

JOINT FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, May 20, 2016

MEMBERS PRESENT:

Rep. Neal Kurk, Chair
Rep. Richard Barry (Alt.)
Rep. Lynne Ober
Rep. Cindy Rosenwald (Alt.)
Rep. Daniel Eaton
Sen. Gary Daniels (Alt.)
Sen. John Reagan (Alt.)
Sen. Jerry Little
Sen. Andy Sanborn
Sen. Lou D'Allesandro

(Meeting convened at 10:10 a.m.)

(1) Acceptance of Minutes of the April 15, 2016 meeting.

CHAIRMAN KURK: Good morning, everyone. Welcome to the May 20, 2016, Fiscal Committee meeting. The first item on our agenda is the acceptance of the minutes of April 15, 2016.

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

CHAIRMAN KURK: Is there a motion? Moved by Representative Eaton.

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Seconded by Senator D'Allesandro to approve the item. Discussion?

REP. EATON: Minutes.

REP. OBER: Minutes.

CHAIRMAN KURK: We are accepting the minutes and approving the item. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the minutes are approved. The item is accepted.

*** {MOTION ADOPTED}

(2) Old Business:

CHAIRMAN KURK: We now turn to Old Business. Today we have -- today we have a number of alternates with us. Representative Barry is sitting in for Representative Weyler. And on the Senate side, Representative Daniels is sitting in for -- excuse me -- Senator Daniels is sitting in for Senator Forrester. Senator Reagan is sitting in for Senator Morse and everyone else is a regular. Ha, yes, Representative Rosenwald is sitting in for Representative Weyler.

REP. ROSENWALD: Wallner.

CHAIRMAN KURK: Wallner, excuse me, who is fortunate -- is becoming a grandmother in California or has become a grandmother in California.

REP. OBER: Oh, very exciting.

CHAIRMAN KURK: We turn now to the second item on our agenda, Old Business. Is there a motion to remove Fiscal 16-070 from the table so that we can hear from some folks who are available to answer the questions we raised last time?

** REP. EATON: Move.

CHAIRMAN KURK: Moved by Representative Eaton.

SEN. D'ALLESANDRO: Second.

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CHAIRMAN KURK: Second by Senator D'Allesandro that the item be removed from the table. Senator Little.

SEN. LITTLE: Thank you, Mr. Chairman. May we also remove 16-060?

CHAIRMAN KURK: We may, but first let's do 16-070 and then we can go back over that.

SEN. LITTLE: Thank you.

CHAIRMAN KURK: The motion is to remove from the table Fiscal 16-070. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is removed.

***** {MOTION ADOPTED}**

CHAIRMAN KURK: I understand there are some folks who have some information for us on this item. Would they come forward.

MICHAEL CONNOR, Deputy Commissioner, Department of Administrative Services: Good morning, Mr. Chairman, Members of the Fiscal Committee. Mike Connor from Administrative Services where I serve as Deputy Commissioner. With me today is Steve Lorentzen, the Director of Plant and Property Management. And, also, Sheriff Hardy from Hillsborough County, and we are here basically to answer any questions you may have. Basically, what we are requesting is to transfer \$140,000 from our utility line to cover a deficit in the Sheriff's Reimbursement Account for approximately \$140,000, and be glad to answer any questions.

CHAIRMAN KURK: One of the basic questions is why is this in DAS as opposed to the courts?

MR. CONNOR: That's a \$64 million question. We don't know. It's been here for ten years. But maybe the Sheriff.

SHERIFF JAMES HARDY, Hillsborough County Sheriff Department: When the custody and control responsibilities a

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number of years ago under RSA 104:31 that was deemed an Executive Branch function, and that's why it went into Department of Administrative Services and not the Judicial Branch reimbursement. When the Sheriffs assumed responsibility for custody and control, at least I'm in my 14th year as Sheriff, at least 16, 17 years ago, you'll see one section of the RSA covers Judicial Branch reimbursement, one section covers Administrative Services reimbursement, which is specifically the custody and control responsibility.

REP. OBER: What is that RSA number?

MR. CONNOR: RSA 104:31, XI for the -- for our portion of this which is what we are talking about today which is reimbursement for prisoner custody and control.

REP. OBER: I have a question.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Mike, it's good to see you.

MR. CONNOR: Good to see you.

REP. OBER: How do you schedule the Sheriffs and how do you control the hours that they work?

MR. CONNOR: We actually don't schedule them or control them. We basically just pay for them. And I'm going to let Sheriff Hardy describe by law, he has the responsibility to provide that protective custody. We can't dictate how he does that. We just have the privilege, I guess, of paying the bills. We actually do some audits and we have some -- lots of meetings just to try to track some of those expenses; but basically we pay them at a rate that's been actually set by the Legislature.

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

CHAIRMAN KURK: Follow-up.

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REP. OBER: So, Mike, you have no control over the expenditures. You have no control when they over spend the budget line item. If we deny this, because you've spent your budget, then that's done.

MR. CONNOR: The law says that as appropriated by the Legislature. That's correct. We wouldn't be able to pay them.

REP. OBER: Okay. Thank you, Mike.

CHAIRMAN KURK: Sheriff Hardy.

SHERIFF HARDY: Just for the rest of the story, if you will. My understanding is that the budget request from Administrative Services was reduced in anticipation of a reduction in prisoners due to video conferencing. And while it does create a safer environment, the video conferencing creates a safer environment, because you're not removing the inmate from the correctional facility. In Hillsborough County, we have court officers assigned as an arm of the court within the correctional facility handling that responsibility. And it's not just while they're on the camera, back to the courthouse. They're also meeting with their attorneys. It's the logistics of it that our court officers handle inside within the correctional facility.

And, also, we do assess the workload prior to assigning court officers. It's not a freelance thing. I have two chief court officers -- two chief court officers in Nashua and one in Manchester that are directly responsible for assigning personnel based on risk assessment, the threat potential, and also the personnel required. And if they don't need to be assigned, they're not assigned. So it wasn't a situation where something was overspent. I believe the budget was reduced in anticipation of something that has not been realized.

CHAIRMAN KURK: Could you help us out by telling us how much you asked for in the budget and where the reduction was made by the Governor, by the House, by the Senate?

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MR. CONNOR: It was actually a reduction that we made. Historically, over as long as we have records over the last ten years, they historically spend about a million dollars a year. That's the average. We reduced it to 900,000 because we were moving. A couple things. One, because of budget reductions; and, two, because we were moving to video arraignment and we were anticipating some -- a significant savings and actually it's just the opposite. As the Sheriff said, he's required to pay for two additional guards at the Hillsborough County Jail. And we've had an uptick in the amount of prisoners, you know, due to some substance abuse issues that we are having throughout the state. So we anticipated some reductions and they're not -- they're not occurring. We are still on-line with the million dollars. Actually, if we didn't have the video arraignment, I think you'd just see it even much higher than this.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Mr. Chair, thank you. Mike, great to see you. Sheriff, thanks so much for coming in here. I think a number of us were here and have been part of the debate about video conferencing and video arraignment with these expectations there would be significant savings. And so, Sheriff, help me understand if I'm -- if I'm -- if I've forgotten what kind of the details were; but part of what was presented to the Legislature for consideration was this. We'll spend all this money for video equipment so we can arraign -- arraign people within the corrections facility so we don't have to buy trucks, put them in vans, get two Sheriffs, drive them around and drive them back. So on one hand I'm trying to understand how walking someone down a hall to a video camera is costing more than walking them to a van and driving them to Concord or wherever and driving them back. And the second part of my question that I don't understand is I guess I would have expected that CO's would have shuttled inmates down to a video camera for the arraignment and shuttled them back. Why do we have the Sheriff

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Department also doing this type of work I think that the CO's would be doing?

