

# Bill as Introduced

SB 146-FN - AS INTRODUCED

2011 SESSION

11-0214

05/04

SENATE BILL **146-FN**

AN ACT relative to requiring submission of a reduced spending alternative as part of the biennial budget process.

SPONSORS: Sen. Morse, Dist 22; Sen. Bradley, Dist 3; Sen. Barnes, Jr., Dist 17; Sen. Boutin, Dist 16; Sen. Bragdon, Dist 11; Sen. De Blois, Dist 18; Sen. Forrester, Dist 2; Sen. Forsythe, Dist 4; Sen. Gallus, Dist 1; Sen. Groen, Dist 6; Sen. Lambert, Dist 13; Sen. Odell, Dist 8; Sen. Prescott, Dist 23; Sen. Sanborn, Dist 7; Sen. Stiles, Dist 24; Sen. White, Dist 9; Sen. Carson, Dist 14

COMMITTEE: Finance

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ANALYSIS

This bill requires state agencies to submit a reduced spending level alternative as part of the biennial budget process.

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Explanation: Matter added to current law appears in *bold italics*.  
Matter removed from current law appears [~~in brackets and struck through~~].  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Eleven*

AN ACT relative to requiring submission of a reduced spending alternative as part of the biennial budget process.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1           1 New Paragraph; Requests for Appropriations and Statement of Objectives; Reduced Spending  
2 Alternative. Amend RSA 9:4 by inserting after paragraph II the following new paragraph:

3           III. On or before November 15 prior to each biennial legislative session, all departments of  
4 the state shall transmit to the commissioner of administrative services, in a format determined by  
5 and on blanks furnished by the commissioner, a reduction level expenditure estimate for each fiscal  
6 year of the ensuing biennium for administration, operation, and program services, including costs for  
7 workers' compensation and unemployment compensation.

8           (a) This estimate shall include:

9           (1) An estimate for a reduced level of expenditure for the first year of the next  
10 biennium that is 5 percent less than the actual expenses of the first year of the current biennium.

11           (2) An estimate for a reduced level of expenditure for the second year of the next  
12 biennium that is 5 percent less than the budget and any footnote adjustments or subsequent  
13 appropriations, additions, or reductions, implemented in the second year of the current biennium.

14           (b) The 2 reduction level expenditure estimates shall include recommendations for any  
15 changes to state statutes and administrative rules required to achieve the reduced level of  
16 expenditure.

17           (c) In case of the failure of any department to submit such estimates within the time  
18 specified, the commissioner of administrative services shall cause to be prepared such estimates for  
19 such department as in the commissioner's opinion are reasonable and proper.

20           (d) Upon completion, estimates submitted pursuant to this section shall be publicly  
21 available under RSA 91-A.

22           (e) Within the meaning of this section, the governor shall provide criteria for the  
23 development of the reduced expenditure level estimates and make the final determination as to  
24 whether a particular cost shall be deemed to be a reduction level expenditure.

25           2 Effective Date. This act shall take effect 60 days after its passage.

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LBAO  
11-0214  
02/02/11

**SB 146-FN - FISCAL NOTE**

**AN ACT** relative to requiring submission of a reduced spending alternative as part of the biennial budget process.

**FISCAL IMPACT:**

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill as it is awaiting information from the Department of Administrative Services. When completed, the fiscal note will be forwarded to the Senate Clerk's Office.

# Committee Minutes

## SENATE CALENDAR NOTICE FINANCE

Senator Chuck Morse Chairman  
 Senator Bob Odell V Chairman  
 Senator John Barnes, Jr.  
 Senator Peter Bragdon  
 Senator Lou D'Allesandro  
 Senator Jeanie Forrester  
 Senator John Gallus

For Use by Senate Clerk's  
Office ONLY

Bill Status

Docket

Calendar

Proof:  Calendar  Bill Status

Date: February 9, 2011

### HEARINGS

Thursday

2/17/2011

FINANCE

SH 103

1:00 PM

(Name of Committee)

(Place)

(Time)

### EXECUTIVE SESSION MAY FOLLOW

**Comments:** Followed by presentation from Kathleen Dunn Medicaid Director of Health and Human Services

1:00 PM	SB24-FN-L	exempting the Unity school district from the moratorium on school building aid.
1:15 PM	SB146-FN	relative to requiring submission of a reduced spending alternative as part of the biennial budget process.
1:30 PM	SB181-FN-L	relative to distribution of funds for education.

