

JOINT FISCAL COMMITTEE

Legislative Office Building, Room 210-211
Concord, NH
Friday, April 14, 2017

MEMBERS PRESENT:

Rep. Neal Kurk, Chair
Rep. Ken Weyler
Rep. Lynne Ober
Rep. Mary Jane Wallner
Rep. Dan Eaton
Rep. Frank Byron (Alt.)
Sen. Gary Daniels
Sen. Andy Sanborn
Sen. John Reagan
Sen. Regina Birdsell (Alt.)
Sen. Dan Feltes (Alt.)

(The meeting convened at 10:00 a.m.)

(1) Acceptance of the Minutes of the March 10, 2017 meeting.

NEAL KURK, State Representative, Hillsborough County, District #02, and Chairman: Good morning, everyone. I'd like to call this meeting of the Fiscal Committee to order, and welcome our two new members, Senator Feltes and Senator Birdsell.

DAN FELTES, State Senator, Senate District #15:
Thank you, Mr. Chair.

CHAIRMAN KURK: First item on our agenda is the acceptance of the minutes of the March 10th, 2017, meeting. Is there a motion?

**** GARY DANIELS, State Senator, Senate District #11: So move.**

CHAIRMAN KURK: Second?

LYNNE OBER, State Representative, Hillsborough County, District #37: Second.

CHAIRMAN KURK: By Representative Ober, moved by Senator Daniels. Questions? There being none, are you ready for the motion -- for the question? If you're in favor of accepting the minutes of the 10th, please now indicate by saying aye? Opposed? The ayes have it and the minutes are accepted.

*** {MOTION ADOPTED}

(2) Old Business:

CONSENT CALENDAR

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

CHAIRMAN KURK: We turn now to the Consent Calendar, item number three on the agenda, Fiscal 17-064, request from the Department of Resources and Economic Development for authorization to transfer \$1600 in General Funds through June 30th, 2017. Discussion? Is there a motion?

** SEN. DANIELS: Move.

CHAIRMAN KURK: Moved by Senator Daniels, seconded by Representative Eaton. Discussion or questions? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it. 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:

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CHAIRMAN KURK: We turn now to the Consent Calendar, item number four, three items, Fiscal 17-056, a request from Information Technology for authorization to accept and expend \$660,000 in Other Funds through the end of the Fiscal Year; Fiscal 17-066, a request from the Department of Education for authorization to accept and expend \$55,000 in Other Funds through the end of the year; and Fiscal 17-068, a request from the Department of Education for authorization to accept and expend \$351,600 in Federal funds through the end of the year.

****** DANIEL EATON, State Representative, Cheshire County, District #03: Move approval with 56, 66, 68.

REP. OBER: I would like to remove 56 from Consent Calendar.

CHAIRMAN KURK: 56 is removed. The remaining two or anybody want to remove either of those? Fine. Then the motion is to accept 066 and 068. Is there a motion? Moved by Representative Eaton.

JOHN REAGAN, State Senator, Senate District #17: Second.

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

***** {MOTION ADOPTED}**

CHAIRMAN KURK: We turn now back to the remaining item under -- the remaining request under agenda item number four, Fiscal 17-056. Representative Ober, you had a question?

REP. OBER: Of the Commissioner, if we could, please.

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CHAIRMAN KURK: Commissioner. Good morning.

DENIS GOULET, Commissioner, Department of Information Technology: Good morning. Denis Goulet from the Department of Information Technology.

CHAIRMAN KURK: Thank you for -- for appearing to answer Representative Ober's question. Representative Ober's recognized.

REP. OBER: I know this is a game in progress that you joined.

MR. GOULET: Hm-hum.

REP. OBER: But I'm seeing duplicative systems with diverse vendors that seem to make no sense to me. We have one vendor for this in Health and Human Services. We have a different vendor for EMR in Corrections, and the maintenance on many diverse systems is really a waste of dollars. And this past biennium Corrections had to come and say we forgot to budget the \$720,000 we need just for maintenance of the system. So rather than having so many diverse vendors to do the same thing, what can you bring to us so that we are getting more of a unified look, Commissioner? And, again, I want to say, I know you joined the game in progress. These systems were well under way when you joined us. But moving to the future, we need to be doing what more companies are doing and thinking through the process.

MR. GOULET: Hum -- thank you for the question. I completely agree. In fact, the -- one of the pillars of our recently ratified DoIT strategy is enterprise, partnership enterprise alignment and really underlying that is whenever -- every time we are looking at a new system, we need to look at it, and if it's at the agency level, we need to look and say is this an agency level investment or is this an enterprise investment which

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would support multiple agencies. Recent example would be, you know, the scheduling software that was actually being considered by multiple agencies, Commissioner Quiram and I got together and we, you know, we met with the various commissioners involved, and then rolled that up into an enterprise project versus -- versus single, you know, unique systems in agencies. So that particular investment will bring in all of the scheduling capabilities into a single enterprise that has a single set of interfaces to NHFirst, instead of diversing phases; way more cost efficient in the long-term.

So, you know, we are turning the ship. It's a big ship to turn. We are turning it. So looking forward on reprocures or new systems, we will be doing that as a matter of course.

REP. OBER: Thank you.

MR. GOULET: You're welcome.

REP. OBER: Thank you, Mr. Chairman.

CHAIRMAN KURK: Further questions of the Commissioner? Is there a motion then on --

** REP. OBER: Move to approve.

SEN. REAGAN: Second.

CHAIRMAN KURK: Representative Ober moves to approve Fiscal 17-056, seconded by Senator Reagan. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it. The item is approved.

*** {MOTION ADOPTED}

(5) RSA 124:15 Positions Authorized:

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CHAIRMAN KURK: We turn now to Agenda number five, Fiscal 17-062, a request from the Department of Resources and Economic Development for authorization to establish a consultant Class 46 through June 30th, 2017. Are there questions?

REP. OBER: Yes.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Is there someone from the Agency?

CHAIRMAN KURK: Good morning, folks. Welcome to Fiscal.

NATHANIEL NELSON, International Trade Officer, Department of Resources and Economic Development: Good morning.

CHAIRMAN KURK: Could you identify yourselves for the record, please?

CAROL ANDERSON, Accounting Manager, Department of Resources and Economic Development: Carol Anderson, Accounting Manager for DRED.

MR. NELSON: And Nathaniel Nelson, International Trade Officer with DRED.

CHAIRMAN KURK: Thank you. Representative Ober.

REP. OBER: Given where we are in the Fiscal Year, we are in the middle of April, Fiscal Year ends June 30th, I question whether you would be able to spend this money, even if approved by the end of the Fiscal Year or not.

MR. NELSON: Yes, thank you for the question. I'm not sure you can hear me. So this is part of a larger grant and because we are crossing the biennium, we

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figured out what would be spent between basically the approval of the item and then the end of the Fiscal Year. So we had it down to a monthly expense. So the work is on a monthly basis and we are fairly confident that it would be spent.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: However, DRED, if the Governor's Budget proposal is accepted, goes away on July 1st.

MR. NELSON: Hm-hum.

REP. OBER: So what happens to a position assigned to DRED and is it in the budget that one of the two new agencies presented?

MR. NELSON: I believe so. I don't --

MS. ANDERSON: Yes. Yes, ma'am. It will be forward and transferred to, if it becomes Department 22, it becomes Economic of Business Affairs. It will be transferred. It's already allocated on the two for the next biennium.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: But that's not in the current budget. Because that budget came to Division I and one of the things we asked were new positions and that was not a new position that was identified. So are you planning then to come back to Fiscal with the rest of your grant and asking for this position to be inserted into the budget?

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MR. NELSON: Yes, Ma'am, that's correct. When we prepare the budget, we weren't guaranteed of the funding from the Federal Government. But once we have received approval and we would be coming back to basically create the class for the next biennium.

REP. OBER: So it's not in the budget?

MR. NELSON: Not that I'm aware of.

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

CHAIRMAN KURK: Question. Has this program been successful and how do you defined success?

MR. NELSON: Sure, that's a great question. So this program is part of a larger grant through the Office of Economic Adjustment and their purpose for being is to help communities be less dependent on defense spending budget levels. So this will be the second round of grant funding. The first round was extremely successful in helping to further organize the State's aerospace and defense sectors up and down the supply chain.

CHAIRMAN KURK: No, I guess I didn't make my question clear. I'm not interested in what you do with the money. I'm interested in the results. Have there been new contracts? The foreign area, have new products been sold abroad? Can you give me the number of dollars of improved sales --

MR. NELSON: Hm-hum.

CHAIRMAN KURK: -- which are directly traceable to this program?

MR. NELSON: Sure. Unfortunately, I can't give the number of dollars just because it's hard to -- international business is not something that happens overnight, does take time. However, there were

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new partnerships formed with, for example, Aero Montreal and the Foreign Bureau Association in the United Kingdom, and there was also -- there have been, you know, increased sales. I just don't have those numbers with me at the moment.

CHAIRMAN KURK: Would you get those, please? And I'm not interested -- I'm only interested in direct sales -- the increase in sales that are directly related to the infrastructure that was created by this program.

MR. NELSON: Okay.

CHAIRMAN KURK: That justifies you. So if we're spending \$10 million or whatever it might be over a period of time, what's the total increase in sales, perhaps a number of additional employees, all of those kinds of things, so that we can determine whether this program is worth continuing or whether we are just creating infrastructure that doesn't achieve results.

MR. NELSON: Okay. Yes, sir.

CHAIRMAN KURK: Thank you. Is there a motion? Is there a motion to approve the item?

** REP. EATON: Sure.

SEN. BIRDSELL: So move.

CHAIRMAN KURK: Representative Eaton, seconded by Senator Birdsell. Questions or discussions? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? You're opposed?

REP. OBER: I am opposed.

SEN. SANBORN: I am, too.

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CHAIRMAN KURK: Let's have a show of hands. All those in favor, please indicate by raising your hand? All those opposed? Six in favor, four opposed. The item is approved.

*** {MOTION ADOPTED}

CHAIRMAN KURK: Thank you, folks.

MS. ANDERSON: Thank you.

(6) **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 item six on the agenda, a request from the Department of Health and Human Services for authorization to accept and expend \$8,113 in Federal funds to the end of this Fiscal Year, and contingent upon approval of that establish one temporary full-time Systems Development Specialist III, Labor Grade 23 position, through June 30th, 2017. Questions on this?

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: I just think the agency needs to clarify what they're doing. How they estimate to spend \$8,000, what they plan to do next biennium. This is a very strange request.

CHAIRMAN KURK: Is there someone here from the Department of Health and Human Services that can help us out, please? Good morning. Would you identify yourselves for the record, please.

PATRICIA TILLEY, Division of Public Health Services, Department of Health and Human Services: Good

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morning. I'm Patricia Tilley. I'm from the Division of Public Health Services within the Department of Health and Human Services.

SHERI ROCKBURN, Chief Financial Officer, Department of Health and Human Services: I'm Sheri Rockburn, CFO for the Department of Health and Human Services.

CHAIRMAN KURK: Representative Ober.

REP. OBER: I think they heard.

MS. ROCKBURN: Yes. So the first thing I'd like to say before I turn it over is this item originally went to Fiscal back in February to accept and expend this grant. It was not originally budgeted in '15 and '16. The grant award didn't come until after that budget was passed. And back in February when it was passed, about 869,000 was passed for everything except for the position money. So at that time we were asked to go back to talk to DoIT to see if that position was better placed in the Department of Information Technology versus with Health and Human Services. So we worked with Commissioner Goulet, had him look at the job description. There is a letter attached in there that states that while the position is more IT related, that at this time they felt it would be better served in the Department. And the funding in this request is just for the additional money just to get us from this point through the end of the year on the position. And I'll let Trish can talk a little bit more about the position and the spend.

