REP. OBER: Then I don't understand why you're asking for more money to be transferred at this time rather than wait for the budget?

REP. EATON: Exactly.

REP. OBER: I'm confused. We had been told the transfer in Class 30 was to pay for snowmobiles and cruisers. We have removed the cruisers, and I think you gentlemen both just agreed that the money you had budgeted paid for the snowmobiles that are already in service.

COLONEL JORDAN: We took money from -- I took money out of our equipment line of our current budget to pay to purchase those snowmobiles, yes. And then I used the -- I've used the carryover for every year after that to replace that equipment line so that we could purchase the other equipment that I described.

REP. OBER: What other equipment did you describe?

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COLONEL JORDAN: We are purchasing -- we are looking to purchase four off-highway motorcycles, five ATVs and to replace the snow machine cost in that line item.

REP. OBER: But the snowmobile machine was budgeted for and paid for out of equipment new/replacement. You have more than \$100,000 there. We have agreed you ordered those. They're in service. You have already paid for them. You have budgeted dollars.

COLONEL JORDAN: Right.

REP. OBER: You have a budget year coming up.

COLONEL JORDAN: Right.

REP. OBER: In fact, we are budgeting now. So I don't understand why you would not just be budgeting for the new unpurchased things in the budget year and working with Division II, rather than asking for a transfer at this point in time?

MR. NORMANDEAU: When would you get them?

COLONEL JORDAN: That's the problem. I wouldn't get them -- the problem -- it would slow down our ability to purchase them, Representative Ober. I wouldn't be able to get them until the budget came in. And I would have to try and make it through as the seasons are on with that equipment. That is -- this replacement of this money will allow me to buy them for the next season that I have to buy them for. So it keeps me a season -- it keeps me a season ahead so I can purchase the equipment when I need it for the seasons that are currently on.

REP. OBER: I'm going to yield to Representative Umberger because she goes over your budgets and I hear her going wait, wait, and I'm just confused. Two observations, why don't I do that. Please when you budget, budget enough to get you through the coming biennium. We intend for you, for every agency to have a budget that carries them through so that you can get stuff you need. We are not -- we are not intending to squeeze the pennies

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so much that you don't feel like you have stuff to get what you need. Just think about that. Representative Umberger, I yield to you, because --

CHAIRMAN KURK: Representative Umberger is recognized for a question.

REP. UMBERGER: Thank you. Have you already purchased the motorcycles and the ATVs?

COLONEL JORDAN: No, ma'am, I haven't purchased anything but the snow machines, and the only reason I did that because I needed them for the season. If I was purchasing them now, it would be too late. So those are purchased early for the season.

REP. UMBERGER: Understand that.

COLONEL JORDAN: That's the only reason.

REP. UMBERGER: I believe that Representative Ober or that you indicated to Representative Ober that the hundred thousand dollars in your current budget for '17 covered the 57,695 for those items.

COLONEL JORDAN: That was money set aside for that, ma'am, yes.

REP. UMBERGER: Okay. And so the four motorcycles and the five ATVs are how much?

COLONEL JORDAN: The four motorcycles are \$28,000 and the five ATVs were quoted at 37,500.

REP. UMBERGER: So we are really in the equipment line for what we're after, we are really -- we are really about \$15,000 short to purchase all of this.

MR. NORMANDEAU: If you used it for anything else.

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COLONEL JORDAN: I'm sure I have. I can't tell you off the top of my head.

CHAIRMAN KURK: Colonel, it seems to me the issue here is a timing one. When we talk about buying equipment for a budget period, we assume it's going to be bought and used during that period. But you're telling us that you need to purchase now for the next budget period.

COLONEL JORDAN: Because we have set our budgets to that, sir, that's the problem, is because we have done this for 20 years. So this was -- has been the process. We set our budgets and our purchasing up to match what I get for money, yes. What I tried to do, what I've tried to do is to get the equipment that we need during the season that we need it, and apply and pay attention to all of the State requirements as far as when those quotes come out from the dealers, so you have to take that into account. If you miss that opportunity, if -- like if I'm going to price ATVs now, actually, because it's so late now to try and get this money, that they may not be any longer building the machines for '16. I may, in fact, go to '17 which would increase the cost or an example like that. So those are the things that we have to kind of pay attention to. So, yes, I purchase them early to get ahead.

CHAIRMAN KURK: What we could do is to take out \$257,500 from this account, the equipment new/replacement account, approve the rest, that would give you your patrols; and then that \$257,000 would appear in the 18-19 budget.

COLONEL JORDAN: The problem with that, sir, the season is full on before I would get the money to make those purchases.

REP. UMBERGER: The motorcycles and ATVs.

CHAIRMAN KURK: You need them when?

COLONEL JORDAN: I -- we should have ordered them already to have them here for the spring.

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CHAIRMAN KURK: In other words, you need them for before June -- you need them in-service before June 30th, '17?

COLONEL JORDAN: Actually --

CHAIRMAN KURK: Not to have them for use after June 30th.

COLONEL JORDAN: We need them by May. The season opens in May. The season is full on in May.

MR. NORMANDEAU: Again, if I may, Mr. Chairman. We would be more than happy, and I think I mentioned this last time, to change the way we have been doing this if that is what the Legislature wants. What's got us in a quandary is coming in, going, you know, we have been -- this is sort of the methodology that's been used for a long time. And then suddenly, you know, basically suddenly it's a problem. And so we are not -- and I get it. I mean, I understand exactly what you're saying. What you really are telling us to do is to change what we have been doing and I understand that. It just leaves us in a bit of a stuck position between now and the new budget coming out. That's all.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: Do you currently have ATVs and motorcycles?

COLONEL JORDAN: I do, sir. I have some, yes. I have some should have been replaced long ago. We keep fixing and repairing and nurturing to get them by, yes.

REP. EATON: Follow-up. These are to replace existing equipment?

COLONEL JORDAN: Correct.

REP. EATON: And follow-up.

CHAIRMAN KURK: Follow-up.

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REP. EATON: Knowing a little bit about ATVs and motorcycles, unless you're beating the hell out of them, you could get another six months to a year out of it and get into the normal ordering time. You just stated we are already past the deadline for this -- for this bid process.

COLONEL JORDAN: The problem is you're using these under extreme conditions. So they wear more than the average rider wears an ATV. So if you run them a longer period of time, you're going to spend more money because you're going to have to do the repairs. And so if you do that, if you're -- we have found through years of doing this that it's -- that it's more inexpensive for the State and our budgets if we pay attention to good maintenance and replace them when they're due to be replaced. And you have to do that in a cycle when the bids come in from the State bids, that you stay within the deadlines of those State bids so you can get that current year and get that price. And then get them and balance that with getting them in the time you need them. When you go away from that, there's a lot of moving parts there that you're trying to hit.

It's not impossible to do what you're asking. It's not impossible to do that. It's just it makes -- it makes -- it makes it dangerous. I don't like to have officers out there on equipment that's old and worn out. It's a dangerous thing to do. I feel it's better to do it the way we have always done it.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: Except you just stated ten minutes ago that you're pretty sure we are already past the bid deadline.

COLONEL JORDAN: We are for this year. I believe we are. So I'm going to be in a position if I were to get this money I would go back out and quote these again and my -- and I don't know that. I have to go out and do that. I can't do that until I have the money. But we may be into a newer model year where the price would increase and then I have to evaluate. I may only be able to get four instead of five at this point. That's all part of what we have to do when we do this.

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CHAIRMAN KURK: Representative Ober.

REP. OBER: So, Colonel, I think what we are urging you is, please budget correctly. When I hear we have a Director has been here eight years and always done it this way, I think you need to look at how to be proactive. We want you to have money to fulfill your job and to be able to do your job safely and effectively and that's what we look for in the budget. So when you come to Division II, come and look at what you need. Because one of the things we try to say to people is we are being as transparent as possible with the budget and how we are spending our money.

You guys have been sitting at that table three times now over two months on this item and only today at the third sitting have we heard that the snowmobiles have already been purchased and put in service. That's something we should have talked about the first time. All I'm saying to you is, please, think about the budgeting. Budget it so you get what you need and get it safely for your men.

COLONEL JORDAN: Okay.

REP. OBER: Just do that when you come to Division III.

COLONEL JORDAN: The only thing I would offer there, ma'am, I'm not -- I come to a lot of committees in the state and the Senate, and I'm very comfortable in most. I don't spend a lot of time in front of Fiscal. So my feeling was when I arrived here in the three times that I personally have been here is that I only answer the questions that are being brought. I am going to be more aggressive about providing information to this Committee because I don't, when I leave here today, I do not want anyone on this Committee to think that anything is being done or mishandled or hidden from you. That is not the case. I'm sending officers on thin ice in extreme conditions under various times of the day and night and all I'm trying to do, ma'am, is make sure they return home to their families safely with the

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equipment and give them -- the least I can do is provide them with the equipment and the tools to do that job.

So I have to come here to get extra money because I don't know -- we don't know from year to year how many registrations I'm going to have. Now this year I have a good year of snow so I have a good number of registrations. We'll have a good carryover for the next year. I can't budget that every year. If I were to budget out \$200,000 in anticipation of a good snow year and we have a collapsed year, I'm not going to have those funds. So we always had to kind of do it this way and come when we have the money in our hands in the account which is this carryover and ask you to provide it. So that's the challenge, but I understand what you're saying.

