

JOINT FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, October 16, 2015

MEMBERS PRESENT:

Rep. Neal Kurk, Chair

Rep. Kenneth Weyler

Rep. Lynne Ober

Rep. Daniel Eaton

Rep. Katherine Rogers (Alt.)

Sen. Jeanie Forrester

Sen. Chuck Morse

Sen. Jerry Little

Sen. Andrew Sanborn

Sen. Lou D'Allesandro

(Convened at 10:12 a.m.)

(1) **Acceptance of Minutes of the September 25, 2015, Meeting**

CHAIRMAN KURK: Good morning, everyone. I'd like to call the October 16th meeting -- 2015 meeting of the Fiscal Committee to order. The first item on our agenda is the acceptance of the minutes of the September 23rd, 2015, meeting. Is there a motion?

** SEN. D'ALLESANDRO: Move.

REP. OBER: Second.

CHAIRMAN KURK: Moved by Senator D'Allesandro, seconded by Representative Ober. Discussion? Questions? Changes? There being none, are you ready for the question? All those in favor, please indicate by say aye? Opposed? The ayes have it and the minutes are adopted.

*** {MOTION ADOPTED}

(2) **Old Business:**

CHAIRWOMAN KURK: The next item is Old Business. We had tabled Fiscal 15-201, request by the Department of Administrative Services for approval of plan design changes to the retiree health benefit plans. Is there a motion to remove that from the table?

** REP. OBER: So moved.

CHAIRMAN KURK: Moved by Representative Ober, seconded by Senator Forrester. Are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is before us.

*** {**MOTION ADOPTED**}

CHAIRMAN KURK: Is there discussion? Commissioner, please. Ms. Keane. Good morning to both of you and thank you for being here.

VICKI QUIRAM, Commissioner, Department of Administrative Services: Good morning.

CHAIRMAN KURK: There seems to be a question about the last possible date to notify various people in order to put changes into effect in a timely manner I believe on the 1st of January, 2016. Is that date Tuesday, the 20th, or is that date Friday, the 23rd?

REP. OBER: Or is it today?

CHAIRMAN KURK: Or is it today? Well, no, we were told before it was at least the 20th.

MS. QUIRAM: The -- for the record, Vicki Quiram, and I'm the Commissioner of Administrative Services. And I have Cassie Keane, who is our Director of Risk and Benefits, and Sarah Trask, who is a Senior Financial Analyst for us to answer any of your questions. And I -- I'm happy to be here today. Thank you.

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First of all, I just want to thank you all for scheduling this meeting today. I know that it's an important date for us for decision-making, and I want to work with you the best I can.

As far as the dates that we need to make decisions, the October 20th date is actually applicable to the over 65 retiree pharmacy plan. We absolutely need to have that decision done today. We need to notify the Federal --

MS. KEANE: Express Scripts.

MS. QUIRAM: Express Scripts. We need to notify them immediately if we are going to do anything with that pharmacy benefit. They need to know exactly what we're going to do, whether we are going to pull it or not. So that particular decision absolutely has to happen today. The decisions for the rest of the health care plan changes are critical, also. I want to work with you the very best I can, but we have to make those changes by January 1st. They all have to be implemented by January 1st. And if they're not implemented by January 1st, the cost to our surplus is about \$380,000 per month. So any delay past that January 1st date costs us \$380,000 a month. Can we push it from today? There is a risk of pushing the decision from today, because we have already started moving things ahead. We have, you know, we have places, we have dates we have to meet, we have pre things that Anthem has to do. We have all kinds of scheduled outlines. If we were to push it from today, it could cost us additional money from the surplus. Can we push it? We want to work with you, want to do the best we can.

CHAIRMAN KURK: So the question is -- I know we can push it till Tuesday because you've already told us that. The question is can we push it till next Friday, the 23rd?

MS. QUIRAM: Not the over 65 decision at all.

CHAIRMAN KURK: Okay. Thank you.

MS. KEANE: On pharmacy.

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MS. QUIRAM: On pharmacy.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Mr. Chair, I appreciate it. Ladies, thank you for coming, and I appreciate your time. I hear you say we can't push it, but I'm typically a skeptic in most things. Why can't we push it? If it's managing Express Scripts, if it's asking for some sort of a waiver, obviously, we are all very concerned about wanting to do the right thing. We want everyone to come together and do the right thing. So it makes me nervous to hear someone say we can't move this. We launch space ships. We do all types of wonderful things in our government. Why can't we? What do we need to do to give us sufficient time to adequately consider what's going on in front of us?

MS. QUIRAM: In order -- in order to make the pharmacy change that we have proposed for the over 65, we had to go ahead and notify them. So we went ahead and notified Express Scripts that we were going to make this change knowing that the drop dead date for us to pull that change is on October 20th. So if we don't tell them on October 20th about the pharmacy change, this change will go through for the over 65. Can --

SEN. SANBORN: Follow-up, if I may?

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: Thank you, sir. You remember in our last meeting last month I asked to have Express Scripts here so we could have a conversation with them to ask them for some flexibility to make sure we can do the right thing. So I truly appreciate where you're at that at some level you made representations to Express Scripts of where we are and you're walking down a path and you're spending some money. I appreciate that.

MS. QUIRAM: Hm-hum.

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SEN. SANBORN: This is a huge issue. This is tens of millions of dollars, is affecting 11,000 people in our state that every single one of us in this room are very concerned about. So I'm more concerned about protecting the people of the state than I am about, with all respect, than making Express Scripts upset somehow, because they tend to be a company that's pretty understanding when things get complicated. So, again, I kind of push back on you with respect, what do we need to do to have that conversation with Express -- Express Scripts to say this has become a very contentious, complicated issue, and we need a little bit more time. Can you provide us another 30 or 60 days to see what we can come up with.

MS. QUIRAM: You want to add anything?

MS. KEANE: What I do want to explain is why -- why we are up against this deadline with Express Scripts, and it has to do with Medicare regulations and the fact that Medicare requires an annual notice of change to go out to any Medicare recipient relative to the pharmacy program. That must be in mailboxes on December 1st. And so we started out with an August 31st deadline, and we already did push Express Scripts very hard, Senator, and that's how we got the 10/20 date to pull what we've already submitted. So I just want you to know what it's driven by.

CHAIRMAN KURK: Senator Morse.

SEN. PRESIDENT MORSE: Can I just follow-up on something you just said? This is an annual notification. So if that's an annual notification, are you telling us lack of a decision by the 20th means that we will have 12 payments of 308,000?

MS. QUIRAM: Well, lack of decision by the 20th, no. On just that piece would mean a different monthly figure. It's a \$1.6 million per biennium for 18 months so I'd have to figure out what that is. But that would be the decrease of just making that decision. That would be what we need to pull out of surplus if we just pulled that. However, if we -- you know, the larger figure is if we don't make a decision on the total plan

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changes that's how much it costs us per month if we don't move ahead in the changes that are presented in Table 1 and Table 2.

CHAIRMAN KURK: Follow-up, Senator.

SEN. PRESIDENT MORSE: In order to try to clarify that. You're saying because of that issue though it's about a \$800,000, half of that 1.6?

MS. QUIRAM: No, it's about -- because of that one issue, it's about \$90,000 per month.

SEN. PRESIDENT MORSE: Per month.

MS. QUIRAM: Yes.

SEN. PRESIDENT MORSE: For the year we are upwards of \$1.1 million.

MS. QUIRAM: Right.

SEN. PRESIDENT MORSE: How much is in the surplus account?

MS. QUIRAM: The surplus account right now is \$5.4 million.

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you. I have two questions, if you would, Commissioner.

One, I guess somehow I missed the memo that we could go till October 20th. Did that come out in writing and when was that made and to whom was that made?

MS. KEANE: We talked about that at the last meeting. And that was the result of us working with Express Scripts knowing

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we were coming here on September 25th saying we need more time, we need more time, please give us more time.

REP. OBER: My second question, you currently gave the total amount for surplus, but aren't you also planning per this proposal to take 3.8 million of that surplus and use it to offset the cost to retirees? And if that happens, how many months can you go before paying the 380,000 a month before you have zero surplus? Oh, the calculator came. Thank you, Sarah.

MS. KEANE: Take your time.

MS. QUIRAM: Four months. About four months.

REP. OBER: And follow-up on that. Does that four-month answer include -- I understand you occasionally use this if our expenses are higher than expected because we are self-insured so it kind of fluctuates. Did you leave that contingency so that we can have that fluctuation or not in that four-month answer?

MS. QUIRAM: In the answer I did not leave that contingency. It would require that we go into our -- our reserve account at that point.

REP. OBER: Thank you, Commissioner.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Thank you, Mr. Chair. We just had a wonderful experience with a Continuing Resolution.

MS. QUIRAM: Hm-hum.

SEN. SANBORN: So acknowledging any plan requirement and disclosure that we provide needs to be for a 12-month period. See how hard I'm pushing for this, ladies, and thank you for understanding. Do we have the ability to do a three-month extension acknowledging we are going to have to re-notice, and I understand that, what other provisions are there? I mean, Lord

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knows I don't want the world to come to an end or something, to fall from the sky. But we are at a point where I think every single person up here wants to make sure that both sides of the aisle together with this and that we are trying to help these people. We need time to do that. So I'm trying to find a solution that gives us that time versus a wall that we continue to have to bump up against.

MS. QUIRAM: I want you to know that we really want to work with you on this, too, because we, too, care about the people that this affects and it's the reason we are here talking to you about it so thank you. And I appreciate your questions. I don't mind your questions. I really don't think we know the answer to your question. What we do know is that we have been told that they have to make this notification. And --

MS. KEANE: Yeah. I just do want to add for the over 65 on pharmacy we are dealing with Medicare regulations, and we can only make a change effective January 1. So out of all the -- all that's before you for consideration, it's that one aspect where we -- our hands are tied with respect to a January 1. So if we don't make that decision for January 1, '16, we could only then make a change effective January 1, '17.

SEN. SANBORN: Without approval from CMS?

MS. KEANE: Without submitting the information to CMS to Express Scripts to go out in the annual notice of change that individuals will have in their mailbox on December 1 for changes effective January 1.

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: Thank you, Mr. Chairman. You said over 65.

MS. KEANE: Exactly.

SEN. LITTLE: Under 65 we could do a shorter plan year?

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MS. KEANE: Correct.

SEN. LITTLE: Are there any limits or guidelines on that provision regarding the under 65?

MS. KEANE: No.

SEN. LITTLE: So it's a free, open playing field for us regarding --

MS. KEANE: Right. We would want to give people proper -- we would want to give notice and time, but there's no regulation that's driving us toward a particular date.

MS. QUIRAM: The only issue there is that if, in fact, we were to wait past January 1st to make these changes, either we would have to have more money into the plan or the cuts would have to be deeper because they would be spread over, you know, shorter than an 18-month period. So that's our concern.

SEN. LITTLE: Thank you.

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Can I just -- I'm not sure I understood what you meant by the cuts would have to be deeper. Are you meaning that if we didn't do what we have in front of us, we are looking at going perhaps to a 15% partial premium. When you say deeper cuts, are you saying that premium might have to go to 16%, it might have to go to 17%? Can tell me what deeper cuts means, Commissioner?

MS. QUIRAM: It could mean changes on any of the line items that are on here. It could be higher co-pays. It could be higher percentage of premium. It could be higher deductibles, higher out-of-pocket. You know, we would have to modify the plan and change the plan for the retirees to make up for the -- let's

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just if it was six months, four months, whatever it was, for the amount of money that would be coming out of surplus during that time. Because we could not then last all the way through the biennium with the money that we have to run the plan.

REP. OBER: Thank you for that explanation.

CHAIRMAN KURK: Senator Morse.

SEN. PRESIDENT MORSE: Mr. Chairman, if you'd just allow me a few questions, and I do have one of Representative Ober, if you'll allow me.

CHAIRMAN KURK: Sure.

SEN. PRESIDENT MORSE: Commissioner, I asked you last month, and I understand you had a meeting with the Governor yesterday, where is the Governor on this plan and on the legislation that makes this plan work?

MS. QUIRAM: Hum -- as far as I have spoken with the Governor about the plan itself that we have presented. And I think just like all of us, I mean, nobody wants to make these cuts. Nobody's enjoying making these cuts. But we have come up with the best plan that we possibly can to live within the budget that we have been given all the way through the process for retiree health.

SEN. PRESIDENT MORSE: So the Governor supports the plan?

MS. QUIRAM: I think the Governor thinks that this is a viable plan for working within the budget that we currently have.

SEN. PRESIDENT MORSE: And the Governor understands that the legislation that goes along with this plan needs to happen?

MS. QUIRAM: I think the Governor understands that we need to come up with some revamping of the system. We need to do some

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different things. In fact, they have come up with a lot of good ideas on, you know, things that we might look at and things that we might do as have many of the other people that we've talked with about this including, you know, some of you.

SEN. PRESIDENT MORSE: I understand, Commissioner; but you're saying might, might, might. Here we are another month into it, all having concerns on a bipartisan basis, quite honestly, and we're not seeing the leadership out of the Executive Branch on this.

Now, Representative, I have a question because I asked yesterday about your legislation because it certainly would be the only way you could get my support on this plan. Do you have bi-partisan support on that legislation yet or have you tried to do that?

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you. I spoke to Senator D'Allesandro this morning. I had tried to talk with him previously, asked him to co-sponsor on the legislation and I will let the Senator speak for himself, but I believe he said he would co-sponsor the legislation, Senator Morse.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chair. Representative Ober spoke to me this morning, mentioned to me the ingredients that are in the bill, which we had discussed before. So I concur with the ingredients that are in the bill. They satisfy all of items that we discussed at a meeting that were indicated were needed in order to make this thing work. And with that, obviously, I support the bill. I'll be a co-maker on the bill. And, again, that just happened this morning just before this -- just before this meeting.

CHAIRMAN KURK: Senator Morse.

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SEN. PRESIDENT MORSE: Mr. Chairman, I'm going to make a suggestion, and I don't know if the Committee will accept it, but I honestly believe that piece of legislation, and if it takes the Speaker and myself to make sure the legislation is drafted, needs to have bi-partisan support and that needs to be on the legislation before the 20th and we can come back on the 20th and vote. But that piece of legislation makes the difference whether this plan works or not, and I'm not comfortable with we might be able to do this and we might be able to do that and that's nothing against the Commissioner. But this is serious business. It takes serious work to get there. We talked about asset testing because I think the majority of this Committee believes we need to take care of the people that really need help and that wasn't even going to be in this legislation until we talked about it yesterday. And I think everybody in this building thinks that's a good idea. It's probably how the wording is.

I think we need to do our homework on that. We need to get bipartisan support. I certainly want to know that the Governor's supporting that part of it, because it makes no sense going into next year with half this plan and it just won't work. And I would suggest that we make that happen, the legislation needs to happen. And if there's not going to be co-sponsors, then you certainly have a real problem in the Executive Branch going into the first of the year. I understand that. But I certainly don't believe there's that kind of General Funds around.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Mr. Chair. So taking upon the Senate President I might suggest that we at this point have a discussion around a couple things. One discussion whether or not we should put this back up on the table for another week. Number two, some sort of written communication from the Governor as to where she stands on this plan if she's supporting it. Obviously, recognizing that the language needs to be vetted out for everyone to participate. And three, dragging Express Scripts in

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here to see what we can do to try and convince them to give us the time we need to do the right job about this.

CHAIRMAN KURK: At this point it seems to me that we have been told as a practical matter we have until the 20th to act. Commissioner's been clear on that. So we can put this back on the table, but then we will have to call a meeting with one item on the agenda for the 20th. That gives us Saturday, Sunday, Monday, and Tuesday is the 20th to get the drafting done, to get co-sponsors lined up, and to get whatever commitment will be forthcoming from the Governor's Office. That's where we are now. There does not seem to be the possibility realistically based on what we know today at this time to extend this till Friday, the 23rd. So we are going to have to meet Tuesday. That's the drop dead date. Do I have that correct? Is that --

SEN. FORRESTER: That sounds right.

CHAIRMAN KURK: Okay. So if we put this back on the table, then I will be calling for -- I will set a meeting to deal with this one agenda item for Tuesday at --

REP. WEYLER: 9:30, please. I've got a 10 and an 11.

REP. EATON: Or you could go for one.

CHAIRMAN KURK: One of the advantages of having a later meeting on Tuesday, folks, is that it gives us --

REP. WEYLER: Lynne's got the whole afternoon. She's important on this. You can have it without me.

REP. OBER: Sorry, but they're talking about operating on my toe so I'm seeing the doctor Tuesday afternoon on the 20th. I tried to schedule it around everything we were doing here.

CHAIRMAN KURK: Are you going to be in San Diego?

REP. OBER: Dick.

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REP. BARRY: Yes.

CHAIRMAN KURK: Thank you. I'll think for a minute about the time but I understand. Representative Ober, will you be -- is 3 o'clock -- it's not doable for you.

REP. OBER: No, I need to be in Nashua ready to go at 2:30 which means I have to be out of here by really 1 o'clock so I can go home and shower before I get over there.

CHAIRMAN KURK: Okay. So if we met at 11?

REP. WEYLER: I've got meetings at 10 and 11.

SEN. FORRESTER: Works for us.

CHAIRMAN KURK: What have you got?

REP. WEYLER: I've already convinced them they were going to have both at 10. I convinced them to make this one at 11 and this one at 10.

CHAIRMAN KURK: You can get somebody to substitute.

REP. WEYLER: Can substitute for me.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Why can't we meet on the 19th? I think I've made it clear that I will co-sponsor the legislation. The Representative has given me the --

CHAIRMAN KURK: I have no problem meeting on the 19th but will that give everyone enough time, including Legislative Services, for drafting?

SEN. SANBORN: And all committee members have the opportunity to look at it and ask questions and get fully versed on it.

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SEN. D'ALLESANDRO: Look, we have worked Saturdays and Sundays in the Legislature a lot.

CHAIRMAN KURK: Understood.

SEN. D'ALLESANDRO: Getting this done is the most important thing. Representative Ober is the key. She has the legislation in draft now. We'll put the heat on Legislative Services to have it drafted.

CHAIRMAN KURK: How about an evening meeting on Tuesday? Could you make that?

REP. OBER: I don't know, not if they operate?

SEN. D'ALLESANDRO: We could meet the evening of the 19th.

REP. OBER: Mr. Chairman, if Representative Barry could sit in for me, I could go over to OLS and see where they are in the drafting process and because the bill has been over there and tell them we need it, speed it up.

CHAIRMAN KURK: Representative Barry will, fortunately for him but unfortunately for us, be out-of-state.

REP. OBER: He could sit in for me right now. I could go to OLS. We could find out where the legislation is.

CHAIRMAN KURK: Okay. So 11 o'clock on Tuesday?

SEN. FORRESTER: Eleven o'clock on Tuesday. Fine for us.

CHAIRMAN KURK: Eleven o'clock on Tuesday will be the time. And we will find --

REP. WEYLER: You will have a replacement.

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CHAIRMAN KURK: We will find a replacement for Representative Weyler who will not be able to make it. Okay. Is there a motion? Senator D'Allesandro.

SEN. D'ALLESANDRO: Doesn't that push Representative Ober in a problem?

REP. OBER: Do want to hold this while I go over to OLS and go to the next item and let me talk to the drafting attorney. Dick, would you sit in for me? No, you won't sit in for me?

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: Mr. Pfaff just went over to OLS.

REP. OBER: Yes, but there was a change we had to make that Senator Morse asked for yesterday and Senator Forrester agreed and I agreed to make that change, and he does not know about that change so I need to go over there and make sure that that is in there. Because I agreed to that yesterday if you recall, Senator Little.

SEN. LITTLE: Thank you.

CHAIRMAN KURK: Senator Morse.

SEN. PRESIDENT MORSE: Mr. Chairman, I guess the whole point is this. This is going to get tabled, we'll probably have till after 11 sometime because you get an item on here we have to vote on. We have the time to pick the time and date. I guess the point of the whole thing that I was trying to make earlier is I know they have done a lot of work on it. I know they have presented what the financial situation is. And the fact that it came after the budget, it's after the budget. I'm sure it would have been taken care of in House Bill 2, and I am sure it would have been accounted for financially in the budget but that's gone. And if this body is going to work together, Republicans and Democrats, I think it's important to table right now and come back Tuesday and have a vote on a plan that everyone is saying they'll support, not they might support. Because I know

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in talking to you and you presented the plan to me it was because of the legislation you were supporting the whole plan, and that was why I was supporting it. I want to know where the Governor is on this. And I, obviously, want bi-partisan support in the Legislature on this. This is a big change in the State of New Hampshire.

CHAIRMAN KURK: Okay.

REP. WEYLER: A motion to table.

** SEN. FORRESTER: So move.

SEN. SANBORN: Second.

CHAIRMAN KURK: Motion to put item 15-201 back on the table, made by Senator Forrester, seconded by Representative Weyler. Are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the motion is on the table.

*** {**MOTION ADOPTED**}

CHAIRMAN KURK: Representative Ober, if something doesn't work out --

REP. OBER: I'm going to go now. I'll be back.

CHAIRMAN KURK: -- we will take it off the table again and deal with it.

MS. QUIRAM: Representative Kurk, I just want to say very quickly that if you need myself or Cassie Saturday, Sunday, any time day or night, you have our cell phone numbers. Please call us any time you need us if you have a question. Thank you for working with us on this and we're available. But my cell phone number is 419-0592.

CHAIRMAN KURK: This is out on the Internet now?

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MS. QUIRAM: It's on my card. It's on my e-mails. It's everywhere. So 419-0592.