**Sponsors:**

**SB24-FN-L**

Sen. Bob Odell  
 Rep. Joe Osgood  
 Sen. Nancy Stiles

Rep. John Cloutier  
 Rep. Charlene Lovett

Rep. Raymond Gagnon  
 Rep. Paul LaCasse

Sen. Molly Kelly  
 Sen. Sylvia Larsen

**SB146-FN**

Sen. Chuck Morse  
 Sen. Peter Bragdon  
 Sen. John Gallus  
 Sen. Russell Prescott  
 Sen. Sharon Carson

Sen. Jeb Bradley  
 Sen. Tom De Blois  
 Sen. Fenton Groen  
 Sen. Andy Sanborn

Sen. John Barnes, Jr.  
 Sen. Jeanie Forrester  
 Sen. Gary Lambert  
 Sen. Nancy Stiles

Sen. David Boutin  
 Sen. James Forsythe  
 Sen. Bob Odell  
 Sen. Raymond White

**SB181-FN-L**

Sen. Jeb Bradley  
 Sen. David Boutin  
 Sen. Jeanie Forrester  
 Sen. Tom De Blois  
 Rep. William O'Brien

Sen. John Gallus  
 Sen. John Barnes, Jr.  
 Sen. Andy Sanborn  
 Sen. Jim Rausch  
 Rep. Pamela Tucker

Sen. Bob Odell  
 Sen. James Forsythe  
 Sen. Raymond White  
 Rep. Gene Chandler  
 Rep. Christopher Ahlgren

Sen. Sharon Carson  
 Sen. Nancy Stiles  
 Sen. Jim Luther  
 Rep. David Bettencourt

Shannon Whitehead 271-4980

Sen. Chuck Morse

Chairman

# Finance Committee

## Hearing Report

**TO:** Members of the Senate

**FROM:** Tom Prasol, Legislative Aide

**RE:** Hearing report on SB 146FN – relative to requiring submission of a reduced spending alternative as part of the biennial budget process.

**HEARING DATE:** 2/17/2011

**MEMBERS OF THE COMMITTEE PRESENT:** Senator Morse  
Senator Odell  
Senator Bragdon  
Senator Barnes  
Senator D'Allesandro  
Senator Gallus  
Senator Forrester

**MEMBERS OF THE COMMITTEE ABSENT:** No one

**Sponsor(s):** Sen. Morse, Dist 22; Sen. Bradley, Dist 3; Sen. Barnes, Jr., Dist 17; Sen. Boutin, Dist 16; Sen. Bragdon, Dist 11; Sen. De Blois, Dist 18; Sen. Forrester, Dist 2; Sen. Forsythe, Dist 4; Sen. Gallus, Dist 1; Sen. Groen, Dist 6; Sen. Lambert, Dist 13; Sen. Odell, Dist 8; Sen. Prescott, Dist 23; Sen. Sanborn, Dist 7; Sen. Stiles, Dist 24; Sen. White, Dist 9; Sen. Carson, Dist 14

**What the bill does:** This bill requires state agencies to submit a reduced spending level alternative as part of the biennial budget process.

**Who supports the bill:** Senator David Boutin, District 16  
Senator Ray White, District 9  
Senator Tom De Blois, District 18  
Senator Fenton Groen, District 6  
Senator Gary Lambert, District 13  
Senator Nancy Stiles, District 24  
Senator Jeanie Forrester, District 2  
Senator Peter Bragdon, District 11  
Senator Jeb Bradley, District 3  
Senator Russell Prescott, District 23

Diana Lacey, SEA-NH

**Who opposes the bill:** No one.

**Summary of testimony received:**

Senator Odell opened the hearing at 1:32pm and recognized Senator Morse as the prime sponsor.

**Senator Morse**

Senator Morse introduced this legislation to make the budget process more efficient. He is hoping that the questions asked to the Governor will submit his documents at 95%. This will be very helpful early on in the budget process, and he would be open to any recommendations on this. Senator Morse went on to encourage the Governor to offer an amendment to this bill because he feels the more information available, the better the process will be.

No questions were asked

**Joseph Bouchard, Assistant Commissioner: Department of Administrative Services**

Mr. Bouchard is testifying to provide some information and clarity on how the budget process works. He also wanted to speak to the merits of the bill. He has been involved in 7 budget processes and the agency of Administrative Services serves a number of systems that get pieced together so they can budget from August until June.

Every budget cycle they deal with similar issues. Either a Governor who doesn't run again or a Governor who assumes they are going to win and announces he will do a second budget. One of the major problems associated with a Governor who assumes they are going to win is that if they lose, the second budget never sees the light of day. However, if they do, their second budget is exactly what Senator Morse's bill serves to do. Mr. Bouchard believes there is great value to have a budget that can fully meet the needs of the legislature. He believes Governors are always going to want to do multiple budgets unless RSA 9:4 is changed.

Senator D'Allesandro agreed with Mr. Bouchard's point about two year terms and a situation where the Governor doesn't come back is often rare but possible. Mr. Bouchard believes that what is available now compared to before is a new mechanism. They build the budget position by position and detail is very important. Mr. Bouchard believes that making a working document public is bigger than he can speak to.