MS. TILLEY: Sure. So we are anticipating with the approval, if approved here, we would move forward with approving this position and hiring as soon as possible. The -- you may recall that this home visiting data specialist was designed to improve our capacity to design, program, and implement a data system that is specifically associated with this home visiting program.

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It's a Federal program called The Maternal Infant and Early Childhood Home Visiting System. Our Federal partners have very detailed and high expectations in terms of the data that we collect, and it has been our experience that simply having a program person who knows about moms and babies and kids is not the right fit for managing this kind of data system to really capture the outcomes that I know that everyone on this Committee is so interested in.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: So you anticipate this position will create a system for you?

MS. TILLEY: If I may? No, the system has already been created. We have a vendor, and we work with that vendor. The vendor is called Social or the product is called Social Solutions. It has been our experience, since we have onboarded that product, we simply had program people trying to run the data system and that was not the most efficient use of funds. Those folks needed to be working out in the community with our community-based agencies, working with those issues around improving health outcomes for moms and babies. What we really needed was a position that was focused on the data system, who had that IT intelligence, who could operate that and be able for us to get the information into the system and for us to extract it.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: Perhaps the DoIT Commissioner needs to assist you ladies. I'm not sure. But when you said, quote, unquote, run the system, specifically what do you mean about running the system that wasn't efficient?

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MS. TILLEY: Sure. This system was specifically -- we had a vendor that specifically created the system to meet the requirements of our Federal partners. Community-based agencies who provide home visiting services upload their data into it, and then we run queries against that to determine our outcomes and to run our reports. What we have found is that there's a number of technical issues with the uploading of data and extracting that data out that we have folks who are really not skilled in IT systems trying to work with our vendor. And we need to have -- we need to have a better match of skills in order to get optimal results out of the system.

REP. OBER: We may be getting closer. One more question. Can you please define for us what your technical issues are and what you think this person would do? Not in generalities, but what has really been going on with this system? You said you found technical issues. What are they?

MS. TILLEY: I don't have that list in front of me right now. I am happy to present that to you later. But I can tell you that essentially the data in was not the data coming out. So, you know, I am not an IT specialist either, but I can get you that list.

REP. OBER: Do you need help from the DoIT Commissioner who might be able to define --

MS. TILLEY: I'm not sure that the DoIT Commissioner is aware of the very specific issues for this one data system for this one small program, but I would be welcome to ask.

CHAIRMAN KURK: Is this position in the next budget?

MS. ROCKBURN: So this position, along with the other 870,000 that was approved previously from Fiscal

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is not yet in '18 and '19. We were dependent upon whether or not Fiscal was going to approve the grant before it was placed into the budget. We were trying to work through the House phase to put that in as an adjustment. But where this was still held up, we were then waiting for the Senate phase to introduce this grant so currently it is not.

CHAIRMAN KURK: But you will try to put it in through the Senate?

MS. ROCKBURN: Yes.

CHAIRMAN KURK: Thank you. Representative Byron.

FRANK BYRON, State Representative, Hillsborough County, District #20: Thank you, Mr. Chairman. A question for you. When Representative Ober as Chairman of Division I and myself as Chairman of Division III met jointly with DHHS and DoIT, one of the things we discussed was the transfer of personnel. And as I recollected, there were significant number of personnel that would have been involved in that transfer. Why can't one of those people work on this in some type of function?

MS. TILLEY: Uh -- I'm not sure I'm prepared to answer that question. All I -- what I can state to you is that we -- regardless of how this entity or this position sits or arrives to DHHS, we have just simply identified this critical need to run this one program specific data system, and I'm not prepared to answer the meat of your question.

REP. BYRON: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. BYRON: Thank you, Mr. Chairman. On the third page of your memo that came to Fiscal, it says at the

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bottom of the fourth paragraph, it says this position is -- will also support the end users.

MS. TILLEY: Yes.

REP. BYRON: In training, malfunction resolution, configuration, data analysis, interpretation and data reporting activities required by the HRSA grant.

MS. TILLEY: Yes.

REP. BYRON: DHHS formed a rather large group for quality function which was explained to us as their main purpose was for data analysis and generation. Why wouldn't that be part of the quality organization?

MS. TILLEY: I would expect that this position would work with those. Again, because this is not an enterprise-wide or agency-wide data system, again, it's for a very specific program within Public Health and our end users are a specific number of about 13 community-based agencies, I would expect there's plenty of lessons to be learned with that larger process, and we would be working with them. But for this particular position, it's really about trying to figure out this data system that was developed to meet the Federal expectations of this Federal grant.

MS. ROCKBURN: So at this time I'd like to, if I could, Committee, is ask Commissioner Goulet to speak a little bit about this and maybe he can shed some light on whether or not he may have current staff that might either be able to assist us or not.

CHAIRMAN KURK: That would be fine.

MR. GOULET: Good morning.

CHAIRMAN KURK: Good morning again.

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MR. GOULET: I've looked into this position and what its role would be inside Public Health. And I did conclude that the role is essentially an IT role. However, given other factors, I didn't -- and I'll share those factors, I didn't think that it should be a DoIT position at this time, and this is the reason why. There are other IT roles in Public Health that exist today. And so if I -- if we put this position in DoIT, it wouldn't synergize with the other roles that are in Public Health doing IT type work.

What I'd like to do is a long-term, you know, under the House Bill 2 language that is now 444, whatever it is, the language that we have where we are going to identify resources inside HHS and move them in an organized way, I'd like to do that more holistically. So without, you know, I won't comment on the merit of the program itself because I don't understand that well enough. But what I will say is in the short-term, I think it makes more sense should you approve this that it be in Public Health for now, and that we address it as a larger group thing going forward in a strategic fashion.

CHAIRMAN KURK: Thank you. Representative Byron.

REP. BYRON: Thank you, Mr. Chairman. So is what you're saying that you do not have at DoIT any resources that could help?

MR. GOULET: The DoIT resources do work with Public Health on a regular basis. And one of the challenges we have, of course, is the -- there's never enough to do all the things that are desired. Public Health has a lot of initiatives going on with respect to data analytics, crunching down data so it is publicly consumable, and we don't have additional resources to put on it at this time, unless we stop doing something else.

CHAIRMAN KURK: Representative Ober.

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REP. OBER: Commissioner, I think you heard part of my concern is we've not been able to define the need for this position.

MR. GOULET: Hm-hum.

REP. OBER: And it was clear that they haven't really been coordinating with you. So I know I can't really ask you to speak to the technical issues of the position. But part of the issue with even considering going forward with this is that it is so poorly defined and that concerns me. And the second issue is that we already know the budget that was in the House was deemed to be too large. And so now they're saying and this position wasn't in the budget that was already not passed out of the House because it was deemed to be too large, which adds to that problem. So those are my concerns. And when you read through here, and I talked to Representative Byron about what they had done in Division III, 'cause I didn't sit in his budget deliberations since I was busy with my own to try to get some of the background to figure out, and that's where my concern is with this project.

I did support you in saying yes, we should have an orderly plan for transition. And I'm happy to say that I believe that was the right decision. But I'm not sure adding on a poorly defined position is helping with where you want to be. And that's where -- partly where I was trying to come in. And I don't know how you can help with that, but if you have insight, please.

MR. GOULET: Well, I can give you more broad insight --

MS. TILLEY: Hm-hum.

MR. GOULET: -- into, you know, what my observation with respect to the work that the pseudo IT folks in

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Public Health do is we take -- they take very large amounts of data that might -- might not be appropriate to render and make decisions on, they analyze it and crunch it down into chunks that are either something you can render out to the public to view and see, you know, what's going on or you could actually make decisions and take actions on. So what Public Health is saying is that, you know, the pace of that, their ability to deliver on that isn't what they would like. That's kind of a business problem, not a technical problem, i.e., should this be approved the pace should increase. If it's not approved, the pace of that type of work would stay the same. Does that seem correct to you?

MS. TILLEY: Yes, absolutely. Thank you, sir.

CHAIRMAN KURK: If this were not approved, you would still put it in the proposed budget through the Senate?

MS. TILLEY: Yes, sir.

CHAIRMAN KURK: And so if it's not approved, how many weeks or months' worth of work would we not have done? This \$8,000 provides for --

MS. TILLEY: Till the end of the Fiscal Year.

CHAIRMAN KURK: From when to end of the Fiscal.

MS. TILLEY: From now till the end of the Fiscal Year.

CHAIRMAN KURK: You're going to hire tomorrow?

MS. TILLEY: We are anxious to hire as quickly as possible. It will be posted as fast as it can go through our system, and we are looking to hire immediately.

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CHAIRMAN KURK: Immediately would be somebody on board May 1st, June 1st?

MS. TILLEY: I would hope. In May, I would imagine, would be probably the quickest that we could get this through.

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

SEN. DANIELS: Thank you. Am I correct in understanding that if you don't have this position that you don't have the ability to tell whether this program is effective or not?

MS. TILLEY: That is correct, sir. I am limited in the ability to answer the questions that our Federal funders and our State policymakers have been asking about this program because we don't have the skills on board to answer those questions.

SEN. DANIELS: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. DANIELS: Going back to the explanation, it states that the voluntary home visiting services that are proven to be effective. So how can a statement like that be made and at the same time you tell me that you don't know if it's effective if you don't have the position?

MS. TILLEY: Sure. Thank you for the question. That language has come from the fact that we use an evidence-based curriculum that has been proven to be effective in other areas. What we have done meticulously is tried to adopt that curriculum with fidelity, and what we have been able to measure is the process of adapting that program and implementing it with fidelity. What we are lacking in right now is the ability to

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process the data around actual hard outcomes. The number of families that are not involved in DCYF. The number of families with good positive birth outcomes for their children. Those are the more difficult -- the number of emergency room visits that were not gone, you know, the reduction in emergency room visits. That's the level of data that we want to get to that we know is required of this program and has been difficult without the proper skills on board in Public Health to help us with the data system. And, if I may, we have a very detailed problem list that we have been working with the vendor, and I'm happy to provide that for any -- for the Committee to consider. We are -- we have the actual detailed problems. I simply do not have that with me here.

CHAIRMAN KURK: Representative Wallner.

MARY JANE WALLNER, State Representative, Merrimack County, District #10: Thank you. This is a fairly sizeable Federal grant, and an important one for families in New Hampshire. And what happens if we don't have this data available at the end of this grant when you need to be reporting back to the Federal Government about our results and what's happened; will it jeopardize us in the future?

MS. TILLEY: Thank you, Representative Wallner. Absolutely. You know, we feel like that it is our duty to provide evidence that these programs make a real difference in the lives of moms and babies and kids in communities like Claremont or right here in Concord. And this is the data that we need to show you all, as well as ourselves and our Federal partners, to continue to have those resources flow into New Hampshire, to continue to provide this work when we are looking at trying to prevent -- trying to connect families that are really vulnerable to the services they need, like, opioid treatment services and behavioral health services. That's what the kind of work the program does.

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CHAIRMAN KURK: So let me get this straight. This Committee, and I in particular, have asked for results as opposed to process.

MS. TILLEY: Correct.

CHAIRMAN KURK: You're telling us that in order to provide that information you need this position.

MS. TILLEY: Yes, sir.

CHAIRMAN KURK: Thank you. Representative Byron.

REP. BYRON: Everything I've heard said for the past 5 to 10 minutes has indicated to me that what you need is somebody go into a database, extract the data, analyze the data statistically and present a report in terms of what the data means. That, to me, is not an IT person. That, to me, is a quality assurance person or somebody with statistics. Can you tell me where I'm wrong on that?