SHERIFF HARDY: Yeah. Well, on the -- on the first question, it was marketed as cost savings, but it wasn't marketed by the Sheriffs in that regard because Sheriff Mike Downing had statistical data that showed Rockingham County had video conferencing for a number of years that showed there was no significant cost savings with video conferencing. It certainly created a safer environment not moving these high-risk inmates outside the correctional facility into the courthouses a day or two after the offense was committed. So Sheriff Downing made those representations at the time.

Now, we have only had video conferencing for approximately a year and a half in Hillsborough County and by agreement with the Jail Superintendent it's much more cost effective for us to assign court officers inside those video conference rooms and maintain temporary custody of them than assign a salaried -- an hourly correctional officer to do that. There's significant cost savings with putting -- these are all per diem employees that are reimbursed currently at \$80 a day. So with no benefits. So that's a cost effective way to do it. They also utilize that model in Grafton County. But as far as the vans going back and forth to the courthouse, there has not been a reduction. Instead of having 10 or 11 prisoners in the van, they may have six or seven. But we still require a presence inside the courthouse to maintain custody of those; and, again, keep in mind the risk assessment and the threat potential when they're inside those courthouses. So that's the reason.

It certainly was marketed that way that they anticipated significant cost savings but that -- those representations were not made by the -- those responsible for maintaining temporary custody and control of those prisoners.

CHAIRMAN KURK: Thank you. Representative Ober.

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REP. OBER: Thank you, Mr. Chairman. This is clearly a situation where, Mike, I understand you're currently following the RSA. But the representation that the Sheriff just spoke about was never made when we were talking about the savings for going to telecommunications. I do know that the -- and I was here then, there were Sheriffs in the audience at that time but we never heard that.

Clearly, this is a Judicial Branch expense. And while we can't move it from one budget to another, we need to get that moved in the next budget year to the Judicial Branch. For them to say that there's cost savings when there is actually cost increases is not correct. And the payment should then come out of the Judicial Branch and let them work on being more cost effective. Because DAS, as testimony just said, has no authority over how much is used, when it's used, you try to budget it, and you try to limit their budget and that's really what you're trying to do. That's not fair for you.

I don't think it's fair for the Sheriffs that they don't have that input and that dialogue with the Judicial Branch about what's coming up either. So I think this body needs to think about legislation next year to get this corrected so that we have a little more conversation, and I believe the Sheriff makes good points, but those points need to be made with the Judicial Branch where they can actually look at organizing what they're doing.

CHAIRMAN KURK: Sheriff Hardy.

SHERIFF HARDY: I'll be very brief. We do meet on a regular basis with Judicial Branch, with the Chief Justices, the ten sheriffs do. We meet several times a year, and we have the option of contacting the AOC Director if something is urgent. We meet on a regular basis -- on a daily basis with the individual clerks of court regarding staffing and logistics related to the operations. But just -- I just want to just reiterate respectfully that the custody and control function performed in those courthouses is an Executive Branch function and that there

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was actually a Supreme Court decision, and I'm not -- Howie Zibel will probably remember the name of it, I don't, but that addressed that. That custody and control is an Executive Branch function. That's why the money ended up in Administrative Services on reimbursement.

REP. OBER: If I may follow-up?

CHAIRMAN KURK: Follow-up.

REP. OBER: I'm not trying to take that away from you. I just want the payment to come from people who are having actual conversations. Because the other thing which you're not aware of is that the Senate has a bill which takes money out of this budget line item in order to fully fund retiree health benefits and we're taking the same -- from the same budget line item we're taking more money to do something else. And eventually that budget line item with a dip here and a dip there doesn't have enough money to cover everything that it's being paid for. So, you know, there's that kind of dichotomy as well.

CHAIRMAN KURK: There being no further questions, is there a motion to approve the item?

** SEN. D'ALLESANDRO: I move to approve.

CHAIRMAN KURK: Moved by Senator D'Allesandro.

REP. EATON: Second.

CHAIRMAN KURK: Can we have other people participating in these motions? Is it just going to be D'Allesandro and Eaton?

REP. EATON: You get it done speedier that way.

CHAIRMAN KURK: Seconded by Representative Eaton.

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SEN. SANBORN: If you would like to look for a specific Representative or Senator for your motion, I think that's within the power of the Chair.

CHAIRMAN KURK: Discussion of the motion? The motion is to approve the item. There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes --

REP. OBER: No.

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

*** {MOTION ADOPTED}

CHAIRMAN KURK: Gentlemen, thank you very much. Good to see you, Sheriff.

SHERIFF HARDY: Good to see you. Thank you very much.

REP. EATON: You're aware he's a former member? He was my seat mate in the seventies.

CHAIRMAN KURK: Chair recognizes Senator Little for a motion.

** SEN. LITTLE: Thank you, Mr. Chair. I move to remove Fiscal 16-060 from the table.

CHAIRMAN KURK: Is there a second?

REP. ROSENWALD: Second.

CHAIRMAN KURK: Representative Rosenwald seconds. If you're in favor of removing 16-060 from the table, please now indicate by saying aye? Opposed? The ayes have it and the item is removed.

*** {MOTION ADOPTED}

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CHAIRMAN KURK: Is there -- Senator Little, did you wish to have a vote on this or is there some additional information you wish to obtain from someone?

SEN. LITTLE: I would like to remove the two items that were tabled.

REP. ROSENWALD: Second.

CHAIRMAN KURK: So the motion is to approve Fiscal 16-060. That's moved by Senator Little, seconded by Representative Rosenwald.

REP. OBER: Do we have new information?

CHAIRMAN KURK: Mr. Kane, is there any new information on this?

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: I don't have it.

CHAIRMAN KURK: Senator Reagan, you wish to comment?

SEN. REAGAN: It received the same amount of diligence that all requests were performed as audits to be made. We don't approve every request for a performance audit. So at the time there was sufficient evidence to support it.

CHAIRMAN KURK: Senator Sanborn. Thank you. Senator Sanborn.

SEN. SANBORN: Mr. Chair, if you can allow questions of the fine Senator of District number 11 or 17.

CHAIRMAN KURK: If you'll keep your voice up, we have some competition and folks in the audience would like to hear your question, I'm sure.

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SEN. SANBORN: Thank you, Mr. Chair. I have a hard time speaking loud as you know. Senator, I'm just trying to understand as you indicated that not all requests are approved. So is the function of tabling more a concern about what's in the docket and what's ahead of you, or whether some concerns specifically about needing to prioritize some audits above others? Where is your Committee in regard to this?

SEN. REAGAN: The tabling was done by Fiscal Committee.

SEN. SANBORN: Correct.

SEN. REAGAN: The prioritization and scheduling are a normal process between the Committee and the Director of Performance Audits from the LBA Office. So the scheduling occurs because of available manpower and the urgency of the request. So why Fiscal tabled them I have no idea.

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

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: I sit on both the Board chaired by Senator Reagan and on this Board. And to the good Senator's question, the Performance Audit Board was looking at these prior to the March 31st departure of the Director of the Joint Board. So when we looked at this we said -- and that was last month in April -- we said that the Director has just departed. There's either an interim person or a new one in there. We thought it was too soon. We thought the audit still had merit. But it was simply because of timing, a retirement that hadn't happened when the Performance Audit Board approved those.

SEN. SANBORN: Thank you.

CHAIRMAN KURK: Representative -- sorry. Excuse me. Senator D'Allesandro.

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

CHAIRMAN KURK: Then Senator Reagan.