CHAIRMAN KURK: Did all you folks that are here who are retirees hear that?

REP. EATON: Cassie's used to working Sundays. She's got a history.

CHAIRMAN KURK: I would ask that none of you three leave until the meeting is over because we may take this off the table again, depending upon what Representative Ober determines.

CONSENT CALENDAR

**(3) 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: Moving on then to the Consent Calendar, Item (3) on the agenda. Are there any items that anyone wishes to remove from the Consent Calendar?

SEN. SANBORN: Where we start?

CHAIRMAN KURK: I wish to remove Items 215, 216, and 228.

SEN. SANBORN: Mr. Chair, we on Tab 3 at this point?

CHAIRMAN KURK: Tab 3 only.

SEN. SANBORN: I'd like to remove 210, 213.

CHAIRMAN KURK: That being the case, we'll take up each of the items individually on the Consent Calendar. It will no longer be a Consent Calendar.

Moving on to Fiscal 15-210, a request from the Office of Energy and Planning to retroactively amend Fiscal 13-286 by

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extending the end date with no increase in funding. Is there somebody here from Energy and Planning who can answer some questions?

MEREDITH HATFIELD, Director, Office of Energy and Planning:
Good morning, Mr. Chairman, Members of the Committee. My name is Meredith Hatfield and I'm the Director of the Office of Energy and Planning.

CHAIRMAN KURK: Good to see you again. Good morning. Senator Sanborn.

SEN. SANBORN: Thank you, Mr. Chair. Meredith, thanks for coming in today. I appreciate it.

Let me ask a question kind of holistically. This is a grant for \$1.5 million to save people money for solar installations. So I guess how much have people saved? I mean, are we spending people's money wisely here? So what do we have that can prove that it's actually been an effective program and will be an effective program going forward?

MS. HATFIELD: Right.

SEN. SANBORN: In full disclosure, I'm looking at solar on my house and I'm not hearing anything about savings or any program so I was just curious at a minimum.

MS. HATFIELD: Okay. Sure. So the \$1.5 million is a Federal grant from the U.S. Department of Energy to a non-profit called Clean Energy States Alliance, CESA. And CESA is working with five New England states, all of the New England states other than Maine. And we are working together under that grant. And so the amount that New Hampshire is receiving over about a two and a half year period is \$150,000. And the purpose of the grant is to really look at what people refer to as soft costs for solar. And the reason for that is that an energy office really can't do much about the actual cost of the panels. We can't do R & D. You know, we can't get at sort of the

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manufacturing cost, although those have been coming down a lot over time. So we are focusing on the soft costs and those include things like permitting for solar and zoning for solar. And, also, you know, do people have the information they need to understand what it actually takes structurally to put solar on your building.

So the first thing that we did last year is we produced a guide for permitting, zoning, and interconnection. It's on our website. I'd be happy to send you a link. And we worked with installers as well as with building code officials to try to put together a guide that will be useful for them because you may know that there has been a huge boom in solar in New Hampshire over the last year or more and many towns, especially the smaller ones that don't have full-time planning and zoning staff, are sometimes struggling with, you know, should they require just a building permit, just an electrical permit, both?

So the idea was to try to provide resources to these when they are faced with these big rush of solar applications to figure out what's the safest, most appropriate way to permit them but without creating burdens that prevent people being able to install solar.

Another thing that we are doing at this point in the grant, we're moving into Phase II is to have training sessions for emergency responders. Because one of the things we learned in our outreach is that a lot of the fire and rescue folks in towns don't know what happens when there's solar on a roof when there's a structure fire. So we are holding a training next month at Lakes Region Community College. We have over 50 local fire and rescue folks already registered for that training.

The last thing that we're doing is working with individual communities who want help from our planners at OEP in trying to figure out should they have a solar ordinance? Are they asking for the right permits? And one town we are working with right now is actually Holderness. We are doing outreach just to say, towns, we're here, we can help you if you want us to help you

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figure out if you should have a specific solar ordinance. And at the end of the project we will be working with CESA to look back and compare the starting costs of solar and then the ending costs to see if this project has been able to bring down the costs. So we will be doing that analysis at the end of the grant.

CHAIRMAN KURK: Further question?

SEN. SANBORN: Thank you. And I'm still somewhat troubled because when I read that this is about cutting the cost, it sounds like the grant is much more of an education and helping communities figure out how to regulate versus helping consumers save money, which is what it means to me, what a grant is really all about. So that's why I continue to struggle with this grant.

MS. HATFIELD: One of the things that we have heard from installers is that requiring a lot of permitting that they don't believe is necessary does add significantly to the cost, especially for a homeowner for a small system. So that -- so the towns that have taken -- there are a few towns in New Hampshire that actually have a solar permit where they figured out, you know, what they need for safety, what they need for electrical, and that is -- I don't know if I would call it streamline, but it's a much more clear path getting your solar permit and other towns just haven't been able to do that yet. And so it can be cumbersome for the installer and the building owner to try to figure out what permits do I need; where do I get them; how much does it cost? So it does end up increasing those soft costs.

SEN. SANBORN: Thank you, sir.

CHAIRMAN KURK: Question. Why was this not in the budget?

MS. HATFIELD: From time to time, OEP goes for competitive grants from U.S. Department of Energy, and we don't know during budget time if we will get them or not. And at the time we put together our 16-17 budget, we didn't know if this grant,

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especially Phase 2, which is the current biennium, if it would be approved.

CHAIRMAN KURK: I would ask that it be very helpful if you put down the fact that you applied for this grant and so that we could decide whether or not to include it or not, but at least budget writers would have the information that this is the way OEP is going and that might affect some other decisions that we make.

MS. HATFIELD: Okay.

CHAIRMAN KURK: Thank you.

MS. HATFIELD: Thank you.

CHAIRMAN KURK: Further discussion? Senator Little.

SEN. LITTLE: Thank you very much, Mr. Chairman. A related quick comment, I guess. Maybe it's a question. The first sentence on the second page under the explanation it says this request is retroactive due to the timing of the contract negotiations and the impacts of the government shutdown, and I'm assuming you're talking about under -- being under Continuing Resolution.

MS. HATFIELD: I think you might be looking at the original item which was back in 2013.

SEN. LITTLE: Okay.

MS. HATFIELD: The current request is retroactive due to an OEP oversight. We had staff turnover, and we just missed the deadline internally for seeking approval to accept stage two of the grant.

SEN. LITTLE: So Federal Government shutdown?

MS. HATFIELD: Yeah, the last time around.

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SEN. LITTLE: Okay. Thank you.

MS. HATFIELD: Sure.

CHAIRMAN KURK: Further discussion? Is there a motion?

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

CHAIRMAN KURK: Senator D'Allesandro moves, Representative Barry seconds the approval of Fiscal 15-210. Further discussion? Ready for the question? All those in favor, please indicate by saying aye? Opposed?

SEN. SANBORN: Opposed.

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

*** **{MOTION ADOPTED}**

CHAIRMAN KURK: We turn now to Fiscal 15-213, a request from the Fish and Game Department to accept and expend \$595,800 in Federal funds through December -- sorry -- June 30th, 2016. Senator Sanborn, I believe you had some questions on this.

SEN. SANBORN: I do.

CHAIRMAN KURK: Is there somebody from Fish and Game who can respond to the questions?

GLENN NORMANDEAU, Director, Department of Fish and Game: Good morning. For the record, Glenn Normandeau, Director, Fish and Game.

CHAIRMAN KURK: Good morning, sir. Welcome.

MR. NORMANDEAU: How are we today?

CHAIRMAN KURK: We'll let you know later. Senator Sanborn.

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SEN. SANBORN: Director, good morning. Thanks for coming up, I appreciate it. A couple questions on two different themes.

MR. NORMANDEAU: Yeah.

SEN. SANBORN: The first is on the narrative of the project where Page 1 it says it's 100% Federal funds, but further on in it talks about only 800,000 of the 1.2 million is Federal funds. So there's some disparity there on if this really is 100% Federal funds or not. So if you can help me.

MR. NORMANDEAU: 1.2 million.

SEN. SANBORN: Yes. Page 3, the letter from September 17, 2015, that was sent to you with revised total amount now 1.154 million of which the Federal share is 865,000. And that be on the first paragraph, I apologize.

MR. NORMANDEAU: Right. I am not sure what the amount -- so the revised total amount -- these -- these funds, these are PR money, Pittman-Robertson funds. So the total, quote, unquote, amount is actually 25% greater than the Federal grant because it's 25% match for the Federal money. In this particular land purchase the -- the individual who is selling us the property is taking 25% less than the -- than the federally appraised value to give us that as a --

SEN. SANBORN: Soft match.

MR. NORMANDEAU: Well, it's a real match for him, frankly, you know, and I think that's where the discrepancy is. So that what we're getting is 865,000, the Federal share. Okay. What am I saying?

REP. WEYLER: Something in there about timber sales.

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MR. NORMANDEAU: See, I think there's two -- this has got two things going on at the same time, and I'd have to check on that. See, it's increased the total award amount by 794.4. This is piggybacked on a previous grant. So this Wildlife Management Area Enhancement W-108-L-1 is an ongoing grant we have so with this application to them was to add to that to make this purchase. So the totals are more than what this is about. There was previous stuff associated with it, and I can get you a list of what all that is, I'm sure. But this particular purchase is the -- involves the 595 amount of Federal funds.

SEN. SANBORN: Follow-up.

CHAIRMAN KURK: Further questions.

SEN. SANBORN: I hear you, Director, and I'm not sure I understand it yet but thank you for that.

MR. NORMANDEAU:: In other words, what I should say is what this was, this added Federal money to an existing grant that we were working under as opposed to a -- as opposed to that grant was not just an individual grant just to purchase this property. It's inclusive of other things. Because these are -- these funds are actually the State's money held in trust by the Federal Government, the PR Wildlife Restoration monies. So every year we are awarded, you know, our apportionments. All 50 states get them, as well as a few territories. Every year for New Hampshire lately between the fish and the wildlife restoration that's around \$7 million of Federal money, but they don't write us a check. It sits in Washington and we apply through -- we have about 40 grants going off of these monies and this was in addition to one that's already in play, if you will.

CHAIRMAN KURK: Senator Sanborn and Director Normandeau.

SEN. SANBORN: Thank you, Chairman.

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CHAIRMAN KURK: I point out on the first page of the application if you look down under sources of funds, the first line, Federal funds.

SEN. SANBORN: Hm-hum.

CHAIRMAN KURK: You can see that the current budget is 288 and 595 is additional money added to that.

SEN. SANBORN: Correct.

MR. NORMANDEAU: Right.

CHAIRMAN KURK: Further question, Senator?

SEN. SANBORN: Thank you, Mr. Chair. The second part, Director, is kind of holistic. I'm struggling with talking to members of all the outdoor groups you know I associate with and you know how much I support your agency, but I'm struggling with this and then a bunch of stuff in the ancillary reports today that how can we turn to active outdoor people and tell them that the agency has no money and it's broke and we are raising virtually every -- every point of access it takes to go into the woods while at the same time then we are turning around and buying I think by this count nine different properties for added conservation, which I support, but not only buying them, now we are going to have to pay to monitor them and manage them. It's a hard sell for me. You understand where I'm coming from?

MR. NORMANDEAU: I know where you're coming from and the short answer is we can't use that money. We can't use that money to run the Department. I mean, it's for specific purposes in law. It's like for the same reason I can't use OHRV money to pay my business office. I can't use access money. I can't use Habitat money to pay employees. I mean, we're stuck in all these little boxes and the main operations of the Fish and Game Department paying the business office. For example, I can't use any of these Federal grants, seven million bucks' worth of Federal grants, none of it can be used to pay law enforcement.

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Law enforcement is about a third of all of our Fish and Game revenues which is license fees. So while a biologist can be covered 75% by these funds, can't go to law enforcement which is our most expensive operations. So it's really about what money can be spent to do what and we are stuck in legal boxes all around and that's the bottom line of the story, frankly.

SEN. SANBORN: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: Thank you, sir. And so we go out and acquire nine new properties which are going to have to be managed. Where's that funding coming from and what -

MR. NORMANDEAU: The management comes out of combinations of Federal moneys, as well as the Habitat accounts which the Habitat accounts come from the license holders. They often represent the 25% cash match that we have to for these funds. And then those properties get managed out of those accounts. And the flip side of that is all these properties end up open for the public. They end up mapped with maps on how to get to them on our property. This particular parcel, 400 acres, is actually in addition to I think it's about 1600 that we already have there in Middleton and Brookfield. And it's a very impressive piece of land with several couple impoundments on it, streams, trout ponds. And that whole area is open, you know, for the public to hunt and fish, recreate. Snowmobile trails run through it. And, you know, when I'm hearing the public at meetings talk to me about, you know, where can I go, that's what it's all about is these are the places they can go.

SEN. SANBORN: Thank you, sir.

CHAIRMAN KURK: Would somebody care to make a motion?

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

CHAIRMAN KURK: Senator D'Allesandro moves the item, seconded by Representative Barry. Discussion? There being none,

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are you ready for the question? All those in favor, please indicate by saying aye? Opposed?

SEN. SANBORN: Opposed.

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

***** {MOTION ADOPTED}**

CHAIRMAN KURK: We now move to 15-214, another request from Fish and Game for authorization to accept and expend \$174,570 in Federal funds through the end of 2016. Are there questions?

SEN. SANBORN: No.

CHAIRMAN KURK: Is there a motion?

****** SEN. D'ALLESANDRO: Move it.

CHAIRMAN KURK: Senator D'Allesandro coming to the rescue with a motion and seconded by Representative Barry. 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 15-215, a request from Health and Human Services to accept and expend \$2,231,951 in Federal funds through September 29th, 2016. Is there someone here from the Department to answer questions? Good morning, Commissioner. Welcome.

NICHOLAS TOUMPAS, Commissioner, Department of Health and Human Services: Good morning, Mr. Chair. Good morning, Members of the Committee. For the record, Nick Toumpas, Commissioner of Health and Human Services.

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CHAIRMAN KURK: Thank you, Commissioner, for being here. I have a question. How are we going to measure or is there any provision to measure what the outcomes of this are going to be so that we can determine whether it's cost effective?

MR. TOUMPAS: This -- the grant that you have, the acceptance of this, this is a multi-year grant. There are criteria that are listed in the contracts that we have where we have not released contracts on this yet. We are doing an assessment before we release the contracts and with that we will have the outcome measures that we are looking at which really are related to creating greater awareness in the target populations with the kids 12 to 17 and then also those young adults from 18 -- 18 to 25. And a lot of that is just the awareness of the type of resources that they have, as well as to reduce the prevalence and the consumption of alcohol and other type of drugs and including the recent issues related to the opioid crisis.

CHAIRMAN KURK: As you well know, Mr. Wozmak, the State's so-called drug czar, has proposed 20 plus different programs that we should spend State dollars on. But while all of these are evidence-based we, in trying to make good public policy, because you never have enough money to do everything that is proposed, would really like to know which are the most cost effective. In other words, where do we get, as they say, the most bang for the buck. The most people who are cured, the most people who are treated for the least number of dollars so we can spread those dollars out and spend them wisely. Will you be able to tell us at the end of this program that as a result of this education effort, statistically we avoided so many people becoming addicted who would otherwise but for this program, but for the education this provides not have become addicted, and then we can determine how cost effective this is compared to a whole variety of other programs so at least going forward, since we don't have the information to start, we can make more intelligent policy decisions?

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MR. TOUMPAS: The program, the Partnership to Success, is an evidence-based program. The Federal Government has put out a number of criteria we have on that. I'm also aware, Mr. Chair, that there's an LSR that is out, I believe you sponsored and we are working with my staff, as well as with others, in order to basically try to drive down a little bit further in terms of the type of measures that you're talking about. So that is the intent.

I fully recognize and understand what it is that you're saying. It's just that, again, for some of these things they are -- they're defined in terms of the -- we define the outcomes in terms of reducing prevalence, creating a greater awareness, and then being able to measure that and showing that we are moving -- on moving that. But that's -- but, again, I know what you're asking and that's something that I know that there's another set of discussions that are going on outside of this that we'll get to that.

CHAIRMAN KURK: So this program on its own if that bill does not pass will not give us cost-effectiveness data.

MR. TOUMPAS: I'm not saying that. I'm saying that your -- you're looking to put a little greater clarity in terms of things which I don't disagree with, but right now what we have is that this is, again, the Federal Government has put a fair amount of money into the idea of evaluation of this. One of the things that we'd be looking at when we take a look at some of the things that have been proposed is we don't duplicate the efforts so we are starting an evaluation where they have already done something. It can be augmented, we'll do that.

CHAIRMAN KURK: The Department is fully aware of the difference between evidence-based programs and evidence-based programs that are either cost effective or not cost effective.

MR. TOUMPAS: Yes, we are.

CHAIRMAN KURK: Thank you. Senator Sanborn.

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SEN. SANBORN: Thank you, Mr. Chair. Commissioner, thanks for coming in. Appreciate it. You know, frankly, the great work that you have done and Senator Forrester has done, we have gone from spending at the de minimus amount of money on alcohol and drug treatment programs up to I think the number is \$42 million in the budget. I'm concerned, however, that as Chair of HHS, that we are losing a little bit of control on what we are really trying to do and how we are trying to prioritize it and where we are effectively spending money. You know, on one hand this, as I read this and full disclosure, when I read the explanation it doesn't say a lot to me. It seems kind of fluffy, but it leads me to imply that this would be putting out posters telling kids under 21 years old not to go buy and drink beer. At the same time, I'm seeing people dying of heroin in the street and we don't have any long-term recovery. We don't have enough beds. We don't have other things that I would think are higher priority for us today.

MR. TOUMPAS: The work that the Department is doing is very much aligned with what the Governor's Commission is doing. The Governor's Commission what we are trying to do collectively is really looking at a comprehensive system in order to basically deal with both alcohol, and the number of people who are dying from alcohol-related issues and so forth far exceeds the number that have died as a result of the heroin epidemic. And so this is a -- this is a long-standing program, and it's going to take a concerted systemic view.

The major elements, one is related to population health in terms of looking at things. So the -- so the recent campaign that we're rolling out that the Fiscal Committee approved back a couple weeks ago, the any time -- Anyone-Anytime Program in order to basically create greater awareness so people know where to go for assistance. We also have targeted prevention which is what this program that we're talking about here. Partnership for Success really focuses in on targeted high-risk groups across the state, especially in that young population, not only just to create greater awareness but to educate and get them to

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understand what the impacts of use and misuse of these types of substances would be.

The next component is early intervention and that's really primarily in a primary care type of setting to do early screening about certain things. The treatment, which is one of the things that has really been talked about, you talk to law enforcement, they will tell you that there are two issues. One is the need for treatment services and the other is to work, go back upstream to figure out why kids and others are using the substances in the first place. That's what -- so the treatment and then various levels of -- of prevention really work.

And then the last piece of it, which is something that we have not done an extensive amount of work on here in the state is the recovery side. So with the additional dollars that are coming in from -- from the Governor's Commission, what we have with the New Hampshire Health Protection Program and the services that are being funded there, with our going after these type of grants, we now have an overall continuum. We have an overall strategy in terms of what we're doing. So now as these dollars become available, we're not duplicating, we are not overlapping with each other. We were targeting these dollars to basically be complimentary with one another. So, for example, there are things that traditionally the Governor's Commission has done with respect to treatment. Well, with the addition of the Health Protection Program, some of those things don't need to be done. We can use the dollars in terms of the Health Protection Program that really be focused there and then allow us to basically reallocate some of those other dollars into areas such as recovery services, which we have not done a whole lot.

SEN. SANBORN: Right.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: Thank you, sir. That's kind of my point. I mean, for two and a half million dollars we could open up ten

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long-term recovery facilities around this state to help people today. We don't have a single level of service for them. You know, you and I both know we offer long-term recovery services in the mental health arena, but we are not doing anything. We have nothing in this state for people who are struggling with addiction, either alcohol or drug. To me, I think that's a better use of the money. So when I see a spending on what amounts for me, and I don't mean to be harsh, Commissioner, but looks like posters, and I know I'm being harsh and I apologize but you know where I'm coming from on this. How do we take a grant like this and move it towards something that I think we have a far greater -- I'm sorry, what the Chairman had said, definable --

REP. BARRY: Outcome.

SEN. SANBORN: -- outcome on?

MR. TOUMPAS: I believe this is a component of that. Some of the other things that we're -- that we're talking about really allow us to basically do that. We're -- we are headed in the direction that you are suggesting, Senator. It's just that with these type of grants, we apply for the grant related to a particular area. This is really targeted at young kids, like 12 to 17, in the schools. This expands the number of schools and the number of kids that are going to be touched directly by this. So this isn't just putting posters out there. This is really sitting down with kids in smaller groups and so forth within the school setting, as well as educating school administrators, teachers, others that kids come in contact with to recognize the signs that some kid may be in some form of distress and be able to get to them more earlier. So some of these funds as they come in as much as the temptation would be to look at it and say we can do anything we want with it, we can't. These are released by the Federal Government for a specific purpose. There may well be other programs that will come along that will deal with whether it's treatment, whether it's recovery and so forth. But because we have that broader level strategy now, we are able to go after those dollars. We

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can target them and know we are doing it in the most efficient way as we can.

SEN. SANBORN: Thank you.

CHAIRMAN KURK: Senator Forrester.

SEN. FORRESTER: Thank you. I have several questions if you -- okay. Thank you, Commissioner, for coming in. You've heard Senator Sanborn say we budgeted 42 million, 75% more in this budget than in the previous budget on these issues which I think they're very important issues. My question is this is part of that \$12.5 million grant we heard of a couple months ago; is that correct?