REP. OBER: We really don't have crystal balls, Colonel.

COLONEL JORDAN: I don't either, ma'am.

REP. OBER: When we ask you a question, we don't always know the right question to ask. Having you speak up would greatly help us.

COLONEL JORDAN: You have got that, ma'am. I will do that.

REP. OBER: That will be good.

COLONEL JORDAN: I got that message. I'm sorry for the confusion, you know. I'm very sorry.

REP. OBER: We want to know what your men need.

COLONEL JORDAN: I've worked with this budget for 25 years and I don't know that I fully understand it. It's a bizarre way to do business.

CHAIRMAN KURK: Okay, folks, we have a motion before us for \$203,995, excluding vehicles. Are you ready for the question? Show of hands. All those in favor, please raise your hand. One,

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two, three, four, five, six, seven, eight. Those opposed? One. The motion carries 8 to 1.

MR. NORMANDEAU: Thank you.

COLONEL JORDAN: Thank you very much.

*** {MOTION ADOPTED}

CHAIRMAN KURK: Mr. Kane, it looks as though this is going to go on for a bit longer. Would it be advisable to ask Mr. Smith and his associates to return at our next meeting?

MR. KANE: You could; but there are a couple people here I think may have travelled relative to the Unique Plan. So there are two audits. The CAFR, I think, you can put off if you like. Unfortunately --

CHAIRMAN KURK: Let's do the absolute minimum we can.

MR. KANE: Okay.

CHAIRMAN KURK: Thank you.

(6) **RSA 7:6-e, Disposition of Funds Obtained by the Attorney General:**

CHAIRMAN KURK: Moving on to item number six in our agenda, Fiscal 17-031, a request from the Department of Justice for approval to accept \$2.9 million from Insys Therapeutics as a result of an Assurance of Discontinuance settlement received on January 18th of this year and expend contingent upon actions taken relative to tabled item Fiscal 17-017. Is there somebody here from the Department of Justice who can -- Mr. Attorney General, good morning. Good afternoon.

JOSEPH FOSTER, Attorney General, Department of Justice:
Good afternoon.

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ANN RICE, Deputy Attorney General, Department of Justice:
Good afternoon.

CHAIRMAN KURK: Miss Rice, good to see you as usual.

REP. OBER: And you're in shoes.

MS. RICE: I am in shoes.

ATTORNEY GENERAL FOSTER: Almost back to full strength.

CHAIRMAN KURK: Let me cut to the chase on this. What we would like to do is to fully fund or appropriately fund the Consumer Protection Bureau out of General Funds and not out of this escrow account. And so to do that we'd like all of the money from all of these accounts to go into the General Fund. That's one of the reasons why we tabled 17. Is there some way that you can suggest that we can achieve that?

ATTORNEY GENERAL FOSTER: Hum -- you know, the current law which was passed, I think, in House Bill 2 last year says the funds go to the Consumer Escrow Account and the balance spills over.

CHAIRMAN KURK: On this item on Fiscal 031-17 you've given us two choices apparently, because there's something called in the alternative.

ATTORNEY GENERAL FOSTER: Yeah. I think we did that. I think the way -- actually, I think Ann Rice wrote it, but she was anticipating whether or not the tabled item would be acted upon and that's why. If the tabled item were acted on all of these funds would go, the one we are talking about right now, to the Rainy Day Fund and the General Fund. I guess what I had suggested at the last meeting and I -- I guess if you want to utilize all the funds this doesn't solve your problem, I suppose, right away. But none of the funds, none of these funds are going to be spent in this biennium, not a penny of them. I think I said that last time. We have enough in our escrow account now to fund the Consumer Protection Bureau through the

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end of this biennium and a bit into the next biennium, I think probably for about a year, roughly, at current -- at the current expense rate.

So what I think I said even last time was regardless of how this is approved, you have the power, obviously, through the budget process or through a separate piece of legislation to sweep the monies when you want to. So, ultimately, it would -- these funds could all go into the General Fund. In fact, even when the House Bill 2 was passed, you did sweep some money out of the Consumer Protection Account at that time. We happen to have the legislative history around that. We can point you to it. But that -- it depends, I suppose, when you want to use this General Fund dollars. If you want to use all of them, I'm not sure I have a great suggestion. If we act today, I think between 8 or \$9 million, depending upon the current interpretation of existing law, 8 or 9 million will go into the General Fund if all these items were passed today.

CHAIRMAN KURK: That would be desirable because then that money would be available for the infrastructure initiative. That's what we are looking at. So can you help us to get there?

ATTORNEY GENERAL FOSTER: So I'm going to take a step back. If all of these items as written were passed or approved, something in the order of \$8 million will go into the General Fund without any sort of legislative action. Just your actions.

CHAIRMAN KURK: At what point in time, would they go --

ATTORNEY GENERAL FOSTER: Right away. But there would be \$5 million sitting in the Consumer Escrow Account. The budget process if you decide you want to fund the Consumer Protection Bureau through general -- make it General Fund funded which it isn't today, no General Funds are used for that Bureau, you can at that point sweep the money out of the Consumer Protection Account. And, again, none of the dollars that are in any of these items are going to be spent between now and June 30th.

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CHAIRMAN KURK: Is there any way to avoid that sweep by having whatever money is not now in the escrow account not fill it up to the \$5 million level but go to the General Fund?

MS. RICE: Current law requires up to \$5 million and then the balance, anything in excess of that goes to the General Fund or the Revenue Stabilization Fund.

ATTORNEY GENERAL FOSTER: So a narrow interpretation or strict interpretation of the current law, not the one that we posed that I tried to put out there that indicated we were taking a liberal interpretation, would still put about \$9 million into the General Fund and we would have \$5 million in the Consumer Escrow Account.

CHAIRMAN KURK: So let me restate it. Approving all three of these items, and I assume 031 in the first of the two alternatives, would give us approximately 9 million additional dollars in the General Fund for Fiscal Year ending '17, and \$5 million in the escrow account which, depending on how it's handled in the budget, would be available for '17 or -- and/or '18.

REP. EATON: 18-19.

CHAIRMAN KURK: 18-19.

ATTORNEY GENERAL FOSTER: Yes. Yes, correct. And, again, if what you're looking to do is to put the maximum in under current law, I think Ann has the numbers, but on the tabled item 17-017, the numbers would be adjusted to have us retain --

MS. RICE: We would.

ATTORNEY GENERAL FOSTER: -- nine hundred eighty-eight oh five less, correct?

MS. RICE: Correct.

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ATTORNEY GENERAL FOSTER: And we could give you those numbers.

MS. RICE: Of this one item it would be 3,540,040 would go into the General Fund. We would retain 2,859,978.

CHAIRMAN KURK: Two million eight --

MS. RICE: 859,978, which would bring the balance of the escrow up to 5 million.

REP. EATON: Sweep everything else from the rest.

CHAIRMAN KURK: And then the rest of the money in the other two items would go to the General Fund.

ATTORNEY GENERAL FOSTER: Correct. General Fund and the Rainy Day Fund. Yes.

CHAIRMAN KURK: Senator Morse. Senator D'Allesandro.

SEN. D'ALLESANDRO: Just a question. But in order to take the \$5 million, we would have to change the law.

ATTORNEY GENERAL FOSTER: Correct.

SEN. D'ALLESANDRO: So everything above that could be swept with the caveat that the dollars allocated to the Rainy Day Fund would go to the Rainy Day Fund. But in order to take that 5 million, the law would have to be changed.

MS. RICE: Correct.

ATTORNEY GENERAL FOSTER: Correct; but, again, we are not expending any of it. Any of the money that's going into the Consumer Escrow Account in any of these items would not be spent. It's going to be there, what I said last time. We have currently in the Consumer Escrow Account enough to take us through the end of this Fiscal Year and actually into the next biennium. So you can -- you'll be able to sweep not only what's

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going into the Consumer Escrow Account, but additional items if you're going to fund it with General Fund dollars. But that does take some sort of legislative action, not Fiscal Committee action.

CHAIRMAN KURK: And the -- that account cannot be used for unusual settlements or something else, the escrow account, Consumer Protection Escrow Account?

ATTORNEY GENERAL FOSTER: If you're asking us if we can use it for things other than items approved by the budget, no.

MS. RICE: Anything that --

ATTORNEY GENERAL FOSTER: And there is restitution. If you want to explain that, you can. But there's restitution dollars that go in and out of that.

MS. RICE: So that money that is sitting in the escrow account is intended to fund the Consumer Protection Bureau and pay restitution which is owed to various consumers.

CHAIRMAN KURK: Could that restitution be millions of dollars?

MS. RICE: The restitution right now is 190,000. That's how much is committed to restitution.

CHAIRMAN KURK: Thank you. Representative Ober.

REP. OBER: Does your Consumer Protection Agency protect everybody, not just young people or middle age people, but you cover seniors as well?

ATTORNEY GENERAL FOSTER: I did note that was a question, I think, that you may have given to us for Tuesday's presentation. And we can talk about it now or we can talk about it then, if you like.

