

FISCAL COMMITTEE OF THE GENERAL COURT
MINUTES
May 20, 2004

The Fiscal Committee of the General Court met on Thursday, May 20, 2004 at 9:00 a.m. in Room 210-211 of the Legislative Office Building.

Members in attendance were as follows:

Representative Neal Kurk, Chairman
Senator Richard Green, Vice Chairman
Representative Beverly Rodeschin, Clerk
Representative Fran Wendelboe
Representative Joseph Stone
Representative Marjorie Smith
Senator Thomas Eaton
Senator Robert Clegg
Senator Robert Odell
Senator Lou D'Allesandro

Chairman Kurk opened the meeting at 9:25.m.

ACCEPTANCE OF MINUTES:

On a motion by Representative Stone, seconded by Representative Rodeschin, that the minutes of the April 21, 2004 meeting be accepted as written. MOTION ADOPTED.

OLD BUSINESS:

FIS 04-062 Department of Administrative Services - Follow-up Report on the LBA Audit of the Department of Education for the fiscal year ended June 30, 2000 - Donald Hill, Commissioner and Sudhir Naik, Internal Auditor, Department of Administrative Services and Michael Bieniek from the Department of Education responded to questions of Senator Green and various other members of the Committee.

Senator Green and various Committee members requested the Commissioner of the Department of Education be available at the next meeting to respond to questions that were posed at this meeting as follows:

- Observation #17 - compliance issue - disbursements for court-ordered placements that should be made in accordance with statute - specifically that the agency was not in compliance with RSA 186-C:19(b).
- Catastrophic aid - Does the Department of Education reimburse the school district or does the payment go to the provider directly?
- Observation #21 - compliance issue - administrative rules should be adopted as required by statute. 9 areas were mentioned as lacking in rules. As of this report, rules in 3 of these areas have been adopted.

- Observation #22 - establish procedures to minimize time between advancement of funds to and disbursement of funds by sub-recipients. What is the status now?
- Relationship between the Department of Education's responsibility for special education funding and the Medicaid special education funding - discuss communications between those two departments.
- Page 18 and 19 of the audit - three observations that deal with special education - documentation - How does this relate to either the final approval process for applications, and what affect that's having on the state receiving its reallocation from the federal government regarding special education. How is it properly getting to the school districts in an appropriate time? Is the accounting system or the lack of information at the appropriate time, is that affecting our reimbursement from the federal government? Talk about the whole concept of the financial arrangements and how the funds are getting received and how they are getting sent to school districts.

FIS 04-064 Office of the Governor, Office of Information Technology (Chapter 318, Laws of 2003) - Update Report Regarding the Status of the MAAP Project - Richard Bailey, Director and Peter Croteau, Director, Embedded Agency Applications, Office of Information Technology were present to respond to questions of Senator Green, as well as other Committee members.

Senator Green requested that he be provided with a list of towns that are involved currently with the MAAP Project and those who have already agreed to be participating voluntarily.

FIS 04-068 Department of Health and Human Services (Chapter 319:42, Laws of 2003) - Final Report on the Status of the Division of Elderly and Adult Services progress in transitioning Home and Community Based Care for the Elderly and Chronically Ill case management services to private case management providers and the reduction of 12 DEAS social worker positions - John Stephen, Commissioner and Doug McNutt responded to questions of the Committee.

Senator Green requested a report indicating the cost benefit by going to the private case workers versus in-house.

Representative Marjorie Smith asked that the Commissioner also look at other services that previously the in-house social workers provided as to track who is now providing those services and what changes were necessary to make that happen and which of those services, if any, have now been discontinued.

Chairman Kurk said it would also be helpful for each period to indicate whether this was a period that was partially or fully manned by private sector or public sector workers.

FIS 04-071 Department of Health and Human Services (Chapter 318:9, II, Laws of 2003) - status report of general fund budget reductions for SFY 2004 - John Stephen, Commissioner and Jim Fredyma responded to questions of the Committee.

FIS 04-072 Department of Health and Human Services - response to questions asked of the Department regarding the Medicaid Management Information Systems reporting - John Stephen, Commissioner and Stephen Norton, Acting Director, Medicaid Policy and Planning Division responded to questions of the Committee.

Senator Green requested a copy of the CMS project approval letter.

FIS 04-073 Department of Health and Human Services (Chapter 319:30, Laws of 2003) - Medicaid Program Audit Follow-up for the 2002 Medicaid Program Financial and Compliance Audit Report as of December 31, 2003 - Senator Green requested that this item be delayed until next meeting due to time constraints.

FIS 04-075 Department of Administrative Services, Division of Accounting Services - encumbrance information relative to the Highway Fund - Senator Clegg requested this item be delayed until the next meeting due to time constraints, and that the Department of Administrative Services come in with the encumbrances that we would all know as hard-match money for next month's meeting.

FIS 04-084 Office of the Governor, Office of Information Technology (Chapter 223:15, Laws of 2003) - Senator Green requested that this item be delayed until the next meeting due to time constraints. Senator Green also requested that the informational item FIS 04-106 from the Office of Information Technology also be held until next meeting for further discussion.

NEW BUSINESS:

RSA 14:30-a, III - Audit Topic Recommendation by Legislative Performance Audit and Oversight Committee:

FIS 04-103 Letter from Senator John Barnes, Jr., Chairman of the Legislative Performance Audit and Oversight Committee relative to a performance audit of Insurance Broker Fee Agreements on State Insurance Policies - Catherine Provencher, Director of Audits, Office of Legislative Budget Assistant presented the request on behalf of Senator Basrnes, and responded to questions of the Committee.