MR. TOUMPAS: What this is, this is the first year, Senator, of that 12 -- roughly \$12 million, yes.

SEN. FORRESTER: Twelve million. So in a prior Fiscal Committee meeting we accepted the 2.2, 2.3.

MR. TOUMPAS: And 2.5 million, yeah.

SEN. FORRESTER: Okay. And that -- and then in addition to this there's another 2.2 that sits on top of the 42 million that we're spending; correct?

MR. TOUMPAS: Yeah. I can't --

SEN. FORRESTER: Well --

MR. TOUMPAS: I know it's a substantial increase.

SEN. FORRESTER: But it sits on top of what we already appropriated.

MR. TOUMPAS: Yes.

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SEN. FORRESTER: Okay. So does this program here that you're planning to implement, does that -- is that part of the collective action, collective impact? So it is part of the program that the Governor's Commission worked on. It's not --

MR. TOUMPAS: Totally consistent with it.

SEN. FORRESTER: Okay. All right. Then my only other question would be why are we -- are there plans to focus on the younger population at the elementary school level? I see this starts at 12 on up. And I know there have been discussions with law enforcement and others about really going younger. Are you planning to do that?

MR. TOUMPAS: I think there are some of the things that we are doing regarding the SBIRT, the Screening Brief Intervention is really trying to get at the younger -- at the younger population. There are some other things that I don't have off the top of my head that really target the younger population. As you know, we have a number of public health regions and people who are working with schools, they're working with law enforcement, they're working with others within their respective communities in order to do the effective outreach to all the population, but especially to -- this is the target group for this particular grant. But there are other things that do target the younger population.

SEN. FORRESTER: Further question? In a prior Fiscal Committee meeting we approved the 2.2 that needed to be spent down by the end of September.

MR. TOUMPAS: Yes.

SEN. FORRESTER: Did that money get spent down?

MR. TOUMPAS: Yes, it did.

SEN. FORRESTER: And are you able to tell us now or maybe you don't have that information. I had asked before what those

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programs -- what that money was being spent on and at the time I recall you said because of contracts hadn't been let I couldn't really discuss that. But I'm curious to know, you know, how that money got spent.

MR. TOUMPAS: Yeah. The -- there were -- there were several different areas that we -- that we did and I can e-mail this to you --

SEN. FORRESTER: That's fine.

MR. TOUMPAS: -- to the Committee through the LBA.

SEN. FORRESTER: Yeah.

MR. TOUMPAS: Because these were all acted on by the Governor and Executive Council and to the point that Representative Kurk, the Chair is talking about, is that the dollars that are here, this is just the accept -- accept and expend option. One of the items that you did with the acceptance of the 2.5 million was money that we were going to be able to do an assessment in terms of where the real needs were going to be and may well have identified some of the things you were talking about related to kids. But now that we have got that assessment, now we are taking that data and we are preparing RFPs, Request For Proposal, in order to get that -- get these dollars out into the community.

SEN. FORRESTER: Thank you.

CHAIRMAN KURK: Representative Barry.

REP. BARRY: Thank you, Mr. Chairman. I have several questions. They probably don't have to be answered now. I think that we as a group need to understand them as we go forward, such as you talked about a broader level strategy. And at some point in time that ought to be shared with us in terms of which organizations are involved, how much total money is involved, who's in charge, and how that money is prioritized. And I hear you talking about the evidence based, but how that money is

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prioritized so that when the next one comes up we'll know that it's being targeted in the right area or do we have an overview you could give us now?

MR. TOUMPAS: Yeah, I can very, very briefly. But Senator Forrester talked about the plan put forward by the Governor's Commission. The Governor's Commission has the Department of Health and Human Services, the Department of Safety, the Department of Corrections, the Department of Justice, the National Guard, the Department of Education, the Business and Industry Association, as well as a number of others that, as I said, members from the Legislature, Senator Forrester sits on that Commission. And that Commission formulated an overall strategy. And that strategy really looks at those -- that having a comprehensive system beginning with the population health, the posters, if you will, the creating greater awareness, targeted -- targeted prevention, and then getting into the early intervention, the treatment, and the recovery services. So the plan really outlines that and that is looked at and agreed upon by all the members of the -- that I talked to, as well as others that are there. And in that group that's where they're setting what the priorities are going to be.

Now, we had limited dollars in the past. And now as other -- having that strategy, but now that you have the advent of the Health Protection Program, and also within our budget is the implementation of a substance use disorder benefit for the Medicaid population that would take effect in July of 2017. Excuse me, 2016. Again, now as changes happen, we're having a broad level strategy that allows us to basically adapt and then that Commission is in a position to really take a look at the dollars and where we want to allocate them after having a good debate amongst all those different people that are there. I can provide more. I can send a copy of the report, Collective Action, Collective Impact, I believe is the -- I may have those reversed -- but the -- but we have that. That has been reviewed, published, and so forth and that is really what dictates what it is that we are doing going forward.

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CHAIRMAN KURK: Follow-up.

REP. BARRY: Thank you, Mr. Chair. You read my mind. I would like to see the report. You didn't answer who's in charge. You got all these organizations together unless you have some person in charge there. What are the total dollars?

MR. TOUMPAS: It's chaired by Tim Rourke from the New Hampshire Charitable Foundation and co-chair is Joe Harding who is the Director of the Bureau of Drug and Alcohol Services within the Department of Health and Human Services.

REP. BARRY: Then I understand. The question becomes who -- will they do everything that the Commission suggests, but what are the total dollars involved in all of these efforts and the prioritization? Is that included in the report you're going to send?

MR. TOUMPAS: The report was saying this is what we are going to do. There is a requirement on the part of the Commission to produce an Annual Report back to the Legislature, and I can provide the one that -- I believe the one I have was dated for 2014 and I can provide that.

REP. BARRY: Thank you, Mr. Chair.

CHAIRMAN KURK: Senator Forrester.

SEN. FORRESTER: Representative, just so you know, the proposal that came to Finance during the budget phase does list out the activities where they believe money should be spent in total value of that. So I can give you that.

REP. BARRY: I noted that.

SEN. FORRESTER: Okay.

REP. BARRY: What I don't have is the priority based on evidence based.

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SEN. FORRESTER: Commissioner, I don't recall the value of the New Hampshire Health Protection Plan on the substance use benefit. Do you recall what that number is?

MR. TOUMPAS: For the expansion? Excuse me. For the expanding the substance use benefit to the Medicaid population?

SEN. FORRESTER: Not the current population, the new population that currently has the substance use benefit. The New Hampshire Health Protection Plan. I know for the expanded -- the current -- the other population.

MR. TOUMPAS: The existing -- the current Medicaid population.

SEN. FORRESTER: That's 3.3 and that comes in the next -- the second phase of the budget. But for the New Hampshire Health Protection Plan that's in place right now, what is the value?

MR. TOUMPAS: I'm not sure we had specifically set up a value. First off, those were all the Federal funds. What we -- what we are looking at is looking at where those dollars have actually been expended and that will give us the baseline in terms of how much was spent in terms of mental health, in terms of other type of medical services, and now with the substance use disorder services. I don't have that off the top but I can get that.

SEN. FORRESTER: Thanks.

CHAIRMAN KURK: Further questions? Thank you, Commissioner. Is there a motion?

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

CHAIRMAN KURK: Senator D'Allesandro moves, Representative Barry seconds the item. Is there discussion? Yes, there is. I'm not going to be voting for this, in favor of this. I'm quoting

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from the explanation. This grant seeks to prevent and reduce under age and high-risk drinking and prescription drug misuse among persons age 12 to 20. And, two, prevent and reduce under age and high-risk drinking, prescription drug misuse and abuse, particularly prescription opioid misuse and heroin among persons age 18 to 25, and there is other information in here. It's clear to me if this is evidence based then somebody at some point in creating the evidence knows how many people are going to be positively affected as a result of this expenditure. And then we can determine the cost per person of treatment or avoidance or whatever it might be. Until we have this information, I think we cannot make an intelligent decision about whether this program is good or whether this money should be rejected, because I'm a Federal taxpayer, too; and we put our efforts into some other kind of activity that is more cost effective. It's nice to have a plan, it's nice to know that everything is evidence based but it's not sufficient. We need to know whether it's cost effective so we can devote these \$42 million of State funds and other monies to the most effective use and, therefore, creating the most benefit for the most number of people in New Hampshire. And thank you for listening to that statement. Further discussion? Senator Forrester.

SEN. FORRESTER: Representative, I appreciate your comments. I think we do need to have results for the money, the taxpayers' money that we are spending. But I will tell you that I sit on the Governor's Commission. I've been on that Commission for five years. You have got almost every significant State Agency at the table, whether it's law enforcement or the Attorney General's Office or HHS or Education. These folks have worked for years on coming up with a plan. A lot of good frontline people sit in those meetings and provide input. So I think with this particular grant, this 2.5 that we are going to hopefully accept here, from what I'm hearing from the Commissioner, there will be outcomes that we will be able to see and this is a place to start. I think they have done a lot of good work and we do have issues in the state, and I'm going to be supporting this.

CHAIRMAN KURK: Further discussion?

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REP. EATON: Roll call, Mr. Chair.

CHAIRMAN KURK: There being none, you ready for the question? The motion before us is to approve Fiscal 15- 215. If you're in favor of that, please now indicate --

REP. WEYLER: Did you hear him ask for a roll call?

CHAIRMAN KURK: A roll call?

REP. EATON: Please.

CHAIRMAN KURK: Oh, absolutely. If you're in favor of that, please -- roll call or show of hands?

REP. EATON: Roll call, please.

CHAIRMAN KURK: The request for the roll call is granted. The clerk will now call the roll. The question is the adoption of Fiscal 15-215. If you're in favor of that, you will answer yes when the clerk calls your name. If you're opposed, you'll answer no. Clerk will now call the roll.

REP. WEYLER: Representative Kurk.

CHAIRMAN KURK: No.

REP. WEYLER: Representative Eaton.

REP. EATON: Yes.

REP. WEYLER: Representative Barry.

REP. BARRY: Yes.

REP. WEYLER: Someone's missing here.

REP. EATON: Rogers for Mary Jane.

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REP. WEYLER: I got to write that down. Representative Rogers.

REP. ROGERS: Yes.

REP. WEYLER: Representative Weyler votes yes. Senator Forrester.

SEN. FORRESTER: Yes.

REP. WEYLER: Senator Little.

SEN. LITTLE: Yes.

SEN. WEYLER: Senator Morse.

CHAIRMAN KURK: He's not here.

REP. WEYLER: Senator Sanborn.

SEN. SANBORN: Yes.

REP. WEYLER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. WEYLER: Mr. Chairman, the vote is 9 to 1.

CHAIRMAN KURK: Nine having voted in the affirmative, one in the negative, the motion carries and the item is approved.

REP. EATON: Eight to one.

CHAIRMAN KURK: Eight to one. It's eight to one. Thank you.

*** {MOTION ADOPTED}

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CHAIRMAN KURK: We now turn to Fiscal 15-216, a request from the Department of Justice to accept and expend \$5,940,633 in Federal funds through June 30th, 2017. Is there someone here from the Department who could answer some questions? Good morning, Miss Rice.

ANN RICE, Deputy Attorney General, Department of Justice: Good morning. For the record, I'm Ann Rice, Deputy Attorney General, and with me is Kathy Carr, who's our Director of Administration.

CHAIRMAN KURK: Thank you for being here. Is it the norm that you request approval for money and then determine what programs and what you're going to do with it as opposed to saying here's what we are going to do with the money, and we'd like your approval to spend \$5,900,000 to do it?

MS. RICE: We had asked to just simply submit an acceptance, a request for acceptance, and then a second, we would come back to Fiscal with a greater plan for expenditure. But we were told that we could not do that. So we moved to accept and expend with a high level plan. And what we intend to do is, as is laid out in the item, talk to victims' service agencies that are now serving the kinds of populations that this grant is intended for. Some of the ideas that we have for this money are re-establishing an elder abuse and elder exploitation unit, but we would have to work in conjunction with some other grants to be able to do that, because this is only direct service to victims. It does not include prosecution.

We had talked about creating victim advocacy programs for the refugee populations, people who are currently under served. We would like to work on the developing something for that. We have an interest in getting some more victim advocates out into the communities, either in county attorney's offices or in the district court levels, crisis centers for domestic violence areas. So these are some of the areas that we are looking at; but we are also considering potentially some legal services for victims of crime. But we received the money. We were granted the

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money. We wanted to get it into the system, but we have not had the time to develop the plan.

CHAIRMAN KURK: And this is an ongoing program?

MS. RICE: The grant program?

CHAIRMAN KURK: The grant program.

MS. RICE: Yes, it is.

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

SEN. SANBORN: Ladies, thank you for coming in. When you say it's an ongoing program, about how much do we get per year or per biennium? Is this consistent with what we typically get?

MS. RICE: No, it's very inconsistent. Normally, we were getting about 3 million. And the Federal Government decided, I guess they had significant funds that was not being awarded. So this year they have awarded far greater grants to every one of the states. It's anticipated that going forward we will be getting slightly more than what we had been receiving at about -- our past has been about 3 million so we may be getting a couple million more but not the additional 5 million.

So one of the things that we need to think about is if we're going to provide seed money for programs, how we're going to sustain those over the years with those continuing years' grants.

SEN. SANBORN: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: So if we get money every year or every biennium, I'm assuming there's always been some sort of an appropriation or request in the budgetary process?

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MS. RICE: Yes.

SEN. SANBORN: I may have missed it from the Chair. Why isn't this one in there?

MS. RICE: This is an additional one. So we were awarded -- the \$3 million is in the budget.

MS. CARR: Two and a half.

MS. RICE: Two and a half.

SEN. SANBORN: Now we are getting another six on top?

MS. RICE: Now we are getting additional money from the Federal Government.

REP. WEYLER: Question.

CHAIRMAN KURK: Representative Weyler.

REP. WEYLER: Thank you, Mr. Chairman. Miss Rice, is there any coordination with probation and parole with the monies they collect in the victims' funds?

MS. RICE: Are you referring with respect to this grant? I don't --

REP. WEYLER: Well, programs that you're mentioning.

MS. RICE: Hm-hum.

REP. WEYLER: There's also victims' recovery programs by the Corrections Department.

MS. RICE: Sure.

REP. WEYLER: Similar services. Is there coordination?

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MS. RICE: Yes. If restitution is made, typically those restitution payments if the victim has been already compensated through our victims' compensation fund that money comes back to the compensation fund or it is directly made to the victims.

REP. WEYLER: Thank you. Thank you, Mr. Chair.

CHAIRMAN KURK: Must this money be spent this year?

MS. RICE: No. That's one of the -- it's one plus three which means --

MS. CARR: We are already a year into it.

MS. RICE: So we get it for one year. It's a one year award, but I think we have three years or four years to spend it.

MS. FARRELL: Actually, Kathy Carr, Director of Administration. It's a one plus three grant. However, we didn't get it -- the grant actually is already a year old. We didn't get the grant from the Federal Government. I think because of the amount of money they weren't sure what they were going to be allocating on the Federal end until August 25th. We finally got the money August 25th. So we are almost a year into it. So, technically, it's called a one plus three which means you have four years to spend it down.

CHAIRMAN KURK: Thank you. Further questions? There being none, thank you very much. Is there a motion?

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

SEN. SANBORN: Second.

CHAIRMAN KURK: Senator Sanborn moves -- Senator D'Allesandro moves, Senator Sanborn seconds that the item be approved. Discussion? There being none, are you ready for the

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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 2000 -- Fiscal 15-217, a request from the Department of Safety to accept and expend \$1,200,143 in Federal funds through June 30th, 2017.

** REP. EATON: Move approval.

CHAIRMAN KURK: Moved by Representative Eaton, seconded by Senator Forrester. 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 15-228, a request from Health and Human Services to accept and expend \$324,997 in Federal funds through June 30th, 2016. Is there somebody from the Department who might answer some questions?

MR. TOUMPAS: Good morning, Mr. Chair. I'm joined by somebody from the court system. I'd like to have her introduce herself.

HON. JACALYN COLBURN, Judicial Branch: Good morning. My name is Jacalyn Colburn. I'm the Presiding Judge in the Hillsborough County Superior Court, Southern District in Nashua, and the assigned drug court judge.

CHAIRMAN KURK: Thank you. I have --

SEN. SANBORN: Mr. Chair, I'd always defer to you. The Chair.

CHAIRMAN KURK: I have some questions related to cost effectiveness. Not surprising. You heard this morning's

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discussion. Basically, how many people will this money serve? Of those people it will serve, how many will successfully complete the program? Of those who successfully complete the program, what percentage will not recidivate – and I apologize for the use of that word – within three years after the end of the program? So that by dividing that number into 324,000, whatever else goes into this program, we can determine what it costs for a person to be successfully treated.

JUDGE COLBURN: Well, let me start by saying I wish I had the crystal ball that could project out where we will be a year from now, but maybe the best way to answer it is to backup a year. We received an implementation grant from the Bureau of Justice Assistance approximately a year ago to implement the drug court, and this grant is designed to – call it an expansion grant by SAMHSA – designed to enhance, obviously, the program that was started a year ago.

The -- I don't have statistics at this juncture because we're just -- we're just starting the expansion. But if we follow the national best practices as we are required to do under the grant, and we are as successful as the good drug courts are around the country, we expect to reduce recidivism by about half of what would be -- what would happen under the traditional justice measures. So we know as a matter of course that traditional methods of incarceration, followed by community supervision result, unfortunately, right now, given the opioid crisis, in a very, very high recidivism rate. As high as 70 and 80%, depending upon what study you look at. The best drug courts will reduce that by half. So I hope that we will be one of those.

We are following best practices, and the grant will require that we, in fact, adopt and follow those practices and we'll be evaluated under that scheme.

More to your question in terms of numbers. We currently have 30 participants in the drug court. We are on our way to 50. We will not get there without this money. The money is

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specifically directed to treatment in large part, although not entirely to case management, to coordination. The drug court, in part, not only do we partner with local mental health and substance abuse providers, but with the County Attorney's Office, with local police departments, with the Department of Corrections, and others. So the goal, of course, is to reduce recidivism overall and to make the community a safer place while putting some people's lives back together.

CHAIRMAN KURK: So you're asking to spend 324 -- \$325,000 and that will cover treatment through drug courts of approximately 50 people?

JUDGE COLBURN: That's right.

CHAIRMAN KURK: Is that the total cost of the drug court or are there other costs that are not included in this particular request?

JUDGE COLBURN: That is effectively the total cost of the drug court. Do we have some volunteers? Yes.

CHAIRMAN KURK: I understand. And if we spend \$325,000, approximately half of the 50 people, 25 people, will not recidivate for three years. Is that what you're telling us?

JUDGE COLBURN: That's what we're hoping.

CHAIRMAN KURK: Okay.

JUDGE COLBURN: I can tell you that this juncture one year in we have terminated one person out of the 30 presently in the drug court. No one in the drug court has been yet convicted of another crime, and they're all out in the community being monitored and supervised while they're receiving intensive outpatient treatment.

CHAIRMAN KURK: I appreciate it's a new program, but basing it on the national statistics --

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JUDGE COLBURN: Sure.

CHAIRMAN KURK: -- and assuming you do at least as good a job as the average drug court, which I'm sure you'll even exceed, we're then going to have 25 people who will not be placed back in jail and that will cost us \$325,000.

JUDGE COLBURN: I'm not sure it's 25. I mean, some of the statistics suggest that if you measure three to four to five years out after the completion of a drug court when someone graduates, it can be as high as 70% success rates. So, you know, depends on the study that you look at like most things. But the courts that are following best practices and evidence-based practices will do as well as 70%. So I don't want to over -- overstate it and I don't want to understate it.

CHAIRMAN KURK: And, of course, there are savings because to the extent that these 25 people are not in jail again, during the next three years we are saving the cost of food and so forth. The marginal costs, not the average costs.

JUDGE COLBURN: Absolutely. You will see through the National Association of Drug Court Professionals that the statistics suggest that it costs approximately \$12,000 a year pure direct services for treatment for an addict as balanced against 30 plus thousand dollars a year to incarcerate an inmate.

CHAIRMAN KURK: The additional cost of incarceration of one prisoner in the State of New Hampshire's Prison is about \$2800. It's not the average cost of 30 to 35,000.

JUDGE COLBURN: Sure.

CHAIRMAN KURK: Because the corrections officers still have to be there. So you're only saving food and the most expensive part, depending on the age of the individual, is medical

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expenses. So it's only about a \$2800 savings and not a \$30,000 savings.

JUDGE COLBURN: We know -- if I may? We know that there is not necessarily a dollar for dollar savings. We know that. The challenge is in evaluating what the collateral savings are. The savings to community safety, the savings to medical personnel who are dealing with the, you know, the overdoses and the deaths, the savings to the community because we know that folks who are addicted to, particularly, opioids in the current crisis are not discriminatory in the types of crimes they commit. It's not just possessing drugs and using drugs. It's forging prescriptions, and forging dad's check, and stealing from their neighbors, and pawning Gram's jewelry, and holding up convenient stores, and so on and so forth. So the type of crime that is the result of folks who have a high-risk and high-need behaviors is tremendous. And if those are the people that we're keeping from recidivating, then there are all kinds of collateral benefits to the community, not the least of which, obviously, is safety.