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REP. OBER: That's kind of simple yes or no. We cover everybody or we don't.

ATTORNEY GENERAL FOSTER: We cover everybody but that doesn't mean that every consumer complaint individualized, on an individualized basis, regardless of age, we pursue on an individualized basis. We tend to look for a series of complaints of the same type. That's the old cars comes to mind where we have, in effect, representing, if you read about that, we are sort of representing we got 20 complaints in the same auto dealer. Those people are different ages, obviously, who bought cars. But if we would have a singular complaint about a particular auto dealer, we might send it to our mediation group to try to work out resolution. We are not going to bring -- we are not going to bring an investigation probably on a singular complaint.

REP. OBER: I asked that because Legal Aid people said you didn't do anything for any seniors.

ATTORNEY GENERAL FOSTER: I'm not sure.

REP. OBER: So I queried you, but we will talk about that. You can answer that question when you come.

CHAIRMAN KURK: Senator Morse.

SEN. PRESIDENT MORSE: The total money that in all that that we are talking about is how much?

MS. RICE: So we have 2.93. I have too many pieces of paper here. Six point four.

CHAIRMAN KURK: About nine and a quarter.

MS. RICE: Yeah, it's about 9.5 total.

SEN. PRESIDENT MORSE: And what portion of that are you suggesting goes into your Department?

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MS. RICE: The portion that we suggest --

SEN. PRESIDENT MORSE: I'm just trying to figure out how \$9 million goes into the Rainy Day -- into General Fund or Rainy Day Fund and 4 million goes into you, three point -- and that's 13.

ATTORNEY GENERAL FOSTER: I think the 5 million -- there's currently how much in the escrow account, two point?

MS. RICE: 2.14 in the escrow account.

ATTORNEY GENERAL FOSTER: We are saying you bring 2.14 to 5. That's what the statute would say the current law would say and the balance goes to Rainy Day and General Fund.

SEN. PRESIDENT MORSE: If that be the case, then 2.9 million would be needed, right? So if 2.9 million goes there, how much is left to go into Rainy Day Fund and General Fund?

MS. RICE: So part of this depends on what's Rainy Day and --

SEN. PRESIDENT MORSE: Yeah, I really don't care which one because the Governor's capped it at a hundred million so doesn't really matter.

CHAIRMAN KURK: If you say you're having 9.5 in total and 2.9 is going into the --

SEN. PRESIDENT MORSE: Yeah, I got that.

CHAIRMAN KURK: Then 6.6.

SEN. PRESIDENT MORSE: Is there any -- are there any other monies involved in this lawsuit that are besides those two numbers?

MS. RICE: These are separate lawsuits but no. The 2.9 is a settlement from the Insys settlement and the 6.4 which we are

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counting -- excuse me, it's not 6.4. It's six point -- 6.4. So those are the two. Then we have another one which is 300 and -- 243.

SEN. PRESIDENT MORSE: Are there any other monies coming?

KATHY CARR, Director of Administration, Department of Justice: Yes.

ATTORNEY GENERAL FOSTER: Monies coming in?

MS. CARR: Yes.

SEN. PRESIDENT MORSE: From these same lawsuits?

MS. RICE: Not from these same lawsuits, no.

CHAIRMAN KURK: But there is additional money coming in from VW and other lawsuits; is that correct? Settlements, excuse me.

ATTORNEY GENERAL FOSTER: Not to Consumer Escrow Account in the case of the VW matter. There could be other multi-states -- any other multi-state settlement that arrive before June 30th would just automatically go to the General Fund.

MS. RICE: Yes. If these were approved, then by law that would have to go.

CHAIRMAN KURK: What happens to the VW settlement money if it comes in before June 30th?

MS. RICE: Are you referring to -- there's 23 million or something like that. That is not going to come into the state. It's being held in trust. And there will be a trustee, a national trustee that will be disseminating that money to consumers. So that's not money that's going to come to us.

ATTORNEY GENERAL FOSTER: There's another piece you may have read about for environmental remediation that also requires an application process, and it's not -- it's not consumer monies.

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SEN. PRESIDENT MORSE: Does that end up in that Department, the other piece, environmental side, does that end up in DES?

ATTORNEY GENERAL FOSTER: DES.

MS. RICE: I believe it would -- it comes with requirements, so conditions. So it could not go to the General Fund because we would have to commit to using it for certain things.

SEN. PRESIDENT MORSE: What kind of dollars are we talking about there?

MS. RICE: I'm not sure that we have got a figure on that. I'll see if I can find out for you.

ATTORNEY GENERAL FOSTER: We can let you know.

MS. RICE: Some of this is in negotiation, so.

CHAIRMAN KURK: And can some of that money be used in substitution for money that we are already expending for various kinds of pollution control?

MS. RICE: It's very specific about what it can be used for and I don't know that that -- those activities are now being done.

SEN. PRESIDENT MORSE: We can buy Fish and Game electric cars.

CHAIRMAN KURK: Are there any other large settlement or settlements that you're aware of that might fall before this June 30th?

MS. RICE: Not that I'm aware of.

CHAIRMAN KURK: And the Exxon Mobil settlement has already been accounted for; is that correct?

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MS. RICE: Yes.

ATTORNEY GENERAL FOSTER: That was not a consumer settlement.

CHAIRMAN KURK: I'm sorry? Yes, sorry, the lawsuit.

ATTORNEY GENERAL FOSTER: Yes, it's in there.

CHAIRMAN KURK: What's our pleasure?

REP. EATON: Approve them all. Sweep the money and you get it in the bank account now.

CHAIRMAN KURK: Representative Umberger.

** REP. UMBERGER: Yes, I would move to take 17-017 off the table.

CHAIRMAN KURK: Before I accept that motion, what's the plan? Senator?

SEN. PRESIDENT MORSE: Pass them all.

REP. EATON: Yes, pass them all.

CHAIRMAN KURK: Okay. Representative Umberger has -- we have before us -- we didn't take a motion to this, did we?

REP. OBER: No.

REP. UMBERGER: No.

CHAIRMAN KURK: Representative Umberger moves at this time to take 17-017 off the table. Is there a second?

REP. OBER: Second.

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CHAIRMAN KURK: Seconded by Representative Ober. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is off the table.

***** {MOTION TO TAKE THE ITEM OFF THE TABLE ADOPTED}**

CHAIRMAN KURK: Chair recognizes Representative Umberger for a motion.

****** REP. UMBERGER: Yes, I move that we approve item --

CHAIRMAN KURK: 17-017.

REP. UMBERGER: -- 17-017.

CHAIRMAN KURK: Is there a second?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Seconded by Senator D'Allesandro. Is there any discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

***** {MOTION ADOPTED}**

CHAIRMAN KURK: Is there a motion on Fiscal 17-031?

****** SEN. D'ALLESANDRO: Move the item.

REP. OBER: Second.

CHAIRMAN KURK: The item has been moved by Senator D'Allesandro, seconded by Representative Ober. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

***** {MOTION ADOPTED}**

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CHAIRMAN KURK: We turn now to Fiscal 17-032, a request from the Department of Justice for approval to accept \$243,372 from a multi-state settlement and expend contingent upon action taken relative to tabled item Fiscal 17-017.

REP. OBER: I have a question. I have question.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you. Attorney Rice said there was 2.14 in the escrow account. The balance according to State Law is supposed to be 5 million. That means we would put 2.86 into the escrow account. On 031, we put in 2.9. So we already are over. This just adds to the overage. The law says \$5 million cap.

REP. EATON: Yes, goes over automatic.

CHAIRMAN KURK: Fiscal 17-031 gives us an alternative and I assume the motion will be the first alternative to put the money into the General Fund.

** REP. OBER: So move.

CHAIRMAN KURK: Wait a second. And, secondly, to the extent the fund has more than \$5 million that excess will automatically go to the General Fund.

MS. RICE: Correct.

REP. EATON: Exactly.

REP. OBER: Moved.

CHAIRMAN KURK: The motion is by Representative Ober to approve Fiscal 17-031 in the first alternative where \$2.610 million is going into the General Fund. Is everybody clear on the motion? Am I reading this incorrectly?

REP. OBER: You have to combine 17-031, 17-032 with the law which is a balance of 5 million. We have already put more money

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by approving 031 into the Consumer Protection Escrow Account than the law says they should have. Not a lot but a little bit. And so 032 there's no money should be disbursed to the Consumer Protection Account.

MS. RICE: And that's the first alternative on the page.

REP. OBER: Yes, and that's the alternative I would approve. And that's not what he just stated. That's why I went back through that.

CHAIRMAN KURK: Mr. Kane.

MR. KANE: Sure, I believe your action under 0 -- 017 or 010. I'm sorry, 017 that got your cap in the consumer escrow. If you approve 31 and 32 that's going to go to the General Fund.

CHAIRMAN KURK: Fine.

REP. EATON: You don't have to do anything. It just happens.

CHAIRMAN KURK: The motion is to approve 17-032. That's been moved and seconded.

REP. OBER: I moved it.

CHAIRMAN KURK: Moved by Representative Ober, seconded by Senator Daniels. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved. Thank you very much.