Senator D'Allesandro then inquired about whether the enormous transitions that occur during a budget cycle will be easier if this bill is passed. Mr. Bouchard commented that working documents go directly to the Governor until ready to go to the public, and involving the public at an earlier stage in the process could, in fact, make it easier. Senator D'Allesandro noted that the Governor doesn't have a budget



office, and inquired if this would provide an easier transition from Governors after completed terms, and he would support it if Mr. Bouchard could say yes. Mr. Bouchard stated that right now there are 5 budgets. He agrees that a maintenance budget is fictitious, and the key elements now are that the new people can look at spending on a 30 day basis. If the Chairman thinks this a vital tool to make the financial process better, he is willing to move with it.

Senator Morse then stated that once elected everyone wants to start on January 1. He would like a document that they can start working on and have the Governor deliver his budget only once. He also believes the maintenance budgets come to the office and mean nothing. This will allow people to start off and running come day 1. He also said that the budget intent is to look at actual numbers and actual spending. Senator Gallus then commented that he is looking for Mr. Bouchard to be someone to listen to moving forward. He would also like to look to agency heads and commissioners for the best available suggestions moving forward.

#### **Diana Lacey, SEA-NH**

Ms. Lacey began by informing the committee of her 14 year experience with HHS and extensive work with finance people on all of these budgets. While it has been quite a bit of work, her concern is that this bill specifies reduced levels of expenditures as well as a specific percentage. The SEA is envisioning a legislative intent to request an alternative budget to the maintenance budget. She believes an amendment could say the legislature could offer a sense of what they want the next budget cycle and work up actuals.

No questions were asked

The hearing closed at 2:03pm

**Funding:** n/a

**Action:** Senator Gallus made a motion of Ought To Pass which was seconded by Senator Barnes. The motion passed by a vote of 6-0 and Senator Morse will bring it to the floor.

**TRP**

[file: TSB146FN report]  
Date: 2/18/2011

**SENATE FINANCE COMMITTEE**  
State House, Room 103  
Concord, NH  
Thursday, February 17, 2011

**SENATE BILL 146-FN, AN ACT** relative to requiring submission of a reduced spending alternative as part of the biennial budget process.

TESTIMONY OF:

Sen. Chuck Morse . . . . . Pg. 1  
Joseph Bouchard . . . . . Pg. 2  
Diana Lacey . . . . . Pg. 13

VICE-CHAIRMAN ODELL: I'll open the public hearing on Senate Bill 146 and invite the prime sponsor, Senator Morse, to introduce his bill. Good afternoon, Senator Morse.

CHUCK MORSE, State Senator, Senate District #22: I'm not going to spend a lot of time on this. Basically, my attempt here is to make the process more efficient. We get a maintenance budget back in late October -- I mean, November. And most of you don't see it, but it's probably the most useless thing we get in government. The Departments present based on a formula that adds everything into it, and the discussions that go on I don't think are very helpful in the budgeting process. I'm introducing this legislation with hopes by the time I get through the House process that questions that were asked of the Governor today can be answered early on in the budget process. Because the Governor was asked today to submit his documents at 95%. That's what this would do, but they're only as good as the questions that come from the Governor to be honest with you. Those questions would be very helpful early on so we could decide how to build a budget. If anyone has a better way of doing it, pretty much every Senator has sponsored this bill, but LBA is telling me we're not going to see the level of detail that we are

looking for. I would encourage the Governor to even suggest an Amendment to this because the reality is the more information, the better the budget we build. That's what's key to this whole process.

This piece of legislation, Senate Bill 146, basically has the Departments submit a budget at 95%. I don't think it's going to get us totally to where we want to go, but I do believe it will show some direction where we could start to look at budgets. I hope I can work on it through the process. I think we should move it forward. And I don't think you're going to see many more people testify on it, but the reality is to improve the maintenance budget process. That's what this is all about.

VICE-CHAIRMAN ODELL: Thank you, Senator Morse. Questions for Senator Morse? Seeing none. Mr. Chairman, thank you very much.

CHAIRMAN MORSE: Thank you. Mr. Bouchard.

JOSEPH BOUCHARD, Assistant Commissioner, Department of Administrative Services: Thank you, Senator. Regarding Senate Bill 146, I'm here perhaps to provide some information on the executive phase part of the budget and it adds a little bit of clarity to how the process works from our perspective, and then speak to the merits of the bill which I think there are many.