CHAIRMAN KURK: And I agree. And it's hard to quantify those. However, we are going to be presented with legislation next session to take State taxpayer dollars and County taxpayer dollars and provide for drug courts. And the question is could that money be better spent on some other kind of education, treatment, recovery programs? Because in a limited pot, I think we need to put our money where we get the greatest benefit. It may be drug courts, but it may not be drug courts. Thank you for this information. I appreciate the fact that you were here to give it to us.

JUDGE COLBURN: Thank you.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Thank you, Mr. Chair, and a couple questions, if I may?

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CHAIRMAN KURK: Please.

SEN. SANBORN: Thank you, sir. Your Honor, thank you for coming before us. And, Commissioner, as always, thank you very much. So I have two themes of questions. The first one, obviously, is we obviously have a grant for \$400,000 for a drug court in Nashua. What's precluding us from being able to do a grant for the rest of Hillsborough County or, frankly, or all the other counties that don't have a drug court?

JUDGE COLBURN: I will tell you that when we applied a year ago or more than a year ago now to the BJA for the implementation grant, Hillsborough North and Hillsborough South, we -- I was involved in the grant writing process. We applied for the exact same grants. The only difference in our grant applications were the providers because it was jurisdictional. And we got the grant and they didn't. And I wish I could answer your question. I don't know why. There's no rhyme or reason that I can understand other than the grants are reviewed by different groups of folks. And maybe it's possible that the BJA didn't want to give one county two grants, even though we're separate, legal jurisdictions.

So there are other grants operating right now in the state. Some are county based. Keene, for instance, Cheshire County, has exactly what we have, a BJA grant, and they were afforded the same SAMHSA grant that is the subject of today's conversation. They're about a year ahead of us in their utilization of those funds. Many years ago, the Strafford County Superior Court and County were the recipients of a grant that got them started in drug court and now they're completely county funded.

The Rockingham County Superior Court was the beneficiary of a BJA grant for three or four years. They have recently just expended and ran out of that grant and the County is now footing the bill for that drug court. So there are at least three or four around the state that have come before us and are still operating, and I think by all accounts operating successfully.

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SEN. SANBORN: Thank you, ma'am. I appreciate it. Follow-up, if I may? So it's been a year or so since I've looked at the Corrections Department. I think last time I was looking at numbers we're spending about \$106 million with about 2500 people incarcerated. I don't remember what percentage of those are in for non-violent drug offenses, which obviously is where the drug court comes in. You know, that would show that we are spending about 46 to \$48,000 per person that we are incarcerating today. So while I hear from my Committee member that the savings might only be \$2,800 per person, I would love at some point to look at that math equation because I think -- I think it has the potential to be dramatically different than that and in itself could essentially fund a drug court through all of our counties versus just the select few we have today. Can you comment on that at all?

JUDGE COLBURN: I don't disagree with you. I would encourage members of the Committee to look at the National Association of Drug Court Professionals' website. There's a lot of studies that are reflected in that website about how different jurisdictions have funded drug courts and what the success rates are. I will say one of the advantages of starting a drug court in 2014 is that we have about 25 years of national data and information that all of the courts around the other states in the country have implemented. And so we don't have to reinvent the wheel. We are benefitting from what we know works now as best practices and what we know doesn't work, and we are doing our best to implement those. But I think you will see if you look at those statistics and the different models around the country that they're funded in many different ways. And I don't profess to be an expert on the different varieties, but many of them are -- are -- at least began in the exact same way we have begun, which is Federal funding to establish the program, get the team in place because it is a multi-disciplinary team, and then be evaluated through the course of the Federal grant to be able to show the outcomes on the back side that keep courts like the Rockingham County Court functioning after the grant money runs out.

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SEN. SANBORN: Thank you. Thank you, sir.

CHAIRMAN KURK: Further questions? There being none, thank you both.

JUDGE COLBURN: Thank you.

CHAIRMAN KURK: Is there a motion?

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

SEN. SANBORN: Second.

CHAIRMAN KURK: Senator D'Allesandro moves, seconded by Representative Sanborn that the item -- Senator D'Allesandro and Senator Sanborn, excuse me, 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}

(4) 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 now turn to Tab (4) on the agenda. There are questions, I believe, on each one of these so we'll consider them individually.

We'll take up first Fiscal 15-218, a request from the Department of Safety, to accept and expend \$165,714 in agency income through September 30, 2016, and establish one full-time temporary State Captain -- State Police Captain position through September 30, 2016. Are there questions on 218?

SEN. SANBORN: Yes, please.

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CHAIRMAN KURK: Is there somebody from Department of Safety who can answer questions? Good morning to both of you and welcome to Finance.

ELIZABETH BIELECKI, Director of Administration, Department of Safety: Good morning, Mr. Chairman, Members of the Committee. For the record, Elizabeth Bielecki, Director of Administration, for the Department of Safety. With me is Major Russ Conte of State Police.

CHAIRMAN KURK: Thank you. Ceil, please substitute Fiscal for Finance. Thank you. Senator Sanborn.

SEN. SANBORN: Thank you, Mr. Chair. You guys, thanks so much for coming in. We appreciate it. So in reading over this report, looking for additional staff, honestly, I was kind of surprised to see that our State has six people working on grants in these type of things for the Department of Safety, 'cause I don't know what proportion that would be to any other agency. Just kind of seemed high to me. And then the second part of that question was with respect to the position you're trying to fill, I guess I'm always hearing the cry that we need more officers and cars doing their work than driving the desk, shall we say. So help me rationalize why we shouldn't be saying no to this and put the money toward someone in a car versus someone driving the desk, and why do we have six people doing grants?

MS. BIELECKI: Absolutely. I can answer the first question with the six people. The six people is really the number of authorized positions within the Highway Safety Agency. Not necessarily all of those positions are grant writing positions. One of those was Peter Thomson's position which effectively had been defunded in the budget. So we're down to five positions.

Of those, two positions are field reps that go out and deal with all the municipalities in the state. We have one field rep that deals with the southern tier of the state and one that deals with the northern part of the state. In addition, we have

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a program manager who deals mostly with the implementation, as well as the state agency programs and projects that are ongoing.

Finally, we have one accounting position that deals with Federal grant accounting which draw down some of the funds reimbursement on project costs to the local municipalities. And we have an administrative support person who also deals with the paperwork grant applications, contracts, and grant agreements.

CHAIRMAN KURK: Further questions?

SEN. SANBORN: So with Peter Thomson, who was a great public servant for the state, loved him to death, his position was eliminated when he retired. And I have not gone back and done the math, but if we eliminated the position, are we just coming back here to spend the same amount of money or more money? So have we seen any net benefit?

MS. BIELECKI: The position of the funding was reduced in the budget for Fiscal 16-17. I'm not quite sure whether the position was completely abolished in the budget. I don't believe it's been done through that process, but I know the funding has been reduced.

As we were -- we're taking on the task of Highway Safety Agency within the Department of Safety, we were really finding out and learning a lot more through the process and really got involved with the National Highway Traffic Safety Administration. And recently in the beginning of June we got a management review from them which they're citing actually staff shortages within Highway Safety Agency. And, apparently, it's not a funding that is new to us as well. They have concerns within the Highway Safety Agency in New Hampshire that we have not been as proactive as we should have been and partly due to staff shortages as well.

SEN. SANBORN: Final? Thank you, sir. So love to hear from the other side. Why not someone driving a car versus driving a desk?

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MAJOR RUSSELL CONTE, State Police, Department of Safety: I think the thing to keep in mind about highway safety is just how expansive it is. These are highway safety funds that are granted to the State. It's not just the State Police. It's all the law enforcement agencies. And that really centers on impaired driving, some of the highway safety issues like texting and driving, some of those things, and those are the things Peter Thomson worked closely with us for the last several years. When that position was vacated, it left a tremendous void because he was looked at to coordinate those funds for all of law enforcement and realistically that is what this Captain's position is.

When you really look at it, we are taking a Captain's position, we are using it very effectively in headquarters and, in turn, it really is assisting us to get more Troopers on the road because many times and in most cases the DWI patrol, the special enforcement, and enhanced enforcement efforts are done after hours. They put more Troopers on the road. And that's why these funds have been so important for us for the last several years. And, frankly, for impaired driving, reckless driving, texting and driving, these have been really in the forefront of us being able to enforce some of the changes in laws. So when you really look at it, although it is a Captain's position, I understand completely what you're saying, sir, and I appreciate your question. It's a great question. When you really look at it, this is one area that we really use to bolster efforts, to bolster visibility, to target areas that have been problem areas, and we use all the data. The crash data, the arrest data, some of the data that we are seeing for drug overdoses, we use all of that to try to -- to try to tailor where these events will occur and in the spirit of public safety.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: Major, am I correct that unless you applied for a specific grant for a specific purpose you wouldn't be able to use the funds to have somebody drive a car versus drive a desk, and also that NHTSA kind of requires that we have someone of

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that magnitude to administer to continue to get grants for the entire state?

TROOPER CONTE: Yes, thank you for your question, sir. The answer to that is yes in both areas. Number one is yes, you have to apply for it. You have to monitor it. You have to show not only output but outcome back to the Federal Government and NHTSA is very, very keen on making sure we have people in the right positions to administer the funding. What it really comes down, we are asking for a Captain for a very specific reason. This is somebody that is going to deal with the executives of law enforcement all over the state. And our -- I can tell you from personal experience and certainly the experience with all of law enforcement, you need somebody at that level that is part of a command staff to make those decisions that need to be made to carry out what needs to happen on a daily basis. And, frankly, to make sure that we can report back that are Federal funds that we have somebody of the stature necessary, you know, to deal with law enforcement throughout the state and our sisters in adjoining states.

MS. BIELICKI: If I may add? We are doing so not only with the approval of NHTSA, we are actually doing that based on the recommendation and encouragement of NHTSA as well, as this is a model that's followed by many other states around the country where they do have law enforcement on staff as well.

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: Thank you. Isn't the implication of that that if Mr. Thomson had not retired that we were somehow lacking in our ability to apply for these grants or to manage and operate them?

MS. BIELECKI: I wouldn't -- I wouldn't say that we were -- I think whether the position was still there, the person was still there, we still would have had a similar management review from NHTSA saying that we needed to do more than what we were doing up until this point. That they were looking for more

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involvement, possibly more staff, to handle these activities and these funds more proactively. Whether there would be a decision by Mr. Thomson to add law enforcement positions to it, I really can't speak to that. But it's definitely something that NHTSA has been encouraging us to do to include law enforcement, to have that collaboration and cooperation with other agencies throughout the state.

SEN. LITTLE: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. LITTLE: So then it would be possible to satisfy their desire to see more sworn law enforcement officers involved in highway safety programs in the state by having somebody of a Trooper level involved with this?

MS. BIELECKI: I think what the Major was saying that it would be in order to achieve the plans that we are looking to achieve and the recommendations and because of the level of interaction with local police chiefs, county, as well as other State Agencies, the best fit that we are seeing is really the Captain level position.

REP. EATON: Administrative.

CHAIRMAN KURK: Representative Ober.

MAJOR CONTE: I may be able to add to that, sir. And it's a -- the observation you make and the question is excellent and I thank you for it, but I think what might be getting a little confused is the decision-making process. Troopers use discretion everyday but not many are involved in higher level decision-making for funding and administration and, frankly, scheduling of events that go out year-round. That would be -- that would be an arduous job for a Trooper. But I think somebody that has come through the staff, that has had contact with these things before, that has been a leadership position, and I'm not telling you, it's not a difficult job. It's a very

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timely job, and it has a lot of moving parts to it. But I feel pretty strongly that given the fact they are dealing with, like I said, the executives throughout the state in the spirit of combining our efforts, whether state, local, Federal, whatever it is, combining them to having a person at that rank level is a tremendous advantage.

CHAIRMAN KURK: Follow-up.

SEN. LITTLE: Last one, thank you. I believe Senator Sanborn asked the question where are we from this consolidation? Is it a net increase in cost or decrease to the State of New Hampshire to move this program from its own office over to some -- over to an office within the Department of Safety?

MS. BIELECKI: In the budget there was actually a net decrease because, again, there was a decrease in the State funding resulting from Peter Thomson's position. This will actually -- this is 100% Federally funded request so this would be an increase in Federal funds and Federal spending but not -- no additional funds on the State level.

SEN. LITTLE: Thank you.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you, Mr. Chairman. I have a number of questions. And I regret the Commissioner is not here and you're now going to have to defend his memo. But you have just testified the exact opposite to what the Commissioner wrote in his memo, and I'm looking at his memo bullet point two, and he says the funding source is agency income. He does not indicate that the funding source is Federal. He says 100% agency income. You just testified it was 100% Federal. There is a disconnect there.

MS. BIELECKI: Yes, and the reason that reads 100% agency income because the funding mechanism for this, this is actually a sub grant from the Highway Safety Agency to the Department of

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Safety. So we are accepting these Federal funds for -- these are Federal funds for Highway Safety Agency which then they, in turn, pass through to us, for us then they become agency income.

REP. OBER: Was the rest of that grant in the budget?

MS. BIELECKI: This is, again, a sub grant. They have a number --

REP. OBER: Was the rest of the grant, not the sub grant, in the budget?

MS. BIELECKI: The Federal funds on the Highway Safety Agency?

REP. OBER: Yes.

MS. BIELECKI: I can -- I believe so. They haven't -- I don't have their budget in front of me. They have a large number of Federal funds carried forward that are budgeted as well. I am not sure whether -- how much of that is budgeted. Their budget is a fairly large dollar amount budget on the Federal side that carries over from year to year. I can get back to you with that question, if you wouldn't mind.

REP. OBER: Well, I don't mind; but I think we'd have to table this to move on if that's what we are going to have to do. Because if it's a new Federal grant, I think the -- even if it's a sub grant, it's new Federal money. We usually see a different kind of application for new Federal money as opposed to agency income. So I -- I do have a concern about that and, obviously, I didn't write the memo that came to Fiscal, nor have I been testifying at that table, but now we do have a disconnect.

I also want to talk to when I read here, again, item number two, to establish one temporary full-time State Police Captain. I asked at the time as we got ready if this is in addition to staff. I was told no because the position that Thomson was in was abolished. But you just testified that it was unfunded as

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opposed to abolished. So it is an addition to staff, not a replacement. Your head count would go up by one.

MS. BIELECKI: Technically, yes. We do not have funds in the budget to be able to --

REP. OBER: The position exists unfunded so your head count would go up by one.

MS. BIELECKI: Right. And it could be a technical oversight. I was looking in HB 1 and HB 2 to see whether that position number was abolished. We were under the understanding that was going to happen. I was not able to find that position number in there. So it could have been a technical oversight. I would assume that going forward with the next budget that position will, in fact, be abolished.

REP. OBER: Well, really, because every time I've seen a position go forward it gets funded in the next biennium and not abolished by the agency, but maybe you guys have seen something I haven't seen in the budget because that's not been our --

CHAIRMAN KURK: Representative Ober, I think we are getting a representation of what will happen if, in fact, there was an error made and the position was not abolished in the current budget.

MS. BIELECKI: Right. And the position, the actual title of Coordinator, Commissioner is currently serving in that capacity. So there is no need to fill another position with that same capacity at this point.

CHAIRMAN KURK: Representative Eaton.

REP. EATON: I don't know if I'm going to muddy or help. I'm just wondering if the LBA can help. My recollection is in the budget we absorbed Highway Safety into the -- Highway Safety Agency into the Department of Safety. That the money flowed with it. The title of the money changed because it was now money

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going to the Department which then sends it down to Highway Safety. So am I wrong, Mike?

MICHAEL KANE, Legislative Budget, Assistant Office of Legislative Budget Assistant: There was a consolidation of Highway Safety and Safety. I think historically if you look at Fiscal Committee items any time that Highway Safety Agency granted out to Safety or Justice or another agency, would show up as agency income. And that really -- that's a result of kind of the accounting system, how it passes through. Comes in as Federal funds from who's accepting it, but when it's transferred the transfer changes that designation.

REP. EATON: Right.

MR. KANE: So I think that's what you're saying relative to Highway Safety accepting the Federal grant and they're showing it as agency income here because it's Safety accepting that. I don't know if you should clarify that, if necessary.

MS. BIELECKI: That's correct.

REP. EATON: Just hoping to have some clarity. And, Mr. Chair, since we are dealing with the LBA just want to take legislative notice that today is Jeff Pattison's birthday.

CHAIRMAN KURK: Thank you, Representative Eaton.

SEN. D'ALLESANDRO: Gone, not forgotten.

CHAIRMAN KURK: Further questions? There being none, thank you so much. Did you -- sorry, we have one more. Senator Forrester.

SEN. FORRESTER: So thank you for being here today. So the purpose or one of the purposes of this Captain is to help administer grant funding?

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MS. BIELECKI: That is correct. So at this point, Commissioner is the Acting Coordinator named by the Governor and this person would really be the in-between the Commissioner and the staff of Highway Safety Agency to ensure that we administer the highway safety plan that we coordinate our efforts with the locals. That we really spend the Federal dollars in accordance with -- in accordance with compliance regulations of NHTSA as well and we collaborate with all of the parties involved, the Federal Government as well as locals and county governments.

CHAIRMAN KURK: Follow-up?

SEN. FORRESTER: Yes. Can you tell me how much of grant funding comes in?

MS. BIELECKI: We receive a little over \$3 million on average each Fiscal Year from NHTSA.

SEN. FORRESTER: Thank you.

CHAIRMAN KURK: Further questions? Thank you very much.

MS. BIELECKI: Thank you.

CHAIRMAN KURK: Is there a motion? Representative Eaton.

** REP. EATON: Approved. Move approval.

CHAIRMAN KURK: Is there a second?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Second by Senator D'Allesandro. Are you ready -- further discussion? Are you ready for the question? All those in favor of approving this item, please now indicate by saying aye? Opposed?

REP. OBER: I'm opposed.

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

*** {MOTION ADOPTED}

REP. WEYLER: One opposed?

CHAIRMAN KURK: One. We now turn to Item 15-224, a request from Department of Health and Human Services for authorization to accept and expend \$1,038,000,641 in Federal funds retroactive to July 1st, 2015, through June 30th, 2017. And contingent upon that approval, authorization to establish full-time temporary positions through June 30th, 2017. Does anyone have any questions of the Department? There being none, is anyone interested in making a motion?

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

CHAIRMAN KURK: Senator D'Allesandro moves the item, seconded by Senator Forrester.

SEN. SANBORN: Mr. Chair, is there discussion?

CHAIRMAN KURK: Is there discussion?

SEN. SANBORN: Under discussion, Mr. Chair?

CHAIRMAN KURK: Yes.

SEN. SANBORN: I just would maybe make the suggestion to -- I'm not quite sure it's LBA or whoever that class code 042 suggests there's a 16% of pay as COLA might want to be clarified at some point. That it's actually for health benefits versus a 16% annual COLA increase which would allow me to raise significant questions.

CHAIRMAN KURK: 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.

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*** {MOTION ADOPTED}

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

CHAIRMAN KURK: We turn now to Tab (5) in the agenda, Fiscal 15-211, a request from the Department of Justice to retain \$789,846.82 in multi-state settlement funds and expend the funds in support of the Department's Consumer Antitrust Bureau. Is there a motion?

** REP. OBER: Move to approve.

CHAIRMAN KURK: Representative Ober moves the motion, seconded by Senator D'Allesandro. 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}

(6) RSA 7:12, I, Assistants:

CHAIRMAN KURK: We turn now to Tab (6), Fiscal 15-212, another request from the Department of Justice to accept and expend a sum not to exceed \$600,000 from funds not otherwise appropriated for the purpose of covering projected shortfalls in the general litigation expenses incurred in the defense of the State and the prosecution of criminal law matters through June 3, 2016. Is there a motion?

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

CHAIRMAN KURK: Senator D'Allesandro moves the item, seconded by Senator Forrester. Discussion? There being none.

SEN. SANBORN: Apologize. We are on 212?

CHAIRMAN KURK: We are on 212.

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SEN. SANBORN: 212. Just discussion.

CHAIRMAN KURK: Discussion. Senator Sanborn.

SEN. SANBORN: It looks like that we're, some would argued, three months into our Fiscal Year, others would argue maybe ten days. I don't know. Not sure what the date of the resolution final is. Agency already burned through most of its appropriation. So I guess I raise the question about having not been part of that discussion in Fiscal if it's -- where are we really on spend? Don't get me wrong, we need to spend the money. I completely support what we are doing in the agency but burn rate is pretty high, Mr. Chair.

CHAIRMAN KURK: Representative Ober, did you --

REP. OBER: I think the Agency should respond to that.

CHAIRMAN KURK: Miss Rice.

REP. OBER: While I saw their budget when they started, I don't remember all the details of the spend of every line, so.

CHAIRMAN KURK: Have you -- after identifying yourself you heard the question?

MS. RICE: Thank you. Ann Rice, Deputy Attorney General. With me is Kathy Carr, Director of Administration at the Department of Justice. My understanding is Senator Sanborn's question is we burn through a lot of money in litigation. Where do we stand in terms of the Fiscal Year as a whole; is that correct?

SEN. SANBORN: Yeah. I mean, depending upon who you ask around here today, we are either three months into a Fiscal Year or maybe ten or twelve days. But it would appear to me you burned through most of your request. And it's a long way to go to hit June 2017. So I'm trying to understand, was it just an

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honest mistake in budgeting on what you were spending or was there a push from Finance to keep the money low, or how much you think you're going to spend?

MS. RICE: We -- our original allocation was 350,000.

SEN. SANBORN: For two years?