MS. RICE: Thank you.

*** {MOTION ADOPTED}

(7) RSA 228:12, Transfers from Highway Surplus Account:

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CHAIRMAN KURK: We now turn to Tab 7, request Fiscal 17-046, a request from the Department of Transportation for authorization to transfer – and this is a replacement item – \$9,105,750 in Highway Funds through June 30th, 2017. Is someone here from the Department of Transportation? Good morning, folks. Commissioner, good to see you.

VICTORIA SHEEHAN, Commissioner, Department of Transportation: Good afternoon, Mr. Chairman.

CHAIRMAN KURK: It is afternoon, isn't it?

MS. SHEEHAN: For the record, Victoria Sheehan, Commissioner of Department of Transportation. And with me today is Marie Mullen, Director of Finance.

CHAIRMAN KURK: We had a number of questions about this, including the reason for the increase. Would you care to explain?

MS. SHEEHAN: We originally had prepared our request using the storm data that we had and the cost accrued through January 12th. Given that Mother Nature has delivered some more storm events with significant snowfall totals, that led us to go back and re-evaluate what our needs would be to the end of the year; hence, the larger increase today.

CHAIRMAN KURK: And if we waited another week?

MS. SHEEHAN: At this point, we have expended all of our funds in certain class lines. If you were to approve the original amount, if winter continues an average pace, we would expect to spend all of those funds by March 6th. And if winter continues at average pace through the end of the season, we'll need everything that has been outlined in the replacement item today.

CHAIRMAN KURK: And if these funds are not necessary because Mother Nature smiles on us, then what would happen?

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MS. SHEEHAN: Then they would lapse.

CHAIRMAN KURK: To the Highway Fund?

MS. SHEEHAN: To the Highway Fund.

CHAIRMAN KURK: Is any of this money being used for capital purchases or anything like that?

MS. SHEEHAN: No, the three major components are overtime for storms that happen outside of regular hours, to purchase salt, and our sheds are a certain size. We fill them back up to capacity. And to pay for hard equipment that, obviously, we only incur that expense if we have to call in the hire trucks for larger storms.

CHAIRMAN KURK: When you buy salt, do you buying salt only for this year or you buying salt in advance for next year?

MS. SHEEHAN: We do like to buy as much salt at the end of season as possible. Over the last several years we have seen salt prices go up every single year. So we do try to maximize the contract pricing that we have and replace any salt that's been used over the course of the season.

CHAIRMAN KURK: Thank you. Questions? Representative Umberger.

REP. UMBERGER: Yes. If you take this six -- 62 out of the Highway Surplus Account, is that going to leave you short for what you're looking to budget in '18 and '19?

MS. SHEEHAN: That is something that we are working with Department of Safety and the Governor's Budget Director on. Obviously, an increase of this nature was not anticipated when we prepared the original budget and worked with the Governor's Office.

REP. OBER: I think that was a yes.

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CHAIRMAN KURK: So you already spent this in the Governor's budget.

MS. SHEEHAN: We are concerned about Fiscal Year 19 just in looking at what's currently in the budget. But Department of Safety, obviously, collects the revenue so we are working closely with the Department of Safety to understand what the updated revenue projections might be.

CHAIRMAN KURK: Further questions? Is there a motion?

** SEN. D'ALLESANDRO: Move the item.

REP. OBER: Neal, why does Department of Safety collect the gas tax? Why? Why doesn't it go through DRA?

REP. EATON: Whole nother issue.

CHAIRMAN KURK: The motion is to -- the motion is to approve the item. Is there a second? Senator D'Allesandro moved the item. Is there a second?

REP. UMBERGER: I'll second it so we can go forward.

CHAIRMAN KURK: Seconded by Representative Umberger. Discussion? Senator Eaton -- Representative Eaton.

REP. EATON: Don't insult me, please. That's not to a body. Commissioner, I'm legitimately confused. I thought we did a good job on the budget when we did the budget. At the time that we did the budget it was a horrific winter. You weren't here. People were stressed to the max, and we were having a mega infight on how we were going to do this. But we found the money and we got it done. My confusion is I'm accustom to starting out in November with a pretty damn good blizzard and struggling to Concord and this winter seems like a holiday except for the last two weeks. So how are we short of funds? I just don't -- I don't understand it. We budgeted, I thought, for a rough winter, and this has been a holiday.

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MS. SHEEHAN: We were not budgeted for a rough winter. We weren't even budgeted for the average winter. Our Department tracks our three-year average cost and we were underfunded by about approximately 3.2 million for an average winter. When we talk about the severity of a winter, it's not just about the number of inches of snowfall. It's about the number of winter weather events that we have to address. This season we have seen a lot of wintery mix, freezing rain and sleet, and that causes us to patrol the roadways and put out a lot of salt, even though we don't have extensive plowing operations. And so this has been for certain parts of the state a more severe winter than average.

CHAIRMAN KURK: Follow-up.

REP. EATON: Follow-up. Would be one statement is you've, obviously, spent the salt money in other parts of the state because when I travelled home I was looking for it.

REP. OBER: Woo!

SEN. PRESIDENT MORSE: You're in a great mood today.

REP. EATON: You've been too calm, Senator. I'm trying to fill the gap.

SEN. D'ALLESANDRO: We don't need the gap filled. We don't need to fill any gaps. Let's proceed.

REP. EATON: But, Commissioner, I think what I just heard and I'm more than willing to do the mea culpa, is I'm not sure if you're here for that part. It may be our fault, not yours that the budget didn't get what should have been in place.

MS. SHEEHAN: The Department did testify that we would have been underfunded for an average winter. And then as I said, we had a more severe winter so Mother Nature has certainly made this a more challenging situation.

REP. EATON: The answer is we did it. Thank you.

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REP. UMBERGER: No, let's not go that far.

CHAIRMAN KURK: Do you wish to speak? Representative Umberger.

REP. UMBERGER: I wish not to speak, but I am a little concerned at the \$6 million.

CHAIRMAN KURK: It's 9 million. This is the replacement item. If you were concerned at six --

REP. UMBERGER: I'm really concerned.

REP. OBER: You're a third more concerned now.

REP. UMBERGER: Yeah, I'm really concerned as to nine. And, of course, my other half of the concern is for the next budget. So what did we budget for in '17 for salt for this kind of stuff? If it was here, I missed it.

MS. SHEEHAN: If you look at the item on our original budget for '17 was 23.25 million.

REP. OBER: What class line is that?

MS. SHEEHAN: For salt specifically is for Class 20. So that was 8.9 million.

CHAIRMAN KURK: So these numbers suggest you were like 40% underbudgeted.

MS. SHEEHAN: (Nodding head).

REP. UMBERGER: That's what they're saying.

MS. SHEEHAN: To give you some context in terms of how much winter weather we've been dealing with, we have been tracking the number of times our crews have been called out since December 1st. And so in 74 days, you know, up in Errol, Dixville,

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as expected, our crews have worked 64 days. I think the appearance of the milder winter is in the southern part of the state. For example, in Bedford and Hampton, our crews have only worked 30 days in that same period; but we do track across the district. So in certain areas we are having maybe a less than average winter or average winter, but in other areas we are seeing more severe weather.

CHAIRMAN KURK: How does that compare with '16 and '15?

MS. SHEEHAN: '16 was a particularly mild season. And if you recall, we did lapse funds. We were going through the ten-year plan process and we worked with the Legislature to identify how to best spend those dollars and so there was money that was put back into purchasing equipment.

MS. MULLEN: There was also additional money put into the State Aid Bridge Program. Approximately 2.3 million went towards the State Aid Bridge Program.

CHAIRMAN KURK: We are often off in budgeting, we understand that, but this is a major --

REP. UMBERGER: Major.

MS. MULLEN: We do understand.

CHAIRMAN KURK: -- amount of underfunding.

MS. MULLEN: We do understand your concern. If we go back to Fiscal Year 15 which was also a very heavy winter, we came for a Fiscal transfer item of 8.835 million in that year. We were budgeted at 22.8 million, and we came for almost \$9 million that year as well. That was one of the heavier winters we had. We are experiencing a similar winter with it's later in the year, which is similar to that previously in '15, but we also had the ice storms as well.

REP. EATON: In '15 they came twice. We were shocked.

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MS. SHEEHAN: I'll add it wasn't in '15. In '14 we came for money as well. We requested around 9 million that year.

CHAIRMAN KURK: I see. So we have a consistent pattern of underfunding you. It's 40% every year.

REP. OBER: Consistent pattern of underbudgeting.

REP. UMBERGER: This year we'll go with 32, then they'll have money left.

CHAIRMAN KURK: Discussion? We have a motion. Are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it. The motion passes.

*** {MOTION ADOPTED}

CHAIRMAN KURK: And you'll keep our roads as nice as you always have. Thank you.

(8) RSA 363:28, III, Office of the Consumer Advocate:

CHAIRMAN KURK: We turn now to Tab 8, Fiscal 17-035, a request from the Office of Consumer Advocate for authorization to amend Fiscal 16-121 and increase the contract amount by \$22,900 from the original amount of \$75,000 to \$97,900 in other funds to provide expert service to support participation in the net energy metering proceeding before the New Hampshire Public Utilities Commission. Is there a motion?