I'm currently the Assistant Commissioner for Administrative Services and RSA 21-I:3 states that I'm the Budget Director for the Executive Branch phases of the budget, which includes the agency phase, and we orchestrate the Governor's phase as well. Budget phase basically ends October 1<sup>st</sup>. It's structured so that it's related to the constraints around RSA 9:4 which deals with the very specific maintenance level budgeting component which the agencies began roughly August 1<sup>st</sup>. Come October 1<sup>st</sup>, we present -- all those documents are made public. The Governor's phase then begins and obviously ends

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February 15<sup>th</sup>. I've dealt -- I've been involved with seven budget processes for the Executive phase and four as a budget analyst, the last three managing the process. We have basically -- we have -- our agency, Administrative Services, supports the integrated financial system, the HR system and the budget system, and we piece all those items together so that we can budget for the period of August all the way through the following June and then we, in turn, take the document that the Legislature hands back to us and integrate it back into those three systems for managing the financial system.

We're responsible for the accuracy of the data load, and as we begin the process we usually begin the process in May. It's not completed until after July when we get the final financials in so we can load that base year, the actual expenditures. And then basically that's where we take -- the system takes off from there. We always deal with the same issues. We deal with Governors that are not running again and what they do or don't have for their guidance which there may be none once the agencies begin the process. We always deal with Governors who assumes he's going to win. And when he assumes he's going to win, he always says we are going to do a second budget. Not the one that you're working on now because I'm constrained that you will be able to provide a budget that assumes what maintenance would be for your agency. From an Assistant Commissioner and Commissioner's perspective, I think it's of great value to have a budget that says I have to enforce all of the measures of RSA 21-I, and this is what it takes for me to do it properly based on what the law reads. I may need more people, I may need resources, but I need to put something in place that says I can fully meet what the Legislature has mandated me to do. So there's a value in that. It's been debated long before I came into State government, but it gives the Commissioner the ability to state, in fact, what he thinks he needs. Whether people agree with him or not that's not for me to judge. But if you don't ask for it, and somebody comes -- and you come back to this body and says how come you can't do it, and

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did you ask for that need and they say no, then the issue really falls back to the Commissioner for not saying that he didn't truly understand what his job is.

That said, the issue really comes down to whether a Governor wins or loses, as to the value of that document and the second iteration that he's asked for. If the Governor losses, the second budget that he may have asked for, perhaps, say, a 90% budget, for example, never sees the light of day. The new Governor who walks in the door November 6<sup>th</sup> with a transition team. The most recent change in Governors that's exactly what happened. There was a second budget that was ongoing. It wasn't in the system. It was directive of Governor Benson. Governor Benson did not win. The expectation was that budget was to be presented to him on the 6<sup>th</sup> of November and that budget never saw the light of day. All Governors are working with conceptually how they want government to be retooled, et cetera. So if the Governor wins, basically he has in his possession on November 6<sup>th</sup> what I think your bill, Senator, speaks to. A second option for how he wants to see his Governor crafted second building block, if you will. Because on November 6<sup>th</sup> or November 15<sup>th</sup> as your bill speaks to, there's a second iteration of what an agency, maybe an austerity plan budget would be or efficiency budget, those terms have been used in other legislation, would be for him to gauge.

If I'm a new Governor, I come in with not knowing State government, I've got two to look at as well, instead of just starting from scratch and saying, okay, guys, I think it ought to be 90% budget. Give it to me by Christmas or January. So it accelerates the ability for that Governor to make choices from two different perspectives. So that's basically the merits of where I see this kind of approach in budgeting. Governors are always going to want to have two budgets as long as RSA 9:4, II, doesn't change, a maintenance is maintenance. And as I said before, I see merits in both. We always are going to do two budgets over across the street because of the Governor's work.

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The comments I would have from a perspective of questions about the bill, what level of detail does this body want to have from the second bill. If it's at a very high level, we do that now and did that with Governor Lynch. We build Excel macros that take the data so that agencies can make decisions at a very high level. They're not public documents. They're done with from very extreme actions or inactions by agency heads trying to decide which way the Governor will go. This, in my mind, speaks that there would be a second budget created as soon as the first one is submitted. Our current budget system has the ability to merely take a copy of the one on October 1<sup>st</sup>, hand it back to an agency and say craft one at this lower level and by November 15<sup>th</sup> have the same detail that we have just provided Governor Lynch's budget as of two days ago. Our old system could not do that. This one can do that.

There's, obviously, different work from the agencies. Agencies are working on two budgets anyway. They immediately are working for the Governor on a second one. It gives them more detail to work with. So I think the concept of what you presented here is doable.

I've not had an opportunity to do a Fiscal Note. I've spoke to the Director of Financial Management who really supports this system. We feel it is -- the system's capable of handling. Obviously, you're generating more reports, but it is a -- it is a second level of detail that would be possible, so.

CHAIRMAN MORSE: Questions. Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you. Joe, your point is well-taken about the fact that we got a two-year term for Governor. So the situation where the Governor may or may not come back --

MR. BOUCHARD: Hm-hum.