MS. RICE: Every year. Each year. Annual. With an understanding, this has been the way it's been budgeted all along, is that we would be coming back because there's a recognition that we will always have more expenses than just that 350,000. We have had some very high expenses of late with some Department of Labor matters. We have two bills amounting to \$250,000 right now sitting on our desks that we have been having to pay for Department -- U.S. Department of Labor matters this will be potential litigation on.

SEN. SANBORN: This is U.S. Department of Labor versus criminal investigation.

MS. RICE: Most of this is. We have a couple of very expensive criminal cases as well, but the real push right now is the U.S. Department of Labor is why the bills are so high right at this moment.

SEN. SANBORN: And you anticipate this will get you through -- the 600,000 will get you through knowing how big the criminal cases are?

MS. RICE: We try very hard to estimate, but we never know as cases evolve what we're actually going to need in litigation. So this is our best guess at this stage of the year as to what expenses are coming up. I shouldn't say just guess. I mean, there's a basis for them.

SEN. SANBORN: Final question. Legal expense relative to the criminal cases as relates to the labor cases. Are you

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concerned that there's a liability at this point to the State at this point?

MS. RICE: If we could talk about that in another session, I would be happy to discuss some things with you but I'd rather not discuss that in a public meeting.

SEN. SANBORN: I understand. Thank you.

CHAIRMAN KURK: Representative Weyler.

REP. WEYLER: Thank you, Mr. Chair. Can you give us an example of what you spent previous years on an annual basis?

MS. CARR: It's right here.

MS. RICE: Go ahead.

MS. CARR: Oh, they took it out. They took it out.

MS. RICE: We don't have those figures for you. I'd be happy to get those for you. We can get them right away when we get back to the office.

REP. WEYLER: I'm thinking something around \$2 million in a biennium.

MS. RICE: I would say that's a little high, but I'm not positive, Representative. Rather than guess, I'd rather get you the figures.

REP. WEYLER: I look forward to it.

CHAIRMAN KURK: So the standard budget practice is put in a relatively low amount and then have you come back taking advantage of the statutory authority given to the Committee and provide the quote, actual, unquote, number.

MS. RICE: That's correct.

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CHAIRMAN KURK: At the end of this year if you don't spend the full 600,000, what happens, it carries over to next year?

MS. RICE: Well, last year we had bills that carried over so we asked for permission to carry over about \$90,000 into this Fiscal Year. So we would likely do the same. If we had legitimate, you know, expenses that were -- excuse me? Oh, 259. Excuse me. 259 balance forward.

CHAIRMAN KURK: So at the end of this biennium, if there's money unspent in this account --

MS. RICE: At the end of the biennium?

CHAIRMAN KURK: At the end of the biennium, does that lapse or does that automatically stay in this account?

MS. CARR: It will lapse. Director of Administration, Kathy Carr. It will lapse if we do not have any anticipated invoices --

CHAIRMAN KURK: Which you would encumber?

MS. CARR: -- that come in July. That's what we ask for. We do a request only if there are expected invoices in the month of July.

CHAIRMAN KURK: So, in effect, if this is approved and you don't spend it all, the taxpayers get it back. To the extent that it's spent, obviously it's spent. Okay. Further questions? Thank you.

MS. RICE: Thank you.

CHAIRMAN KURK: A motion before us. Is there 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 motion carries. The item's adopted.

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*** {MOTION ADOPTED}

(7) RSA 215-A:23, IX, and RSA 215-C:39, X, Registration Fees:

CHAIRMAN KURK: We turn now to item number Tab (8), Fiscal 15-2 -- sorry (7), Fiscal 15-226, a request from Fish and Game for authorization --

REP. OBER: What's number (6)?

REP. WEYLER: We just did.

CHAIRMAN KURK: We just did (6). For authorization to transfer \$315,660 of unexpended funds from excess registration fees to the Fish and Game OHRV Fiscal Year 2016 Operating Budget. Does anyone have any questions of the Department? Senator Sanborn has some questions. Thank you for being here, Director Normandeau.

GLENN NORMANDEAU, Director, Fish and Game Department: Thank you. Back again.

CHAIRMAN KURK: Could you identify yourself?

MR. NORMANDEAU: Glenn Normandeau, Director of Fish and Game.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Thank you, Mr. Chair. Director, thanks so much. Director, looking for education on this.

MR. NORMANDEAU: Yep.

SEN. SANBORN: I thought this OHRV money was actually supposed to go or was -- supposed might be too strong a word -- be utilized for grants for trail construction and maintenance, not for replenishment of product.

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MR. NORMANDEAU: So if you look at the page requested action you'd see that says transfer to other agencies Class 49, \$3.41 million, and that is the money that's going to the Trails Bureau from the Department. So Fish and Game actually does -- administers the registration of OHRVs as well as the law enforcement on OHRVs. And so when that money comes in, there's a split that's legislated. We keep on average about 28% of the money stays with the Department and 72% of it goes over to DRED to do the Trail Bureau Grant Program.

SEN. SANBORN: Thank you, sir.

CHAIRMAN KURK: Further questions? Senator Little.

SEN. LITTLE: Thank you very much. Good morning.

MR. NORMANDEAU: Good morning.

SEN. LITTLE: So what we're really discussing today is Line 30, Equipment New/Replacement, a quarter of a million dollars additional to the Equipment New/Replacement line. That line three, transfer other agencies you just pointed out was actually the original proposal.

MR. NORMANDEAU: Right.

SEN. LITTLE: That's not this request. That was the answer to Senator Sanborn's question.

MR. NORMANDEAU: That's correct.

SEN. LITTLE: This request is for a quarter million dollars to buy a new vehicles.

MR. NORMANDEAU: Plus a few other things. So what happens is snowmobile registrations which are the bulk of this revenue fluctuate wildly depending on the kind of winter we have. So when we are doing the budget, we budget a fairly small baseline

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or relatively small baseline so if we have a bad winter we're not caught short. And we also want to carryover -- it's a revolving account that stays funded. We also want to have some carryover year after year. There's provision in law that allows us to come back to Fiscal to utilize funds that have, for lack of a better word, built up when we have a good winter like we did this past winter. And we have been using those funds or Fish and Game or law enforcement generally which is in charge of the OHRV program, those funds get used for equipment because the officers are out there with snowmobiles. The officers are out there with ATVs and, of course, vehicles. And this is how we managed to keep some of our equipment sort of on the road is by utilizing some of this money. I mean, we currently have 120 or so vehicles, light trucks and cars, vans, whatsoever, which, you know, if we were doing things, if we had the budget to do it, we'd be probably turning in about 20 plus of those a year so we wouldn't have more than a five year run. But, in fact, it's much slower than that. So we have the hand me down program going where through OHRV and a few Federal grants for marine work, law enforcement's able to pick up a few new vehicles to keep themselves going. Those kind of get handed me down to other parts of the agency. We basically review our whole fleet and every time something new comes in we look at what's the worst thing we got on wheels that goes out the back door and over to the White Farm. So this is one of the things we use to just keep our rolling stock at least rolling.

SEN. LITTLE: Thank you. Further?

CHAIRMAN KURK: Further question.

SEN. LITTLE: Thank you. Fully understand and appreciate and encourage making sure you keep your CO's on equipment that's not going to strand them out in the woods. So the snow machines, the ATVs, the trail bikes, I understand. One of the interesting things to me is there seems to be a reference that you'll be buying other over the road vehicles. Pickup trucks, I assume?

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MR. NORMANDEAU: Typically, the CO's are either using an extended cab pickup.

SEN. LITTLE: Right.

MR. NORMANDEAU: Or a -- most of the Lieutenants have an SUV type machine.

SEN. LITTLE: My sense when I buy my OHRV registration is that the funds will be used for the OHRV program. And this is just a gut feeling at this point in time that we'll be using some of the excess to buy vehicles that will be assigned to CO's that will -- I'm not sure what proportion of use is to enforce OHRV laws, rules, and regulations. So that somebody that's focused on something other than trail work, or OHRV and use of the trails, is going to be spending most of their time in a vehicle paid for by OHRV registration fees. The OHRV community will not receive a benefit for that which, I think, is what they're getting with their registration fees.

MR. NORMANDEAU: So, I mean, all I can say to that is there's a lot of OHRV work on the road these days.

SEN. SANBORN: Why you looking at me?

MR. NORMANDEAU: Since most of the North Country has opened that up. And the -- and you know, they're, you know, the officer's log books go into, you know, when they're doing OHRV, when they're doing this, when they're doing that, because they're paid out of all these different accounts, depending what they're going on. They also record mileage based on what they're doing when and where. And, you know, it's -- that's a level of detail I would actually need to get somebody else in here to talk to you about. But, you know, again, it's -- it's a - I mean, we're typically talking, you know, three or four a year when we can. I mean, two, three years ago, we had a series when we were, you know, not in here asking, because the winters had been bad and we were on the other side of this equation.

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So, again, this is something that because of the CR we are about a month behind when we would normally be here, but we have done this every year since before I was Director. I mean, it's just been -- come up.

SEN. LITTLE: Final.

MR. NORMANDEAU: Standard practice.

SEN. LITTLE: I would just go back to your testimony a little bit earlier this morning responding to some questions and made the comment that there are things -- there are accounts you can't do certain things with and I believe I'm paraphrasing but pretty close quote, for instance, the OHRV money we can't use for anything other than OHRV.

MR. NORMANDEAU: Right.

SEN. LITTLE: This feels to me it's a little bit of a shifting from the registration fees paid for by the OHRV users that they expect is going to go into enforcement of those laws and trail maintenance; two, expenses that are, frankly, quite general that you probably coming in through Finance Committee during your Budget request for vehicle replacement like the request you made earlier to Finance.

MR. NORMANDEAU: I think my only response to that would be if we said we are going to buy five trucks and they can only be used for OHRV because we need them, then we'd end up with law enforcement officers going to have to go switch vehicles and that's not really practical to do that. I mean, it just isn't.

SEN. LITTLE: I guess that wasn't the point of the question. It's whether or not it's appropriate to buy the primary vehicle for the CO's to do their entire book of business based on OHRV funds, when you made the comment yourself earlier this morning that OHRV monies may not be used for items other than OHRV. That was the point of my comment.

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MR. NORMANDEAU: I understand your point.

SEN. LITTLE: I understand you don't want specific vehicles, you know, come back and pick up a truck and trailer to go patrol the ATV trails. But at the same time, I think folks, myself included, that have OHRV registrations expect those funds are used for that purpose and that you need to come in through the normal budgeting process.

MR. NORMANDEAU: Fair enough. I mean, you know, we typically in the normal budgeting process are asking for about three -- enough money for about three vehicles because that is all Fish and Game funds that we can usually put toward that. So we would be crippled.

CHAIRMAN KURK: Is there any history here that you can share with us, that is to say, using this particular funds for the purchase of equipment for general Department use? Is this the first time you've done this?

MR. NORMANDEAU: No. In fact, this is done, like I said, every year we have a surplus we have been in here and done exactly this. And it's -- it's also -- we have a Federal grant from NOWA to do Federal fisheries enforcement that also allows part of that money to be used for equipment. And, again, we get typically a few vehicles out of that grant each year, also.

CHAIRMAN KURK: So would you say that over a period of time most of the fleet is paid for from those two sources?

MR. NORMANDEAU: I wouldn't say most of the fleet, but certainly a certain number of vehicles are, yes. I mean, we -- we also have -- I mean, the total -- the fleet, you know, we have 140 vehicles including everything from heavy dump trucks to passenger cars. We've got motor cross bikes, 61 ATVs, 73 snow machines. We have well over 120 boats. 160 trailers of all types. I mean, we've -- it's -- funds come from a lot of different sources to cover all of this stuff, specific grants

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that have left five vehicles on those Federal grants in a variety of ways, so.

CHAIRMAN KURK: I think the concern raised by Senator Little would be assuaged if you were able to say that the proportion of spending on equipment is approximately equal to the proportion of all of your revenue that comes from OHRV registrations. So that even though you couldn't do it for a particular item, you would be able to say that on balance, on the whole, they are supporting their proportionment part of the fleet, including all of the things that you mentioned that are used for OHRV operations.

MR. NORMANDEAU: I would have to, like, calculate that through the system which I've never done, frankly, so.

CHAIRMAN KURK: Representative Eaton may be able to shed some light on this.

REP. EATON: I chaired the Fleet Commission, Mr. Chairman, and also chaired Division II in Fish and Game and prior to Director Normandeau's appearance at the Department, heading the Department, the agency had more equipment than personnel. And it took a couple of years for the Director to get all of that in order, as well as part-time personnel having a cruiser, boat, OHRV, snowmobile, trailers and all that, which the Director has also corrected.

At that point we went into a recession. Their budget was diminished. Their ability to change equipment was diminished. The Director has been amazing at taking Federal vehicles, financed vehicles and shifting them to where they're needed and taking older equipment and shifting it out to the Seacoast or other areas where it gets less use. Percentage-wise, I believe from what I have worked with on the Department, they are dead on on the percentage of what goes in vehicles from OHRV versus applicable to what is coming in and what is used by the Department for enforcement. They're dead on. But he has been

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working from a deficit for a very long time. And we actually are not being economically sound.

I think we are at the right point now where we are actually spending more dollars to keep rats on the road than would cost to buy or lease something to be functional and let it go through the normal process. I, frankly, don't know how he's managing.

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: No, I'm fine. I think I've voiced my concern. I think that people when they buy OHRV registrations have an assumption that the money is being used for the necessary administration and the balance is going to OHRV development. It's an important economic --

MR. NORMANDEAU:: It is. And, again, we don't keep what we want to keep. There's a statutory formula by which that split is made if you know what I mean.

CHAIRMAN KURK: Further questions? There being --

REP. WEYLER: A motion.

REP. KURK: There being none, thank you.

** REP. EATON: Move.

CHAIRMAN KURK: Representative Eaton moves that the article be approved, 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: At this point, I'd like to observe that it's 12:30. We had a problem last time when we went to long. In addition to two more items, we have three audits. So I expect

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we are going to have to break for lunch if we are going to hear those audits today. And I'd like to know what the Committee's pleasure is? We will be meeting on the 20th, probably at 11, and we could hear some of them then or all of them then or post -- hear what we could and postpone or we can break for lunch at some point and come back to hear the audits today.

SEN. D'ALLESANDRO: Why don't we finish the agenda and hear the audits today.

CHAIRMAN KURK: You want to hear the audits today without a lunch break?

SEN. D'ALLESANDRO: Yeah, I'd like to get it done. Yes.

CHAIRMAN KURK: I'm looking specifically at you, Senator.

SEN. D'ALLESANDRO: Yes, I'm answering you directly. Yes.

CHAIRMAN KURK: We'll have a ten-minute break after we finish the Agenda, but we will hear the audits today. So, Mr. Smith, stick around.

(8) RSA 622:28-a, V, Industries Inventory Account:

CHAIRMAN KURK: We turn now to Item (8) in the agenda, 15-225, a request from the Department of Corrections to purchase a Refurbished M&R Renegade 4056 Flatbed Screen Printer in an amount not to exceed \$24,020 in Other Funds from the Correctional Industries' Revolving Account through June 30th, 2016. Is there a motion?

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

CHAIRMAN KURK: Senator D'Allesandro moves.

REP. OBER: Second.

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CHAIRMAN KURK: Seconded by Representative Ober that the item be approved. Discussion?

REP. WEYLER: Just a mention.

CHAIRMAN KURK: Representative Weyler.

REP. WEYLER: This came in as a brand new one. We thought it was a little high. They pulled the item. Now it's taking a refurbished one at a much lower price in case you've forgotten that.

CHAIRMAN KURK: We have a question for someone from the Department. Is there someone from Corrections? Good afternoon, folks, and welcome.

DOREEN WITTENBERG, Director of Administration, Department of Corrections: Good afternoon. For the record, I'm Doreen Wittenberg. I'm the Director of Administration for the Department of Corrections. And with me I have my Deputy, Gary Arceci, and we welcome any questions.

CHAIRMAN KURK: Senator Forrester.

SEN. FORRESTER: Thank you for taking my question. You heard Representative Weyler say this issue had come before us before. And I think the price was like \$30,000 and now we have got a refurbished one at \$24,000. My question is, is there a warranty on this? Are we, you know, we buying something less expensive but it's going to -- how long will it last? Is it a wise purchase, I guess?

MS. WITTENBERG: I'm going to defer the question to my Deputy. He was responsible for doing the detail on that.

GARY ARCECI, Deputy Director, Division of Administration, Department of Corrections: There's a 90-day warranty on parts and equipment. We have seen pictures and we are familiar with the company, and we are confident it's going to meet our needs.

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And the company that we had before would not meet our payment terms, the State's payment terms, so we chose another.

SEN. FORRESTER: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. FORRESTER: What is the life expectancy of this?

MR. ARCECI: The original piece of equipment was purchased in 1990 and it broke and was beyond repair in the last Fiscal Year. So was 24 years.

SEN. FORRESTER: So follow-up. So you expect this printer to last 24 years?

MR. ARCECI: Probably 10 to 20 years, and we expect the payoff to be sometime in year three.

SEN. FORRESTER: What if it were brand new, what would the life expectancy be?

MR. ARCECI: I can't say for sure.

CHAIRMAN KURK: Further questions? There being none, thank you both very much.

MR. ARCECI: You're welcome.

CHAIRMAN KURK: We have a motion before us. 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.

** {MOTION ADOPTED}

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

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CHAIRMAN KURK: We turn now to the last item, Tab (9), Fiscal 15-219, a request from the Department of Transportation to transfer \$1,500,000 between various accounts through June 30th, 2016. Is there a motion?

SEN. SANBORN: Question.

CHAIRMAN KURK: There's a question. Is there somebody here from the Department of Transportation? Good afternoon and welcome.

WILLIAM CASS, Assistant Commissioner, Department of Transportation: Thank you. William Cass, Assistant Commissioner for DOT. With me is Marie Mullens, our Director of Finance.

MARIE MULLENS, Director of Finance, Department of Transportation: Good morning.

CHAIRMAN KURK: Senator Sanborn is recognized for a question.

SEN. SANBORN: Thank you, Mr. Chair. Commissioner, thank you both for coming in today. I'm really struggling with this, and let me explain why, and I hope I get a great explanation for this.

A short time ago, the last Commissioner and I had long conversation about the quality of our roads and our need to spend money on fixing them. In my case specifically, I'll be very honest and upfront about it, I was made a commitment that, you know, sections of 119 down in Fitzwilliam and Richmond would be entirely repaved. And then I was told that we didn't have the money to repave it. So it's very difficult for me to sit here and say I think we should be taking money away from a repair and material account and put towards consultants when we are not doing what I think is one of the baseline obligations we have is to keep repairing and maintaining our roads. So how do I even consider taking money away from an account to fix roads and that the State at this point has walked off on a promise to a

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community to actually fix the roads and now put it in a consultants?

MR. CASS: If I could?

SEN. SANBORN: Yes, please.

MR. CASS: A couple of points. This account that we are talking about was specifically set up for I-93 work and, in particular, non-par, that is work along the I-93 corridor to support the I-93 work that may not be federally participating. So right now this account has been set up, you know, exclusively and specifically for that. So we are with this Fiscal item trying to align the class lines with where the expenses are falling. We have some non-par engineering support costs that we need to take care of, and that's what this Fiscal item is -- is for. So we're -- with regards to I-93, we are trying to make sure that things stay on track, and it's design work that we're talking about is needed to support the construction of upcoming I-93 construction projects.

With regard to commitments on Fitzwilliam and 119, I know that part of that is in the program of being paved this year, and the other half is in the program and planned to be paved next year. So we are getting to it. I'm not sure what the exact commitments that you may have discussed with the previous Commissioner, but we are trying to honor those commitments. We just can't do it all at once.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: Thank you, sir. For the record, I'm not sure this is the venue for it, but skimming the road is better than reconstructing it.

CHAIRMAN KURK: Representative Weyler.

REP. WEYLER: Thank you, Mr. Chairman. I've had many people ask me about 101 around Exeter and Stratham. What's going on there in the median?

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CHAIRMAN KURK: Let's make this the last question about constituent service.

MR. CASS: That's based on ongoing work. I think we're talking about where we're installing the median barriers part of the safety improvement projects, including median barrier to prevent and preclude median crossover accidents. We did a section immediately to the west of there last year, and we're finishing that planned improvement this year.

REP. WEYLER: Looks like a lot of dirt movement. Thank you.

MR. CASS: I can get you some of the specifics after.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you for coming.

MR. CASS: Yes.

REP. OBER: Is this primarily, I mean, we read the newspapers as do other people. Notice I didn't say the word constituent. Is this primarily the result of what I've read about Exit 4-A?

MR. CASS: No, no. This has been in the works for some time as a result of ongoing engineering work for the I-93 project.

REP. OBER: Thank you.

MR. CASS: You're welcome.

CHAIRMAN KURK: Bottom line question. When we see money transferred from a construction line to a consulting line that sets off bells that say we are going to build less and pay more for people to give us advice.

MR. CASS: Hm-hum.

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CHAIRMAN KURK: Is that the effect of this transfer?

MR. CASS: I don't think so. Not necessarily. I think intent of this funding, this account was to enable us to keep work going and it was specifically set up to include not only non-par construction but non-par engineering that was needed to support the construction. When it was set up, we did our best to allot funding in the appropriate class lines. As work has gone on, we are just finding that some of the activities are needed, some shuffling around of the class lines.

CHAIRMAN KURK: The same number of miles or inches of road will be paved and reconstructed with this transfer as without it?

MR. CASS: Yes, absolutely.

CHAIRMAN KURK: Thank you. Senator Little.