** SEN. D'ALLESANDRO: Move the item.

REP. EATON: Second.

CHAIRMAN KURK: Is there a second? Seconded -- moved by Senator D'Allesandro, seconded by Representative Eaton. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

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*** {MOTION ADOPTED}

(9) Chapter 276:29, Laws of 2015, Department of Transportation; Transfer of Funds:

CHAIRMAN KURK: We turn to Tab 9, Fiscal 17-040, a request from the Department of Transportation for authorization to establish a non-budgeted class in an accounting unit and to transfer \$2,000 between various accounts and classes through June 30th of this year. Is there a motion?

** REP. UMBERGER: Move.

CHAIRMAN KURK: Moved by Representative Umberger, seconded by Senator D'Allesandro that the item be approved. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

*** {MOTION ADOPTED}

CHAIRMAN KURK: We turn the Fiscal 17-041, another request from the Department of Transportation for authorization to establish a non-budgeted class in an accounting unit and to transfer \$590,000 between various accounts and classes through the end of this year Fiscal Year. Is there a motion?

** SEN. D'ALLESANDRO: Move the item.

CHAIRMAN KURK: Is there a second?

SEN. PRESIDENT MORSE: Second.

CHAIRMAN KURK: Moved by Senator D'Allesandro, seconded by Senator Morse that the item be approved. Discussion? Questions?

REP. OBER: Yes.

CHAIRMAN KURK: Representative Ober.

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REP. OBER: I'd just like to know why this wasn't budgeted? Now we need it, and I'm sure they're still here. Thank you, Mr. Chairman.

CHAIRMAN KURK: Good afternoon.

MS. MULLEN: Good afternoon, again.

REP. OBER: Helps us budget better if we understand what didn't get done before.

MS. MULLEN: Marie Mullen, Director of Finance, New Hampshire DOT.

CHRISTOPHER WASZCZUK, Department of Transportation: And Chris Waszczuk, Commissioner for the DOT. The reason for this increase is E-Z Pass.

CHAIRMAN KURK: Pull the mic up to you four inches away and everyone will hear.

MR. WASZCZUK: Good afternoon.

REP. OBER: Excuse me. The question was not about the increase. Why wasn't this item budgeted and why is it needed now?

CHAIRMAN KURK: You say it's a non-budgeted class. Why was it not in the budget?

REP. OBER: See your first sentence there?

MS. MULLEN: Believe that first sentence may be mistaken. I think we may have taken out the item that wasn't budgeted in the class and we didn't update the language so I apologize for that. The items we are asking for were budgeted. The lines just weren't sufficient to meet the actual demand that's coming through the system.

REP. OBER: That's why this made no sense.

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MS. MULLEN: Yes, I apologize.

REP. OBER: Thank you.

CHAIRMAN KURK: Further questions? Senator Birdsell.

REGINA BIRDSELL, State Senator, Senate District #19: I just have a question. Hum -- on the sheet it says increase current expense by 500,000 to pay for increase credit card and bank fees incurred in E-ZPass Program. How is that going to -- do you have any idea how that will affect -- we have currently heard a bill that will change the tolls all E-ZPass, which is going to be credit card expenses. How is that going to affect -- how is the bill, do you think, going to affect this?

MR. WASZCZUK: That's a very good question. Credit cards are tied to the account replenishment amount. So as the system becomes more electronic, with all electronic that would drive E-ZPass growth, drive the accounts higher, so this would increase as well. It's hard to project by how much. But the reason primarily for this increase when we initially came up with the initial budget, we projected how much E-ZPass was going to grow. And since that time it's grown better than we projected. It's actually been more successful. So that's why the increase is needed at this time.

SEN. BIRDSELL: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. BIRDSELL: As E-ZPass grows and the revenues grows, so do our expenses.

MR. WASZCZUK: Yes.

SEN. BIRDSELL: Okay. Thank you.

CHAIRMAN KURK: Further questions? Did one of -- do you have a question?

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REP. EATON: She had a question about the fees but just got asked.

REP. UMBERGER: Okay.

CHAIRMAN KURK: There being no further questions, is there further discussion? There being none, are you ready for the question?

REP. UMBERGER: Before we do that, she says these were not budgeted. We probably need to fix that.

CHAIRMAN KURK: Mr. Kane, do we need to make a change in this because the title is not accurate to reflect the nature of the request?

MR. KANE: No, you'll be okay. When we write our acceptance letters, we'll just be very clear it's for the transfer of funds into these classes.

CHAIRMAN KURK: Very good. Are you ready for the question? All those in favor of approving this item, please now indicate by saying aye? Opposed? The ayes have it. The item is approved.

*** {MOTION ADOPTED}

MR. WASZCZUK: Thank you.

**(10) Chapter 276:198, Laws of 2015, Department of Safety;
Transfer Among Accounts:**

CHAIRMAN KURK: Thank you. We turn now to Tab 10, Fiscal 17-042, a request from the Department of Safety for authorization to transfer \$397,000 in General Highway Turnpike Funds among accounts through the end of this year.

** REP. EATON: Move approval.

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REP. OBER: No, like to ask questions.

REP. EATON: Well, you got questions, Mr. Lavoie and the Captain are ready to come up.

CHAIRMAN KURK: The motion is to approve by Representative Eaton, seconded by? Senator D'Allesandro. Is there someone here from the Department who could answer questions?

MR. LAVOIE: Good afternoon. Steve Lavoie, Director of Administration.

CHAIRMAN KURK: Thank you again.

MR. LAVOIE: Hm-hum.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you. Can you tell us what this money is for?

MR. LAVOIE: Yes. This -- this item is transferring funds between appropriations for a number of reasons, one of which is to address a change in the payroll process related to holiday pay and overtime which is requiring additional funding in the overtime line. Another is to increase our current expense appropriations by \$200,000 for the purchase of uniforms and also some active shooter equipment for State Police. And a third is to transfer \$50,000 into the Aircraft Traffic Surveillance Accounting Unit to cover costs on the State Police airplane which is required to have an engine overhaul due to the number of hours that the engine's been used.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: And maybe I should yield my seat to Representative Byron who has a pilot's license; but we understood from our colleague who's an alternate to this

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Committee that those kinds of hours can be anticipated and budgeted. So why would money for something that is required every X number of hours not have been in the budget appropriately?

MR. LAVOIE: We did actually budget for the engine overhaul. It's within the contract that we currently have with the vendor. The expectation was that the overhaul would occur in '16. We didn't reach those, the hours to require that. So instead of -- instead of taking the aircraft out of service and doing that service ahead of time, we waited until we reached that piece -- the peak hours, which brought us into FY 17.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: So did you lapse \$50,000 for this in '16?

MR. LAVOIE: There was a lapse in '16.

REP. OBER: Did you lapse \$50,000 for this in '16?

MR. LAVOIE: We lapsed \$3,000 from the last year's appropriations for this particular line.

REP. OBER: So this line item was underbudgeted then in '16 and '17.

MR. LAVOIE: Well, yes. The line item was under-budgeted based on an estimate.

REP. OBER: Thank you.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: Mr. Lavoie, can you give us a rough idea of what the plane generates in revenue, the types of calls?

MR. LAVOIE: So the airplane is used for -- I'm sorry.

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CHAIRMAN KURK: The question is the about the revenue generated from the airplane.

MR. LAVOIE: It's very approximate numbers. About 1.5 million.

REP. OBER: Is that net or gross?

MR. LAVOIE: That would be gross.

REP. OBER: And what is it net?

MR. LAVOIE: I don't -- we don't look at our ticket revenue in that manner currently. So I don't have that figure what the net amount would be. There's an airplane cost of maintenance that we -- that we record within one accounting unit. This be the cost associated with the pilots who operate the plane. We have the cost associated with the Troopers who would be on the ground pulling the drivers over who are over the speed limit. Then the vehicle costs, mileage. So at this point we just don't have a system to capture that -- that amount.

CHAIRMAN KURK: Do you have a sense that it's, quote, profitable, unquote?

MR. LAVOIE: Yes. I would say one --

CHAIRMAN KURK: You have a sense then it is profitable?

MR. LAVOIE: I have a sense that it is profitable.

CHAIRMAN KURK: Thank you.

REP. EATON: Follow-up.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: Beyond profit, the safety fact, how many -- any idea how many tickets of people driving over 90?

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MR. LAVOIE: Over 90 tickets, approximately 500 a year. We do -- the air traffic --

CHAIRMAN KURK: There's a lot of people in the audience who are smiling and I'm just wondering why.

REP. EATON: It was not me.

MR. LAVOIE: And I think one thing that's important to note, too, is that in addition to the actual enforcement that's happening with the drivers who are being pulled over for speeding, there is a deterrence factor because we do have signage on the roadways when the aircraft is in use. There's a visibility piece where the drivers see the Troopers stationed on the side of the road so that does help to reduce some of the speeding incidents as well.

CHAIRMAN KURK: I did miss the banner that was flying from the rear of the plane the last time I saw it. Thank you. Further questions? We have a motion on this?

REP. UMBERGER: Yes, we do.

REP. OBER: We do.