SEN. D'ALLESANDRO: -- is problematic. I've only seen

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that once since I've been around here, but it does happen. The other situation which you point out which I think is now available to us that wasn't available to us in the past is the mechanism to produce this. We have a system now that's in place where the other system it would have been not possible in my opinion to do if we had another system on-line.

MR. BOUCHARD: I don't think it would be capable at the same detail, certainly not the detail we're at. We feel that there's some cautions to be spoken to about the detail and my only -- my concern would be the public nature of those documents on November 15<sup>th</sup>. The confidential nature of working documents for extreme reductions can be -- are, you know, we go through iterations that are not pleasant to deal with as you know. We -- my group just handed over the Governor's budget the other day and we dealt with the last four weeks of putting a list of 1100 numbers to be in the back of that document of which we had to check to make sure they were real people or not real people still employed in them. And it's -- it's that data, if that's the data that the body would want to have in the same format, of not as a bill per se, but we build a budget position by position. So if I were to look at a detail line on November 15<sup>th</sup> in my budget office staff and see it's been reduced from a million dollars to half a million dollars, there is no way that the public wouldn't know that I've just slashed half of my staff. And it's -- making it public becomes the issue. As a working document makes it an issue that is bigger than what I can speak to today.

SEN. D'ALLESANDRO: If I could? And the other question I have is having been around here for awhile, the other thing that I notice is the enormous turnover in these bodies. In that as Chairman of these committees and membership on this Committee, there are three members on this Committee who have been here for awhile, but there are three basically -- four basically new members. In the House I would venture to say that that body of 20 plus members, 50% of them are new. So the period of adjustment to

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address these -- these articles that come before them in my time around here, the amount of time and effort spent is concentrated in very few people doing all of -- all of the work.

Now, if you're going to tell me that this is going to make that work -- make these transitions easier for these people, because they're going to have enough documentation before them so that the key element is really what happened in past. To me, that's the key element of this whole budgeting process. What happened in the past and the transition to what's going -- going to happen going forward. There's a period of adjustment that has to be there. If we bring these documents forward, again, given these time frames, these new people don't come until January. That message comes in February.

MR. BOUCHARD:: Hm-hum.

SEN. D'ALLESANDRO: What about that adjustment period in terms of this material that has to be looked at and on both sides? I mean, the Governor gets a better advantage because he has a transition team, but they don't transition legislators.

MR. BOUCHARD: I think the nature of, and I can't speak on behalf of an incoming Governor, but if the level of detail which shows programs being eliminated or positions being eliminated, it becomes public, then the media can -- would be involved in the public discussion even before the Governor has an opportunity to decide whether that's a good choice by a Commissioner or not for a Commissioner. Our discussions with and working with Governors have been that working documents go directly to the Governor and not to the Department of Administrative Services until such time as he's ready to make them public, which is why this period between October to November 6<sup>th</sup> is so critical every two years because the gentleman either -- or woman are trying to become re-elected or not become re-elected. If we are concerned and have been concerned that under the



Right-to-Know requests, documents in our possession could be become public based on directions he may have given in August or July which is why that -- the Executive privilege of having the Governor receive documents is different than having it be in our possession as a working document. Those are things I can't weigh in on. I'm not a legal expert, Senator. But those have been the protocol we have used in the past as Governors have worked with the second budget.

SEN. D'ALLESANDRO: And the other situation that I think is something we ought to think about is Governor doesn't have a budget officer until that person comes into play. Now since I've been around, first of all, there was no budget officer in the old days. Right? Art Fowler and what used to be the Comptroller's Office used to do the budget so there was no budget officer. Now since we have come back we have got a budget officer. But what we have seen is enormous transition in that office. A new budget officer sometimes mid during the cycle. We get a new budget officer comes in and so forth. If you can tell me that by doing this we're going to be in a better position to make decisions then I would support it. But currently, I see five budgets coming out anyway. There are five iterations of the budget. You've got the initial budget that's prepared, got the Governor's Budget, you got the House Budget, you got the Senate Budget, and you have the final budget. So you've got five iterations of this document as it stands -- as it stands right now. And the maintenance budget, I agree with Senator Morse, the maintenance budget is fictitious. I mean, that's nonsense. Just -- it is. It's worthless for us to work with. But the key elements and the key elements that we have now is I think for the first -- for the first time the new people coming in can actually look at spending on a 30-day basis and that gives you a real good impression of where this thing's going, and how you're going to handle it. So if the Chairman thinks that this is a vital tool to creating -- making the financial process better, you know, I'm willing to move with that.