MS. TILLEY: Thank you for that question. I think we are looking for someone, you know, like many times in the Department, folks wear many, many hats and that's the person we are looking for that can both do the problem solving, the coding, the work with the vendor, to see where the hiccups are in the system. We need that skill and we also need someone who can do the analysis side and work with our program folks to create reports that are digestible to the public. And another component of this job is really to work hand in hand with our community-based agencies where they are having difficulty. This person would be our liaison to help us strategize where the problem is in uploading the data so that it can be extracted. So we need someone to do lots of different things.

CHAIRMAN KURK: Follow-up.

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REP. BYRON: In the budget that was submitted to Division III, I recollect in one of the accounts, I don't know whether it was 9020, 0831 or 5896, there was one head count in there for 16-17 which went away.

MS. TILLEY: Yes, sir. So that had to do for the home visiting program. The numbers have changed on here. So we -- we received two different home visiting programs. We receive one for basic services around the community. And then we've also receive another one for an evaluation, an evaluation of the process of our fidelity to the program. That part is going away. The actual services are continuing.

CHAIRMAN KURK: Senator Feltes.

SEN. FELTES: Thank you, Mr. Chairman. Representative Wallner and Senator Daniels asked the question. So thank you.

CHAIRMAN KURK: Further discussion?

REP. OBER: I guess I have one.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Denis, turning the ship, we should never begin to use a system where the user comes and says none of the data is digestible by the people using the system. So now we need to hire somebody to get reports. Reporting and good reporting needs to be part of every analysis when we look at a system. So, please, let me add that to your turning the ship list. Thank you.

MR. GOULET: Okay. Understood.

CHAIRMAN KURK: Further questions of these folks? There being none, thank you all very much.

MS. TILLEY: Thank you, sir.

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CHAIRMAN KURK: Is there a motion?

** REP. OBER: I would move to table.

CHAIRMAN KURK: Motion to table. Is there a second?

SEN. DANIELS: Second.

CHAIRMAN KURK: Second by Senator Daniels. If you're in favor of tabling this request, please now indicate by raising your hand.

CHAIRMAN KURK: If you're opposed. Motion fails. Is there another motion?

REP. OBER: What was the vote, please?

CHAIRMAN KURK: Five to five. Is there -- Senator -- Representative Eaton -- Representative Eaton moves to approve. Is there a second?

CHAIRWOMAN WALLNER: I'll second.

CHAIRMAN KURK: Seconded by Representative Wallner. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye -- by raising your hand. Those opposed? The motion carries 6 to 4.

*** {MOTION ADOPTED}

CHAIRMAN KURK: May I request that the Department never again introduce such a small proposal. If it were \$8 million, this would have taken much less time. It's like the old town meeting dump truck.

REP. OBER: Mr. Chairman, in fairness to the Department, they brought it before, we had the same

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question. We expected when it came back those questions would be answered and that didn't happen. So I don't think you can blame the Department for this, because we divided their original request.

CHAIRMAN KURK: I appreciate that, Representative Ober. It was an attempt at humor. Obviously, it failed.

(7) RSA 604-A:1-b, Additional Funding:

CHAIRMAN KURK: Turning now to item number seven on the agenda, Fiscal 17-063, a request from the Judicial Council for authorization to receive an additional appropriation from funds not otherwise appropriated in the amount of \$760,000 in General Funds for the period effective July 1st, '16 through June 30th, 2017.

****** REP. EATON: Move approval.

CHAIRMAN KURK: I believe there are a number of questions on this. Is there somebody here from the Judicial Council?

SARAH BLODGETT, Executive Director, Judicial Council: Good morning, Mr. Chair, and Committee Members. I'm Sarah Blodgett, Executive Director of the Judicial Council.

CHAIRMAN KURK: Good morning. Thank you for being here to answer some questions.

MS. BLODGETT: Certainly.

CHAIRMAN KURK: Should I lead off?

REP. OBER: Why don't you lead off.

CHAIRMAN KURK: Okay. So far we have approved, according to LBA, a total of 13 million, \$1,360,000 of additional funds. Why is it that an appropriation that

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you received was insufficient? Was it due to our fault? Was it due to our reducing your budget, knowing that we have a Fiscal Committee option to provide that money? Was it due to unexpected situations that couldn't have been anticipated? Or was it --

MS. BLODGETT: I'm sorry, go ahead.

CHAIRMAN KURK: -- some sort of error by somebody along the way.

MS. BLODGETT: My predecessor, Christopher Keating, was in this position for the earlier budget. From what I have seen and the discussions I've had with the current Chair, Nina Gardner, who was also in this position previously, is that this is sort of a perfect storm of events. And one of the biggest contributors is the opioid crisis. And we're seeing that in a number of areas. We are seeing it in the cost for assigned counsel, because so many of the abuse and neglect cases have an opioid or substance abuse component. And out of that line we pay for representation of parents.

As most Members of this Committee know, that representation stopped for a brief period of time back in 2011, but prior to that the cost for representing the parents in abuse and neglect was close to \$1.3 million. So that was the highest that we had seen. And we seem to be gearing up to reach that level again, just for the cost of representing the parents.

CASA did put together some information for us that showed roughly 75% of their new cases involved substance abuse, not necessarily opioids, it included alcohol. But we are seeing that this is a big contributor. Also, Senate Bill -- I believe it was 515 which was passed in last session -- created a rebuttable presumption of harm if there is opioid abuse or dependence. And I have spoken with DCYF attorneys and with the attorneys who handle the parent representation, and they tell me that

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this legislation is responsible for part of the uptick in those cases, cases that might not have been brought before, because they didn't believe that they could prove harm, now those cases are coming forward. So that contributes to the increased cost in the assigned counsel line.

We also have several homicides that have gone to assigned counsel over the past two Fiscal Years. Fewer cases went to assigned counsel in Fiscal Year 17 up until this date, and I hope that continues to be the case. But those bills are starting to roll in. And we've had one homicide of the defendant was Katlyn Marin. The cost for that representation for the attorneys we have one invoice for one of the attorneys and that was a little over \$100,000. And we just received the invoice from the co-counsel and that was roughly \$70,000. So we are seeing significant costs for representation in these homicides that because of conflicts the Public Defender was not able to handle.

With regard to contract counsel, my understanding is that that has been a relatively steady amount over the past several years. At the end of the last Fiscal Year this position was vacant and so there was nobody who could quickly get in and request some additional funding to get us more units. So when we ran out of units to give to the contract counsel, unfortunately, cases had to go on the assigned counsel basis, and that's an hourly rate of pay. So we -- we've seen the consequences of not having enough units at the end of the past Fiscal Year. I'm happy to take questions.

CHAIRMAN KURK: It seems that everything you just said was foreseeable. We knew about the murder cases. We knew that the opioid epidemic was there, and we had some sense of the trajectory of increase. So I don't understand why these weren't factored in when the budget was created last time.

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MS. BLODGETT: I can't speak directly to that, but my impression is that Ms. Gardner tended to --

REP. EATON: Flat line.

MS. BLODGETT: Yes. Yeah. And I think that my predecessor maybe was more conservative in his request. I -- one piece of this that I'm aware of is that there was an effort to recruit many more volunteers for CASA, and there was a hope that CASA could take on a larger percentage. They did increase their volunteers. They have got about 56 more volunteers as of April 10th this year than they did last year, but they're handling about 89 more cases as of April 10th this year compared to last year. So I do think that on the part of the counsel the numbers that we provided for that budget should have been higher.

CHAIRMAN KURK: Final question from me then. Services other than counsel, why is it that we can't get copies of these invoices?

MS. BLODGETT: I am happy to provide copies of specific invoices, but I need to look in our system to see if they're sealed or not. And our database right now is not very user-friendly for that type of search. So what I need to do, and I apologize that I haven't been able to do it, but if there's a specific type of case that you would like me to look for, like a homicide, for instance, I -- we have to do a manual search for the invoices, and then to see if they're under seal with the court. We do note if it's under seal in our system, but out of an abundance of caution, and, unfortunately, I'm the person who spelled Representative Ober's name wrong in my presentation to the House Finance, so out of abundance of caution I would want to reach out to the Court directly just to make sure that we have captured whether that particular case is under seal.

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CHAIRMAN KURK: If a case is under seal, can we have the information without the name of the defendant?

MS. BLODGETT: That's a good question and I don't know the answer to that. I do have the court -- and I'll find out and let you know.

CHAIRMAN KURK: What I'm concerned about is a lot of money for taxi rides and other things like that.

REP. OBER: Transportation.

MS. BLODGETT: Okay.

CHAIRMAN KURK: Further questions? Representative Ober.

REP. OBER: Mr. Chairman, if I could respond to your second to last question. The Director did point out to us the impact that grants, such as Granite Hammer, which passed after they had done their budget last biennium, had on public defense. And so we had in the House Finance budget that did pass, we had added a section that would have provided a percentage of such grants to be held back in case of arrests and then provided to the Director for the Public Defender money. Because she really can't anticipate when she budgets how much a grant is going to impact her budget, which did happen. So we did respond to that. And that's part of this -- this problem. And then my question, I just wanted to clarify that.

We are really concerned about the transportation costs and in the past we have seen and this was under not Mr. Keating, but under Ms. Gardner, transportation invoices approved by the Court that were two or \$300 per ride. And so the Court while they said they were going to monitor that better, I don't know if they have. But in this day and age when Enterprise will bring you a rental car and then you drive your rental car for the

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day and turn it back, there's no reason to have huge \$300 and \$400 taxi rides. So that was one of our concerns with asking for invoices, and those should not be sealed. That's just the type that should be available with -- we are not looking for the person's name. We are -- just want to interface with the Court and remind them that there are other all alternatives, to please be careful.

MS. BLODGETT: Understood. And I -- unfortunately, in our database, I can't look for the specific type of service. But as you can see from the e-mail yesterday, our administrative assistant did do a manual review of the invoices for Fiscal Year 16 so we could get a sense of what are we paying for these different categories. So I can look back at those old invoices for transportation and provide you with specifics on that.

REP. OBER: Unfortunately, I didn't get the e-mail. And I know you sent it to LBA, but it didn't get passed on to me.

MS. BLODGETT: I'm sorry.

REP. OBER: Not your fault.

CHAIRMAN KURK: Further discussion or questions?
Senator Feltes.

SEN. FELTES: Thank you, Mr. Chairman. The first question is a follow-up on Representative Ober's question about the pressure with respect to Granite Hammer and also you mentioned, I think, Sarah, the pressure with respect to Senate Bill 515 to changing the legal standard of rebuttable presumption of harm. In that bill did the Legislature appropriate any money to help with the consequences of that legal standard? I can't remember.

MS. BLODGETT: Not to my knowledge.

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SEN. FELTES: Follow-up, Mr. Chairman.

CHAIRMAN KURK: Please.

SEN. FELTES: Thank you, Mr. Chairman. It's my understanding that this amount is covered in the Governor's Budget proposal and in House budget proposal, too.

MS. BLODGETT: I'm sorry, the amount for?

SEN. FELTES: This amount we are dealing with today.

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: It was assumed on the Surplus Statement for '17. It was known during the Governor's phase.

MS. BLODGETT: That's correct. The Governor's Office was aware we were anticipating additional costs in these lines.

SEN. FELTES: Okay. Thanks.

CHAIRMAN KURK: Further questions or discussion? There being none, is there a motion?

REP. EATON: I think Senator Feltes moved it.

REP. WEYLER: There's no motion.

** SEN. FELTES: I'll move to approve.

CHAIRMAN KURK: Senator Feltes moves to approve, second by Representative Wallner. Discussion, further questions? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the motion is adopted. Thank you so much.