CHAIRMAN KURK: Are you ready for the question? The motion is to approve the item. If you're in favor of that, please now indicate by saying aye? Opposed? The ayes have it and the item is approved. Thank you.

*** {MOTION ADOPTED}

(11) Miscellaneous:

CHAIRMAN KURK: Before we go on to a late item from the Department of Safety -- of Health and Human Services, I wonder if it might not be appropriate to talk about the Dashboard. Commissioner.

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JEFFREY MEYERS, Commissioner, Department of Health and Human Services: Good afternoon. For the record, Jeff Meyers, Commissioner of Health and Human Services, and with me is Sheri Rockburn, the Department's Chief Financial Officer.

CHAIRMAN KURK: This is the first time I've had a chance to look at this, but I was wondering where the information is that talks about the Department's deficit?

MS. MEYERS: Well, it's on the front page in terms of under the explanation toward the bottom of the first page and we have included two tables as you can see. One is on Page 2 of 7, Representative Kurk.

CHAIRMAN KURK: Got it.

MR. MEYERS: Then three of seven as well as the revised lapse estimate. So the essential numbers of the Department's deficit with respect to the Medicaid Program are essentially unchanged. What has changed is our estimate. I'm sorry, I'll let you --

CHAIRMAN KURK: Please continue.

MS. MEYERS: Thank you, Mr. Chairman. What's changed, which is reflected on the bottom of Page 2 in the table and then in more detail on Page 3, is the amount of money that the Department is estimating it will lapse. And by lapse that's a combination of a reduction in actual expenditure and revenue, principally the drug rebate revenue. So the combination of those funds now is estimated to be about 32, just north of \$32 million.

CHAIRMAN KURK: Isn't that the same number or approximately the same number as the last time you prepared the Dashboard?

MS. MEYERS: No, it was much closer to 20 the last time.

CHAIRMAN KURK: Including the \$10 million of drug money?

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MS. MEYERS: Yeah, yeah.

CHAIRMAN KURK: Drug rebate money.

MS. MEYERS: Yeah. No, this is substantially higher than. And the drug rebate revenue estimate is still an estimate based on what we are getting from our Benefits Manager. Right now it looks like about 12 million. It could be a bit more than that. It could be closer to 15 at the end of the day. But they're indicating basically pegging at 12 million now as kind of a conservative estimate.

CHAIRMAN KURK: Senator Morse.

SEN. PRESIDENT MORSE: I'm good. I already went over it this morning.

CHAIRMAN KURK: Is this proceeding according to plan?

SEN. PRESIDENT MORSE: Hum -- I think they're making a great effort.

CHAIRMAN KURK: Further discussion of the Dashboard? There being none, then let's go to late item 17-049, which I believe would be Tab 11. Commissioner, would you care to take us through this?

MS. MEYERS: I'm going to have Sheri -- yep, yep. Go ahead, Sheri.

MS. ROCKBURN: So this item is our Department-wide transfer. I'd like you to focus on Page 2 which is the back side of the cover letter, which highlights a little bit more detail what this transfer entails, a little bit more information than we have had in previous transfer requests.

The first thing I'd like to point out that this is substantially lower than the transfer that we brought forward in January for two reasons; one being the Fiscal Committee approved

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about 4.7 million of that transfer last time and that's brought this down.

The other small piece that's brought this down is we really looked at our expenditures and where we think we could stay within our budget for the rest of the year we did not include that on the transfer. So we brought that down a little bit from that as well.

There are three major categories of this transfer. The first one is \$2.4 million. This is moving money from salary and benefit accounts to other salary and benefit accounts. And what this is doing, it's a transfer within, it's really as a result of our reorganization efforts within the Department. This is no new positions. It's not resulting from any shortfalls in the Department. This is really trying to true-up where employees are now being paid from versus where their positions were originally budgeted. So this is really just some clean-up on that side of it. That's 2.4 million.

The next area on this transfer is 3.4 million. This is excess salary and benefit accounts from vacancy savings within the New Hampshire Hospital budget. That 3.4 of vacancy savings is being transferred to contract lines within New Hampshire Hospital. And the majority of that is to cover the increase in our Dartmouth contract. So you'll have 3.4 million. It's still being transferred within New Hampshire Hospital, but it is moving it from salary and benefit savings to fund contract lines.

MS. MEYERS: Right.

MS. ROCKBURN: The third area of this transfer, 3.3 million of the total transfer of 9 million, what I labeled miscellaneous transfers. These are program transfers. So we have excess funds from maybe caseloads being down, trend of expenditures being less than originally budgeted, and we are using those savings to fund deficits in other program areas that are trending higher because of caseloads or additional expenses.

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As an example, the largest area in here of this 3 million is 1 million for DCYF-related programs. We are trending to have an excess from foster care spend and we are seeing a much higher spend pattern from original budgets in our out-of-home placements. So we have used the excess funds available from our foster care line to transfer into the out-of-home placements line. That's our largest area within that. In total, we have 9.2 million of transfers that are occurring within the Department. I'll field any questions that you have.

CHAIRMAN KURK: Thank you. Could any of these monies have been used to increase your lapses? It looks, for example, at the beginning I understand what you said about the \$2.4 million being used to reflect reorganization. The salary and benefit and operating accounts for New Hampshire Dartmouth Hospital Contract. Any of these have been used to bulk up your lapses?

MS. ROCKBURN: Yes. They would have if we did not increase in our contracts for Dartmouth or temp nurses and our electronic health record. If we did not have those increased contracts amounts, those salary and benefit accounts would have lapsed.

MR. MEYERS: I think he may be asking -- Mr. Chairman, you may be asking a broader question about whether --

CHAIRMAN KURK: The question is broad and my illustration was specific.

MS. MEYERS: Okay.

CHAIRMAN KURK: Is there any of this 9.2 that could be used for lapses and not spent for the purpose to which you expect to transfer it?

MS. ROCKBURN: At this time I would say no because these programs are critical. For example, the nursing at New Hampshire Hospital, our out-of-home placements, our developmental disabilities program, I would say those shortfalls that are trending right now are needed to be covered. And I would say those shortfalls have occurred because our budget was done as an

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estimate two years ago and we are seeing a higher trend rate in those areas.

CHAIRMAN KURK: And all of these are in services -- are for services over which you have no control. In other words, you couldn't exercise Executive Branch authority and not spend in some of these areas.

MS. MEYERS: I think the majority of these items are in programs where there's an entitlement. So I think the opportunity to voluntarily reduce spending would be limited. I would just add to what Sheri said that, you know, there could be some lapse still in these accounts, but based on our estimate and the run rate to date, we think this is what's going to be needed.

CHAIRMAN KURK: And, of course, you could be underestimating the amount that's needed. For example, a million dollars for out-of-home placements.

MR. MEYERS: It's hypothetically possible, but I think we have been trying to be very careful about how we estimated this, so.

MS. ROCKBURN: The other thing I would add, Chairman, is that if we did this transfer, and we saw the out-of-home placements not trending as we expected, it would lapse out of the out-of-home placements line.

MR. MEYERS: Right, that's the point I was trying to make.

CHAIRMAN KURK: Thank you. Further questions? Senator Daniels.

SEN. DANIELS: Thank you. One item that I don't understand is the transfer of 193,000 transfer from miscellaneous accounts to miscellaneous accounts.

MS. ROCKBURN: Sure.

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SEN. DANIELS: Seems like it's not a transfer at all.

MS. ROCKBURN: What that involves, there's an appendix. I believe it's Appendix C, which other than probably the folks at Admin Services that key our document is very hard to read. What I grouped in the miscellaneous are any accounts where we were transferring \$100 or \$200 line item for maybe current expense to another current expense account. So I labeled it miscellaneous because it wasn't a significant budget line item. All of those are detailed in Appendix C. If you wanted to have more information, I could walk through that with you at a later day.

SEN. DANIELS: No, I thought there was one account called Miscellaneous account. Okay, understand. Thank you.

CHAIRMAN KURK: What you're telling us these are ordinary transfers in the ordinary course of business.

MS. MEYERS: Yes, correct.

CHAIRMAN KURK: There's not nothing in here that would --

MS. ROCKBURN: No.

CHAIRMAN KURK: -- that we could make as a policy decision and avoid having to do. This is necessary to run the Department?

MR. MEYERS: Yes, sir.

CHAIRMAN KURK: Further questions or discussion? We need a motion.

** SEN. D'ALLESANDRO: Move the item.

CHAIRMAN KURK: Just in case.

SEN. D'ALLESANDRO: Move it.

CHAIRMAN KURK: Senator D'Allesandro moves, seconded by Representative Wallner that we approve the item. Further discussion or discussion?

REP. EATON: Want to give me the paperwork to keep a record since your secretary is gone? I've done it before so I might as well do it again.

REP. BYRON: You want a pencil?

CHAIRMAN KURK: Wait. This is what he needs.

REP. OBER: This is what he needs.

REP. EATON: That's what I want. Thank you.

CHAIRMAN KURK: The motion was made by Senator D'Allesandro, seconded by Representative Wallner, to approve the item. Discussion? Questions? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

MS. MEYERS: Thank you.

CHAIRMAN KURK: Thank you.