SEN. LITTLE: Thank you. I'm not sure how that can possibly be. You can take away \$1.5 million and get the same number of miles construction to pave as we would if we left the money there?

SEN. SANBORN: Would be thinner then.

SEN. LITTLE: Doesn't make any sense to me so I'm trying to understand that logic. We'll just take the money away and still get the paving done. But my question is, is the payment for consultants for work that's already been done or work that needs to be done?

MR. CASS: It's work that needs to be done. It's actually in direct support of a Governor and Council item that will be coming up the 21st for amending the consultant contract to reflect this additional work that is outside their original scope. As we got into the design, there was more effort in some areas that were required partly because of some design changes

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on our part, but all towards supporting the upcoming construction.

SEN. LITTLE: Just out of curiosity is there an answer to this?

CHAIRMAN KURK: I'm going to give you a scenario. I think it may answer the question. Let's make sure we have it right. I'm making up imaginary numbers. We allotted \$10 million for this project. We were going to pave 10 miles of road. You put that \$10 million in different buckets, construction, consultants, and so forth, based on your estimate at whatever time you did it. Things have changed. As a result of those changes, you want to put that same \$10 million in different buckets; but despite the fact they're in different buckets, you're still going to pave the same 10 miles of road; is that correct?

MR. CASS: I would say so. I would say generally. Can I rephrase it a little?

CHAIRMAN KURK: Sure.

MR. CASS: In that \$10 million project, we have a \$10 million project say to reconstruct a portion of Interstate 93. As we get into that, there may be some additional work that is required that may not be federally participating and we have had this account set up to account for those unforeseen or latent conditions that we may encounter that may not be federally participating. So we are still going to pave the 10 miles of road on I-93. If we get into some additional work or some additional design efforts to support that work, it's going to come from this other -- this other -- this non-par account. So I think I'm answering your question. The direct question is yes, we are going to pave the same 10 miles of work.

CHAIRMAN KURK: Does that help, Senator Little?

SEN. LITTLE: Thank you very much. Yes, it does.

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CHAIRMAN KURK: Further questions? Thank you both very much.

MR. CASS: Thank you.

CHAIRMAN KURK: Is there a motion?

** SEN. D'ALLESANDRO: Move it.

SEN. FORRESTER: Second.

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

SEN. SANBORN: Opposed.

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

REP. WEYLER: One in opposition.

CHAIRMAN KURK: One in opposition.

REP. WEYER: Two in opposition?

SEN. LITTLE: No, one.

*** **{MOTION ADOPTED}**

CHAIRMAN KURK: That completes our agenda. We will take a break until 1 o'clock when we will come back and hear the audits. And just in case folks are concerned, we will be meeting at 11 o'clock on Tuesday, the 20th, to take up the single agenda item, that dealing with the retirees' health care plan.

(Recess taken at 12:40 p.m.)

(Reconvened at 1:15 p.m.)

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Audits:

CHAIRMAN KURK: Committee will come out of recess and recognize Mr. Smith for the presentation of audits. Oh, and Mr. Fox.

STEPHEN FOX, Ph.D, Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: Good morning -- good afternoon.

STEPHEN C. SMITH, MS, CPA, Director, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Mr. Chairman, Members of the Committee. We have three audits to present to you this morning. The first will be with the Department of Health and Human Services. For the record, I'm Steve Smith, Director of Audits for the Office of Legislative Budget Assistant.

CHAIRMAN KURK: Mr. Smith, could you hold on for a minute? We need to turn on the loud speaker system.

MR. SMITH: Sure.

SEN. D'ALLESANDRO: Either that or you have to speak louder.

CHAIRMAN KURK: What?

SEN. D'ALLESANDRO: Either turn it on or he speaks louder. He has a choice.

CHAIRMAN KURK: I think it's on now.

MR. SMITH: Okay. Is that better? So the first audit is Health and Human Services, Division of Child Support. It's a performance audit. And here to present the audit for us is Steve Fox. He's the Audit Supervisor. And joining us from the Department is Mary Weatherill.

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DR. FOX: Good afternoon, Mr. Chairman, Members of the Committee. Prior to my presentation, I would just like to say that I was not the scheduled presenter for this this afternoon. That was Vilay Sihabouth who is -- was the Audit Manager in charge of the audit. She had to leave so I will fill in for her as best I can. I apologize in advance if it seems like I'm reading. I have not had much rehearsal time with this presentation.

The audit before you is the Division of Child Support Services performance audit. The purpose of our audit was to determine whether the Division processes for establishing, collecting, dispersing, and enforcing child support were effective and efficient.

Our Executive Summary is found on Page 1. Generally, we found that the Division's processes for establishing and enforcing child support was effective during Federal Fiscal Years 2013 and 2014. The Division's performance in establishing paternity in child support orders consistently made it eligible for the maximum share of Federal incentive payments with payments totaling 1.7 million during the audit period -- during 2013. We found the Division's overall collection decreased 1% while the amount of arrears increased by 2%. But the Division did use all available enforcement -- did not use all enforcement remedies, rarely used others and tended to use the same techniques in -- on all cases regardless of case characteristics in the past two years.

During the past two years, increased caseloads combined with a decrease in the number of personnel available to process them may have contributed to the slight decline in performance.

Turn to Page 3, you'll find our recommendation summary. You'll see that we have seven observations and recommendations which the Department concurred with six of those and concurred, in part, with the other, and two of these may require legislative action.

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Our background starts on Page 5. Federal requirements have been the primary drivers for State child support payment programs. Starting in 1975 with the enactment of Part D of the Social Security Act, in recognizing the importance of enforcing support obligations the Title IV-D established the Federal Office of Child Support Enforcement within the U.S. Department of Health and Human Services. It also required states to designate an entity responsible for child support enforcement. Originally established to help offset the cost of public assistance the program's core functions were to locate parents, establish paternity, pursue the establishment of support orders, and to collect child support. By law, applicants on public assistance are required to assign their child support to the State in exchange for their benefits.

While cost recovery is still an important aspect of the program's functions, its focus has broadened to include family-centered strategies, including keeping obligors engaged with their children, promoting economic stability, promoting healthy family relationships, and helping children to secure health care coverage to name a few.

To carry out these functions, in 1977 the New Hampshire Legislature established a child support services program within the Department of Health and Human Services and Division staff currently located in five functional units providing services to clients throughout the state.

If you turn to Page 8, you'll see on Table 1 the number of cases and those with court orders, as well as the amount of child support due and collected from Federal Fiscal Year 2010 to 2014. As shown in the table, the Division collected between 28 and 30% of support due each year since 2010. The Federal Office of Child Support Enforcement provides states with incentive payments to encourage effective programs. Payments are based on a series of criteria, including achievement level on five performance measures and those five performance measures are detailed in Table 2 on Page 9. You'll see there that during the audit period New Hampshire ranked first in New England and

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within the top ten nationally for establishing paternity and ranked towards the middle three of the other four measures resulting in \$1.7 million in incentive funds during Federal Fiscal Year 2013.

Incentive funding was required to be reinvested into the child support program or related activities and some of those payments were used to upgrade the Division's case management system which had been in operation for over 20 years.

Turning to Page 13, if you would, our first section is on child support establishment, collection, and disbursement. And in this we identified that obligees' requesting services filed an application with one of 11 District Offices, where staff made a determination of the services that were needed. For example, if a child support order was already in existence, the case could be sent directly to an enforcement worker with some exceptions. If an order was not in place or paternity had not yet been established, the case would be first sent to an establishment worker. Once an order was established, the obligor sent payment to the State disbursement unit which, in turn, sent payments to the obligee and the child. And on Page 14, Figure 1, you'll see the typical process for establishing a child support order.

Our first Observation is on Page 16, and in it we recommend seeking clarification of grandparents' responsibilities for their grandchildren when they are born to unwed minor children. RSA 167:3-a appears to allow recovery of public assistance funds rendered to children from grandparents under certain circumstances. However, the child support guidelines appear to allow establishment of ongoing child support only against the child's parents.

In Observation No. 2 on Page 17, we recommend centralizing functions, including case initiation, mailing, and scanning and postal employment verification, monitoring and maintaining certain types of cases, initiating liens, and conducting case audits. Centralizing these functions could allow child support

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officers to focus more time on core their function, including enforcement orders.

Section two of the report begins on Page 23 and on this we discuss child support enforcement. Enforcement is a balance between selecting the most effective remedy and understanding the unique circumstances of each case. Enforcement workers were given broad discretion in determining individual enforcement strategies as state and Federal laws authorize enforcement workers to use a variety of remedies to compel obligors to pay their child support.

On Page 24 in Figure 2, you'll see the pie chart shows the most effective collection source was income withholding, garnishing wages, basically, with almost 70% of the collections resulting from this effort.

Observation No. 3 on Page 25, we recommend improving caseload monitoring. We found enforcement staff inconsistently monitored caseloads. Some workers reported time constraints, large caseloads, and cumbersome features of the newly implemented case management system while limiting their ability to monitor through means other than using phone calls or e-mails -- responding to phone calls and e-mails I should say, which were reporting a missed payment. Monitoring cases through phone calls and e-mail may cause workers to miss cases where the obligee is on TANF and would receive a check, even if the obligor did not make a child support payment.

Turning now to Page 27, Observation No. 4, we recommend better targeting for some enforcement approaches. While state law allows the use of enforcement -- of over ten enforcement remedies, enforcement workers reported rarely using remedies other than license revocation, Credit Bureau reporting, and scheduling a show cause hearing. Workers rarely used remedies such as requiring obligors to post a security bond, placing liens on personal property, seizing property, or revoking professional licenses.

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On Page 29, Observation No. 5, we recommend starting -- excuse me -- we recommend actively pursuing non-support to enforce child support orders. We found that case workers did not actively pursue criminal non-support as an enforcement remedy, despite over 20% of the cases meeting the involuntary -- the -- excuse me -- monetary threshold established in statute. The reason that case workers gave for not pursuing criminal non-support is basically because an employee who had been dedicated this function had retired over five years ago and existing staff did not have the time to pursue that. More lately, the -- the child support enforcement has started pursuing criminal non-support cases using an existing staff within the legal unit.

Observation No. 6 on Page 31 recommends expanding the use of work-oriented programs as alternatives to enforcement. Nationally, 30 states offer employment-related services and a skills assessment to help obligors find work in lieu of enforcement action. New Hampshire has two programs offered in only the southern part of the state so it's not a statewide effort at this point.

The last Observation, number seven, appears on Page 32 and recommends exploring two additional potential sources for collecting child support arrears, including intercepting payments to State vendors, owing back child support, and claiming abandoned or unclaimed property. Both of these options may need legislative action to put into place.

We have five other issues and concerns that begin on Page 35. Very quickly, I would say that these include working for the Health and Human Services to work with the Department of Administrative Services to determine whether \$35 million in TANF arrears should be considered for reporting on the State's financial statements, formalizing the conflict of interest process, exploring additional ways for clients to access case information, reviewing the Division's vacancies, and better monitoring medical and support enforcement.

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The remainder of the report includes three appendices. The first one, Appendix A, details our objective, scope, and methodology for this performance audit. Appendix B is a letter from the Department, and Appendix C is the current status of prior audit findings. I'll just briefly go over those.

You'll see on Page C-1 the last page in the report the Division has fully or substantially resolved 21 of the 28 Observations issued in a previous audit report which is in 1995. The only unresolved Observation is liability of grandparents to support grandchildren which is, of course, addressed in Observation No. 1.

Mr. Chairman, this concludes my presentation. I'll be happy to answer any questions that you may have, and I'd also like to extend our thanks to the Division for their help during this audit.

CHAIRMAN KURK: Thank you. Why don't we hear from the Division and then we'll take questions. HHS.

MARY WEATHERILL, Director, Division of Child Support Enforcement, Department of Health and Human Services: For the record, Mary Weatherill, Director of Division of Child Support. On balance, we feel that this audit review reflects a comprehensive analysis of the performance of the program. It is consistent with the direction that the Division is currently pursuing with its new newly implemented computer system. There are -- we are a very performance-based program. So many of the areas reviewed here are similar to our Federal performance indicators that we are required to report on annually. And, overall, the seven Observations and other issues and concerns we look forward to continuing to work to improve in this area. And I believe that with the plans that we have under way, both from a management perspective and technology initiatives currently under way, that within the next biennium we'll strive to achieve many of these areas that were observed either as issues or concerns. And it was a process that we feel was thorough,

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in-depth, many interviews, a lot of information provided, and we're willing to work through in this direction as noted.

CHAIRMAN KURK: Thank you. Are there questions?

REP. WEYLER: I have --

CHAIRMAN KURK: Representative Weyler.

REP. WEYLER: I have a question as much for my Senate colleagues as anything else. Normally, I appreciate the fine work that's done by our Audit Division; and when there's request to have legislative action, I'm always the first one to sponsor them. However, our filing period is passed. The Senate has not passed yet. I would appreciate -- I would be happy to co-sponsor if one of the Senators would sponsor this legislation.

SEN. D'ALLESANDRO: Working with you, Representative, it's like flying first class in an American Airlines flight. That's how good I feel about it. That's how good I feel about it.

REP. WEYLER: I'm grateful, Senator. I always enjoy working with you.

SEN. D'ALLESANDRO: Thank you.

REP. WEYLER: So legislation will be filed.

REP. BARRY: Glad you didn't say U.S. Airways. Their last flight is tonight.

CHAIRMAN KURK: Representative Rogers.

REP. ROGERS: Yeah, I have a question about the first recommendation, the legislative one regarding the grandparents and liability support. That's one that you state does need some legislative change in the RSA. And I'm curious on this and, again, my concern is you talk about going to the grandparents of minors to seek the support. Have you thought about how you're to

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craft that so it's not just the grandparents of the mother? My concern is that always we go to the grandparents of the mother, but that we hope that the father's grandparents also seek their share of the liability and have you talked to them about how you would structure this to do so and what circumstances? Have you formulated this idea at all? Have you got any language thought about, because I'd be -- I'd be willing, as Representative Weyler said, I'd be willing also to work as a co-sponsor with Senator D'Allesandro. But I'm very concerned that this be done in such a way that we're not unfairly going after just the females in this, but that we're also seeking that the males take their responsibility and step up for this, because in the past that's not always been the case. I'm curious about how far along you are in that process in considering what this would be or this is just in conceptual stage. I noticed you did say to fix it in Calendar Year 2016 so I'm just curious how far along?

MS. WEATHERILL: We're at the very beginning discussion stages and recognize that there are many stakeholders and various entities that we would need to coordinate with, including the Legislature going forward.

REP. ROGERS: Have other states, have you checked at all, have other states done this successfully? And I think a similar question, how long? We go after them when they're minors, but says that when they reach the age of majority we then stop and we no longer hold the grandparents accountable? Again, I'm just trying to get a handle.

MS. WEATHERILL: We'll have to do the analysis from other states and start to obtain that information. The RSA that we are talking about was enacted in 1961 so --

REP. ROGERS: Wow!

MS. WEATHERILL: -- that's been there for quite some time. And so the conflict is with the more recent RSAs that established child support guidelines for obligations to be for parents, not grandparents, and therein lies the reconciliation

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that we would have to address in terms of the authority that is still there under the law, and the current child support mandates which at the Federal level at least do not include grandparent liability.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chair. A couple of quick questions about people who leave the state and who have an obligation to children within the state. I know that I've been working on a case, as you know, for a number of years. And are we doing anything to improve that situation where law enforcement in the other state executes our orders, rather than backing away from us? I mean, isn't there something that's available, a Federal law or something? Because we've been, and I hate to talk about one constituent's case, but I think it's important in this context. Been chasing this individual for years. I've been on this case for years.

MS. WEATHERILL: Florida? The Florida case?

SEN. D'ALLESANDRO: Florida. And he's thousands and thousands of dollars in arrears, and at the same time has another family which he must be supporting. But there are four children left up here and those were the three things. Improving enforcement, caseload monitoring, continue to pursue criminal non-support cases, and what other remedies are available to us? I mean, statutorily can we create something that gives you more -- more authority? Because cases like this, they're just terrible. Is there anything that can be done to address those?

MS. WEATHERILL: The interstate cases that you describe are probably among the most difficult cases that we have, because we do rely on the jurisdiction of the other state's enforcement remedies. Where the obligor resides in Florida in this case --

SEN. D'ALLESANDRO: Yeah.

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MS. WEATHERILL: -- we are very much dependent upon that child support agency to take action. There is a uniform interstate laws where all states have to comply with requests from other states. And we do rely on our Federal regional representatives in the other areas in the country to assist when these difficult cases arise, such as the one in Florida where we have had to rely on the Federal office. They are difficult.

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

CHAIRMAN KURK: Follow-up.

SEN. D'ALLESANDRO: Thank you.

CHAIRMAN KURK: I point out or have a question, I guess, on Page 17. You say it's going to take till the end of Calendar Year 2016 to get your task force together. I think we need speedier action. This bill is going to be filed. It's going to be done in January. We'll incorporate a number of things. So whatever that timetable is needs to be moved up.

The question that I have has to deal with the chart Table 2 on Page 9. It's nice that we rank high on percentage of paternity established, orders established, percent of cases with current collections, percent of cases with arrears collection. We are really doing well, at least in New England. We are doing so-so when it comes to the nation, but there's a real problem on cost effectiveness. Not only are we terrible, but we're getting worse. We are in the bottom ten now. Is there some way the Department can be reorganized? Is it possible to farm out some of the collections to a private entity which might, for example, go down to Florida and depending on the authority put a lien on the property of this individual that Senator D'Allesandro was talking about to coerce payments from him? In other words, are there different ways to do things the way we do business so that we're cost effective as well as meeting all of these other targets?

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MS. WEATHERILL: We are looking at some cost-effective ways of reorganizing our workload at the current time with the new system that we have in place and approaching case management from a more functional level rather than a location, geographic, and alphabetical level. We can now work in any location. But the cost-effectiveness piece is something that those numbers at the current time reflect the expenditure of investing in the new system. So over the course of -- in other words, that has just recently gone down because of that unusually high expenditure during that time period. Once we move forward and pay for the system and see the benefits of the system, the return on investment and cost-effectiveness we expect will go back up to at least where it was before.

CHAIRMAN KURK: Which was where?

MS. WEATHERILL: Which was around \$4.50.

CHAIRMAN KURK: No, no, compared to the other states?

MS. WEATHERILL: Compared to the other states? It changes from year to year in every state in terms of cost effectiveness. New Hampshire has consistently ranked in the top ten in the past.

CHAIRMAN KURK: For cost effectiveness?

MS. WEATHERILL: Not recently because of the system expenditures, but in the past.

CHAIRMAN KURK: So in 2016 when we get the statistics for that and 2017, you're going to be in the top ten for cost effectiveness?

MS. WEATHERILL: I'm not sure where we'll be after -- it's going to take some time to make the necessary changes to our operation. And we do have some more -- we need to complete the system enhancements in this next biennium. So I don't expect the cost effectiveness to change within the next two years,

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actually. It will probably be the same in terms of the budget that we currently have in place.

CHAIRMAN KURK: Have you looked into hiring or contracting out collections to private agencies who have larger bodies physically to do this kind of work?

MS. WEATHERILL: We do. Excuse me. We do have a contract in place for collections and disbursements. The State Disbursement Unit is a contracted service that we have. And as far as case management, it's the system that is working for us and --

CHAIRMAN KURK: Once you determine what the arrears are or the current collection, to get the money I take it State Employees are doing that. You don't have a collection agency going out to collect the money that you determine is due, do you?

MS. WEATHERILL: No, we don't. Collection agencies we have looked at in the past and they do not have the same -- well, they're costly and from what we have reviewed we are set up with Federal interfaces and under the law have the authority to take enforcement actions that private collection agencies do not. So we don't believe that it would be effective or as effective as the current model that's in place in most states.

CHAIRMAN KURK: In other words, Repo Man wouldn't work well? Never mind. Further questions? Representative Barry.

REP. BARRY: Thank you, Mr. Chair. Thanks for coming. This is interesting reading, I guess, is the best way I could put it. I'm on Page 8 and I'm a little dismayed that the arrears due is twice what current support due. It's \$200 million. And you just said that you can't use a private agency to collect \$100 million. I don't want to go too far into that, but I will ask the question are there -- are the obligors -- any of the obligors on government systems? Are they on employment counts or are they getting food stamps and can you go directly to those programs and stop payment to them and collect it in general or

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are you limited there? Somebody is on unemployment comp. They're getting paid.

MS. WEATHERILL: Yes.

REP. BARRY: Can you garnish that?

MS. WEATHERILL: Yes, we do garnish unemployment claims as well as our enforcement remedies.

REP. BARRY: Food stamps?

MS. WEATHERILL: No. When an obligor is receiving public assistance, such as food stamps, temporary assistance, under State Law we are prohibited from enforcing or collecting in those cases. So that's one of the factors playing into the cumulative arrearage amount. That is included in that. It's a very -- we cannot collect arrears in those cases.

CHAIRMAN KURK: Further questions? Representative Weyler.

** REP. WEYLER: Thank you, Mr. Chairman. I move we accept the report, place it on file, and release in the usual manner.

CHAIRMAN KURK: Is there a second?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it.

*** {MOTION ADOPTED}

CHAIRMAN KURK: Thank you very much. I hope you heard our concerns, ma'am.

MS. WEATHERILL: Yes.

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CHAIRMAN KURK: Forty-second is not acceptable, and we need this collection to go as quickly as possible so that the custodial parent gets what he or she is supposed to get.

MS. WEATHERILL: Thank you.

CHAIRMAN KURK: Thank you. Mr. Smith.