SEN. D'ALLESANDRO: I want to support Senator Reagan's iteration. I'm on the Committee. It went through the Committee, approved the process. The process is something was important -- it was important that we move this one particularly in the second one because an audit hadn't been done forever and we moved it up. So I, again, support the Chairman in terms of moving forward and it has to be done, regardless of who's in charge.

CHAIRMAN KURK: Senator Reagan.

SEN. REAGAN: To elaborate on that. Whoever's supervising licensing and certifications and that process is separate from the actual function of the Board. So those boards we wish to have audited and what their super -- whoever supervised the collection of dollars for their licensing does not enter into the mix from our end.

CHAIRMAN KURK: Thank you. Representative Rosenwald.

REP. ROSENWALD: Thank you, Mr. Chairman.

CHAIRMAN KURK: And then Senator Little.

REP. ROSENWALD: Try to speak loudly. As far as I know, that Board of Naturopaths has never been audited. And while we are in the middle of a drug crisis, they have the ability to set their own formulary. And they are able to control -- to prescribe cocaine and Benzodiazapines, and we're experiencing drug overdose deaths. It just -- I think it makes sense to audit them. That function is controlled separately from the overall head of the Joint Office of Professional Licensing. It's been an ongoing function of that Board. I think it's appropriate to get that done.

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CHAIRMAN KURK: Thank you. Senator Little.

SEN. LITTLE: Thank you, Mr. Chairman. I just want to reiterate what -- I also serve on the Legislative Performance Audit Oversight Committee and would like to reinforce the statement made by Senator Reagan that we are not looking at an audit of the Joint Licensing Office, but of these two particular boards underneath, and I would support moving these audits forward.

CHAIRMAN KURK: Representative Barry.

REP. BARRY: Thank you, Mr. Chairman. For full disclosure, I'm also on the Board.

SEN. SANBORN: Is there a quorum issue, Mr. Chairman?

CHAIRMAN KURK: I don't know if it's a quorum issue. Mr. Kane, would you please confirm the fact that in order to turn down these recommendations there has to be a unanimous vote by this body?

MR. KANE: Yes, unanimous. That's correct.

CHAIRMAN KURK: Should we stop our discussion and proceed to a vote? Is there a motion to approve Fiscal 16-060 for topics 1 and 2?

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

SEN. LITTLE: Second.

CHAIRMAN KURK: Moved and second. Moved by Senator D'Allesandro, seconded by Senator Little. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The motion carries unanimously I'm delighted to say, and the item -- and that item is approved.

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*** {MOTION ADOPTED}

CONSENT CALENDAR

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

CHAIRMAN KURK: We now turn to the Consent Calendar, item number three, Fiscal 16-083, request from the Department of Technology for authorization to transfer \$835,000 and other funds through December 30th, 2016. Is there a motion?

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

** REP. OBER: I move that this comes off Consent so we can ask the Commissioner questions.

CHAIRMAN KURK: Since there's only one item here we don't have to take it off Consent.

REP. EATON: I'll second the motion.

CHAIRMAN KURK: Senator D'Allesandro moves the item and seconded by Representative Eaton. And Representative Ober is recognized for a question.

REP. OBER: Thank you. Could the Commissioner come forward.

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

STEVEN LAVOIE, Director, Division of Administration, Department of Safety: And Steve Lavoie, Director of Administration at the Department of Safety.

REP. EATON: Denis, please pull the mic closer.

MR. GOULET: Sorry about that.

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REP. OBER: Yes. The mic has to kind of sit in your lap.

Thank you for coming forward. I understand this was a bit of a late item and, therefore, the explanation, the description, is skimpy and we didn't get all the questions answered we normally have answered, such as why wasn't this in the budget, why now, et cetera. And I was hoping, Commissioner, that you could go through and kind of expand on what you did send us.

MR. GOULET: Thank you. Yes. And, really, I apologize for not getting that detail to you sooner in. It had been my intent, and I'll just say it had been my intent and it didn't happen.

So I'll start off why the classes were under spent because that's what we are looking to make use of under spent monies. We have a number of areas where we did under spend, the largest of that being with the VISION Project, which is the project that we'll be replacing the very old mainframe system with modern technology in the DMV. That -- that was the largest of that and I'll go through that.

The implementation of VISION was delayed. We had intended to be live by now. The vendor did underestimate the financial responsibility aspects of that. So in order for them to make good on their commitments under the agreement, the implementation agreement which is a firm fixed price agreement, so it's not costing us extra, it's taking them longer than we anticipated. That did make these extra funds available.

There were a couple other areas that were smaller. The Road Toll software maintenance was actually under planned by \$95,582. And the -- some of the web filtering software, which is a small item, but it was actually under by \$12,418. So, really, it's basically VISION go live delay. Had it gone live, these monies would have been expended on VISION maintenance. It wasn't needed so hence available.

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Now let's go -- I can go through each item under consideration and we'll talk about --

CHAIRMAN KURK: Before you do that, is that necessary to answer your question, Representative Ober?

REP. OBER: He doesn't need to go through each item, but there's an ongoing concern. Safety has zero money budgeted in Class 38, and that's where you got extra money. And I know you weren't here last year when we budgeted, but I think what has happened is that DoIT is not giving correct budgeting information to the agencies so that the Classes 38, 37, and 46 aren't being budgeted appropriately. So when we try to backtrack to look at their budget to match what you send us, it doesn't make any sense.

So, Denis, I'm hoping as we go forward that that's a positive change we'll have in the budget. And with your explanation that makes sense now as to what happened; but when you looked in the budget Safety had zero dollars in Class 38. You're like how can you have excess money when you budgeted nothing. So next year a change, yes?

MR. GOULET: Yes. In fact, we are working with the Commissioner's Office at Safety to improve the situation with respect to -- I'll simply say I have not been satisfied with the IT leadership at Safety either, and we are making changes. I'm working with the Commissioner's Office in Safety. I expect to improve that. Will it be perfect? No, it's IT. It's never perfect, but we will incrementally make it better.

REP. OBER: Better is good. That answered my question.

CHAIRMAN KURK: Thank you. Further question? Thank you, gentlemen. We have a motion. Further questions or discussions? The motion is to approve the item. Are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

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*** {MOTION ADOPTED}

CHAIRMAN KURK: We turn now to Consent Calendar under item number four. Is there any request to remove any of those items from the Consent Calendar?

REP. EATON: 082.

CHAIRMAN KURK: 083?

REP. EATON: Two.

CHAIRMAN KURK: 82. Senator Sanborn.

SEN. SANBORN: 078.

CHAIRMAN KURK: Any others? The motion then is to approve Consent item number four, Fiscal 16-079, 084, and 0 -- 87 should be off, also. That's all.

REP. OBER: So we approving 79 and 84?

CHAIRMAN KURK: 79 and 84 are the only two items that will be approved. So --

** REP. OBER: Move to approve.

CHAIRMAN KURK: The motion is to approve Fiscal Consent Calendar item number (4) but only Fiscal 16-079 and Fiscal 16-084. Are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and those two items under item number (4) are approved.

*** {MOTION ADOPTED}

CHAIRMAN KURK: Of the three items that came off we'll start with Fiscal 16-078, a request from the Department of Health and Human Services for authorization to accept and expend \$10,010,000 in Federal funds and further accept and expend

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\$10 million in agency income revenues for June 30th, 2016. We welcome the Commissioner and his financial associate. Good morning to both of you.