*** {MOTION ADOPTED}

(12) Informational Materials:

Audits:

CHAIRMAN KURK: At this point, I believe we finished our items, and we are now turning to audits; is that correct?

MR. KANE: Yes, that's correct.

CHAIRMAN KURK: We will do three of the five audits, the first three on our list, because there are people here today who

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need to return. And we will do the later two -- the other two audits at a later date. So Mr. Smith.

Oh, just so Senators who might be leaving or House Members who might be leaving know, our meeting in March will be on Friday, March 17th.

SEN. D'ALLESANDRO: Bad day, Mr. Chairman.

CHAIRMAN KURK: Wait till you hear April. April will be on Friday the 14th, which is Good Friday.

SEN. D'ALLESANDRO: I think -- it's problematic for me. We are committed --

SEN. PRESIDENT MORSE: Senators have to be in events.

SEN. D'ALLESANDRO: There's going to be events? Honestly, Chairman Kurk, that's a tough one.

CHAIRMAN KURK: Friday the 10th. We are finished with the budget at that point in the House.

REP. OBER: We are going to be finished with the budget on Friday, the 10th? I don't think so. It's not due out.

CHAIRMAN KURK: No, that's March. Sorry. We are okay. Is there any other deadline on the 10th? Okay. We'll do it Friday, March 10th. That work for you. Thank you for telling us about the Senators Saint Patrick's Day issues.

SEN. PRESIDENT MORSE: Need the money for the Boys and Girls Club, so.

CHAIRMAN KURK: Representative Eaton is recognized for a motion to accept, place on file, et cetera.

** REP. EATON: Mr. Chairman, I move we accept the reports, place on file, release in the usual manner.

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CHAIRMAN KURK: And that covers all five reports; the Unique College Investment Plan, Annual Report of September 30th, 2016, the Fidelity Advisor 529 Plan, Annual Report dated September 30th, 2016, New Hampshire CAFR for Fiscal 16, the Highway Fund Audited Financial Statements for the year ended June 30th, '16, and the 2016 CAFR for the Liquor Commission.

REP. EATON: And I want recognition that I did that without reading it because I couldn't find it.

CHAIRMAN KURK: Recognition given. Is there a second?

SEN. PRESIDENT MORSE: Second.

CHAIRMAN KURK: Seconded by Senator Morse. Discussion? Questions? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and those reports are accepted and placed on file as noted.

***** {MOTION ADOPTED}**

REP. OBER: Neal, didn't you want to set up another meeting as well?

CHAIRMAN KURK: I did. I set the April meeting for the 14th of April.

SEN. PRESIDENT MORSE: March or April?

REP. OBER: April.

CHAIRMAN KURK: April 14th. That's a Friday. It's Good Friday. And the March meeting is set for April 10th -- sorry, for March 10th, which is the week before Saint Patrick's Day. Senator Morse.

SEN. PRESIDENT MORSE: Yes, I just -- I'm supposed to be in Plaistow at 1 o'clock. So I'm going to excuse myself. I'm hoping that plane has the engine out right now so -- and I would like

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to recognize Representative Eaton on item number 17-010. He's right. I am not compromising how I look at things; but leadership in the House took the meeting with Fish and Game and they asked for the Senate support. So I want to make that known.

REP. EATON: Thank you.

CHAIRMAN KURK: And we appreciate the Senate support.

SEN. PRESIDENT MORSE: Thank you.

(Senator Morse left the meeting.)

CHAIRMAN KURK: Mr. Smith, good afternoon to you and your colleagues.

STEVE SMITH, Director, Audit Division, Office of Legislative Budget Assistant: Good afternoon. For the record, I'm Steve Smith, the Director of Audits for the Office of Legislative Budget Assistant. We are here to present the two college tuition savings plans. As you may know, PWC is under contract with our office to perform these audits. And here from PWC is Rachel Bradley, the Partner on the engagement; and also joining us is Bill Dwyer, the State Treasurer. So turn it over to Rachel.

RACHEL BRADLEY, Partner, PricewaterhouseCoopers: Thank you, and thank you for staying this afternoon to hear the report.

As was mentioned, I'm here to report on the audits of the Unique College Investing Plan and the Fidelity Advisor 529 Plan. Both occurred as of September 30th, 2016. I'm happy to report that the opinions that I issued associated with those audits were unqualified opinions, and included the 36 portfolios under the Unique College Investing Plan, as well as 27 portfolios under the Fidelity Advisor 529 Plan. And we do perform those audits at the portfolio level as the participants in the plan actually invest in individual portfolios. So we are auditing at the individual portfolio level.

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So we have completed those audits successfully. If you look at the materials that were provided to you, Pages 3 through 8 include a summary of all of the assets held in each of those portfolios as of September 30th and give you a snapshot of the composition of the types of investments that exist within each of those portfolios.

Page 9 of my materials includes the audit approach that we take within these -- within these portfolios. And we really -- well, we audit everything. Our primary focus is kind of two-fold. One would be over the investments underlying the portfolio. So making sure that the valuation occurs appropriately and that they all exist as Fidelity has maintained within their records.

CHAIRMAN KURK: Excuse me. Are you referring to which of these documents or this third document?

MS. BRADLEY: Look at this third document. Sorry.

CHAIRMAN KURK: Thank you.

MR. BRADLEY: You're welcome. So excited to go quickly, I just dove right in.

So as I was mentioning, our approach really focuses in on investments, making sure the valuation is appropriate, as well as the existence to make sure that the securities that we are told exist are actually held on behalf of the investors or the participants in the plans.

The second primary focus is on the participant transactions themselves and making sure that there's appropriate controls and processes that record all of the contributions, and then any distributions that are made are appropriate as well. If you look --

CHAIRMAN KURK: Let me interrupt just for a moment. In the old days, people knew that they owned something because they had a piece of paper called a stock certificate. Today, it's all

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done electronically. How do you know that this fund actually owns the assets that you've certified it owns?

MS. BRADLEY: So I obtain confirmation from a qualified custodian that that custodian essentially gives me something equivalent to a bank statement that says that they hold these positions on behalf of the underlying funds. And then I also obtain what's referred to within auditing standards as a SOC-1, which is a controls report that tells me that the custodian has appropriate controls and records in place to validate the confirmation that I'm receiving from them.

CHAIRMAN KURK: So you rely on the custodian?

MS. BRADLEY: Correct.

CHAIRMAN KURK: And when the auditors audit the custodian, how do they determine that the custodian actually has those documents? Do you know?

MS. BRADLEY: So in this instance, all of the underlying investments of the plans themselves are in other mutual funds. And so audits actually occur at those mutual fund levels to make sure that the shares that the -- what we refer to in that case the transfer agent has are appropriate and that shows books and records. And then the auditor of those mutual funds also goes out and validates and says if that mutual fund owns IBM that they actually validate that the IBM shares are actually held by the custodian.

CHAIRMAN KURK: The reason for the question is in this day of hacking, I just wonder would it be possible for someone to steal the entire portfolio and leave a paper trail which the accountant said no, no, no, the stocks are safe. Custodian has them.

REP. OBER: They'll take your big points, too.

MS. BRADLEY: I think that is certainly a risk. I believe -- and that's something that we evaluate, that the

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controls and the compliance functions exist within the custodians of the plan are something that I look at and I review. And I'm not aware of any current violations of those -- of those controls and oversight. But you're certainly correct that that is -- that is a risk.

CHAIRMAN KURK: Thank you.

MS. BRADLEY: You're welcome.

CHAIRMAN KURK: Sorry for the interruption.

MS. BRADLEY: It's a very good question. So Pages 10 through 17 go through all of the information that we are required to communicate to you as those charged with oversight over the plans. I will not go through each of those items individually, because there's nothing unique to report within these instances. I'll give a few highlights.

One is from an accounting perspective, the accounting policies that have been adopted by the plans are consistent, Mr. Chair, with what have been implemented and adopted in the past, and are also consistent with what we see in industry. So there's nothing unusual in the way that their accounting or recording any of the transactions that happen within the plans.

During the course of our audit, we identified no adjustments. We had no unidentified or no unadjusted differences that we had identified. There were no disagreements with management, no difficulties or issues that I think weren't coming to our attention. And there were no internal controlled deficiencies that we identified through the procedures. Additionally, there were no fraud or illegal acts that we detected during our audit. And we have no independent matters to report with respect to us acting as an auditor.

So those are my highlights. I'm happy to go into much more detail. But in the interest of time, I figured I'd give you the short and sweet version.

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CHAIRMAN KURK: Much appreciated. Thank you.

MR. BRADLEY: You're welcome.

REP. SMITH: Bill, do you have anything?

WILLIAM DWYER, State Treasurer, Department of Treasury:
Good afternoon. House Members, I'm just here to answer any questions that may come up. So I will speak when spoken to.

REP. UMBERGER: That's something new.

CHAIRMAN KURK: My understanding is that the State gets a certain percentage of the advisory fee for the 529 Plan.

MR. DWYER: That is correct, Mr. Chair.

CHAIRMAN KURK: And looking at 2000 -- I'm on Page 7, 2014, '15, and '16, maybe even including 2013, it looks as though growth is either slowed or stabilized. Is that a harbinger of a steady future or just a temporary plateau?