MR. SMITH: Thank you, Mr. Chair. The next audit, again, is a performance audit report in the Department of Environmental Services for State-owned dams. And joining us representing the Department is Commissioner Burack and Jim Gallagher who's Administrator in the Bureau. And to present our audit is the in-charge manager, John Clinch. Turn it over to John.

JOHN CLINCH, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Thank you. Good afternoon. Good afternoon, Mr. Chairman, Members of the Committee. My name is John Clinch. I'm a Senior Audit Manager with the Office of Legislative Budget Assistant. I'm here this afternoon to present the results of our performance audit on the State-owned dams maintained by the Department of Environmental Services. Our objective was to determine whether State-owned dams were managed efficiently and effectively. Our Executive Summary is found on Page 1.

We found the Department of Environmental Services was generally effective in operating State-owned dams under its stewardship. However, we also found opportunities for improved management practices. We found the DES engineering and construction section may be more efficient and effective if it utilized a project management approach in accordance with best practices to manage its reconstruction projects. We found reconstruction projects were managed by the design engineer with little project documentation and no detailed project schedule. We also found safety inspections of State-owned dams were not always performed as frequently as required by administrative rules and some written inspection reports were not completed. We also found long-standing maintenance deficiencies identified by safety inspections that had gone unresolved.

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Our Recommendation Summary can be found on Page 3. The Recommendation summary shows our report contains twelve Observations with Recommendations which I will discuss in a few moments. The Department of Environmental Services concurred with all Observations and Recommendations and none of the Observations require legislative action.

Turning to Page 5, you'll find our background section. DES is responsible for inspecting all hazardous dams in the state and operating and maintaining dams owned by the DES and New Hampshire Fish and Game Department. The DES classifies dams according to their potential threat to life and property in the event of damage to their structural integrity or failure and has four classifications as shown on Table 1 on Pages 5 and 6.

On Page 6, Table 2 shows the DES oversaw 2,646 active dams in various hazard classifications and also shows the number of dams in each classification by ownership. Table 2 also shows there are 276 State-owned dams. Table 3 on Page 7 shows the hazard classification of State-owned dams by agency. Table 4 on Page 8 shows the estimated cost of State-owned dams in need of repair or reconstruction. As of May 2015, there were 37 State-owned dams on the repair and reconstruction list with an estimated cost of repair at \$23.3 million.

On Page 9, Figure 1 shows the organization of the Dam Bureau. As you can see, their Bureau consisted of three sections; the Operations and Maintenance section, Engineering and Construction section, and the Dam Safety Inspection section.

On Page 10 you'll find Tables 5 and 6 which show the Dam Bureau's revenues and expenditures.

Our Observations and Recommendations section begins on Page 11.

Observation No. 1 on Page 11 deals with the need for a project management approach to managing repairs and

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reconstruction. The Dam Bureau's construction and reconstruction project practices did not align with common project management principles. None of the seven project files we examined for State Fiscal Years 2013 and 2014 contained a project management plan, a project cost estimate, or a project schedule. Although a High-Level Project Task List was appended to the plans and specifications, a work breakdown structure was not found for any of the projects.

Consistent with the United States Society on Dams Recommendations, we recommend DES use a form of management approach for its construction and reconstruction projects. Each project should establish a project management plan, which describes the project, a complete time schedule including milestones and a reliable project cost estimate.

In Observation No. 2 at the bottom of Page 12, we found insufficient project monitoring and oversight documentation. We recommend the DES management effectively monitor and document dam construction and reconstruction progress and ensure management at all levels are aware of the progress of each project.

In Observation No. 3 on Page 13, the Engineering and Construction Section Administrator oversaw two design engineers but did not review their plans and specifications. Instead, plans and specifications were reviewed solely by professional engineers within the Dam Safety and Inspection Section. We recommend DES management ensure plans and specifications are reviewed by the Engineering and Construction Section Administrator prior to project approval and construction.

Observation No. 4 on Page 14 discusses the need for formal cost-benefit analyses. We recommend DES management perform -- perform cost-benefit analyses to ensure State resources are being used in the most cost-effective manner.

Observation No. 5 on Page 16 discusses the need to centralize documents associated with dam safety and construction for easy access when needed.

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The next section of our report discusses Observations and Recommendations related to dam maintenance and operations. Observation No. 6 on Page 17 discusses a list of backlog dam maintenance and repairs needed for State-owned dams kept by the Dam Bureau known as the Master Deficiency List. We found nearly 60% of the 232 deficiencies with a due date past due as of June of 2015.

Table 7 shows the type of tasks that were past due. Table 8 on Page 18 shows the number of past due tasks remaining on the deficiency list as of June 2015 and State Fiscal Year they were due. We recommend DES management ensure known deficiencies at State-owned dams are resolved in a timely manner, seek necessary easements to cut trees and brush, and ensure future tasks on the Master Deficiency List are prioritized given its other work requirements and assigned to a contractor as required.

Observation No.7 on Page 20 and Observation No. 8 on Page 21 discuss outdated Operations and Maintenance Plan and emergency action plans. We recommend DES develop policies and procedures to ensure updates to these plans are documented and addressed timely.

In Observation No. 9 on Page 23, we discuss our finding dam gates valued at over \$119,000 stored for several years at the Seward Falls maintenance facility awaiting installation at three dam sites. We also found an additional \$110,000 worth of consumable building materials, such as lumber, rebars, steel, and concrete block were stored on-site in a manner exposing the materials to the elements for lengths of time that may lead to deterioration.

We recommend DES Management perform periodic inventories of materials, report consumable materials to the Bureau of Financial Reporting as required and improve on-site storage of materials.

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Observation No. 10 on Page 24 addresses the need for administrative rules related to Dam Maintenance Revolving Fund. Although the funds could be utilized when it reached a balance of \$25,000, which was met in State Fiscal Year 2010, no loans were made.

We recommend DES Management promulgate administrative rules per statute and begin making loans available.

Observation No. 11 on Page 25 discusses inspections for State-owned dams were not completed within State- specified time frame. As of May 2015, there were a total of 183 State-owned dams classified as hazardous. Of these hazardous dams, 57 or 31% did not receive the most recent required inspection.

We recommend DES Management complete required inspections and document all results of inspections performed on State-owned dams.

Our last Observation No. 12 is on Page 26. We found two remotely-controlled dam gate systems use a single character as a password for accessing these systems. In July 2015, the two systems were permanently removed from the site so a newer system could replace them. We recommend DES manage and develop a strong password policy aligned with current best practices for its automated gate controls.

I'd also like to call your attention to the new appendices contained in the back of the report. Appendix A is our objective, scope, and methodology section, and Appendix B is the response to the audit from the DES Commissioner.

I'd like to thank DES for their assistance and cooperation on this audit. Mr. Chairman, this concludes my prepared remarks. I'd be happy to answer any questions.

CHAIRMAN KURK: Thank you. Are there questions? Oh, excuse me. We'd like to hear now from DES. Commissioner, good afternoon.

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MR. BURACK: Good afternoon. Thank you very much, Mr. Chairman. For the record, my name is Tom Burack. I serve as Commissioner of the Department of Environmental Services. Please to be joined here at the table today by my colleague, Jim Gallagher, who is the Administrator of the Dam Bureau and the State's Chief Dam Engineer.

I want to start by saying thank you to the members of the audit team here from the LBA. They did, we think, a very thorough and professional audit and very helpful job with this audit. We believe that the audit confirms that as a general matter we are doing our jobs pretty well, but there certainly are things we can do better, and this audit has identified a number of -- number of things we can do to improve our performance. And we are in the process of working to implement all of these recommendations. So, again, we thank the auditors for their good work and look forward to moving forward to address the recommendations that were raised.

CHAIRMAN KURK: Thank you. Are there questions from Committee Members? I have a very basic one. Do you ever -- do folks ever use private contractors?

MR. BURACK: Yes, we do, for various aspects of our work and certainly Mr. Gallagher can give you some specific examples, if you'd like.

CHAIRMAN KURK: Do you ever use private contractors where they're more efficient? In other words, yes, State Employees if the Bureau could do the job; but if you cost out their time, it would be greater than the amount of time than a private contractor would charge.

MR. BURACK: The answer is yes, we certainly do and, Jim, do you want to provide some examples and a little more detail on that?

JIM GALLAGHER, Chief, Dam Bureau, Department of Environmental Services: Our expertise in our crew is in
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embankment, soil movement embankment, repair and concrete repair, but we have a lot of other work associated with dam repair and that is generally contracted out. Sealing outlet pipes is something that we don't do very well and that is contracted out. Underwater repair of gates is contracted out. There's a lot of features that we do contract out. And also, currently we are contracting out things as simple as tree removal, hydro seeding. We are working on a dam right now, Mendums Pond Dam where our crew is actually working on another dam at the Seward Reservoir in Harrisville. So we contracted out with a grading contractor to repair that site, to do grading needs to be done and we build our buttress on that dam. We look at what -- we have made these decisions but have not documented it. I think that's the finding of the auditors. That we need to document these decisions of when we go to contract, when we do the work in-house, and to make sure that all of our work is cost effective.

CHAIRMAN KURK: You said there are two types of things that you contract out. Number one, where you don't have the expertise, and number two, where you don't have the time because you're doing something else. But my question went beyond that. My question is if you do have the time and you do have the materials and you do have manpower to do the job, and the expertise, but nonetheless it would be more cost effective for the taxpayers for you not to use in-house employees but private employees to do the job, are there cases where you do that? Is there a regular practice and what's the impetus for your organization to use the most cost-effective way to deal with the problem rather than an assumed way?

MR. GALLAGHER: Again, you know, we do need to do a better job of documenting those decisions, but those decisions are made, you know, with each facet of the job. And whether we have the expertise or not, can we do it most cost effectively and there are lot of things we cannot do cost effectively. But the work that we do do we compare ourselves, we looked at similar projects in scope and location and found that in those cases when we look at those jobs that we were about 60% of the cost of

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having private engineers design them, having private contractors build them, and private engineers overseeing that work that has to be done in accordance with the statute. What we haven't done a good job is document that decision process, which we will be doing going forward when we implement some of these recommendations.

CHAIRMAN KURK: Thank you. Representative Weyler.

REP. WEYLER: Thank you, Mr. Chairman. And I remember some years ago having reports from some constituents that there were temporary dam being built two or three days. And the report was, well, the State workers are doing it. They don't show up until 9:30 in the morning. They take an hour for lunch and leave at 3:30. And, you know, I called up and said what's going on here? They said, well, they have to report into Concord. Now if we hired a contractor, they start working at seven or eight in the morning and they work till four or five at night. So if we are only doing two-thirds of a day's work because of reporting into Concord at each end and having travel time, it seems like a waste. Where if we went to private contractor, they would start work in the morning and finish in the evening and not charge us for all this travel time which we, in effect, are paying for.

MR. GALLAGHER: Appreciate the question. It's a very good question. I'm not sure of the case that you mention. But our construction crew works a 40-hour week and they work long days. They come at six o'clock in the morning and they pretty much knock off at sunset. We have a lot of work to do. They do work a lot of overtime. They are -- when it's effective to do it, they report to Concord and then go out. Like in the case of the work we're doing now, Seward Reservoir in Harrisville, many show up directly at the job site. They don't come into Concord. Our equipment is out there. In the case of Mendums Pond, some of them will come to Concord to pick up equipment, and then head-on out to Mendums Pond. And the dams that we work on in the North Country, they live up there, live at -- especially at the dam site. So we are cost effective, I think, from that point of view. I don't know honestly --

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REP. WEYLER: That was ten years ago. I hoped the way you work has changed since. Because if we -- like especially the striping crew used to report into Concord, drive three hours up to Coos County to do a job, work a few hours and get overtime driving back to Concord.

MR. GALLAGHER: Yeah.

REP. WEYLER: Just didn't make sense.

MR. GALLAGHER: I understand exactly what you're saying. We try to work as cost effectively as possible and that, you know, the commuting is an issue that we address with each project which is most efficient way to do it.

REP. WEYLER: Always being watched by the constituents. Always going to call us up and tell us what's going on.

MR. GALLAGHER: I was going to say that the work that we do, the dams that we have, these important recreation resources and lake shore property owners that are watching us every minute and are unhappy if their lake is down because of reconstruction. So -- and I can tell you that we get glowing reports about the dam maintenance crew from the very critical citizens of the State of New Hampshire.

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

CHAIRMAN KURK: Further questions? There being none. Oh, Representative Barry.

REP. BARRY: If you go to Page 6, please. I'm curious between Table 5 and Table 6, I see your revenues are in '15 3.2 million but your planned expenditures were 5.2. Where's the rest of the money come from?

MR. CLINCH: That would be General Fund money.

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REP. BARRY: Is this all General Fund money? Federal funds? Transfer funds? I'm talking revenue. Table 5 is all General Funds?

MR. SMITH: It would come from unrestricted revenues. These are all unrestricted revenue sources.

REP. BARRY: So 2.2 million come from unrestricted General Funds?

REP. WEYLER: As a registration fee.

MR. BURACK: Representative Barry, that's correct. I think was about two years ago the Legislature recognizing that we had experienced a very significant loss in revenues as a Department from the changes that had been made in the electric markets, the Legislature found it appropriate and the Department requested this to provide General Funds to support a significant portion of our dam maintenance work. And what's not reflected here in Table 5 are those General Funds.

CHAIRMAN KURK: Further question?

REP. BARRY: Thank you. Looking at roughly \$23 million worth of repairs are needed, and you're spending 5 million a year, and I would guess that all of those, what percentage of that 5 million really goes towards the repairs that are needed?

MR. GALLAGHER: Approximately about a million and a half per year goes to the repairs.

REP. BARRY: The rest are just looking at it.

MR. GALLAGHER: Rest of it is operation of maintenance of these dams, which is a whole different activity, and also inspection and this revenue includes revenue for inspection of not only State-owned dams but private-owned dams as well.

CHAIRMAN KURK: Follow-up?

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MR. BURACK: If I may?

CHAIRMAN KURK: Commissioner.

MR. BURACK: If I may, I thought, maybe I'm mistaken here, I thought that these were all Capital Budget?

MR. GALLAGHER: Those are Capital Budget.

MR. BURACK: If you refer to Table 4, can you describe how those are different from the funds that you just discussed?

MR. GALLAGHER: We get Capital appropriations every biennium for the last three or four biennium for our repair reconstruction.

REP. BARRY: You said Table 4?

MR. BURACK: I said Table 4 on Page 8.

REP. BARRY: I'm referring to Table 5 and 6.

MR. BURACK: Oh, I'm sorry.

MR. GALLAGHER: Yeah, difference between revenues and expenditures.

MR. BURACK: Okay. All right, then I was mistaken.

REP. BARRY: Maybe the contracts and dam projects that we've been speaking of is a little over a million two a year. That says you get 20 years before you catch up and you got some pretty high hazard items. How do you address that?

MR. GALLAGHER: You know, it is a list of 37. They're not -- many of the dams on that list have spillways, outlook capacities that don't meet current design standards. They're old. The one we're building, reconstructing now, Mendums Pond

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Road, it's 175 years old and they were, you know, built at the time with a lot of knowledge on hydraulics. So a lot of our spillways are deficient. The dams themselves are structurally in good condition. So we do have this list. This list includes those dams with outlet deficiencies. And we are -- we have it programmed to, you know, get this list to complete all these projects within ten years. And so I have to say that future Capital requests can be higher than they have been in the past. We've been getting about 3 million in the past. I think the next Capital appropriation we are going to be looking for about \$5 million because we have had some expensive projects to do.

REP. BARRY: About how much?

MR. GALLAGHER: About \$5 million. We have expensive projects to do, one of them being Ossipee Lake Dam.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Good to see you again.

MR. GALLAGHER: Thank you, Representative.

REP. OBER: You come to Division I a lot. So Division I people know a lot about this. And I think, and this might help Representative Barry, but basically you have everything on the list that needs to be brought up to standards. That doesn't mean those dams are in danger of failing. So what you have done is you have prioritized your list to make sure that no dam gets to the point where it's in danger of failing using your money to work through the list to make sure every dam is healthy; isn't that correct?

MR. GALLAGHER: That is correct, Representative Ober. I appreciate that.

REP. OBER: Thank you.

CHAIRMAN KURK: Representative Weyler.

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** REP. WEYLER: Mr. Chairman, I move we accept the report, place it on file, and release in the usual manner.

REP. OBER: Second.

CHAIRMAN KURK: Moved by Representative Weyler, 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 report is accepted.

*** {MOTION ADOPTED}

CHAIRMAN KURK: Mr. Smith. Thank you, Commissioner.

MR. BURACK: You're welcome.

CHAIRMAN KURK: Thanks to your Department, too.

MR. SMITH: Mr. Chairman, our last audit this afternoon today is an internal control review of the Water Division agency income revenues; also at the Department of Environmental Services. Joining us at the table from the Department is Sue Carlson, the Chief Operating Officer, and then to my right here is Jean Mitchell. She was the in-charge manager on this job and she will be presenting the report to you.

JEAN MITCHELL, Senior Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Mr. Chairman, and Members of the Committee. My name is Jean Mitchell. We are here this afternoon to present a report of our review of the internal controls over the agency income revenues of the Department of Administrative Services Water Division. The period of the review was the nine months ended March 31, 2015.

I'd like to begin with the Table of Contents. I'll briefly touch on each section listed here during the course of the presentation. I would like to bring your attention now to the findings and recommendations section. This report contains

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twelve Observations. The Department concurs in ten, concurs, in part, with one, and does not concur with one of the Observations. As noted by the asterisks, three audit comments suggest legislative action may be required.

The Executive Summary begins on Page 1. The objective of this audit was to evaluate whether the Water Division of the Department of Environmental Services has established and implemented suitable internal controls over the receipt, deposit, recording, and reporting of agency income revenues. As described in the summary of results, in general, we found the agency income, the controls were suitably designed to provide reasonable assurance that the control objectives would be achieved. Areas where we recommend improvement include better documentation of written policies and procedures supporting critical aspects of their financial operations, the performance of reconciliations between the issuance of licenses, permits and registration with the recorded revenue, and the need to report agency income in statutorily directed dedicated funds and accounts. I'll be speaking about these other reported findings in a moment.

Moving on to Page 2 is some background information. The Water Division initially processes revenue items related to its financial and program activities and delivers receipts to the Department's accounting department for inclusion in the daily deposit. About 70% of this revenue is processed by the Application Receipt and Processing Center known as ARC. The Division's revenues are recorded across several accounting units in multiple designated accounts and funds in the State's General Fund.

Page 4 outlines our audit scope, as well as the audit period, July 1st, 2014, through March 31st, 2015, and the audit methodology which included interviews with Department and Division personnel, reviews of the Department and Division documentation, reviews of State Laws, policies, procedures, and accounting records. We observed the revenue process and reviewed

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the design and operation of internal controls through tests of transactions.

There were no prior audits of the Department of Environmental Services that specifically addressed the scope of this audit. Appendix A -- Appendices A and B provide the current status of prior performance audit -- of a prior performance and financial audit of the Department that I will address at the end of my presentation.

The first Observation is located on Page 6. We recommend the Department and Division update policies and procedures supporting critical aspects of the Division's financial operations. While adequate policies and procedures existed to support permits and revenue processed through the application receipt process known as ARC, documented policies and procedures covering financial activity by receipts processed outside of ARC were not updated to reflect changes required by the State's implementation of NHFirst accounting system during July of 2009. The lack of current policies likely contributed to the weaknesses in the reporting areas that I will be speaking to.

Observation No. 2 is located on Page 7. We recommend the Division reconcile license and permits issued by the Bureau to the related revenue recorded in the accounting systems, including NHFirst. This is a generally recognized primary control and required by the State Treasury policy on cash receipts.

Observations No. 3 through 6 address the need to budget, record, and report revenues and statutorily directed dedicated funds and accounts and to expand DES chart of accounts to increase transparency, reduce the risk of reporting revenue in the inappropriate account and improving accountability.

Observation No. 3 on Page 8 details how the Division is responsible for collecting, depositing, recording, and reporting numerous agency income revenue streams which are reported in 11 different statutory funds and accounts and recorded in 17

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different accounting units and revenue source account combination. We noted the Division's revenue account structure in NHFirst could be improved to note the recording and reporting of agency income levels at a level of detail to clearly support statutory compliance.

Item numbers one through four provide examples of revenue being commingled within one revenue account and one accounting unit in NHFirst that inhibits transparency and complicates the process.

Observation No. 4 is located in the middle of Page 10, and it speaks to the need for the Department and the Division to establish a formal risk assessment process supported by policies and procedures for recognizing, evaluating, and responding to risks that could affect their ability to reach their objectives.

Moving on to Observation No. 5, we recommend the Department correct budget errors in a deliberate and documented manner and implement and document policies and procedures to ensure revenue is budgeted and recorded in the appropriate account.

Observation No. 6 is located on Page 12. It describes how the Division does not consistently record and report certain agency income revenues in statutorily directed dedicated fund or account. The bulleted items describes instances of recording and reporting agency income revenues in funds and accounts contrary to statutory direction.

Observation No. 7 through 9 located on Pages 14 through 16 address the need to include cash receipt processing and invoicing controls, and the need to update certain agreements.

Observation No. 1 is located on Page 17. It notes that the Department did not use a formal system development process in the development of their E-permitting system placed in operation during February of 2015. The use of a formal development process is helpful to the efficient development of the information system.

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Observation No. 11 is located at the bottom of Page 18. It recommends the Department no longer use personally identifiable information necessarily in its time management system.