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

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

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Thank you, Mr. Chair. Sheri, great seeing you. Commissioner, great seeing you as well. So when I read this item it raised a number of questions to me. Obviously, the first one kind of had to do with the prior authorization for mental health and the conversations we had, Commissioner, about who was financially beneficial or obligated on that decision. So I guess it was a large surprise to me when I read in here that the Drug Rebate Program of \$10 million ultimately transfers over to the MCOs, and I wasn't aware. Because I thought we were paying a capitated rate per belly button per month for MCO work. And then I come across something that we have literally tens of millions of dollars that the narrative seems to imply we are going to transfer the right of the benefit, at least that's what it says halfway through the second budget in the explanation, that we are transferring that financial benefit over to the MCOs so they can negotiate and receive -

MR. MEYERS: Yeah.

SEN. SANBORN: -- additional credit. Is that part of the original MCO contract so in addition to per member per month there are other financial incentives that the State is giving them our rebate money? How's it really working?

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MR. MEYERS: We'll explain that. Sheri, go ahead.

MS. ROCKBURN: Good morning. Sheri Rockburn, Chief Financial Officer for the Department. So the State or HHS has two sources of rebate revenue that comes to us. So I just want to just backtrack on that just for a minute. There's what we call our regular drug rebate or many people think of the Federal Drug Rebate. And for drugs to be covered as part of that rebate program, manufacturers participate in a Federal Drug Rebate List. And the State receives rebates for those drugs based on whether they're generic or a brand name. That part of the program and the revenue that comes from that still retains with the State. So the State still receives that portion of the Federal revenue.

In addition to that Federal program, there's also what we call our Supplemental Rebate Program. In about 2005, New Hampshire became part of what was called the National Medicaid Pooling Incentive. And what that program allowed for was for states to submit a PDL, their Preferred Drug List, and they can, they being the State, can negotiate directly with manufacturers to get an additional discount or an additional rebate over and above what the Federal rebate per unit is. That is the piece of the program that would now transfer to the MCOs because we have in the current contract that went effective at least September 1 of last year, the MCOs can now set their own Preferred Drug List, which means then they by setting that Preferred Drug List would negotiate with manufacturers to receive an additional discount or rebate on the drugs that they prescribe. That is the piece of the program of the revenue that we would lose. We anticipated that when we did the 16-17 budget and we expected that to be a drop of about \$10 million in rebate revenue each year of the biennium. That was already taken out of our budget. And so the budget of the program went from about an \$18 million budget to \$8 million, and that is currently in the budget right now.

What we've seen was a delay of the program, because the budget assumed that that would actually start closer to July 1,

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not September 1. We have the added benefit of getting extra rebate for at least a quarter, and we haven't seen a major drop in our rebate revenue. So this item is really a one-time Fiscal 16 gain of additional revenue over what was already budgeted. That just gives you some background. But to further answer your question is that the MCO contracts do allow for them to now negotiate, if they chose to, to get additional rebates from manufacturers directly.

MR. MEYERS: Only on the supplemental program.

MS. ROCKBURN: Correct.

CHAIRMAN KURK: And when you set or when the actuary sets the range and you negotiate the rates, you take that into account in setting the rates.

MR. MEYERS: Yes. Yes, absolutely. Yeah.

CHAIRMAN KURK: We are not losing millions of dollars --

MR. MEYERS: No.

CHAIRMAN KURK: -- as a result of going to Managed Care.

MR. MEYERS: On this aspect?

CHAIRMAN KURK: On this aspect.

MR. MEYERS: On this aspect, no.

SEN. SANBORN: Follow-up.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Thank you for the answer. I just want to make sure I'm right. I apologize, I'm jumping ahead to the Dashboard. If I remember correctly on the Dashboard there's two - for the sake of, Sheri, you and I - two revenue additions

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which is \$10 million per drug rebates and then an additional \$5 million for drug rebates. How does us dealing with this Fiscal issue affect what's happening over on the Dash Board?

MS. ROCKBURN: So we expect by the end of the year as of right now, and we just got our latest quarterly, because our rebates come in quarterly so you'll only have it quarterly. So we were just analyzing our March quarterly information. We've been tracking all along of having about a 10 million surplus from our rebates above budget. This item transfers or uses that 10 million excess to help fund our Medicaid shortfall and that's what's been showing on the Dashboard all year.

New for this month on the Dashboard is an additional 5 million plus of extra rebate revenue. That is not part of this transfer. That truly would be money available and I think the way it phrases available to lapse. So that is additional excess money not part of this transfer that we have seen come in. So the total we have about 50 million as of right now ahead of plan.

MR. SANBORN: Follow-up, Mr. Chair.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: Is it your anticipation as we go to the last quarter -- so you just looked at March, which is quarter ending December 31st?

MS. ROCKBURN: Quarter ending March.

SEN. SANBORN: Quarter ending March. Our next quarter coming up should be before the end of the Fiscal Year.

MS. ROCKBURN: Correct.

SEN. SANBORN: Are you anticipating another \$5 million?

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MS. ROCKBURN: We'll have to look at that. We get invoicing a little bit before the end of the quarter. So we're hoping by next month we'll have a better sense of where June falls out. It is likely that we'll have a little bit of a pickup as well in June.

SEN. SANBORN: Thank you very much. Thank you, Mr. Chair.

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

** REP. ROSENWALD: So move.

CHAIRMAN KURK: Moved by Representative Rosenwald, second by Senator Sanborn that the item be approved. 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 Fiscal 16-078 is approved.

*** {MOTION ADOPTED}

CHAIRMAN KURK: We turn now to Fiscal 16-082, also removed from the Consent Calendar, request by the New Hampshire Liquor Commission for authorization to accept and expend \$249,270 in other funds through September 30th, 2016. And I see there are folks here from the Liquor Commission available to answer questions. Senator Sanborn.

SEN. SANBORN: I didn't ask.

CHAIRMAN KURK: Oh, Representative Ober.

REP. OBER: I have questions. Thank you for coming forward. We would like to know what exactly you will accomplish with these tablets.

JAMES YOUNG, Lieutenant, Division of Enforcement and Licensing, New Hampshire Liquor Commission: Thank you. Good morning, Mr. Chairman. Good morning, Representative Ober. Good

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morning, Members of the Panel. I'm James Young. I'm the Lieutenant.

CHAIRMAN KURK: Would you speak a little closer to the mic, sir. Thank you.

MR. YOUNG: Sorry about that. My name is James Young. I'm a Lieutenant with the Division of Enforcement and Licensing with New Hampshire Liquor Commission. And with me is Lieutenant Valerie Goodno, who is also a member of the Division of Enforcement and Licensing.

Representative Ober and Committee Members, there's a whole variety of things that we intend to accomplish with this technology. First and foremost, it is going to provide for us an overall increase in agent response and efficiency, both in travel time, costs, fuel, mileage and vehicle wear and tear, as well as better use of time for units in the field, and also a much greatly improved efficiency and accountability for office staff when we are fielding phone calls from any members of the general public or other professional entities that call and inquire on information that took place fairly recently as opposed to several days old or whatnot.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: How does a tablet in a car save wear and tear on a car?

MR. YOUNG: Because right now we don't have a dispatch center. There's nobody that dispatches for us. We do our own dispatch and data collection. What happens right now, that information gets collected by the individual field units, usually on a slip of paper or a note pad or whatnot. And at some point in time when they're available to travel to Concord to come to the office, they download all of that information in. So we are back entering calls instead of putting them in live. And

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it can be anything from a check of a licensed establishment. It can be a youth that is in possession of alcohol or subsequently turns into some enforcement action. It can be assisting a licensee with getting their liquor license or going up and doing the on-premise inspection which is a requirement for them to get their license.

All that information we'll be able to be put in in the parking lot and available immediately to the rest of the agency, including the administrative staff if they get a call and inquiring something to the effect of what went wrong up at the inspection for such a business that was looking for a service.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

CHAIRMAN KURK: What hardware are you buying?