MR. DWYER: Excellent question. Thank you, Mr. Chair. Both of these college savings plans are characterized as mature plans. These were launched in 1998; and as a result, many of the early investors in the college savings plans are now paying tuition rather than saving to pay tuition. And so what we have encountered is that growth in assets under management is beginning to stabilize to a large extent, not only due to the fact that we have more participants who are paying tuition today, but also simply because there's more competition in the 529 market. New Hampshire does remain the fourth largest plan in the U.S., but many other plans are approaching where we are in terms of assets under management. And in one instance, one State Plan has surpassed New Hampshire in assets under management. But I would say the primary driver of some of the more flat assets under management is as a result of distributions that are being taken to pay tuition.

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CHAIRMAN KURK: And because our population or college- age population nationally or state is not growing, once we've tapped a certain percentage that's as high as we are going to get?

MR. DWYER: That is certainly one factor that's going to impact. Now, again, Fidelity is very proactive in terms of lowering the investment management fees over time in order to remain competitive. So we have seen investment management fee reductions in certain portfolios with the intent of trying to sort of restart our jump start again the growth in the assets under management.

CHAIRMAN KURK: Thank you. Please proceed.

MR. SMITH: That's it.

CHAIRMAN KURK: That's it for all three?

MS. BRADLEY: It's -- no, that was two.

MR. SMITH: No, that's just the College Savings Plan.

CHAIRMAN KURK: Appreciate it.

MR. SMITH: All set?

CHAIRMAN KURK: And now the --

MR. SMITH: Now we'll do the State CAFR.

CHAIRMAN KURK: State CAFR.

MR. SMITH: Next we'll present the State of New Hampshire Comprehensive Annual Report or CAFR. And KPMG is the audit firm that we retained to perform this audit. And joining me is Marie Zimmerman, the Partner on the engagement, and also Joe Bouchard, Assistant Commissioner from Department of Administrative Services, and Dana Call, the Director of Financial Reporting.

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MARIE ZIMMERMAN, Partner, KPMG: Good afternoon, Chairman and Committee. Today I'm going to be briefly presenting our audit results on the 2016 CAFR. My name is Marie Zimmerman. I am the engaged partner and with me as well is our Lead Senior Manager Beth Cole.

We performed our audit in accordance with Governmental Auditing Standards and we have issued an unmodified opinion. In this year's audit, one new GASB implementation was GASB 72 over the fair value measurements in application. This did not result in any material changes in the financial statements to the assets or liabilities, but did have additional disclosures as you can see within the notes.

We also issued an opinion on the Required Supplementary Information, the MD&A and the required disclosures and that is in relation to just opinion. And we identified that it was materially presented in all respects.

In our letter to you dated February 8th, 2017, we summarized our audit results. And just to briefly go through those at a very high level, and then I can open up for questions, is we did identify one unusual transaction this year. Management identified it as well. And that was related to the environmental litigation settlement and you can see that in the financials.

We identified six, what I would consider, key or more significant estimates which we evaluated Management's estimates and calculations, assumptions, at times we used our own actuary, and we deemed all of them to be reasonable.

We identified six audit adjustments which Management had corrected during the audit. We also identified an additional four adjustments that Management deemed not material to be corrected and we concurred that those did not need to be corrected. We had no disagreements with Management and we also did not identify fraud or illegal event as we performed our audit. All of this is summarized in our letter. I can see you're flipping through.

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We will be issuing our report over Internal Controls at your April 14th meeting. We are providing those comments to Management and they'll be providing a response and we'll be issuing those with our single audit report.

With that, I'd like to thank Management for their assistance for our audit and LBA, and I'd like to open up for any questions you may have.

CHAIRMAN KURK: Bottom line, is there anything we should be concerned about? Anything we should be looking at?

MS. ZIMMERMAN: There is new GASB pronouncements are going to be implemented in the next couple years. This coming year tax abatement. I know Management has been analyzing it. The year after that 2018 is the OPEB. That's going to be another big hit to your balance sheet as was the pension. It's going to be similar to that.

CHAIRMAN KURK: That hits the balance sheet or just information?

MR. ZIMMERMAN: Your governmental-wide financial statement.

CHAIRMAN KURK: Does that affect -- is that just additional information or does that require us to fund something or take certain actions?

MS. ZIMMERMAN: Well, it will require -- potentially, it could require liability because most of your OPEBs are unfunded. So what will happen is you'll have a long-term liability and deferred inflows and outflows of resources that relate to it that will come in your government-wide statement and it could impact your fund statement for that period of time which is your 12-month period for the short-term.

CHAIRMAN KURK: In what way?

MS. ZIMMERMAN: It will be consistent with how the pension plan came on the books in the previous years. Where your

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pension plan came on, we were recognizing your deferred inflows and outflows of resources while that longer term liability. However, you've been funding that and you have your plans that have been funding those. So the actuaries will look at that for the future benefits and estimate that liability.

Now for OPEB, it's going to be the exact -- very, very similar process. And what the industry is trying to do is get some consistency around recognizing those and bringing those liabilities or assets, if you're in a fully funded position, onto your government-wide statements.

CHAIRMAN KURK: But will that require us to appropriate any more money?

MS. ZIMMERMAN: I will leave that up to you, because generally I have not seen that.

CHAIRMAN KURK: The other thing is do you hire the actuaries or do we?

MS. ZIMMERMAN: So you will hire the actuaries. Your actuary's Milliman. We then have an internal specialist actuary that would review yours as a part of our audit.

CHAIRMAN KURK: A thought.

MS. ZIMMERMAN: I'm sorry, Segal. Segal is your actuary.

CHAIRMAN KURK: To the extent you review any of that, please remember two things. All of our OPEB obligations are subject to appropriations and could be zero tomorrow if we put them in the budget at zero. Number two, if you decide to look at history as a guide, please note the proportion of the obligation that has been funded by the State over time. You will see a precipitous decline.

MS. ZIMMERMAN: Hm-hum.

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CHAIRMAN KURK: So when you attempt to figure out what our underfunded actuarially accrued liability is, it should be zero. That's a non-actuarial opinion.

MS. ZIMMERMAN: Opinion or statement.

CHAIRMAN KURK: Truly, OPEB in this state are extremely different from the constitutional and contractual obligations that we have with respect to pensions. And I hope the actuaries will truly acknowledge that difference. It's not that I disagree with the concept, but in New Hampshire we have a very different way of treating pensions from other benefits. And if the actuaries don't understand that, or don't see what we have done in practice, they will be creating a liability which, in fact, we don't have.

MS. ZIMMERMAN: Well, we'll be looking at it in accordance with the standards when the time approaches.

CHAIRMAN KURK: I'm sure you will.

MS. ZIMMERMAN: We'll keep that in mind.

CHAIRMAN KURK: Representative Umberger.

REP. UMBERGER: So have we budgeted for the actuarial study that needs to be done?

MS. ZIMMERMAN: Yes.

DANA CALL, Administrator, Bureau of Financial Reporting, Department of Administrative Services: That's Segal. We have contracts with Segal currently through the Risk Management Unit.

REP. UMBERGER: So that will be just one more task then they have.

MS. CALL: Yes.

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JOE BOUCHARD, Assistant Commissioner, Department of Administrative Services: That's correct.

CHAIRMAN KURK: Representative Byron.

REP. BYRON: Thank you, Mr. Chairman. The OPEB that you're talking about will only represent that apportioned share that is owned by the State and not the municipalities?

MS. ZIMMERMAN: Correct.

MS. CALL: Correct.

REP. BYRON: Thank you. No, I understand, I just wanted to be clear in my own mind.

CHAIRMAN KURK: Is there anything that you need -- that we need to be aware of other than what's happening in the future? Is there anything in this report that the Legislature should be aware of and take action on?

MS. ZIMMERMAN: Not to my knowledge.

MR. BOUCHARD: No, sir.

CHAIRMAN KURK: Thank you. Questions?

MR. BOUCHARD: I would make a comment or two. I apologize on behalf of Commissioner Quiram. She couldn't be here this week.

CHAIRMAN KURK: For her no apology is necessary.

MR. BOUCHARD: But I do want to thank our collaborators, the LBA with our audit team, and especially wanted to speak to the great work done by our former Comptroller, Gerard Murphy, who resigned a couple weeks ago to take another job within the state, who worked very, very closely with Dana. We couldn't have -- this couldn't have happened without their diligent work. And I need to also really express our gratitude, our own

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gratitude for our boss, Commissioner Quiram, who spent a number of times speaking to her counterparts in the Departments strongly urging them to put the resources where they needed to be to make sure the timeliness and importance of this work gets done. It's not an easy job and she really worked on behalf of this whole group as a team member. So I thank her and we thank your assistance as well.

CHAIRMAN KURK: Noted. No other questions, we thank you very much.

MS. ZIMMERMAN: Thank you.

CHAIRMAN KURK: Anything else to come before us? We stand adjourned until the 10th of March.

(The committee adjourned at 1:31 p.m.)

CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.

Cecelia A. Trask
Cecelia A. Trask, LSR, RMR, CRR
State of New Hampshire
License No. 47