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MS. BLODGETT: Thank you for your time.

*** {MOTION ADOPTED}

REP. EATON: Sarah, first time under fire, you've done good.

MS. BLODGETT: Thank you very much.

REP. OBER: They came to Division I. She's been under fire.

(8) Chapter 276:4, Laws of 2015, Department of Administrative Services; Transfer Among Accounts and Classes:

CHAIRMAN KURK: Turning to agenda number eight, Fiscal 17-069, a request from the Department of Administrative Services for authorization to transfer \$329,185 in General and Other Funds, in and among accounting units through June 30th, 2017.

** REP. OBER: Move to approve.

CHAIRMAN KURK: Representative Ober moves to approve, seconded by Senator Reagan. 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:

CHAIRMAN KURK: Turn to item number nine on our agenda. First, we'll take up Fiscal 17-058, a request from the Department of Transportation for authorization to transfer \$347,800 between various accounts and

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classes through June 30th of this year. Is there a motion?

** REP. EATON: Sure.

CHAIRMAN KURK: Moved by Representative Eaton, seconded by?

SEN. REAGAN: Second.

CHAIRMAN KURK: Seconded by Senator Reagan. Discussion? Questions? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

*** {MOTION ADOPTED}

CHAIRMAN KURK: We turn to Fiscal 17-059, another request from the Department of Transportation for authorization to transfer \$569,117 between various accounts and classes through the end of this Fiscal Year.

CHAIRMAN KURK: Is there a motion? Senator Reagan moves, seconded by Senator Birdsell that the item be approved. Questions? Discussion? There being none. Are you ready for the question?

ANDY SANBORN, State Senator, Senate District #09: I have a question for discussion.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Mr. Chair, this is a question for you. Typically, you know, long-term debt service is from year to year when people make a budgeting proposition of what the expense will be. How many financial \$500,000?

CHAIRMAN KURK: Mr. Kane.

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MR. KANE: I think it's a good question for the Department. The budget estimates are made two years in advance. The Department does the best they can to have a Debt Service estimate from Treasury, depending on the percentage rates or the coupon rates that the Treasury borrows. That could impact that. But the Department's the best person to clarify that.

CHAIRMAN KURK: Is there someone from the Department who could address the issue? Good morning and welcome to Fiscal.

MARIE MULLEN, Director of Finance, Department of Transportation: Good morning. Marie Mullen, Director of Finance for the Department of Transportation.

To answer your question, Senator Sanborn, as Michael Kane said, the LBA said we anticipate our debt service two years ahead with estimates from Treasury. We don't know year to year what they're going to go out for for general obligation bonds. In this last biennium, they did not go out for a general obligation bond in the first year of the biennium. They went out for a general obligation bond in the second year of the biennium. So we saw some savings from that. We tried to anticipate what the Debt Service would be; but because they only went out in the second year, we had some savings so we are using that savings to pay the municipalities the Block Grant Aid that's required of us to pay them by RSA.

SEN. SANBORN: Thank you very much.

CHAIRMAN KURK: Did I understand that you're borrowing money to pay block grants?

MS. MULLEN: No, we are not borrowing money to pay block grants. We are just transferring the excess funds.

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CHAIRMAN KURK: And in the 18-19 budget, did you put in money on the -- for debt service on the assumption there would be two general obligation issues?

MS. MULLEN: Yes.

CHAIRMAN KURK: Thank you. Further questions or discussion? There being none -- we have a motion? There being none, you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it. The item is approved. Thank you very much, ma'am.

*** {MOTION ADOPTED}

(10) Chapter 276:143, Laws of 2015, Department of Health and Human Services; Transfer Among Accounts and RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds over \$100,000 from any Non-State Source:

CHAIRMAN KURK: We turn now to agenda item number ten, Fiscal 17-070, a request from the Department of Health and Human Services for authorization to transfer \$18,701,036 in General Funds, increase related Federal revenues in the amount of \$24,392,767, and increase related other revenues in the amount of \$6,394,434 through June 30th, 2017. Is there a motion?

REP. EATON: Do you want questions?

CHAIRMAN KURK: Are there questions?

REP. EATON: Senator Feltes, I think, just moved it.

SEN. FELTES: Well, thank you, Representative Eaton. I'll make another motion at the behest --

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CHAIRMAN KURK: Senator Feltes moves to approve the item. Is there a second? Representative Eaton seconds the motion.

REP. OBER: Beware the gifts of your friends, Senator Feltes.

CHAIRMAN KURK: Is there a discussion? Now we had a little bit of discussion on an \$8,000 item. Is there to be no discussion on a \$24 million item? I guess it's more complicated than we want to discuss. There being no discussion and no questions, 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}

REP. OBER: Mr. Chairman, in this case they presented 19 pages of backup data as to exactly what they needed so we all understood.

CHAIRMAN KURK: I see.

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

CHAIRMAN KURK: We turn now to agenda item number 11, Fiscal 17-060, a request from the Department of Safety for authorization to transfer \$70,000 in General and Highway, Turnpike Funds among accounts through June 30th, 2017.

** REP. EATON: Move approval.

CHAIRMAN KURK: Representative Eaton moves approval.

REP. OBER: I have a question.

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CHAIRMAN KURK: And Senator Feltes seconds.
Representative Ober is recognized for a question.

REP. OBER: Didn't we just give them money for part-time overtime hours?

CHAIRMAN KURK: Is there somebody here from the Department of Safety? Good morning, sir. Thank you so much for being here.

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

CHAIRMAN KURK: Could you identify yourself for the record?

MR. LAVOIE: Steve Lavoie, Director of Administration for Department of Safety.

CHAIRMAN KURK: Representative Ober has a question.

REP. OBER: Didn't we approve this already? Didn't you have one of these already for the amount for anticipated shortages of part-time salaries and overtime?

MR. LAVOIE: We did have an item several months ago that was calculated back in January for those anticipated shortages. Since then, we continually review our payroll projections with each pay period, and it was determined that we needed additional funding to see us through to the end of the Fiscal Year.

REP. OBER: One more question?

CHAIRMAN KURK: Sure.

REP. OBER: Is this one accurate? Is this the last or we going to get another one?

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MR. LAVOIE: We --

CHAIRMAN KURK: You knew that was coming.

MR. LAVOIE: Yeah, fair question. Unfortunately, we can't predict what will happen. Overtime is driven by several factors, including our vacancies, including our special units. So if there's -- if there's a murder, if there's a K-9 unit, if there's a SWAT deployment, all of those have impacts that we try to project out, but it's really based on the activities that are occurring out there in the state. So to your answer, I don't -- I don't know. We hope so. But if we do need additional overtime monies, we will be back with another request.

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

*** {MOTION ADOPTED}

(12) Chapter 276:219, Laws of 2015, Department of Corrections; Transfers:

CHAIRMAN KURK: We turn to item 12 on the agenda, Fiscal 17-061, a request from the Department of Corrections for authorization to transfer \$1,054,000 in General Funds among accounts through June 30th, 2017. Are there questions on this one? Is there a motion? No one wishes to move the item?

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

CHAIRMAN KURK: Representative Wallner moves the item. Is there a second? Representative Feltes seconds.

REP. OBER: Senator, I told you to be careful gifts from friends.

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SEN. FELTES: It's great to be on Fiscal this morning.

CHAIRMAN KURK: We try to introduce newcomers as quickly as possible.

SEN. FELTES: Very good.

CHAIRMAN KURK: Is there discussion or questions about Fiscal 17-061? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

***** (MOTION ADOPTED)**

CHAIRMAN KURK: We turn now to Fiscal 17-065, another request from Department of Corrections for authorization to transfer \$6,656,400 in General Funds among accounts through June 30th, 2017. Is there somebody from the Department who could answer questions about this? Good morning. Could you identify yourselves for the record, please?

HELEN HANKS, Assistant Commissioner, Department of Corrections: Good morning, Members of the Committee. My name is Helen Hanks. I'm the Assistant Commissioner in the Department of Corrections. A tad bit of a cold. If I'm not being clear, just look at me and I'll fix that.

ROBIN MADDAUS, Director of Administration, Department of Corrections: And Robin Maddaus, Director of Administration for the Department of Corrections.

CHAIRMAN KURK: Thank you. The question is this. I understand we have a number of inmates with very expensive medical problems.

REP. OBER: That was the previous one.

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MS. HANKS: That was the previous one.

CHAIRMAN KURK: You're kidding?

REP. OBER: No.

MS. HANKS: I believe, Chairman, that one passed.

CHAIRMAN KURK: I can't ask the question. It's inappropriate. But would you mind giving us a list of those and what happened to them with respect to the Parole Board approval?

MS. HANKS: Absolutely.

CHAIRMAN KURK: Thank you. Questions on this item? Do we have a motion?

REP. WEYLER: We don't.

CHAIRMAN KURK: Senator, would you like to do the right thing?

** SEN. FELTES: Move to approve.

REP. WALLNER: I'll second.

CHAIRMAN KURK: Moved by Senator Feltes, seconded by Representative Wallner. Questions or discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved. Thank you.

*** {MOTION ADOPTED}

MS. HANKS: Thank you. This truly is a good Friday.

CHAIRMAN KURK: Yes, it was a good Friday for the Department.

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(13) Miscellaneous:

(14) Informational Materials:

CHAIRMAN KURK: Are there any questions about any informational items?

SEN. SANBORN: Yeah.

CHAIRMAN KURK: We do have a late item, I believe, the Dashboard. Did you have some questions about that, Senator?

SEN. SANBORN: I do.

CHAIRMAN KURK: Is there someone from the Department of Health and Human Services who would be able and willing to answer the question? Good morning, again.

MS. ROCKBURN: Good morning.

LORI SHIBINETTE, Deputy Commissioner, Department of Health and Human Services: Good morning. Lori Shibinette, Deputy Commissioner for HHS.

CHAIRMAN KURK: Senator Sanborn, you're recognized for a question.

SEN. SANBORN: Thank you, Chair. Ladies, thank you so much for coming in. As always you know this is one of my love-hate relationships with this report. The two things that I have that I love to talk about is, A, as you know, I was sitting here thinking about how many months in a row I've been asking about the DD Wait List, but now I think maybe it's years that I keep asking the same questions. You know, it continues to be a real big concern of mine. Can you both tell us when we can let these families know that they're going to be okay and all the money we're throwing at this issue is actually

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hitting the street helping these families? That's my first question.

MS. SHIBINETTE: I'm going to ask Chris Santaniello to come up. She is the Director of that Department.

CHRISTINE SANTANIELLO, Director, Bureau of Developmental Services, Department of Health and Human Services: Good morning. I'm Chris Santaniello. I'm the new Director of the Bureau of Developmental Services. So this is my first Fiscal.

SEN. SANBORN: Welcome aboard. Thanks for coming.

MS. SANTANIELLO: Thank you. Can you repeat your question 'cause I couldn't hear fully.

SEN. SANBORN: I apologize. I'm very soft-spoken.

MS. SANTANIELLO: Sure.

SEN. SANBORN: That's not a true statement.

MS. SANTANIELLO: I know that. Sorry. Whoops!

SEN. SANBORN: Always very concerned about the DD Wait List and whether or not we're taking care of the most core functions that I believe our Government is supposed to do, which is take care of those that are in need.

MS. SANTANIELLO: Yes.

SEN. SANBORN: And it has now been, I think, five years that I've been sitting – actually, eight years I've been sitting on this Committee – and the problem continues to not resolve itself in spite of the fact we continue to throw large sums of money at trying to solve it. While I appreciate some of the narrative, at the end of the day I've got to turn to people in my community

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and say taking care of you or not. We're resolving it or not.