On a motion by Senator Clegg, seconded by Representative Marjorie Smith, that the Committee approve the request of the Legislative Performance Audit and Oversight Committee for a performance audit of insurance broker fee agreements on state insurance policies. MOTION ADOPTED.

May 20, 2004

RSA 9:16-a Transfers Authorized:

FIS 04-092 Christa McAuliffe Planetarium, FIS 04-093 Sweepstakes Commission, FIS 04-097 Department of Revenue Administration, FIS 04-099 N.H. Retirement System and FIS 04-104 Fish and Game Department - On a motion by Senator Green, seconded by Representative Stone, that the Committee approve all the requests on the agenda under this section as submitted. MOTION ADOPTED.

RSA 124:15 Positions Restricted:

FIS 04-095 Office of the Adjutant General and FIS 04-101 Department of Education, Division of Adult Learning and Rehabilitation - On a motion by Representative Stone, seconded by Senator Green, that the Committee approve all the requests on the agenda under this section as submitted. MOTION ADOPTED.

Chapter 318:4, Laws of 2003 Operating Budget:

FIS 04-096 Sweepstakes Commission - On a motion by Senator D'Allesandro, seconded by Representative Wendelboe, that the Committee approve the request of the Sweepstakes Commission to purchase instant gaming tickets through June 30, 2005 in an amount not to exceed \$2,300,000. MOTION ADOPTED.

FIS 04-102 Sweepstakes Commission - On a motion by Senator D'Allesandro, seconded by Representative Wendelboe, that the Committee approve the request of the Sweepstakes Commission to purchase instant gaming tickets through June 30, 2004 in an amount not to exceed \$600,000. MOTION ADOPTED.

Chapter 223, Laws of 2003 - Transfer of Information Technology Personnel and Related Expenditures:

FIS 04-105 Office of the Governor, Office of Information Technology - Richard Bailey, Director, Office of Information Technology presented the request and responded to questions of the Committee.

On a motion by Senator Green, seconded by Representative Stone, that the Committee approve the request of the Office of the Governor, Office of Information Technology to transfer information technology staff and other related expenses, as indicated in Attachments 1 and 2, effective May 28, 2004 through June 30, 2004. MOTION ADOPTED.

RSA 206:33-b Transfer from Fish and Game Fund:

FIS 04-100 Fish and Game Department - On a motion by Senator D'Allesandro, seconded by Senator Eaton, that the Committee approve the request of the Fish and Game Department to transfer \$269,288.66 from the Fish and Game Fund to the dedicated Waterfowl Conservation Account. MOTION ADOPTED.

May 20, 2004

RSA 228:69,I(b) Appropriation and Use of Special Railroad Fund:

FIS 04-091 Department of Transportation, Bureau of Rail and Transit - On a motion by Senator D'Allesandro, seconded by Representative Stone, that the Committee approve the request of the Department of Transportation, Bureau of Rail and Transit to expend an amount not to exceed \$20,000 from the Special Railroad Fund to purchase bridge timbers, spacers, crossties, ballast and other track materials for two bridges on the Hillsborough Branch Railroad Line. MOTION ADOPTED.

FIS 04-098 Department of Transportation, Bureau of Rail and Transit - On a motion by Senator D'Allesandro, seconded by Representative Stone, that the Committee approve the request of the Department of Transportation, Bureau of Rail and Transit to expend an amount not to exceed \$25,000 to reimburse the NH Central Railroad for repairs to two washouts along the state-owned railroad lines in Northumberland and repairs to property line fencing along the state-owned railroad corridor in the Towns of Columbia and Colebrook. MOTION ADOPTED.

LATE ITEMS:

FIS 04-107 Department of Health and Human Services - John Stephen, Commissioner presented the request and responded to questions of the Committee.

On a motion by Senator Green, seconded by Senator D'Allesandro, that the Committee approve the request of the Department of Health and Human Services to accept and expend \$349,198 in federal funds and transfer \$1,205,325. MOTION ADOPTED.

FIS 04-109 Department of Health and Human Services - John Stephen, Commissioner presented the request and responded to questions of the Committee. Stephen Norton and Linda Hodgdon were also present to respond to questions.

On a motion by Senator Clegg, seconded by Representative Marjorie Smith, that the Committee approve the request of the Department of Health and Human Services to:

- Transfer \$4,576,193 from general funds not otherwise appropriated into the New Hampshire Hospital DSH Program;
- Accept \$13,976,872 in federal funds and expend \$13,243,057 of these federal funds;
- Accept and expend \$4,945,357 in other funds, and
- Transfer \$2,979,689 of general funds between various accounts within the Department. MOTION ADOPTED.

FIS 04-108 Department of Corrections - Les Dolecal, Acting Commissioner, Robert Mullen, Director, Administrative Services and Dr. Ben Lewis, Quality Improvement Administrator presented the request and responded to questions of the Committee.

May 20, 2004

On a motion by Senator D'Allesandro, seconded by Representative Wendelboe, that the Committee **approve only #1 on this request** from the Department of Corrections to transfer \$628,462, and on a motion by Senator D'Allesandro, second by Senator Eaton, that the Committee **deny #2 on this request** which authorized \$300,000 in additional general funds to cover a shortfall in inmate medical and dental costs for FY 2004. MOTION ADOPTED

INFORMATIONAL MATERIALS:

The informational materials were accepted and placed on file.

DATE OF NEXT MEETING AND ADJOURNMENT:

The next meeting of the Fiscal Committee is scheduled for Wednesday, June 16th at 9:00 a.m. in Room 210-211 of the Legislative Office Building. (Future meeting dates were also set for Wednesday, July 21, 2004 and Wednesday, August 11, 2004.)

Whereupon the Committee adjourned.

Representative Beverly Rodeschin, Clerk