Our final Observation is located on Page 19 and describes certain statutorily required reports that are not submitted by the Water Division. Located behind the Appendices A tab is a summary of the current status of Observations contained in the 2004 financial audit of the Department of Environmental Services that are relevant to the scope of our audit. Of the five relevant comments, two are substantially resolved and three are partially resolved.

Behind the Appendix B tab is the Department of Environmental Services' assessment as of October 2015 of the current status of Observations contained in a performance audit of the Department -- Department's Alteration of Terrain and Wetland Permitting that was dated August of 2007.

I'd like to thank the Department of Environmental Services' management and staff and specifically the Water Division and Accounting Division for their assistance during the audit and this concludes my presentation. And, Mr. Chair, with your permission, I'd like to now turn the presentation over to the Department.

CHAIRMAN KURK: Sounds good.

MS. MITCHELL: Okay. Sounds good to me.

MR. BURACK: Thank you very much. Again, Mr. Chairman, Members of the Committee, my name is Tom Burack. I serve as Commissioner of the Department of Environmental Services, joined here at the table today by Susan Carlson, our Chief Operations Officer.

I want to thank the Members of the audit team from the LBA for their diligence, their professionalism, their thoroughness

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in conducting this audit. I think it's been a very helpful audit process and exercise for us. We are already at work addressing the recommendations that they have made and looking forward to getting these things worked through and resolved.

CHAIRMAN KURK: Thank you. I have a question. I'm not sure to whom it should be addressed. Maybe to both. If this money is not being put in the appropriate account, what is it being used for that it could not have been used for had it been placed in the appropriate account?

MR. BURACK: Mr. Chairman, I will start, refer this to Susan Carlson in a moment. I will start with the strongly held view that we have as a Department that we have at all times been placing our funds into the appropriate accounts. And I think what we have here is a difference of opinion in terms of interpretation of various State statutes and how these State statutes work together. And we will be working with the Department of Administrative Services and others as we move forward to address the issues and concerns that have been raised here in this audit and to make sure that in all respects these matters are being dealt with appropriately. But let me turn this to Susan Carlson who may have something more.

SUSAN CARLSON, Chief Operating Officer, Department of Environmental Services: No. He looked like he had a question.

CHAIRMAN KURK: I want to make it clear, I'm assuming for the moment that the Department -- that the Department had concurred -- I know you did not -- had concurred with all of these recommendations. Therefore, if you followed the standard set forth by the auditors, and this money was inappropriately placed in different accounts, I'm asking what, in fact, did that money get used for that it couldn't have been used for had it been placed in the accounts in accordance with the auditor's view of where it should have been placed? Does that make sense?

MS. CARLSON: If I understand your question correctly, the money is being used for statutory intended purposes. What we are talking about is, essentially, to give an example that is noted

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in the report. In our Aquatic Resource Management, we collect an assessment fee. The statute says that that assessment fee should be accounted for in an account within the ARM Fund. What we do is we credit that assessment fee directly to the ARM Fund and because we time track our staff's time, and the person who is responsible for that program actually resides within the Wetlands Fee Account, we reimburse the Wetlands Fee Account for that person's time for the time they worked on the ARM Fund.

CHAIRMAN KURK: What does that have to do with placing the money in the wrong account or different account?

MS. CARLSON: Well, that's what they're essentially saying is that the because we didn't move expenses into the ARM Fund, and we moved the revenue from the ARM Fund to the Wetlands Fund that a strict interpretation of the statute we put it in the wrong place.

MS. MITCHELL: Statutes -- as noted in the report, they have many dedicated funds and accounts that have specific direct statutory direction of where they should put the funds, what they should do with the funds. For example, the ARM Fund, it says in statute which is why we say they need to work with the Legislature to maybe look at some of this stuff, it says that the administrative assessment should directly go into a separate, non-lapsing account within the ARM Fund. It does not go into a separate, non-lapsing account within the ARM Fund. It goes into the general account and then it was transferred out to cover what Susan had spoken about. So there's many different versions -- there's many different examples of statutory requirements that say you should do this. So we do a strict interpretation because that's what the Legislature has written. Certainly, there's also Federal guidelines over it, too.

So it's not necessarily that we found them spending money in the wrong way. It's that they're not placing it in the fund, a separate, non-lapsing fund within the ARM Fund to separately track the administrative assessments so you can see what the administrative assessment is used for. You can have the revenue

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going into the administrative assessment and expenses coming out; but you don't do a transfer revenue out of the administrative assessment account down to another account and there's no -- it's very hard to transparently see where the revenue and expenses within each of these dedicated accounts is being spent.

CHAIRMAN KURK: I appreciate that. Are you saying that, in fact, had they been following the rules the money would have been spent the same way?

MS. MITCHELL: We did -- ours was -- I mean, we did not -- yes, we did not find any non-money being spent in an incorrect way. No, we did not find that.

CHAIRMAN KURK: Because the concern would be that the Department is, through its accounting practices, freeing up money that's supposed to be used for purpose A and using it for purpose B, contrary to legislative intent. You found no evidence that that was happening?

MS. MITCHELL: No.

CHAIRMAN KURK: You're agreeing that it didn't happen.

MS. MITCHELL: No; but we, also, we did an internal control review over -- that was not really the scope of our audit. Our scope -- this was not a complete financial audit of the Department's receipt process. It was an internal control review of how they collect the revenue and push it into the fund. So I did not look at the expenditure side, Representative Kurk.

CHAIRMAN KURK: So you're not in a position --

MS. MITCHELL: So I'm not in a position -- actually, I'm not in a position to say that. Excuse me.

CHAIRMAN KURK: Thank you.

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MR. SMITH: If I may?

CHAIRMAN KURK: Mr. Smith.

MR. SMITH: Another piece to this that's in the report is the NHFirst is our trial balance for accounting. It's our system of record. There are revenue streams by statute that are being co-mingled into individual accounts so you can't go into the accounting system and answer the question from this particular statute, this particular revenue stream, how much did we collect? You would have to -- that is being tracked or being parsed out offline. So that's another piece to this. It's transparent and visibility. Can you go to the State's accounting system of record and how much did we collect from this particular permit or this particular fee?

CHAIRMAN KURK: We, in the Legislature, are always amazed at how clever Commissioners are in finding money for a purpose that the Legislature didn't appropriate by -- and I'm not suggesting this was done intentionally or even done here -- by taking money from one account and transferring it to another account and we're not aware of that. We assume that was not happening. So I'm trying to understand whether this is a small -- in this case a small example of that. And the answer is we don't know because that was not the charge of this particular audit.

MS. MITCHELL: Correct.

CHAIRMAN KURK: But I appreciate that. Representative Ober.

REP. OBER: Thank you, Mr. Chairman. I would actually like to ask the Agency about the three Observations that might require legislative action. And if you will go with me, I'm going to start at 12 and move backwards because Mr. Murphy is here, and I see that both DAS and DES responded to No. 3. So No. 12 is about required reports. And it says, yeah, they're required. No, we should have done it. Yeah, you concur. I also know that this year in House Bill 2 the Governor had worked with some of her Agencies to go through some of the reporting and say

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is this duplicative? Is this too often? Is this whatever? And we made changes to a whole bunch of reports in HB 2. And were any of these up for consideration or have you spoken to the Governor about having to change its statute?

MR. BURACK: Thank you, Representative Ober. I've not had a chance to look at each one of these specifically. I believe that in the case, for example, of the second item here, this is quarterly reports on the Alteration of Terrain program, our understanding was that this had actually been addressed in the prior Legislature because we previously had a requirement that we provide quarterly reports for Alteration of Terrain as well as the wetlands program. The statute, my understanding is, was amended so that we did an Annual Report on wetlands. We thought -- apparently we misread statute. We thought the same change had been made for Alteration of Terrain as well. Evidently, at least based on what the auditors found, that was not the case.

But all of these matters are matters that I think very appropriately point out we need to look at. Are these -- are these necessary and appropriate reports to be providing? If so, fine. Obviously, we need to be filing them. If not, then we ought to be working to address the statute so that we're not -- we're not spending time on reports that really don't add any value.

REP. OBER: Right, I couldn't agree more with you. So will you guys look at that and let us know?

MR. BURACK: We most certainly will. Thank you.

REP. OBER: Then could I go next to No. 6. And, again, you did concur, but this was one of the things that was possible legislation. Is that in the same case you need to look at that or --

MR. BURACK: Yes, we need to look at this, and I believe the issue relates to primarily to the wording in the statutory

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section that Susan Carlson was referencing earlier involving the Aquatic Resources Compensatory Mitigation Fund, whether or not there could be some greater clarity brought to that wording so that we all have a clear understanding as to exactly which accounts those funds are to be initially deposited and how the funds might flow from there. That's something else we'd like to work on and work on with everyone.

REP. OBER: I would, since you got hit on that just my personal opinion is that should be top priority to try to fix that, if you will. I don't think fix is probably the right word but to clarify that so it doesn't show up again when you've got certain situations. Whether you're going to report quarterly or annually isn't quite as important, although it's a lot of manpower to report quarterly when an Annual Report will do it. However, when we get to three, you don't concur. The Department of Admin Services concurred, in part. And, Mr. Murphy, I hope you're going to be able to discuss with us the concurring part situation after they discuss why they don't concur, because this is the other one for possible legislative action.

MR. BURACK: I'd be happy to address this, and I hope you'll indulge me here. I've spent a lot of time trying to think about this one. As a non-accountant, I've tried to think of an example that would be real world to all of us and I found myself going back to the very first job I ever held which was working at a Dairy Queen and imagine that we are -- we are a State Agency that is running an ice cream shop and we're selling five different products. We are selling vanilla ice cream cones, chocolate ice cream cones, strawberry ice cream cones. We are selling sundaes and banana splits, all right. Right now, what we do because this is what our auditor tells us to do and the way we have always done it is we take all of those income streams from each of those five different products and we put them all into one account into our cash register, and then it goes into our one bank account. All right.

What our auditors are now asking us to do is to take each of those five different revenue streams from those five

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different products and put them into five separate accounts. And the consequence of that, at least with respect to the way the State bookkeeping system works currently, NHFirst, is that also means that we have to budget five different -- we have to run five different budgets for different aspects of our operation. So on the back end I need to -- if Susan's working at the front window, I need to across each of those five different products, I need to figure out how much of her salary I'm paying from my vanilla ice cream revenues, how much from my chocolate, how much from my banana splits, et cetera. And that's, as I try to boil this all down and understand what's really going on, that's what the auditors now are asking us to do. And we understand where that request is coming from. It's coming from a reading of RSA 6:12 which they now read as saying that for every revenue stream for which you have a revenue source code, there should be a separate non-lapsing fund or account.

We -- we have to then reconcile that with in the case, for example, of our subsurface system program, the statute that tells us that, in fact, for each of those five different flavors, that we actually put all of those revenue streams into a single fund or account. And so we have statutes telling us to do two different things, if we are to understand how the auditors would believe we should be applying things. We -- we have concerns, obviously, with respect to the appropriate readings of RSA 6:12. We have concerns as to the appropriate readings and the interconnection between, for example, RSA 485 which governs how we manage those funds for subsurface and how that interacts with this, we believe, new reading of RSA 6:12.

Beyond that, and this is, I think, the issue that Mr. Murphy can speak to, we have in looking at this audit recommendation, we have conferred with the -- with the Department of Administrative Services because we had always been instructed that we should try to make sure that we basically match up revenue streams with the accounts or the funds and that s one-to-one connection is the way the NHFirst system works best.

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We've gone back and looked at the number of accounts that we currently have within the NHFirst system. We have 118 accounts. Seventy of those are for restricted funds. Based on our initial review, if we were to follow the recommendation the auditors have given us here, we would take those 70 accounts up to approximately double that number, 140 accounts. And I'm sure you can appreciate that that would substantially increase both the complexity and the workload that we have to manage with respect to our accounting system -- with respect to our -- our issues internally.

Now beyond that, obviously, if this is an issue for DES, our suspicion is that this would be an issue for multiple other agencies as well. We don't know how other agencies handle this. But a very real concern that DAS brought to us when we brought to them our questions and concerns about this recommendation as we were working through the process, is that the way NHFirst is set up, there are only a limited number of codes that can be assigned to revenue streams. And if we start as a state deciding that every single revenue stream is going to be assigned its own account or fund number, we could very quickly run out of numbers within the NHFirst system. And so there are broader policy issues, financial issues, and respectfully suggest legal issues that this recommendation is raising. And that's why we did not concur with the recommendation and that's why we felt that it's something that's going to require further discussion and work among various parties. Whatever can be done here, we are going to have to work on and see if -- if and how it can be worked into the next budget cycle. That's really when -- when if we are going to change the chart of accounts, for example, we could do it. But we believe this would be a not insignificant change, unless there are ways to modify the existing NHFirst system so that you can have multiple revenue source codes reported but still going into a single fund or account. Otherwise, we create the problem I described before of effectively doubling number of accounts that you in Division I, for example, would have to look at with us to understand our budget. So there are a lot of different pieces to this that, for us, just made this one that we felt we could not simply concur.

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REP. OBER: Before we have Mr. Murphy come up, can I ask the auditor a question?

CHAIRMAN KURK: Of course.

REP. OBER: We just heard testimony from you that this was a performance account, not a financial account. Audit, sorry. Performance audit, not a financial audit. This clearly steps off the performance audit piece and way into financial audit and how NHFirst runs. So I find that a little confusing. And my question is going to be why didn't this finding, your observation, also mention that the agency doesn't have the right to set up non-lapsing funds? That does require legislation. So it's not something they can do just without us. Those funds, those dedicated funds go through Ways and Means, every one of them.

MR. SMITH: Thank you, Representative. In terms of the first part of your question, the -- this is an internal control review. It's not technically a performance audit. The way we conduct the audit is using performance audit standards that are prescribed. But this is a review, not a full audit. And so the purpose was to go in and to assess are the controls operating effectively from a cash receipt and recording into the State accounting system? That was kind of in a nutshell. I'm sorry, the second part of your question in terms of -- I don't know if that answers the first part.

REP. OBER: If the agency can't set up their own dedicated fund, that requires legislation. So you can't really say to Susan, take your 70 accounts and make them 140 with dedicated funds. She doesn't have the right to do that. Even if the system would do it, that requires legislation. Every dedicated fund goes through Ways and Means to be approved or disapproved. So DES couldn't just suddenly say we need 70 new non-lapsing dedicated funds because we have 70 new accounts. But I don't see in here that you even addressed the legislative requirements of setting up those accounts.

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MR. SMITH: I think some of this stems from what the Commissioner mentioned is the definition of an account versus a fund. I think that that's what needs to be clarified because we're not suggesting that they do something they don't have the authority to do. And I think in working with Administrative Services there may be, I'd say, worst case scenario is what the Commissioner represented to try to remedy some of these things. But I think there may be opportunities with in working with Administrative Services where these various revenue streams would be visible and can be seen and tracked within the State's accounting system, whether it's an account, whether it's in a fund, an accounting unit, there's a lot of terms here. And not to get really technical, but just I think there's opportunities here that could help without creating a big -- a big, you know, project.

REP. OBER: I would like to ask Mr. Murphy --

CHAIRMAN KURK: Further question.

REP. OBER: -- to talk to us a little about NHFirst because DAS did not -- I mean, they concurred in part. But the Commissioner's right. This would definitely apply to a number of other agencies. So we are not just looking at 70 new accounts for DES, But how would you handle every one? And NHFirst has got so many limitations, Gerard, I'm concerned about that. I know DoIT just loves what they implement and that all the users hate what they implement so it leaves us with this dichotomy of stuff.

CHAIRMAN KURK: Mr. Murphy, good afternoon.

GERARD MURPHY, Director, Division of Accounting Services, Department of Administrative Services: Good afternoon.

REP. OBER: And thank you for waiting all these hours.

MR. MURPHY: Mr. Chairman, Members of the Committee, Gerard Murphy with the Department of Administrative Services.

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Hum -- the reason we have a partial concurrence really hinges on the definition of account. I think that's where -- separate account. I think that's where the confusion is. And I may be so bold as to make a recommendation, perhaps. I know there's a Dedicated Funds Committee that has been recently established.

REP. OBER: Yes. Unfortunately, I'm sitting on it as is Representative Kurk.

MR. MURPHY: And maybe this clarification may be something that that Committee takes up. But, historically, we have been -- the Department of Administrative Services has been concerned about passing out revenue sources for every dedicated fund out there because as Commissioner Burack stated, there are a finite number, and we can't reuse them, because the history stays with the originally established source. So if -- if account were to be narrowly defined as revenue source, a separate revenue source for each dedicated fund, then we would be concerned and, you know, it would -- it would cause some headaches, because we've run out of codes. But where we concur with the finding is the fact that there are other attributes that we could assign to specific revenue sources within their budget, and we would certainly need to work with the Department in order to make sure that they were used. Activity. It's basically the -- by looking at the entire accounting string, not just the specific revenue source, looking at the accounting unit, looking at the activity code, we could separate out revenues and expenditures in a way that they would be set aside. So you would be able to generate in the system a separate record for each of the separate dedicated funds. So it really hinges on that definition of separate account.

CHAIRMAN KURK: May I?

REP. OBER: Can I follow-up?

CHAIRMAN KURK: Representative Ober.

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REP. OBER: One more question. Given that, will the system automatically calculate how much time Susan spends on banana splits and how much she spends on vanilla ice cream or are we asking her to keep individual time cards for every little thing she does?

MR. MURPHY: There may be some of that manual work you're talking about, without knowing specifically how we'd set it up, but knowing that it may require some manual. But I do know we can parse it out in the system. I don't know if it would be at the level of detail she needs for her reporting. That's something we'd have to talk about.

CHAIRMAN KURK: Representative Barry.

REP. BARRY: Yes, thank you. I'll ask this of the auditor. When the smoke settled and the definitions go away, were the total amount of funds collected and properly reported in total?

MS. MITCHELL: Our review was over the agency income revenues and the collection of the cash going to the bank. We did a test of transactions to determine from an audit perspective that, yes, the money that got collected was put in the bank.

REP. BARRY: Thank you.

CHAIRMAN KURK: May I suggest that rather than try to involve the Legislature, even a subcommittee of a subcommittee of a subcommittee consisting of one accountant in this process that, Mr. Murphy, you get together with LBA and with not just perhaps Commissioner Burack, but a variety of Commissioners and work this out. If in working it out you find you need some legislative changes, we'll accommodate you. But this is something that I don't think the Legislature should be directly involved in, even if -- even at the level of the Dedicated Fund Committee. Would you get back to us and let us know that it's been resolved or can't be resolved or whatever the status is? Mr. Smith, does that work for you?

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MR. SMITH: Sure.

REP. OBER: Mr. Chair, I would add to that we seem to have two RSAs that are in disagreement based on what you read so when you do that, would you still look at the RSA that the Commissioner noted, RSA 6:12 and, Tom, I can't remember the other one. OHRV money.

MR. BURACK: I think it's RSA 485-A.

REP. OBER: Thank you. To make sure -- I mean, if the RSAs are in disagreement, so it doesn't matter what you do, you're always going to have a finding against what you should have been doing. So that's a basic thing that's got to be squared away as well. So could you include that when you do your look?

CHAIRMAN KURK: Make sure when you do this you don't impose an additional burden on somebody so they're playing around with numbers as opposed to doing the job that the people of the State expect them to do. Make it work easily and transparently and good luck. Representative Weyler is recognized for a motion.

** REP. WEYLER: Thank you, Mr. Chairman. I move we accept the report, place it on file, and release in the usual manner.

REP. OBER: Second.

CHAIRMAN KURK: 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 motion is passed.

*** **{MOTION ADOPTED}**

CHAIRMAN KURK: Thank you all very much and good luck on your negotiations.

Mr. Kane, it's my inclination to set the next meeting of the Fiscal Committee for Tuesday, the 20th, at 11, with a single

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agenda item dealing with the retiree health care account. Also, allowing the Chair to accept additional items, if necessary. Is there any problem with doing that that you can foresee?

MR. KANE: No. Are you all set with notice requirements?

CHAIRMAN KURK: I don't know. That's one of the reasons I asked you?

MR. KANE: What you can do is recess this meeting.

CHAIRMAN KURK: I will do that.

REP. WEYLER: Set the next meeting after that, November or December.

CHAIRMAN KURK: The next meeting -- I think we can skip November, based on your statement that DAS had nothing to bring forward.

MR. KANE: That's correct.

CHAIRMAN KURK: But we will in December have at least one item. We have to deal with the Sununu Center report from HHS.

MR. KANE: That's correct.

CHAIRMAN KURK: Seems to me the fourth Friday is Christmas so we would meet on the third Friday, the 18th. Is that a problem?

REP. OBER: No, works for me.

SEN. LITTLE: Okay.

CHAIRMAN KURK: Okay. So I will recess this meeting until Tuesday, October 20th, at 11:00 a.m. in this room where the first and I believe the only agenda item, unless the Chair accepts others, will deal with the retiree -- State Employee Retiree

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Health Care issue, and also set the next meeting for December 18th at 10 o'clock and that should be Friday, the 18th of December. Representative.

REP. ROGERS: Since I do not know Representative Wallner's status, should I plan, unless I hear from her otherwise, to be here on Tuesday?

CHAIRMAN KURK: I would discuss that with her. But if she's here, she should be here. If she wants you, she can arrange that.

REP. ROGERS: I will try to track her down. I don't know what her schedule is.

CHAIRMAN KURK: Any other business to come before us?

** REP. WEYLER: Move to adjourn.

CHAIRMAN KURK: No, we stand in recess.

(Recessed at 2:50 p.m.)

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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