MR. YOUNG: We are buying a Patrol PC Rhinotab M1 Core Tablet.

REP. OBER: What brand?

MR. YOUNG: I believe the brand is Rhinotab. Rhinotab.

REP. OBER: The problem I have with this is there just isn't enough documentation to make a reasonable decision.

MR. YOUNG: If I can answer any questions, I'd be glad to. I kind of gave you that's the biggest. Overall --

REP. OBER: That sounds like a highway patrol laptop, but these guys don't have highway patrol authority.

REP. EATON: May I ask?

CHAIRMAN KURK: Representative Eaton.

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REP. EATON: In your explanation you reference NCIC and SPOTS so is part of this highway patrol?

MR. YOUNG: No, they're not. We use that to verify whether we are looking at an identification as presented to us as to whether that's valid. And is it the person that's presenting it? Right now we have to use somebody's dispatch center; and if you can imagine on a busy weekend night, we are either using the local community's dispatch center that we're in or going through State Police dispatch to get that data.

CHAIRMAN KURK: Further questions? Senator Little and then Senator Daniels.

SEN. LITTLE: Thank you. My question is how many cars are you fitting out and the reason I ask it is that in the breakdown of the information you mention 25 pedestal mounts for Chevy Impala and 25 for Interceptors. Yet, we are getting -- which totals 50 cars. Yet, we are getting 25 pieces of equipment.

MR. YOUNG: Yes, I know it appears that way, and I can assure the members here that that's not what's happening. We were required to budget specifically what type of vehicle that this equipment would be going into. We are intending on purchasing 25 units. At the time this process was started, the vehicle makeup looked differently than what it does today. Depending on how much further this goes, the vehicle pickup will look different again. We have a fleet of Chevy Impalas, and we are receiving some new Ford Interceptors. Chevy Impala, as I understand it, doesn't make the police package vehicle anymore. So we have to go to the other car.

So we will -- we will when the equipment is delivered it will be installed in the vehicles that we have. We will not be taking possession of anything other than the 25 units needed, depending on how many we need for Ford and how many we need for Chevy. I understand it's a pretty different platform and the installation process by the maker of the vehicle.

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SEN. LITTLE: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. LITTLE: So then it would appear that this estimate of \$249,000 is over by at least \$13,000, because you're double counting pedestal mounts.

MR. YOUNG: Yes, Senator, it is.

SEN. LITTLE: Thank you.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Mr. Chair, thank you. Lady and Gentleman, thank you so much for coming in. I just got caught off guard when you're saying you're buying 25 more cars? How many -- how many officers and cars do you have and how many cars do you have already? Give me a view of your landscape for me.

MR. YOUNG: Certainly, Senator. I apologize if I gave that impression. We are not buying 25 cars. These are all going into cars we have. We are not buying any vehicles with this. This is strictly equipment going into the vehicles.

SEN. SANBORN: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: How many cars and officers do you have on a beat?

MR. YOUNG: We have 19 full-time sworn and six part-time sworn.

SEN. SANBORN: Thanks.

CHAIRMAN KURK: Further discussion?

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REP. EATON: Motion.

CHAIRMAN KURK: Senator Daniels.

SEN. DANIELS: Thank you. It appears that there are certain requirements that come along with this money. Could you just go into a little bit of detail on what those requirements are? I know -- I see some things in here about safety belts and things like that that I'd like to know how those requirements might affect the laws that we already have on the books.

MR. YOUNG: They won't affect them at all. We comply with all New Hampshire Highway and National Safety Guidelines for grants, as well as our internal policies and procedures. We are required seat belt users. We do not text and drive, and we meet the other requirements that are in there as well.

SEN. DANIELS: Thank you.

CHAIRMAN KURK: Further questions or discussion?
Representative Eaton is recognized for a motion.

** REP. EATON: Move to table.

REP. OBER: Second.

CHAIRMAN KURK: Moved and seconded that Fiscal 16-082 be laid on the table. If you're in favor of that motion, please now indicate by saying aye? Opposed? The ayes have it and that item is tabled.

*** {MOTION TABLED}

CHAIRMAN KURK: The next item removed from Consent under item four was Fiscal 16-084, request from the Department of Environmental Services for authorization to accept and expend \$285,000 in other funds through June 30th, 2017. Is there someone from the Department who could answer questions? Excuse me, I apologize. That was the wrong one. That was approved.

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The next item that was removed from Consent was Fiscal 16-087, a request from the Department of Health and Human Services for authorization to accept and expend \$8,298,168 in Federal funds effective June 1st, 2016, through December 31st, 2016. And there are many questions on this, and I see we have a full panoply of Department officials here to help us with these questions.

MR. MEYERS: We do, we do.

CHAIRMAN KURK: Good morning, Commissioner, and good morning to each of you.

MR. MEYERS: Thank you. So, for the record, again, Jeff Meyers, Commissioner of Health and Human Services. Joining me at the table right now is Commissioner George Copadis from the Department of Employment Security; Sheri Rockburn, the Department's -- HHS CFO; Mark Jewell from the Department who is the point person for the Gateway to Work Program, and Shannon Reid who's with the Community College System.

CHAIRMAN KURK: Thank you. I'll start off with a few questions. How did we accumulate and over what period did we accumulate the \$8 million?

MR. MEYERS: Yes, thank you for that question. So I've got some numbers in front of me. I believe the information I'm about to describe has been provided to LBA. For some reason it hasn't been, we will certainly provide it immediately.

I've got figures going back really to 2010. So as of June 30th, 2010, there were 14,090 individuals who participated in the TANF Program and the balance in the TANF Reserve at that point, Mr. Chairman, was sixteen million eight hundred thousand roughly dollars.

There's been a significant decrease in participation in the program because of economic conditions and so forth. As of March 31st, 2016, there are only 5,657 people participating in

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the TANF Program. So, you know, not quite 30% but in that ballpark. And the balance in the TANF Reserves has increased from 16.8 million to approximately \$56 million. So as -- so when the Department, obviously, realized the increasing -- it increased a lot from 2010 to 2011 and went up over a million, by 2013 it increased to 21.6 million. This is June 30th, 2014, 29 million; June 30th, 2015, 44 million; and now March 31st of '16, \$56 million.

CHAIRMAN KURK: Thank you. And I should have prefaced my remarks by saying that -- that the Department is to be thanked for bringing forth this kind of a program to try to get people who are on TANF back to work. It's a very important program and a very important idea and something that the Legislature supported in different ways --

MR. MEYERS: Yes.

CHAIRMAN KURK: -- for many, many years.

MR. MEYERS: Yes.

CHAIRMAN KURK: The questions that we have are designed really to understand this particular variation and what we can expect from it and should not be in any way --

MR. MEYERS: Right.

CHAIRMAN KURK: -- misinterpreted as --

MR. MEYERS: Sure.

CHAIRMAN KURK: -- doubting the desirability of this kind of effort on the part of the State.

The TANF Reserve, I take it if we don't spend money from that reserve that during the next recession we could use that money rather than additional General Fund dollars to offset the

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cost of what would then be an increasing number of folks on TANF.

MR. MEYERS: Absolutely.

CHAIRMAN KURK: There's no obligation to spend this money now. We don't lose it if we don't spend it.

MR. MEYERS: There's a maintenance of effort requirement. I would defer to my CFO to describe what that is. Sheri.

SHERI ROCKBURN, Chief Financial Officer, Department of Health and Human Services: So annually -- annually we spend about sixty million --

CHAIRMAN KURK: Hold that closer to you.

MS. ROCKBURN: Annually we spend about 60 million on this program. About 30 million is TANF and about 30 million are State General Funds.