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I've always had good relations with you and your Department and I must say this, we got a really quality guy in Joe Bouchard when it comes to doing the work and getting it done for us. And I work -- I know the amount of time put in is enormous and the transition to the new system was very, very difficult. But I think anything that makes this job better in terms of how we address it, I would -- I want to support. And I think the 30-day records that are now available to us give us a real tool, particularly when it comes to the 2% and the 5%; right? Now we have a way to address those things but it is what it is.

CHAIRMAN MORSE: Joe, let me ask you a question in here because here's my intent.

MR. BOUCHARD: Hm-hum.

CHAIRMAN MORSE: I get here. I'm elected in November. Everybody wanted to start work this term in January. They wanted January 1<sup>st</sup>. Everybody wanted to start looking at numbers and start doing things and probably speaking for the new people on this Committee. And what I want is a document that I can start working on that I can start asking questions on and then the Governor's going to deliver his budget and then we are going to have step one. It's not going to change any of that.

MR. BOUCHARD: That's correct.

CHAIRMAN MORSE: What it's going to do, I've sat through two maintenance budgets and I've only been on Finance twice and both times I felt like everyone that's come to the table has gone through a process that means nothing.

MR. BOUCHARD: Hm-hum.

CHAIRMAN MORSE: And that's what I'm trying -- I'm trying to get a process that means something that can help

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the Legislature starting January 1 and then when the Governor presents we're already off and running. We -- you know, I can understand any executive wanting to keep their own notes. That's their job. But I'm hoping what this does, and I'm not sure it's there yet, but will allow us to do that, to start the debates early within our own bodies, 'cause I doubt we'll be working with the House at that point and start to work on information that we are going -- that we can see we need the request. I don't think anything is secretive around here. I really don't. But if this will accomplish that, and that's what you're here to tell me, great. If it isn't, I'm looking for an amendment to get to that point so that we can start work in January.

MR. BOUCHARD:: I think the -- I think the intent of the bill that deals with -- that doesn't tie to a budget number, ties to actual expenditures, is critical from what you just described as perhaps some of your frustration about what maintenance is. The maintenance description currently speaks to a budget year, adjusted authorized budget year and what you need for the following two years. Your bill speaks to actual spending. And actual spending is what's critical as we gauge, as we're looking at '10 versus '12 versus '10 versus '11 budget that's been inflated because my maintenance description I build off a maintenance budget, not what I spent last year. So I think from a budgeting perspective I've done -- we have done the same thing as budget analysts. Agency maintenance budgets are coming inflated, we work with Governors all the time to get them back to a number that's realistic. Because the description of maintenance is general. It's not as specific as what you're trying to do with this type of budgeting, which is why Governors go to a second budget. Either -- your hands as Governor are tied around the description of maintenance in Roman II of RSA 9:4. This adds on, bolts on another component.

We now do one that is more effective on actual spending. I can't -- you can't not, I don't think, let agencies tell you what they truly need to run their

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agencies so the first one is extremely important. I speak of that as a Commissioner. If I think I didn't have enough money to spend to do the job you want me to do, you got to let me tell you I need more. However, if we're under austere periods of time when you want to tell how I can live with just what I spent last year, then this second budget is really what the Governor is looking for. As the Governor comes in, he doesn't want an inflated budget. He wants a budget realistic to work with. I see it as a tool for him as well as how you would -- how you would determine and when it's turned over to the Legislature and made public it's not for me to decide that. But as the Governor coming in brand new, and I've seen a few as they come in, they don't know where to start. We walk them through the process. And without a document that is -- with a second document it gives them more tools, I believe.

CHAIRMAN MORSE: Okay. Thank you. Any other question? Thank you very much.

SEN. GALLUS: I can't help myself.

CHAIRMAN MORSE: Go ahead, Senator Gallus.

SEN. GALLUS: Thank you, Mr. Chairman.

SEN. D'ALLESANDRO: Joe. We need you.

SEN. GALLUS: One quick question.

MR. BOUCHARD: Of course.

SEN. D'ALLESANDRO: Your parachute.

SEN. GALLUS: I think I forgot the question. No, I think what I'm looking for is, you know, bringing you in as the Commissioner and listening to the Commissioners in the budget process as we go forward. The issue, I think, that we were looking at last year and this year with, you know, bringing forward a budget that's, you know, somewhat below

what's happening is basically what's happening now. You know, we are in sort of crisis mode here with this budget situation. And we have got a budget that's coming out of the Governor's Office that says, you know, there may be 1100 jobs missing or whatever at the end of the day. And we have another addition of that budget probably coming out of the House when it eventually gets to them. And I think what I'm looking for is the agency heads or the commissioners when we ask and we're in crisis mode and we perceive the train wreck coming because of lack of revenues, then we are looking toward the experts that are in that agency who handle those things on a daily basis for the best available suggestions going forward with a budget that's sort of cushions us a little bit from that train wreck or the -- and I notice I've talked to a couple of commissioners recently and they don't seem to want to face up to that situation either. They don't want -- I say the blood on their hands, you know. What they have told me a couple of them is, well, we are going to do whatever the Legislature eventually tells us. And I think what I want to tell people is what they tell me they're going to be able to live with in a crisis mode or when we've got, you know, barrels of money, you know, the revenues are just up here and, you know, we are all out in the hallways throwing money around which we, you know, done from time to time or at least getting our pet projects funded. I don't think as we look around the table there are any pet projects left in the kind of budget that I heard coming out of the Governor the other day or --

CHAIRMAN MORSE: Except for Unity.