MS. SANTANIELLO: Right.

SEN. SANBORN: And it doesn't seem like we are still solving it yet. So what do we need to do and what's our date by which we will eliminate the Wait List?

MS. SANTANIELLO: So I think one of the difficult things is we project our budget two years in advance. And so we go to budget with the best information we have at that moment in time as to who's going to be needing services, whose needs may change. And so one of the things that happened in this current biennium is at the beginning of the year we had a couple of surprises that we didn't anticipate in the budget for. So that took some of our priorities.

What I've been doing now is we did put in forward in our Efficiency Budget the cost to fully fund everybody we know about at that moment in time. I'm continuing to look at those numbers. And I'm actually working on updating that for the next phase of the budget as to exactly how many people we are going to be needing to serve to do all of that.

At the same time, I know there was an issue of money not being spent and lapsed dollars. And so what I've been doing is working really closely and, again, it's been a short period of time, but working closely with the agencies, because I used to run an agency so I know how things work, is looking at how do we meet the short-term needs of some of these families with money that's falling out till we can actually get to a point where we can give them the money. So we are trying to not leave anybody without getting what they need immediately.

SEN. SANBORN: Follow-up.

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CHAIRMAN KURK: Follow-up.

SEN. SANBORN: How confident are you we'll be able to solve this problem with the resources that are being discussed to be allocated from the fine two gentlemen sitting over there and their teams in the next two Fiscal years?

MS. SANTANIELLO: So I'm confident that based on the numbers of the people I know about that we can work together with the agencies. Now, they are having some struggles with workforce issues and capacity issues. But one of my things I've been working at with the agencies is, okay, these are the numbers we have today. This is how based on the number -- the money I see today how services would be divided up. So please start planning now. Tell me who you think is a really big priority. So we are trying to attack it from a couple of different ways. So that when we have a budget that is approved and we know the full dollars amount we can get moving and get started right away. And that hadn't happened previously due to some complications with the budget.

So I'm trying to be as proactive as we can be. But I also recognize that at any time someone that we didn't plan for or something could put a wrench in the best plans and I'm trying to plan for that.

SEN. SANBORN: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: Thank you. And I grant you, I mean --

MS. SANTANIELLO: I know.

SEN. SANBORN: -- I fully recognize there are incidentals.

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MS. SANTANIELLO: Yep.

SEN. SANBORN: People that come out of the
woodwork, incidental pop-ups.

MS. SANTANIELLO: Hm-hum, yep.

SEN. SANBORN: So if we're talking a hundred people
at a time that are coming out --

MS. SANTANIELLO: Yep.

SEN. SANBORN: -- forcing it backwards, that's
where I kind of struggle, the difference between
incidental and --

MS. SANTANIELLO: Right.

SEN. SANBORN: -- as a state, not blaming you guys,
as a state unresponsive.

MS. SANTANIELLO: So I'm working really close with
the agencies to make sure they tell me who's coming your
way. 'Cause I can only base information on what's given
to me. We are working on some of our systems, some of
our systems are really antiquated. And so we are
working. We have a Capital Budget item to really help us
at any moment in time say, boom, how many people are
waiting so I know exactly what we can do. We are also
looking at when people leave our system that have
existing services, how can I quickly redeploy that to
take care of people who are waiting. So we are working
really hard. We are trying to project out. Our numbers
are going up, which we knew they would, and so we're
working really hard to try to attack this issue, and
working really closely with the agencies.

CHAIRMAN KURK: If I may? How many people are
currently eligible to receive services?

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MS. SANTANIELLO: Currently eligible overall?

CHAIRMAN KURK: DD Services.

MS. SANTANIELLO: In the system or waiting for services?

CHAIRMAN KURK: Currently eligible for services, whether they're receiving them or not. The next question will be how many people who are eligible for services are not currently receiving any services?

MS. SANTANIELLO: So, currently, we have about -- well, and it's about 4600, I would say, on the Developmental Disability Waiver. So that's people that are already getting waiver services. We serve about 12 -- I don't have the Dashboard right in front of me. Across on the DD side we have about 12,000 people that are eligible for services, and there's about 200 that are waiting for services.

CHAIRMAN KURK: That is to say people -- the 200 are receiving no services?

MS. SANTANIELLO: No, correct. No. No, no, no.

CHAIRMAN KURK: That's what I'm asking. How many people are receiving zero services?

MS. SANTANIELLO: Fifty-six and 41.

CHAIRMAN KURK: How many?

MS. ROCKBURN: So I think what it is is that this is on the Dashboard.

SEN. SANBORN: Ninety-seven.

MS. ROCKBURN: One of the tables in the back that I can read, out of the 224 that are on the waiting list,

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of that 56 are clients that are turning 21. So they were getting some services as under the children's waivers; but they are new to the DD Adult Waiver, because that waiver starts at age 21. There are 41 brand new clients that have come into the system. And then --

CHAIRMAN KURK: Currently getting zero services?

MS. ROCKBURN: Getting zero, correct.

CHAIRMAN KURK: Thank you.

MS. ROCKBURN: And then 127 that are looking to get additional services. So out of the 224, 127 are getting or requesting additional services so they're getting some services already.

CHAIRMAN KURK: So as far as my definition of the Wait List, the Wait List consists of those people who are getting no services. Everybody else is getting something. And that number was seven -- 87?

MS. ROCKBURN: Ninety-seven.

CHAIRMAN KURK: Ninety-seven.

MS. SANTANIELLO: Hm-hum.

CHAIRMAN KURK: Could you explain the difference between forty, the 4600 number that you mentioned and the 12,000 number you mentioned?

MS. SANTANIELLO: Oh, sure. Sorry. The 4600 is people who are currently on our Developmental Disability Waiver, and that number could be off by a few. And then the 12,000 is anybody who's getting. So that would be children, family support, birth up on through the life span. Waiting list here is people 21 and over.

CHAIRMAN KURK: So it's 4600 people who are 21 and over?

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MS. SANTANIELLO: On the Developmental Disability Waiver.

CHAIRMAN KURK: Sorry, I still don't understand the 7,400 people. They consist of children?

MS. SANTANIELLO: Children, someone who may not be on the waiver.

CHAIRMAN KURK: Children who are in school and getting services there?

MS. SANTANIELLO: Yes. But they might be getting family support from us, as well as early intervention.

MS. ROCKBURN: I think, in other words -- in other words, Chairman, is that the 12,000 number or the -- sorry -- 7200 you're referencing are clients that are getting served by the Bureau but not specific to the Developmental Disability Waiver Program. So they're sort of total clients served under that entire Bureau. So that might be our in-home supports waiver which is for children, our brain injury waiver, acquired brain disorder waiver, folks that have come through that. People that are not necessarily on the waivers but getting just additional supports through the Bureau. So those are just additional clients that we are serving, not specific though to just developmental services.

CHAIRMAN KURK: Rough numbers. What's the total number of dollars we spend on the 7200 and what's the total number of dollars we spend on the 4600. And if you don't know the answer, just give us a little letter.

MS. ROCKBURN: Yes, I can respond to that. I don't know that off the top of my head. It is separate in our budget so I can get that for you.

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

SEN. SANBORN: Yes, my follow-up question has more to do with our ongoing revenue shortfall. You still have that TBA under the MET Tax. My understanding that CMS actually came out with a rule that would clarify where we are on that issue.

MS. SHIBINETTE: So it's TB -- TBD.

SEN. SANBORN: TBD, I'm sorry. I'm not wearing my glasses. My apologies.

MS. SHIBINETTE: The uncompensated care numbers aren't due in till Monday. So we can't calculate uncompensated care until -- we can't calculate DSH until uncompensated care payments are in.

CHAIRMAN KURK: I don't think that was the question.

MS. SHIBINETTE: Okay. I'm confused then.

CHAIRMAN KURK: The question was --

SEN. SANBORN: So, as you know, there's been somewhat of a dispute about how much who owes who that I say politely.

MS. SHIBINETTE: Yes.

SEN. SANBORN: Part of this has to do with interpretation coming from our good friends at the Federal Government.

MS. SHIBINETTE: Yes.

SEN. SANBORN: And a rule basis that they made. And my understanding is they have gone back and readjusted that rule. So the State of New Hampshire should have

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clarity at this point about where our obligation begins and stops and there should be much better understanding of what that number should be. Are you aware that CMS --

MS. SHIBINETTE: Yes.

SEN. SANBORN: -- modified the rule?

MS. SHIBINETTE: Yes. I'm aware of the ongoing discussion about the CMS rule. I know that there's still ongoing discussion with the AG's Office about CMS' rule, clarification. But the -- are you talking about the DSH TBD in the Dashboard?

SEN. SANBORN: Yes.

MS. SHIBINETTE: Okay. So my understanding is that the hospitals submit Uncompensated Care dollars or information to the Department, which is due to us on Monday. Once we receive that information, then we are able to calculate what that TBD number is.

SEN. SANBORN: Thank you.

MS. SHIBINETTE: Does that answer your question though? Because Sheri may --

SEN. SANBORN: No, it does not but that's okay. We'll take it up at a later date.

CHAIRMAN KURK: Let me help a little bit. Do you know when the change in rule from Washington is to be effective?

MS. SHIBINETTE: I do not; but I can certainly have Commissioner Meyers work on that and maybe send you an e-mail.

SEN. SANBORN: Sheri, you --

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MS. ROCKBURN: Sure. I still know there is some uncertainty even though the rule -- let me just back up a minute. While the rule was, I'll say, finalized by CMS, it was very -- there's still some questions in interpretation.

SEN. SANBORN: There are still some who are questioning the interpretation is what you're saying?

MS. ROCKBURN: Correct. So there's still questions we are getting from the Association about even the final rule. So that is still getting worked out and played out with the Attorney General's Office. So the clarification wasn't as clear --

SEN. SANBORN: Clear.

MS. ROCKBURN: -- as we had hoped.

SEN. SANBORN: Thank you very much.

CHAIRMAN KURK: Do you know when it becomes effective?

MS. ROCKBURN: I think that's also we are trying to understand that. So there's -- there's no specific language that talks about is it prospective, is it retrospective. So we are trying to get our hands around that.

CHAIRMAN KURK: I didn't ask whether it was pro or retro. I asked when it becomes effective. It was published, I thought, on March 24th, published in the Federal Register. My understanding it's 60 days. So could you find that out for us?

MS. ROCKBURN: I can definitely -- I believe that it has -- if it's the 60 days, it's an early June date; but we can get the exact date.

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CHAIRMAN KURK: I was hoping for a late May date. Sometime before May 30th.

MS. ROCKBURN: We can look. I don't know the exact date. We can look at that.

MS. SHIBINETTE: I believe the date is there, but I think there's still questions about the date and it's still being reviewed.

CHAIRMAN KURK: There are questions about the date and about the content?

MS. SHIBINETTE: Yes, that is being reviewed currently at the Attorney General's Office.

CHAIRMAN KURK: Thank you.

MS. SHIBINETTE: Sorry, I did not understand the question.

SEN. SANBORN: I'm sure it was how I asked the question.

CHAIRMAN KURK: Senator Feltes.

SEN. FELTES: Thank you. Thank you, Mr. Chairman. Page 2, Line 24 and 25 relative to DCYF. On Line 24 it mentions the Interim Assessor's Report, although the final report in December it still said 120 for the case workers. So, obviously, that must be an oversight in the edit. But my question is the final report also says 24 assessment supervisors to do a 5 to 1 ratio. Where is the Department on getting the folks or the case workers to get to 120 and where is the Department to get the necessary assessment supervisors, which I don't see listed here? Maybe it's Line 25, I don't know, but --

MS. ROCKBURN: Sure. I can speak to a little to that. So 25, just as a clarification, is

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independent -- somewhat independent of the assessor's report. That was really to add additional hours and staffing so that when clients call in after hours, they have a live body to work with.