Representative Kurk, to your question about if we don't spend this accumulation of Federal funds that does roll with us year to year. So in the past we have always had about a 10 to 20 million reserve we always kept on hand in case of a recession period where we would have more caseloads or more clients that would need assistance. But as the Commissioner mentioned, as we have seen caseloads drop significantly, almost in half over the last two or three years, that's where the accumulation has gone beyond what we would consider a safety net reserve.

CHAIRMAN KURK: Are these funds General or Federal?

MS. ROCKBURN: These are all a hundred percent Federal.

CHAIRMAN KURK: Thank you. Is this -- is this particular program something that has been done in other states so that you could tell us what the results would -- we could expect by the expenditure of this money might be?

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MR. MEYERS: So it's my understanding that there is at least one other state that's done something similar and that's the State of Utah. I'm not an expert on that program, but my understanding is that something very similar to this has gone forward in Utah.

CHAIRMAN KURK: And do you have the results of their efforts? In other words, if we're spending \$8 million, how many additional people over what period of time will find employment?

MR. MEYERS: I know that we have scoped out this program for, and there are others who can address that as well at the table, the number of people who participate and be connected to employment. I don't know the results of the Utah program to answer your question directly.

I'm also aware that there was a Federal pilot program that was very similar to Gateway to Work the Federal Government initiated during the recession and in order to connect people to work, obviously, during that time period. And I don't have the specific results of that program, but this idea has been used before.

CHAIRMAN KURK: And would you be in a position to give us either the results of the Federal and the Utah or your own studies for this program and I'm -- if I use the wrong words, please correct me.

MR. MEYERS: Yep, yep.

CHAIRMAN KURK: We are spending eight million two hundred something thousand dollars. At the end of six months how many people who are not today employed will be in gainful employment?

MR. MEYERS: Go ahead.

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MS. ROCKBURN: My understanding is that our goal for this program would have 2,000 clients that we could serve in that six-month period.

CHAIRMAN KURK: But that was not the question.

MS. ROCKBURN: Okay.

CHAIRMAN KURK: The purpose is not to serve clients. The purpose is to have clients working. So the question is how many of these individuals, of these five thousand seven hundred -- 5,700 people who conceivably are eligible would actually be holding jobs at the end of the six-month period?

GEORGE COPADIS, Commissioner, Department of Employment Security: For the record, George Copadis, Commissioner of Employment Security.

CHAIRMAN KURK: Good to see you, sir.

MR. COPADIS: Good to see you, Mr. Chairman, Committee Members. I can't give you a number how many will be employed. What I can tell you is this. We have been doing job fairs on a consistent basis since 2013. During that time period, and we have had now -- I'll just give you a sense of what the numbers have been of the job seekers that have shown up at the job fairs during this time period. 2013 we had 6,457 people show up. 2014 we had 5,072. 2015 it was 2,652, and this year so far it's 592 people that have shown up. I can tell you from -- we attend each and every job fair throughout the state. I can tell you there's an extreme need among the employers that are out there of trying to fill these jobs. We held a job fair up in Seabrook the other day, yesterday. We had 80 employers there. We had 44 job seekers that showed up. So, you know, I mean, our anticipation, would we be able to fill these slots? Of course, these folks that are coming in, they are going to have barriers. The barriers are going to have to be addressed first.

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CHAIRMAN KURK: I appreciate that. But the concern was if we're spending \$8 million and only ten additional jobs are going to be created or, excuse me, ten additional people will be hired, I would say that that's a very poor use of the taxpayers -- the Federal taxpayer dollars. So I'm trying to understand --

MR. COPADIS: Sure.

CHAIRMAN KURK: -- what the results are that we can expect as opposed to simply instituting a program with best intentions that will not produce a reasonable result for the time and money we're spending.

As I understand it, this is -- the request is for six months.

MR. MEYERS: Initially, yes, yes. This request of 8 million, yes.

CHAIRMAN KURK: Will you be requesting another 8 million for the next six months?

MR. MEYERS: I think we requested this initial 8 million accept and expend in order to begin the program to establish it to ensure that it was working and to be able to bring the population into the program that we're targeting to bring into this program to connect to work. We fully anticipate we would be back before the Legislature at the beginning of the next six-month period for an additional request. Whether that be six months or whether that be more would be informed by a number of factors. How the program is working and what the view was of the Legislature and Governor at that time.

CHAIRMAN KURK: So this would be a \$32 million per biennium program.

MR. MEYERS: I -- I think 16 million a year, yes. So 32, yes. Biennial basis approximately \$32 million.

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CHAIRMAN KURK: We have \$56 million in the reserve.

MR. MEYERS: Currently, yes. Yes.

CHAIRMAN KURK: So in one year -- excuse me -- in two years we drop that down to 34, something like that?

MR. MEYERS: Yeah.

CHAIRMAN KURK: Twenty-four.

MR. MEYERS: Twenty-four, right.

MS. ROCKBURN: I just want to add one thing to that, Representative Kurk. We have been accumulating, for example, just from 6/30/15 to March of this year, we have increased the reserve by \$11 million. So it's not that that 56 would be static. We have been seeing the last few years since really the last three years close to a 10 million -- at least a 10 million increase in that reserve each year. So wouldn't be that the 56 we'd exhaust it all in the first, as you say, maybe the first year and a half of the program we would exhaust the reserve. That reserve has been growing at about 10 million each year.

CHAIRMAN KURK: Understood. Thank you. Representative -- thank you very much for answering those questions.

MR. MEYERS: Of course.

CHAIRMAN KURK: Before I recognize Representative Rosenwald, will you be able to get us some specific information about the number of people who will be holding jobs at the end of the six-month program so that we know what we're getting for our money?

MR. MEYERS: Yes.

MR. COPADIS: Yes, we'll be able to.

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CHAIRMAN KURK: Good. Thank you. Representative Rosenwald.

REP. ROSENWALD: Thank you, Mr. Chairman. I have a specific question about caseloads and what might happen if we were to enter another recession. My understanding of TANF over the last, I don't know, five or eight years or so, is that in addition to caseloads falling because the economy has improved, we also have made some legislative changes to the program. We have ended some aspects of TANF. So am I right in thinking that even if we entered another recession we would not expect to see our caseloads go back up to 14,000?

MARK JEWELL, Administrator, Division of Family Assistance, Department of Health and Human Services: I wouldn't think so, no.

REP. ROSENWALD: But somewhere in-between 5600 and 14,000?

MR. JEWELL: Thank you for that question. Again, for the record, my name is Mark Jewell. When you're thinking of caseloads, I'm going to speak specifically to the TANF caseloads which are those individuals that are receiving cash assistance. So those -- that is the number that has dropped that I'm referencing. And that -- those employment counselors in those programs that are serving that specific population are not directly connected to the population that we're talking about here. It's a combination. So I wouldn't see necessarily that there would be an increase. If there was, it wouldn't affect the TANF cash piece of that. So I'm not sure that really answers your question, but --

REP. ROSENWALD: I have another question.

CHAIRMAN KURK: Recognized for another question.

REP. ROSENWALD: Thank you. Would the individuals who are participating in the Health Protection Program, who are also we are hoping will be subject to a work requirement, be eligible for this barrier assistance as well?

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MR. MEYERS: Yes. As we pointed out in the letter that was submitted in the Fiscal Committee, this is one of the prime populations that we'll be targeting for those folks who are part of the Health Protection Program who are not working now. This would really be a program that helped to connect them to work opportunities and reduce barriers that they may have to employment. So yes.

REP. ROSENWALD: Thank you.

CHAIRMAN KURK: Senator Daniels.

SEN. DANIELS: Thank you.

CHAIRMAN KURK: And then Little.