SEN. GALLUS: What's that? Except for Unity.

SEN. ODELL: Very grave situation.

SEN. GALLUS: I think at the end of the day what we are looking at, arriving at in a different way, is the kind of information we glean from the experts who are there in the trench on a daily basis. Yes, we're out here. But at the

end of the day I'm sure the Chairman can slash and burn. He's not going to like it. But I think he'd like to have good, reliable, information coming from the agency that says I really can do without this. And we also want to know what you need to operate with. You know, I'm not -- you know, we're not, you know, sitting in the dark here and don't want to hear, you know, what you need really at the end of the day. You know, we took your computer away from you and now you can't, you know, figure out wherever you're going. But we need to know both sides of that equation.

CHAIRMAN MORSE: Senator Gallus, we getting to a question?

SEN. GALLUS: Well, I think that's all.

SEN. BARNES: It's a "Would you believe?".

SEN. GALLUS: I think it's a "would you believe," but I think Joe, you know, I'm looking for the answers from you. And as Lou says, I agree with him. You're capable of doing it.

MR. BOUCHARD:: Thank you, Senator.

CHAIRMAN MORSE: Not speaking but in favor, Senator Prescott, Senator Boutin, Senator White, Senator DeBlois, Senator Groen, Senator Lambert, Senator Stiles, Senator Forrester, Senator Bragdon and Senator Bradley. With that --

DIANA LACEY, President, State Employees Association: Whoops! May I?

CHAIRMAN MORSE: Sure. Your name?

MS. LACEY: Diana Lacey, President of the State Employees Association. I'm sorry I wasn't on the sign up sheet 'cause I wasn't sure I was going to speak. Generally, we are in support of this -- this bill for some

*Senate Finance Committee*

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of the reasons that Joe just mentioned to you. And to give you folks a little bit of a background, I've spent the past 17 years working at Health and Human Services, the past eight years of which has been as a contract administrator. I was -- I work with the finance people who spend a tremendous amount of time working on these budgets. All the different -- as Senator D'Allesandro said before he left, the five plus however many other iterations may come up. And it is a tremendous amount of work and people work very hard on that. And it ties into what contract administrators do because we are about six months, even more, ahead of that for procurement processes. So to say that there's a lot work, there definitely is. But the concern -- there's only one concern that we have about this bill as written. One is that it specifies a reduced level of expenditures and it specifies a specific percent, a 5%. I don't know if it's possible for an amendment that would be able to do this, but it seems that what we are really sort of envisioning here is some sort of legislative intent to be able to request an alternate budget to the maintenance budget and to have that be ready. Given what Senator Gallus said just moments ago about the fact that we are sort of in crisis mode, once the economy recovers the task is going to be somewhat what can we do again that are the painful choices we are making now. We would be looking at a potential growth budget at that point. It may behoove future legislators to be able to say we would like the maintenance budget and we would like a budget that did have growth in a specific percentage.

Conversely, we could be looking at situations where we are dealing with a more significant crisis and the Legislature may be more interested in getting a budget that has reductions that are greater than 5%. So just wanted to raise those two points because this bill is not limited to this biennium. It's for all future bienniums. And we sort of lock into reduction and five and that was the only concern I wanted to make. Thank you. I'll take any questions.

*Senate Finance Committee*

*February 17, 2011*

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CHAIRMAN MORSE: A concern I have, too. That's the concern I have that I brought up in the beginning.

MS. LACEY: My initial thought that perhaps an amendment could say that the Legislature perhaps in HB 2 would be able to call for whatever percentage and increase or reduction they would want for the next cycle to come in. So sort of like a sense of the Legislature. This is what we want to see in that next cycle. I have no words for it on how to do it.

CHAIRMAN MORSE: I don't either. Otherwise, I'd have them in there. My concern I want them to work off actuals.

MS. LACEY: Hm-hum.

CHAIRMAN MORSE: And in this session it's obviously a decrease which is what the Governor asked for.

MS. LACEY: Thank you.

CHAIRMAN MORSE: Thank you for coming.

MS. LACEY: Thank you for your time.