SEN. FELTES: Okay.

MS. ROCKBURN: While the assessor's report touches on the entire system, that's where Line 25 is really dealing with is really our standing up our hours after the 4 o'clock when normal State Government is no longer available. So that's where that is.

The 24, and we probably could have updated that interim to say final because the final report and the interim had the same time period or, sorry, the same caseload numbers and the same staffing requests. So you're correct, that did not change between the interim and final report. I don't know how many positions have been filled to get us to the 120 benchmark. I do know that there was very minimal, in terms of the supervisors that we needed to add. I think in total we ended up adding about five to get us to the actual total that we needed. And that is part of this staffing level. We moved some positions around to meet that.

So I know that in terms of our budget request we have everything we need to hit the target numbers, but I'm not sure in terms of actually filling those positions. I know we still have vacancies, but we are actively recruiting.

SEN. FELTES: Follow-up, Mr. Chairman?

CHAIRMAN KURK: Follow-up.

SEN. FELTES: Thank you. Thank you for that response.

MS. ROCKBURN: Sure.

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SEN. FELTES: You know, the report does say 120 case workers, 24 assessment supervisors for a 5 to 1 ratio. Can you update the Dashboard maybe with another row --

MS. ROCKBURN: Sure.

SEN. FELTES: -- with respect to the assessment supervisors so we have that information, too?

MS. ROCKBURN: Sure.

SEN. FELTES: Then maybe, you know, an update of where you're at in terms of hiring.

MS. ROCKBURN: Absolutely, we can follow-up with that.

SEN. FELTES: Thanks.

CHAIRMAN KURK: Further questions on the Dashboard or any of the other informational items? There being none, thank you very much for your responses. At this point, we've completed our agenda of items and we will turn to our audits.

AUDITS:

CHAIRMAN KURK: Good morning, Mr. Smith. This is a change. It's normally good afternoon, Mr. Smith. Good to see you.

STEPHEN SMITH, Director, Audit Division, Office of Legislative Budget Assistant: Good morning, Mr. Chairman.

Before we present the first audit, I'd like to make a request to accommodate a scheduling challenge. I would like to switch the Lottery Commission and Liquor

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Commission and reverse the order of the presentation if that meets with your approval.

CHAIRMAN KURK: Not a problem.

MR. SMITH: Okay. Thank you.

CHAIRMAN KURK: Which one will you be doing first?

MR. SMITH: The first one will be the Naturopathic Board of Examiners. For the record, Steve Smith, Director of Audits for the LBA. Joining me this morning from the LBA Office the Manager on this audit, Steve Grady. Also joining us from the Board is the Chair, Dr. Sellars, and also Joe Shoemaker, the Division Director of the OLBP. With that, I'll turnover to Steve.

STEVEN GRADY, MPA, MSS, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good morning. For the record, I am Steve Grady. I was the in-charge auditor for the Naturopathic Board of Examiners Performance Audit.

The Audit's objective was to determine how effective the Board was with regulating the naturopathic profession during State Fiscal Years 2015 and 2016. I will be summarizing most of the report's 18 Observations focusing on only a few.

Of the 18 Observations and Recommendations, the Board concurred with 17 and concurred, in part, with one. The Office of Professional Licensure and Certification was affected by nine Observations and Recommendations and the Office concurred with each. Seven Observations may require legislative action. Structuring, operating and administrating control system necessary to adequately regulate Naturopathy was likely beyond the capacity of the volunteer Board alone. Migrating Board administration to the Office created mid-audit period to promote administrative efficiency

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and economy was still in process during the audit period.

Procedures and practices were in flux. Managerial staff reportedly underwent substantial change. Board non-compliance with statutory, regulatory, and general management control standards within this context may, to some degree, be attributable to insufficient administrative support and organizational turbulence.

The Executive Summary's on Page 1. The Recommendation Summary starts on Page 3 and the section on Naturopathy starts on Page 9.

Naturopathy was differentiated from allopathic for conventional medicine being considered an alternative medical system. While Naturopathy has been regulated in New Hampshire since the creation of the Board, as we discussed in Observation No. 1 on Page 10, several areas of practice required further clarification. However, the Board did not clearly define the scope of practice, promulgate required scope of practice rules or consistently respond to practitioners' requests for clarification of the scope of practice. This left Naturopath relying upon previous educational experiences and practices to inform their interpretation of the New Hampshire scope of practice. Accredited Naturopathic education occurred outside of New Hampshire in jurisdictions with differing scopes of practice. We recommend the Board comply with State Law and adopt rules to define the scope of practice and respond to all inquiries.

Observation No. 2 begins on Page 15. State Law authorizes Naturopath to use natural medicines and prescribed substances listed in the Naturopathic formulary. However, we found Board controls over the prescribing, preparing, and dispensing of substances were inadequate rendering this aspect of the Naturopathic scope of practice functionally unregulated.

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We also identified a gap in the regulation of Naturopaths prescribing, preparing, and dispensing substances between the Board and other regulatory entities, such as the Pharmacy Board.

We recommend the Board systematically monitor and adequately control Naturopathic practices related to the prescription, administration, distribution and manufacture and storage of drugs and develop an inspection protocol with the Pharmacy Board. The Boards may wish to seek legislation to include Naturopaths using prescription drugs within the scope of the Pharmacy Board's authority to inspect and regulate drug storage, labeling, distribution and disposal.

Observation No. 3 begins on Page 19. The Formulary Council was created to develop a formulary listing which natural substances a naturopath could prescribe. 88% of the respondents to our survey practicing in New Hampshire reported prescribing from formulary. The 2009 Formulary took a permissive approach to framing the substances, the dosage, and the dosage forms Naturopaths could prescribe. It expanded the statutory scope of the formulary in several areas. It listed innocuous substances, prescription drugs and scheduled drugs, including synthetic and conventional or allopathic substances.

A proposed 2016 update seemed to reduce some latitude in prescribing, but contained more drug classifications and more conventional or allopathic substances, continued many of the scope expansions of the 2009 Formulary, and included at least one substance not approved for use by the Federal Food and Drug Administration and which was considered experimental in the United States.

Further, Board rule provided for a functional similarity test to be applied to synthetic substances, undoing the statutory constraint that requires formulary

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substances be identical or substantially identical in molecular structure to a plant or animal substance as found in nature.

We recommend the Board ensure the formulary contains only those elements and features specified in statute or seek legislative amendments to allow for broader scope for the formulary.

Observation No. 4 begins on Page 23. To prescribe controlled substances naturopaths had to obtain a Federal Drug Enforcement Administration registration number and register with the State's Prescription Drug Monitoring Program, the PDMP. However, until January 2017, they could not register in the PDMP as a Naturopath due to system limitations. Further, the Board did not actively regulate prescribing practitioners who were subject to registration in the PDMP.

Of the 25 respondents to our survey who reported practicing in New Hampshire, none were registered and actively using the PDMP, including 11 who reported holding DEA registration numbers to prescribe controlled substances.

We recommend the Board oversee naturopaths subject to the PDMP and develop related rules, policies and procedures. The section on licensing and certification begins on 27 -- Page 27.

Observations number 5 through 9 detail numerous control inadequacies in the Board's rules, policies, and procedures related to licensure and certification. The Board did not ensure initial license applicants consistently met statutory and regulatory standards, including education, examination, and documentation requirements.

The Board lacked the Juris Prudence Examination to help ensure licensees understood State laws and rules.

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The Board issued new and renewed licenses valid for a period substantially less than the statutorily required two-year period. Over 28% of the licensing filed we reviewed contained defective licenses. The Board did not consistently take timely renewal action, take renewal actions based on rules, or take enforcement actions. Some office practices and procedures had the effect of nullifying Board rules.

Management of continuing education requirements was inadequate and the continuing education system was confusing, cumbersome, and inefficient. Board practice differed from rule and over 40% of the approved renewal applications we reviewed did not meet continuing education requirements.

Finally, Board management of new and renewed specialty certificates was inconsistent in several areas, including ensuring applicants met statutory and regulatory educational standards.

Our recommendations include the Board comply with statute and rules, require new licensed applicants take and pass a New Hampshire Juris Prudence Examination, approve only those applications meeting established standards, and improve consistency in the approval, conditional approval, and denial of license renewals.

We also recommend the Board seek legislative changes to synchronize the three-year continuing education and two-year licensing cycles. The Board should also amend its rules to reflect synchronized cycles. We also make several recommendations to the Office to conform its practices to Board rules and procedural requirements.

Observation No. 10 begins on Page 49. Systematically monitoring licensees' activities can help ensure they follow applicable requirements, but the Board lacked adequate complaint, investigation, and

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enforcement policies. Complaints were inconsistently resolved and investigation procedures compromised Board adjudicative independence, and the Board undertook extra-jurisdictional investigations and enforcements.

We recommend the Board apply the long rule, develop complaint and investigation procedures to preserve its independence, and discontinue extra-jurisdictional investigations and enforcements. We also recommend the Office discontinue enforcement activities without specific Board direction.

I will next summarize Observations number 11 through 18 which begin on Page 53.

Management controls of the plans, policies, and procedures created to achieve a mission and goals and objectives. The volunteer Board and Council were responsible for and struggled with a wide variety of controls. The Council was not assigned to a component of the Executive Branch and operated wholly outside the statutory construct for a public body. Council operations were informal, lacking rules and documentation of key functions, including the formulary development process. There was a widespread lack of filing of statements of financial interest by the Board and Council compromising forum for 11 of 12 Board meetings and the single Council meeting held during the audit period.

We found inconsistent compliance with the Right-To-Know Law, including conducting of business outside meetings. Rules were expired for substantial periods of the audit -- substantial parts of the audit period and were enforced while expired and lacked substantive content. Board and Council were not compliant with statutory recordkeeping requirements. And, lastly, the relationship between the Office and the Board and Council lacked clarity.

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Our recommendations include developing policies, procedures, and rules to govern Council operations, complying with the Right-To-Know Law, financial interest, and other laws. Seeking legal advice regarding actions taken without quorum, improving rules and the implementation of rules, and clarifying the terms and conditions of the Board's relationship and inner relationship of the Council to the Office. We also make several recommendations to the Office related to the services it provides.

This concludes my remarks. I'd like to thank the Board, the Council and Office management and staff for their assistance during the audit. Unless there are any questions of me, I'll be followed by Dr. Sellars.

CHAIRMAN KURK: Thank you very much. Mr. Smith, shall we take questions now or should we hear from the Board?

MR. SMITH: You can hear from the Board.

CHAIRMAN KURK: Why don't we hear from the Board.

DR. DEBORAH SELLARS, Chair, Naturopathic Board, Office of Professional Licensure and Certification: Hi. I'm the Chairperson for the Naturopathic Board of Examiners. I'm Dr. Deborah Sellars. I'm open to questions.

CHAIRMAN KURK: I hardly know where to begin. This is a report that is -- indicates a great deal of problems with this particular Board. I notice that you agreed in most cases or concurred in most cases with the recommendations. But if you go to Page 25, on one of them you say you're not going to be able to finish this until the end of 2018 and that's with the PDMP. The problems that the Board has that the LBA has developed are so significant that I would have expected a much, much speedier response. Taking a year and a half, a year

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and three-quarters to comply with registration on the PDMP when we're in the midst of a crisis --

DR. SELLARS: Excuse me. That's already been taken care of.

CHAIRMAN KURK: What percentage of the people who are supposed to register are registered?