SEN. DANIELS: I just want to follow-up on one of the requests of Representative Kurk and that was for the numbers coming up. Just for clarification, could we base those numbers on the current unemployment and projected unemployment rates going forward as opposed to looking back historically on five years ago? Because I think, you know, it was brought up there was a comment made that there are different barriers that are needed to get past now. So the cost actually per person may be more than it was five years ago.

MR. COPADIS: I mean, I don't know the answer to that question. I think what I would say is this, is that the intention of the One-Stop offices is anybody that walks through that door that needs assistance with training or their job seeking is to get those people back to work. And I think that the efforts of the staff in the One-Stop just thinking about what's happened. Our unemployment rate today came out today. We are second in the country again and again I -- our intent would be to get everybody that comes through that door back to work again. Again, depending what types of barriers you're dealing with. I mean, I think that you're going to have people that are going to come in that are going to be work ready when

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they first come in. Then you're going to have some that are going to come in that have some barriers. Then you're going to have some, a third of a group that come in that have multiple barriers and, you know, we are going to need to address those issues with the folks as they come in. I think there's going to be a group of people when they first come in, they're going to be employable. And I can tell you right now that employers out there are starving for workers. It's happened in each and every job fair we go to. I mean, you know, there's hundreds of jobs and there's a limited number of people that are coming out even though, you know, we put forth as much media exposure and as much exposure out in the community that we can put forth in order to get people out to seek jobs.

SEN. DANIELS: Thank you.

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: Thank you very much, Mr. Chairman. I've got a couple of questions, if I might?

MR. MEYERS: Of course.

SEN. LITTLE: And conveniently they come from the filing that you gave us for the request. And it's at the bottom of every page. At the bottom of Page 3, the last sentence says a six-month funding period is being requested for the program to demonstrate its value.

MR. MEYERS: Correct.

SEN. LITTLE: I know the Chairman has referenced this six-month period before. So this is a pilot program and then -- that's my question, is this a pilot program? Then at the bottom of Page 6 there's a paragraph titled metrics. And I know one of the questions that we ask at this Committee all the time is what's your plan for proving to us that this is going to work, whether it's working or not? So is there a connection between those two sentences, the one at the bottom of Page 3

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that says, yeah, this is a six-month program and the one at the bottom of Page 6 that outlines some, I believe, federal guideline metrics?

MR. MEYERS: I'm going to have Commissioner Copadis address that.

SEN. LITTLE: You need to come back to us in six months and say based upon these Federal metrics we can tell you this program is working or it appears that it's not.

MR. COPADIS: Yeah. I mean, I would say yes. We would be able to come back and tell you that, because we are going to be tracking each and every individual once this program starts up. If it starts up we are going to be tracking each and every person that comes through our offices. And there will be a tracking system that we'll get back to HHS indicating, you know, the numbers of people that have come through, and the numbers of people that are back and re-employed, and the numbers of people that have barriers, what we have done as far as the barriers go, who we make referrals out to and how those referrals are going with whatever barriers that we're dealing with to get back re-employed. So I would say yes.

MR. MEYERS: And I would, if I may, Senator, I would add to that that it's absolutely my intention as Commissioner at the end of that six-month period to report fully to the Legislature, whether it's the Fiscal Committee or the entire Legislature, to come back with a report that details -- describes in some detail how the program is working, who's been served, and the types of barriers that have been addressed and so forth, including the metrics that are referenced on Page 6. So absolutely.

SEN. LITTLE: Just a quick follow-up.

CHAIRMAN KURK: Sure.

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SEN. LITTLE: So is it likely then that we will see those sorts of data sets before we'll be asked to appropriate more funds to continue the program?

MR. MEYERS: Absolutely. It's my intention to bring forward a report on the program, would be in conjunction with any further request.

SEN. LITTLE: Thank you both very much.

CHAIRMAN KURK: Just to elaborate on that. As Commissioner Copadis suggested, there are different levels of needs and different levels of readiness to work.

MR. MEYERS: Yes, yes.

CHAIRMAN KURK: In the first six months it would be rather obvious that those requiring the least assistance would be most likely to get jobs.

MR. COPADIS: Right.

CHAIRMAN KURK: You might come back with metrics that look sterling and on the basis of which we might go forward; but then in the next six months you're dealing with a much different population that requires many more services. So will you make sure that when you give us the metrics you recognize the different populations that are being served?

MR. MEYERS: Of course, of course. That's a very fair point. Yes, absolutely.

CHAIRMAN KURK: Thank you. Senator Sanborn.

SEN. SANBORN: Thank you, Mr. Chair. I have a number of questions if you'll allow. All of you, plethora of you, thank you so much.

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On a global perspective, of course, all of us support any program we can do to get people back to work. But when I read this, I -- I'm getting some real mixed messages from it so I'm hoping I can fire-up a couple of your narrative questions back to understand. If this is a program to get people back to work, but yet you're saying the program is specifically designed for people making under 200% of FPL, which is about \$30,000 a year, don't those people already have jobs?

MR. MEYERS: There are people who do not have jobs. There are people who are underemployed. There are people who maybe change jobs often because there are barriers they have difficulty surmounting with or whether it be transportation or child care and so forth. They may not have all the skills they need to maintain their jobs. So this is a program that is really -- I think it's just referenced by the Chairman there are folks that are kind of ready to work but that have some barriers that need to be addressed or others that have more significant barriers, multiple challenges, and this is a program that is really designed in order to provide those supports to eliminate those barriers to keep them employed.

SEN. SANBORN: But your program's specifically designed by your narrative in eligibility, people including individuals who are 200% or less of the Federal Poverty Level which means you're targeting a program of people making \$30,000 a year with a secondary target on the next page of specifically people who are in the Medicaid Expansion population.

MR. MEYERS: Right.

SEN. SANBORN: So, I guess, Commissioner, I'm kind of backing into I look at this from a number of ways. One, I'm questioning why we are not sitting here with Commissioner Beardmore talking about what are we doing to incentivize companies to train people and provide good employment, and instead we are looking at a program that's just going to use money to give to companies, to give to free transportation, to

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give to free housing, to give free health care to people making \$30,000 a year.

So I've got kind of this are we at the cart or the horse part. 'Cause, again, we all want people to work. Don't get me wrong. But just raising some questions to me, as part of the drive-by we have got people making \$30,000 a year, plus we are giving them free health care and Medicaid Expansion. Now you're going to spend \$8,000, 2,000 people you say will go through the service on a \$16 million annual spend. So \$8,000 to train them for a job. What kind of money do we have an expectation that these people are going to make that was based upon what I'm hearing, we have got people that between the 30,000 FPL, plus health care, plus the 8,000 in training, and all the subsidies, we are at 50 or \$60,000 a head. And then, of course, they come off Medicaid Expansion which we want them to do. I'm getting some, respectfully, more questions than answers on the program understanding the intent.

MR. MEYERS: You want to start? I'm going to supplement.

MR. JEWELL: Thank you for that question. I think we have to look at what would be considered a livable wage. 200% of the Federal Poverty Level is still poor. When you look at, and this is a variable number depending on the research that you look at, but a general livable wage would be over \$40,000 for a parent and two children. So at 300% of the poverty level, which what you're looking at are individuals that are just getting by if they're employed. And the likelihood is that they're in a stop-gap job so they may be falling in and out of the assistance system.

So what we are trying to do is to bolster that up so somebody goes into employment, they're going into a livable wage job, and also filling some of those business gaps as far as employers looking for employees, so.

SEN. SANBORN: Thank you.