CHAIRMAN MORSE: Let's close the hearing on Senate Bill 146.

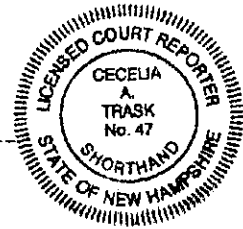
(Hearing concluded.)



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  
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# Speakers



# SENATE FINANCE COMMITTEE

Date 2/17/11

Time 1:15 p.m.

Public Hearing on

SB146-FN

(AN ACT relative to requiring submission of a reduced spending alternative as part of the biennial budget process.)

Please check box(es) that apply.

SPEAKING FAVOR OPPOSED

NAME (Please print)

REPRESENTING

Sen Prescott

District 23

Diana Lacey

SEANTH

# Committee Report

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STATE OF NEW HAMPSHIRE  
SENATE  
REPORT OF THE COMMITTEE

Date: February 18, 2011

THE COMMITTEE ON Finance

to which was referred Senate Bill 146-FN

AN ACT                      relative to requiring submission of a reduced spending  
alternative as part of the biennial budget process.

Having considered the same, the committee recommends that the Bill:

**OUGHT TO PASS**

BY A VOTE OF:    6-0

AMENDMENT #        s

Senator Chuck Morse  
For the Committee

Tom Prasol 271-3093

## New Hampshire General Court - Bill Status System

**Docket of SB146**

Docket Abbreviations

**Bill Title:** relative to requiring submission of a reduced spending alternative as part of the biennial budget process.

*Official Docket of SB146:*

<b>Date</b>	<b>Body</b>	<b>Description</b>
2/3/2011	S	Introduced and Referred to Finance, <b>SJ 5</b> , Pg.45
2/9/2011	S	Hearing: 2/17/11, Room 103, State House, 1:15 p.m.; <b>SC11</b>
2/22/2011	S	Committee Report: Ought to Pass, 3/9/11; <b>SC14</b>
3/9/2011	S	Ought to Pass, <b>RC 22Y-1N</b> , MA; OT3rdg; <b>SJ 8</b> , Pg.90
3/9/2011	S	Passed by Third Reading Resolution; <b>SJ 8</b> , Pg.99
3/16/2011	H	Introduced and Referred to Finance; <b>HJ 28</b> , Pg.883
5/5/2011	H	Public Hearing: 5/11/2011 11:00 AM LOB 210-211 ==Executive Session To Follow==
5/12/2011	H	Majority Committee Report: Ought to Pass with Amendment #1883h for May 18 (Vote 17-7; RC); <b>HC 39</b> , PG.1324
5/12/2011	H	Proposed Majority Committee Amendment <b>#2011-1883h</b> ; <b>HC 39</b> , PG.1349
5/12/2011	H	Minority Committee Report: Inexpedient to Legislate; <b>HC 39</b> , PG.1324
5/18/2011	H	Amendment #1883h Adopted, VV; <b>HJ 44</b> , PG.1547
5/18/2011	H	Ought to Pass with Amendment #1883h: MA <b>RC 257-101</b> ; <b>HJ 44</b> , PG.1547-1549
6/8/2011	S	Sen. Morse Concurs with House Amendment #1883h, MA, VV; <b>SJ 20</b> , Pg.551
6/8/2011	H	Enrolled; <b>HJ 51</b> , PG.1728
6/8/2011	S	Enrolled
6/30/2011	S	Law Without Signature 6/29/11; Eff. Date 8/18/11, Chapter 0229; Art 44, Pt II, NH Constitution

NH House

NH Senate



# Other Referrals

SB146

# COMMITTEE REPORT FILE INVENTORY

ORIGINAL REFERRAL       RE-REFERRAL

1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE AIDE AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

DOCKET (Submit only the latest docket found in Bill Status)

COMMITTEE REPORT

CALENDAR NOTICE

HEARING REPORT

HANDOUTS FROM THE PUBLIC HEARING

PREPARED TESTIMONY AND OTHER SUBMISSIONS

SIGN-UP SHEET(S)

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

<input type="checkbox"/> - AMENDMENT # _____	<input type="checkbox"/> - AMENDMENT # _____
<input type="checkbox"/> - AMENDMENT # _____	<input type="checkbox"/> - AMENDMENT # _____

ALL AVAILABLE VERSIONS OF THE BILL:

<input checked="" type="checkbox"/> AS INTRODUCED	<input type="checkbox"/> AS AMENDED BY THE HOUSE
<input type="checkbox"/> FINAL VERSION	<input type="checkbox"/> AS AMENDED BY THE SENATE

OTHER (Anything else deemed important but not listed above, such as amended fiscal notes): transcript

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DATE DELIVERED TO SENATE CLERK

7-21-11

  
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