DR. SELLARS: I don't have the answer to that at this point in time. We do meet on the 22nd. A letter has been sent out now that we actually can register, but that is the first and foremost issue that will be taken care of. I mean, that's -- that is the absolute.

CHAIRMAN KURK: So why will it take so long.

DR. SELLARS: Well, that's not the only issue that's going to be taken care of. You're talking about one issue, the PDMP.

CHAIRMAN KURK: Yes.

DR. SELLARS: That's been taken care of. That has already a letter has been gone out, and everybody should be in compliance with that at this point in time. You understand we're a voluntary board; and so, therefore, a letter went out after our last meeting. We then will meet again and we will make certain that those individuals who have a DEA number will have complied with that specification. It's important no matter -- no matter what across the Board for the entire State of New Hampshire.

CHAIRMAN KURK: So what's the 2018 time line?

DR. SELLARS: You understand we have 18 recommendations and, therefore, we also have a point now where rules will have to be changed. And they will have to then go in front of JLCAR. So, therefore, many

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things -- we are starting our strategic planning right away. As I said, something as important as the PDMP, and the fact is that as a very earnest group of individuals, most everybody is now in alignment with that. If not, we will be finding out. But anybody with a DEA number will have that -- will be on the PDMP.

CHAIRMAN KURK: And anybody without a DEA number can't prescribe.

DR. SELLARS: They cannot prescribe scheduled --

CHAIRMAN KURK: Scheduled drugs.

DR. SELLARS: Exactly and yes. And you can't go to a pharmacy and without that DEA number you cannot get anything. You know, you cannot get that. Okay.

CHAIRMAN KURK: Thank you. Senator Daniels.

SEN. DANIELS: Thank you. Just had a quick question to it. Wondered how many licensed naturopaths practice in New Hampshire.

DR. SELLARS: I do not know how many practice in New Hampshire. I know there are 85 total, but there are people who practice in other states that have a license from New Hampshire.

SEN. DANIELS: Thank you.

CHAIRMAN KURK: Representative Weyler.

REP. WEYLER: Thank you, Mr. Chairman. An audit as complex and as with as many recommendations for legislative change as this, we will likely proceed in the similar manner what we did with the food laws, food protection laws. We'll probably go to the Health and Human Services Chairman of that Committee and ask him to appoint a Committee to hold hearings on some of these

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things and try to resolve all these things so we can come out with some legislation that covers everything. So I believe Representative Byron, one of our alternate members, is going to be heading up that effort, will be informing you of the results of that when we get together with Representative Kotowski who chairs the Health and Human Services Committee. Thank you, Mr. Chairman. I move that we --

CHAIRMAN KURK: Excuse me. There are a few other questions. Representative Eaton.

REP. EATON: Doctor, you just threw me with one of your last answers, and that is they asked how many were licensed, and you said there are people who are licensed who practice in other states.

DR. SELLARS: Hm-hum.

REP. EATON: So I guess it's a two-fold question. One is does that mean we're reciprocal with other states in our licensing; and two, is our licensing less restrictive than other states which would lead people to license here and practice elsewhere?

DR. SELLARS: So the answer to that is we do have reciprocity. In Massachusetts they did not have a license. And so, therefore, in order to practice and then they felt more secure, just they got a New Hampshire license, or they got a Vermont license or Connecticut. Anyplace that does issue a license. And, therefore, they were practicing as a naturopath -- as a licensed naturopathic doctor in a state that did not have a license and some did not. But most, I think, believe that they just feel safer doing that.

REP. EATON: Thank you.

DR. SELLARS: So that's changed now. Massachusetts has a license.

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CHAIRMAN KURK: Representative Ober.

REP. OBER: Was this report a surprise to you when you started getting the recommendations and had to respond?

DR. SELLARS: Yes. As a Board, as a voluntary Board we thought we -- we thought we were interpreting everything correctly. Because any time we had a question we'd go and ask the AG's Office. And we've had rules that been updated over the past X number of years. And so we actually look at this and say thank you. You know, we like the fact that now we can bring things up-to-date and understand that which we thought we had been doing correctly and, you know, protecting the people of New Hampshire is our job to do. So looking this over --

CHAIRMAN KURK: Representative Ober.

REP. OBER: I'd like to ask the same question of the agency.

JOSEPH SHOEMAKER, Director of Health Professionals, Office of Professional Licensure and Certification: Hum -- for the record, my name is Joe Shoemaker. I'm the Division Director of Health Professionals at OPLC. As -- as the Committee understands, OPLC was created approximately a year ago and --

REP. OBER: Two years ago.

MS. SHUMAKER: Sorry, two years ago. It wasn't a complete surprise to answer your question directly, Representative. I would say much of what we've seen is why OPLC was created. We now have an administrative structure in place to better support the Boards, and we certainly intend to do so. You know, we have processes that need to be updated and standardized amongst the boards. I have responsibility for the administrative side of 24 different boards and each of those boards

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have different rules and procedures and part of our role now is to try to standardize as much as we can going forward, and we certainly started that process.

CHAIRMAN KURK: Wasn't your Board created so that these kinds of problems wouldn't happen?

MR. SHOEMAKER: Correct.

CHAIRMAN KURK: Do you have any more surprises for us?

Are there any other Boards who upon review would receive as devastating an audit as this? If the answer is yes, you don't wish to say, I hope when you return to your office you'll make phone calls very quickly.

MR. SHOEMAKER: Certainly. We have rules changes in place on the majority of our Boards right now. We have made rules changes in the last two years since the Agency's been formed, and we have many in process right now, and that will address many of these items. So, specifically, to answer your question, we know we have concerns in place. We have addressed many of them. Many of them are currently in process to be addressed.

CHAIRMAN KURK: Why wasn't this one corrected before the audit turned up these problems?

MR. SHUMAKER: I can't answer that, sir. I mean, I've been in place -- I've been at OPLC for five months. So, certainly, you know, we have been diligent going through as many of my Boards as I can in the last five months to determine the state of operations currently and determine best course of action moving forward. And, again, we have rules changes in place with the majority of the Board that I have responsibility for.

CHAIRMAN KURK: Thank you. Representative Weyler.

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REP. WEYLER: Thank you, Mr. Chairman. The performance audit is a very thorough process. It points out various findings for all of us to observe. So it's a wise thing for you to use to approach a Committee called the Performance Audit Oversight Committee. If you have any other of the professions that you oversee you have any doubts about, then that would be to get on their list for further audits, performance audits, so that they would find these -- these things that need to be corrected, perhaps legislatively, perhaps not but combination would seem to need to be addressed with the performance audit. So it's a tool that we all enjoy, and I appreciate the efforts of that agency that does the performance audit. So it informs us all better what we need to do. Thank you, Mr. Chairman.

CHAIRMAN KURK: There being no further questions, Representative Weyler is recognized for a motion.

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

REP. OBER: Second.

CHAIRMAN KURK: Seconded by Representative Ober. Discussion? There being none, are you ready for the question? All those in favor say aye? Opposed? The ayes have it and the motion is approved. Thank you.

MR. SHUMAKER: Thank you.

******* {**MOTION ADOPTED**}

CHAIRMAN KURK: Now, Mr. Smith, we are turning to the --

MR. SMITH: The Liquor Commission.

CHAIRMAN KURK: -- the Liquor Commission Audit. Good morning, folks.

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JOSEPH MOLLICA, Chairman, New Hampshire Liquor Commission: Good morning.

MR. SMITH: Again, for the record, Steve Smith, Director of Audits for LBA. Joining me from my office is Jean Mitchell, the Manager on the Liquor Audit, and for the Commission, the Chairman, and Dan St. Hilaire. Again, this is the Management Letter for the Fiscal 16 audit.

CHAIRMAN KURK: Before we do that, I'd like to recognize Representative Weyler for a motion on the Liquor Commission Audit and the Lottery Commission. Both -- excuse me -- not audits. Liquor Commission Management Letter and the Lottery Commission Management Letter.

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

REP. OBER: Second.

CHAIRMAN KURK: Seconded by Representative Ober. Further discussion? Questions? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the motions are approved. Please continue.

*** {MOTION ADOPTED}

JEAN MITCHELL, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good morning, Mr. Chairman, Members of the Committee. For the record, my name is Jean Mitchell. I'm here today to present the Fiscal Year 2016 Management Letter. This is a byproduct of our Audit of the financial statement of the Fiscal 16 Liquor Commission that were presented at the March meeting.

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This report contains 14 comments. One is a material weakness, 13 are significant deficiencies. The Commission concurs with 12 of the comments and concurs, in part, with two of the comments.

Observation No. 1 material weakness begins on Page number three. Management letters for Fiscal Years 2013 through 2015 have reported material weaknesses in the Commission's core financial accounting and reporting resources. The Commission's inability to, again, meet its financial statement reporting deadlines and goals and preparing the Fiscal Year 2016 financial statements indicates a continuing problem in its fundamental financial accounting and reporting.

We recommend the Commission enhance its financial accounting staff structure with additional staff having financial accounting and reporting expertise appropriate for the scope and complexity of the Commission's operations.

We also recommend the Commission establish comprehensive and documented policies and procedures for all critical financial accounting and reporting activities and in paragraph number three of the recommendation, we recommend the Commission consider -- consider whether compiling an interim set of more complete financial statements would be helpful in providing better current operating information, and detecting timely financial statement challenges.

Observation No. 2 begins at the top of Page 6. In the risks discussed in Observation No. 1 also play a role in this comment. Observation No. 2 notes the Commission is in the initial stages of replacing its Legacy Information System that provides the basic information technology support for the Commission's inventory, purchases, sales, and other financial and operational activities. The successful design and implementation of the Commission's new information

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system will depend upon a full and nuance understanding of the Commission's operation, including financial accounting and reporting.

We recommend the Commission ensure that it is receiving and acting upon the best available advice in planning, development, and implementing the financial information -- the new information system.

Observation No. 3 reports that the Commission experienced losses during Fiscal Year 2016 due to reverse credit card sales. We recommend the Commission implement chip card point-of-sales devices as soon as practical to lessen unnecessary further losses from the use of non-chipped enabled sales terminals.

Observation numbers 4 through 6 outline areas where the Commission system of controls could be enhanced. Observation No. 4 recommends the Commission establish controls to regularly monitor and reconcile the cash balances in the Liquor Fund as recorded in the general ledger. As described in item numbers 1 through 3 on Page 9, there's currently no system to easily monitor cash balances in its effect on business operations.

Observation number 5 recommends the Commission improve its control over its annual physical inventory procedures. Unclear communication of physical inventory procedures contribute to the Commission's decision that it was necessary to perform a second and complete physical inventory and count during Fiscal Year 2016.

Observation No. 6 located on Page 12 recommends that the Commission improve controls over the recording and reporting of capital assets. During Fiscal Year 2016, the Commission did not have an established process with supporting policies, procedures, and controls to accurately and efficiently account for and report capital assets as described in detailed in the bulletin item.

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As described in Observation number 7 on Page 14, errors identified in the Commission's initial reporting of Fiscal Year end 2016 accounts receivables transactions indicate lack of clarity of process and due care and practice in the Commission's recording of the transactions.

We recommend the Commission determine the cause and reason for the errors noted, and implement an effective review and approval control, as well as establish policies, procedures, and guidelines to accurately record and report year end accounts receivables.

Observation numbers 8 through 11 suggest policies and procedures be enhanced and controls be strengthened to help address the material weaknesses noted in Observation No. 1.

In Observation No. 12, located on Page 19, we recommend the implementation of a more efficient beer tax reporting control process and structure.

In Observation No. 13, we recommend the Commission improve access controls to the IT computer system -- to the IT computer room.

The last Observation of the report is located on Page 21. Here we recommend the Commission continue in its efforts to complete and maintain a readily accessible file of documentation to support store lease agreements.

The Appendix to the report is located on Page 23. This summarizes the January 27, 2017, status of all the 17 Observations that appeared in the Liquor Commission's Fiscal Year 2015 Management Letter. Of the 17 comments, five are fully resolved, one is substantially resolved, seven are partially resolved, and four are unresolved.

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I'd like to thank the management and staff of the Commission for their assistance during the audit. This concludes my portion of the presentation. Mr. Chairman, with your permission, I'd like to turn the presentation over to the Commission.

CHAIRMAN KURK: Thank you very much.

MS. MITCHELL: Yep.

CHAIRMAN KURK: Commissioner.

MR. MOLLICA: Good morning, Mr. Chairman, and Members of the Committee. For the record, Joseph Mollica, Chairman of the Liquor Commission. With me is Dan St. Hilaire, our COO. Not with us today is our CFO, Tina Demers, who is under the weather. So we'd like to thank the LBA for the work that they have done and specifically working with us and working with me to -- to look into the roles played by our CFO and our comptroller and look into the roles that would be necessary if a new person was to come into play to the Commission which we could hire in order -- in order to enhance our accounting practices. With that, I'd be happy to take your questions.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you. Commissioner, as you know we did in House Finance support two positions, an accountant and an administrator for the CFO so that she could finally start to get out the financial reports as needed. But my question addresses, and nobody has talked about this, is in the Appendix we have results from previous audits. Four of them are completely unresolved, seven are partially resolved, one is substantially resolved, and five and only five are fully resolved. What work is being done on resolving previous audits even before you get to the results that are here? I'm concerned that some of these, such as adhere to

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statewide policies and procedures for recording and reporting in accounts receivable are totally unresolved. And I think that's leading to part of what's in this Management Letter and that's concerning. Because, as you know, we did believe that Tina Demers needed more help and we tried to provide that going forward in the next budget. Can you address these unresolved things?

MR. MOLLICA: Well, I can certainly say, Representative Ober, that with your help and with the help of many others, we are working to resolve these issues. As you know, when the Liquor Commission two years ago lost its COO, CFO, and lost its comptroller at the same time, as well as its accounts receivables manager, there was a hole created. And it's a hole that the comptroller and the CFO are working to fill. We have hired a few positions, and with your help we have some more positions to hire. It's an ongoing process. I don't have a simple answer for it, because there's not a simple answer for it. It's something that we are working on, and it's certainly something that we recognize.

CHAIRMAN KURK: Do you have any sense, Mr. Chairman, when, for example, internal control Item No. 1, will have -- be fully completed as well as number 16, the issue of timely financial statements?

MR. MOLLICA: It would be my goal, Mr. Chairman, to see these items either partially resolved or fully resolved by this time next year. When those positions are put into play, the COO and the comptroller will have the ability to rely on those people to get some of the financial mining done. And we -- I just want to say that we recognize the shortcomings here, and we understand them, and it's not something that we are not working on because we are. Given what has happened to the Liquor Commission in the financial Department over the last two years, and with the help of the LBA, I think that we've made some significant moves forward. We are not there

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yet, but I would like to see -- I would like to see this further resolved by this time next year.

CHAIRMAN KURK: Do you do any cross training?

MR. MOLLICA: We absolutely do.

CHAIRMAN KURK: So were the people who were cross trained in a position to help out this past year and if not --

MR. MOLLICA: They were in a position to help out this last year. Unfortunately, prior to that happening, there wasn't a lot of cross training being done in the financial Department. The CFO who was there, with all due respect, was -- had been there for a long time and the comptroller who was there had been there for a long time and not a lot of cross training was being done. But under CFO Tina Demers and her comptroller, there's a plethora of cross training being done with the people that are in these accountable positions and with the new people being hired. I have all the confidence in the world that our new CFO will resolve a number of these issues in the upcoming six months.

CHAIRMAN KURK: What happens if that individual resigns?

MR. MOLLICA: Well, then our comptroller would step in to do that.

CHAIRMAN KURK: Thank you. Further questions? Representative Eaton.

REP. EATON: Just it's a Yogi Berra thing. It's déjà vu all over again.

MR. MOLLICA: Hm-hum.

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REP. EATON: The last time you were here you said it was going to take 18 months to train the staff on how to deal with cash and here it says the store employees comply with cash handling policies. I'm at a loss. We have regional trainings with almost every agency in the State to handle critical issues. I don't think there's any issue more critical than the accounting and cash handling policies. Why can't this be done in 30 days? I don't -- I truly don't understand why these can't be addressed immediately.

MR. MOLLICA: This is something that we have actually made -- we have a whole series of training disks that are sent out to the stores now and cash handling policies is one of them. So that is something that's been implemented and it is being started in place.

CHAIRMAN KURK: Follow-up.

REP. EATON: And is there a follow-up, if somebody is given a disk, which I think everybody in the room has probably been in some sort of program where you have a disk to do whatever, is there a follow-up to ensure there's an understanding and a comprehension?

MR. MOLLICA: Yes, there is.

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

MR. MOLLICA: Thank you, Mr. Chairman, members of the Committee. Thank you.

CHAIRMAN KURK: And we hope to see every one of these bullets blackened.

MR. MOLLICA: No one would like to see that more than me, Mr. Chairman.

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CHAIRMAN KURK: Good. Then I am sure you will use your best efforts to accomplish that.

MR. MOLLICA: I certainly will.

CHAIRMAN KURK: Thank you.

MR. MOLLICA: You can take that to the bank. Thank you.

CHAIRMAN KURK: Was that in the minutes, Ceil? Thank you. And the next audit or the next report is for the management letter for the Lottery Commission. Mr. Smith.

MR. SMITH: Thank you, Mr. Chairman. With me from our office is Jim LaRiviere. He was the Manager on the Lottery Audit to present the Management Letter. The Executive Director Charlie McIntyre did express his regrets. He had a scheduling conflict, wasn't able to be here. So joining us is Lynda Plante, Assistant Director.

LYNDA PLANTE, Deputy Director, New Hampshire Lottery Commission: Deputy Director.

MR. SMITH: And also Sudhir Naik from the Lottery Commission. I'll turn it over to Jim.

JIM LARIVIERE, CPA, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good morning, Mr. Chairman, and Members of the Committee. Again, for the record, my name is Jim LaRiviere. We are here to present the 2016 Lottery Management Letter, a byproduct report of our audit of the Lottery's 2000 -- 2016 financial statements. The Lottery's Fiscal Year 2016 Financial Report, which included the financial statements, was presented to this Committee at the January meeting.

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This Management Letter report contains 11 audit findings, ten are internal control comments, which none are categorized as material weaknesses, and one State compliance comment. As noted by the asterisks on the Table of Contents, State compliance comments suggest legislative action may be required.

The Lottery concurred with each of the comments and we also obtained State Treasurer's response for Observation No. 2 due to their role in that finding. State Treasury concurred with that comment as well. The Observations begin on Page 3.

Observation number 1 recommends the Lottery request that gaming system service provider expand the scope of its annual service auditor's report to include coverage of the Lottery's Fast Play Games. The Fast Play Games are on-line games dependent on computer programming.

Observation No. 2 on Page 4 notes that, again, in Fiscal Year 2016 Lottery funds undeposited with State Treasury were not credited with interest contrary to statute. State Treasury reported in its response that this issue has since been resolved and that the Lottery fund has been credited with its Fiscal Year 2015 and Fiscal Year 2016 earnings.

Observation No. 3 on Page 5 recommends the Lottery review its documented policies and procedures for prize claim payments to ensure they are complete and sufficiently detailed to provide the intended control of preventing ineligible players from claiming Lottery game prizes.

Observation No. 4 on Page 6 recommends that the Lottery improve due care over game draw activities and reconsider its practice of having the game draw witness participate in the draw activities.

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Observation No. 5 is on Page 7. And in light of recent State review of its single versus multiple employer status related to Federal wage and hour concerns, we recommend the Lottery again request the Department of Justice to review whether the Tri-State Lottery and New Hampshire Lottery should continue to be considered separate employers for the activities performed by New Hampshire Lottery Employees.

Observation No. 6 on Page 8 recommends the Lottery review its communication controls and remind employees of the expectation that information relative to observed irregularities and other risks will be communicated to the appropriate levels of management.

Observation No. 7 beginning on Page 8 recommends the Lottery establish controls to ensure that regulated entities offering simulcast wagering actively report and remit unclaimed ticket revenue to the Lottery.

Observations number 8 and 9 beginning on Page 9 address internal controlled deficiencies identified related to Lucky 7 games.

Observations number 8 identifies that the Lottery had not designed and implemented control activities to ensure Lucky 7 game distributors submit Lucky 7 fees timely.

And Observation number 9 identifies that the Lottery did not perform a Lucky 7 reconciliation for the quarter ending March 31st, 2016, and that policies and procedures and forms used to perform the reconciliation activities were not updated to include coverage of electronic Lucky 7 tickets.

Observation number 10 on Page 12 recommends that the Lottery report Racing and Charitable Gaming Division revenues on the appropriate full accrual basis of accounting.

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In our final Observation number 11, State Compliance Comment, recommends that the Lottery adopt administrative rules as required by statute.

The Appendix on Page 15 reports the current status of Observations contained in the Fiscal Year 2015 Management Letter. As noted in the table at the bottom of the page, two comments were fully resolved and two comments were substantially resolved.

This concludes my remarks. I'd like to thank the Lottery staff and management for their assistance and cooperation during the audit. And with your permission, Mr. Chairman, I'd like to turn the presentation over to the Lottery's Deputy Director, Lynda Plante.

CHAIRMAN KURK: Good morning.

MS. PLANTE: Good morning. Just a couple more minutes of the morning left. Thank you for having us. Again, my name is Lynda Plante. I'm the Deputy Director. And just want to thank LBA for their professionalism and respect through this process. We merged with Racing and Charitable Gaming Division at this point of the audit was about six months where we had over a year now. So it was a new process for the joining of the two. And we appreciate all their respect and professionalism and welcome any questions you have.

CHAIRMAN KURK: Congratulations on filling in so many of the bullets with black.

MS. PLANTE: Thank you.

CHAIRMAN KURK: Questions?

REP. WEYLER: Comment.

CHAIRMAN KURK: Comment. Representative Weyler.

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REP. WEYLER: I see there's some recommendations from the auditor to change legislation. I will be sponsoring that, although it's months away before I can sponsor, but I will have conversations with you in the meantime. It looks like both Observation No. 11 and number 8 may require some legislative action. So I will be discussing that with the agency when we formalize what we need to do. I'll be filing that bill probably September for next year.

MS. PLANTE: Thank you.

REP. WEYLER: Always appreciate the work of the auditors in pointing out the deficiencies in legislation so that I have something to do. Thank you very much.

CHAIRMAN KURK: Thank you all. We appreciate this very much. Mr. Smith especially, thank you. Is there any other business to come before us? Our next meeting. There's been a request for May 12th.

REP. WEYLER: I think we already scheduled it.

CHAIRMAN KURK: Wait a second. Is May 12th Mother's Day?

REP. OBER: May 12 is a Friday.

CHAIRMAN KURK: Yes, we scheduled for May 12th and June, Friday the 16th probably will be a light -- relatively light day so let's schedule it for Friday the 16th. There being no further business to come before us, we are adjourned. Thank you all for attending. And thank you, Senator Feltes, for his excellent performance as a first time member of the Committee.

SEN. FELTES: Second time. Second time filling in, but the first time making, you know, several motions.

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(Adjourned at 11:58 a.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
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