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MR. JEWELL: Sure.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you, Mr. Chairman. Commissioner, I'm on Page 7 of your handout, and I'm looking at the staffing piece. Your second sentence says three DHHS staff will be required to manage the program, collect and approve invoicing for payment, approve client services, client expenses for payment, collect reports, and input into a database, measure program outcomes, conduct case audits and more, fine; and then the last sentence in that paragraph, CCSNH will be seeking two staff to determine employer needs, develop training plans. So is this a total of five staff members needed? And I know on Page 8 you say that you're going to be using vacant for your three people.

MR. MEYERS: Yes.

REP. OBER: You go on with that. But is there just five new staff members across two agencies or are there more?

MR. MEYERS: I will let Commissioner Copadis address his.

REP. OBER: Thank you.

MR. MEYERS: The middle sentence also addresses positions at Employment Security. I'll let Commissioner Copadis address that.

MR. COPADIS: So with us there's a total of six positions, two program specialists, and the number -- the five number is an error. It should be six there. So six counselors and two program specialists.

CHAIRMAN KURK: Is that eight?

MR. COPADIS: Eight. Right now --

REP. OBER: That's 11.

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MR. COPADIS: Eight with us.

MR. MEYERS: In Employment Security.

MR. COPADIS: This is Employment Security.

REP. OBER: Eight with Employment Security.

MR. COPADIS: Correct.

REP. OBER: Three with DHHS, correct?

MR. MEYERS: Correct.

REP. OBER: And two with Community College. So a total of 13 staff for six months. What happens at the end of six months to those 13 people if this is a six-month pilot program?

MR. COPADIS: Well, at the end of the six months if the program -- I mean, when they apply for the position, if they're chosen for the position, they will know upfront that it's a six-month temporary position at that point.

REP. OBER: So all 13 people would be terminated at the end of six months, Commissioner?

MR. MEYERS: Yeah, if the program doesn't continue.

REP. OBER: Thank you.

CHAIRMAN KURK: So just check-up on the timing. The program starts July 1st. It ends December 16th -- December 30th of '16.

MR. MEYERS: Correct.

MR. COPADIS: Correct.

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CHAIRMAN KURK: You're going to have to present us at the Fiscal Committee -- the Legislature won't be in session at that time.

MR. MEYERS: Right.

CHAIRMAN KURK: There probably will be new Fiscal Committee members for the December meeting.

MR. MEYERS: Yeah.

CHAIRMAN KURK: You will have to be presenting them with this data that you mentioned. And we'll have, what, one week to let these folks go if it's a no go and, obviously, no problem if it's a continuation. I mean, is that the time frame you're looking at?

MR. MEYERS: Yes. To answer your question, we are looking, you know, start the program as close to July 1st as possible, obviously, and run for a six-month period through the end of the calendar year. So you're right. Would having to come before January to presumably the next Fiscal Committee with respect to any reauthorization or additional funds for the program.

CHAIRMAN KURK: And if you wanted you could introduce legislation this fall.

MR. MEYERS: Absolutely, yes.

CHAIRMAN KURK: Is that your intent?

MR. MEYERS: You know, I haven't really looked at that closely enough yet, but I think we will look at that and to what extent it may be needed, yes.

CHAIRMAN KURK: I would suggest that, Commissioner, because --

MR. MEYERS: Yeah.

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CHAIRMAN KURK: -- what you're doing now is asking ten people to circumvent on a brand new program, which normally would go through the either budget process or the legislative process --

MR. MEYERS: Right.

CHAIRMAN KURK: -- of a very significant nature.

MR. MEYERS: Yep, yep. Point well-taken. Yep.

CHAIRMAN KURK: Representative Barry.

REP. BARRY: Thank you, Mr. Chairman. And thanks, gentlemen and ladies. Appreciate it. My concern is that I see nothing new in here. What -- what's the brand new things that you're going to do tomorrow that you're not doing today?

MR. MEYERS: What's new is a program that is really targeting the elimination of barriers to work for low-income citizens. And, really, a -- as you can see from the folks at the table, a very coordinated approach across the state with the Community College System - Department of Education is not at a the table right now but they're part of this as well - to connect low-income New Hampshire citizens with barriers to work to be able to support their ability to work long-term in the state. And it's -- I should add it's complimentary to other programs that exist today. And Commissioner Copadis can address some of the existing programs; but this would work hand-in-hand with other efforts that the State has going on.

CHAIRMAN KURK: Go ahead.

REP. BARRY: But I have a follow-up, kind of a follow-up. Sounds like to me more of the same, but I have a specific one. Where we are going through an opioid crisis --

REP. OBER: An opioid abuse crisis.

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REP. BARRY: Thank you. Significant. But one of the real issues that I learned from going to Judge Colburn's Drug Court graduation is finding after they have reached bottom and said I want to do something different, finding housing but, more importantly, employment and do we know people out there who are ready to, through your workforce development, who are ready to hire people who were drug addicts, who -- who were ex-cons and going through that process and is that -- is that something new or has that been -- is that an existing series of contacts you have?

MR. COPADIS: Well, there are some employers in the state that are willing to take a chance on previous offenders that have come out of programs. I mean, one of the other things that we've seen, I've had employers, I'm not going to -- obviously, I'm not going to get into the names of employers. But I've got employers who have expressed a frustration level with people who can't pass a drug -- you know, people that they're looking to hire, they look like they'd be good employees and then when they put them through the drug test they fail the drug test, so.

CHAIRMAN KURK: Just so I'm clear on this. This program is different from our existing efforts because we are, quote, eliminating barriers to work. I assume that means we are not providing additional child care in the current programs. We are not -- there were three or four other things you mentioned. Those are the things you're talking about.

MR. MEYERS: Yes, yes.

REP. OBER: I have one other question.

CHAIRMAN KURK: Representative Ober. And then Senator Sanborn.

REP. OBER: According to the documentation on Page 1, this program begins July 1st, 2016; correct, Commissioner?

MR. MEYERS: Yes. Yes, Representative. Yes.

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REP. OBER: Combined you just told me you needed 13 people to run a six-month program. There are 40 days from today until July 1st. What's the likelihood you can hire 13 people to fill those slots and get them trained in 40 days?

MR. MEYERS: Well, I'll let others comment on their slots. With respect to our Department, there's three slots. And, you know, if the Fiscal Committee approves this item today, we'll be able to go forward and fill those in order to get the program up and running on or about July 1st. I'll let the others address theirs.

MR. COPADIS: The intent is to be up and running July 1st. Is it a tight time frame? Absolutely. The other thing that's going to be -- obviously it's going to create some difficulty is when you're advertising these positions, you're advertising them as six-month temporary positions. So that's going to be an obstacle. The intent on our end is to be up and running July 1st but it's -- it's very tight.

CHAIRMAN KURK: But you also made it clear, I thought, that this -- this is not like many other programs where there's a specific start date that has to be met. If you started August 1st or September 1st and ran for six months, it would still be a viable program.

MR. MEYERS: Yes.

CHAIRMAN KURK: A viable pilot.

MR. COPADIS: Yes.

MR. MEYERS: Yes.

CHAIRMAN KURK: Senator Sanborn.

SEN. SANBORN: Thank you. Commissioner Copadis, in the aggregate, 'cause I know we have tons of programs, we pass legislation on several of them. How much are we spending in job

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training and job development today in the State of New Hampshire for your agency?

MR. COPADIS: Job training? I don't have a number for you. I don't have a number with me as far as the -- we are spending in job training. I mean, some of the training that is approved goes through the CAP Agency, the Community Action Program, which is a partner agency with us in the One-Stop Centers. I don't have -- hold on one second.

MR. COPADIS: Three million for training specific.

SEN. SANBORN: Thank you. My next question, Mr. Chair, if you allow, have a couple quick ones. You have in here you're going to spend \$550,000 to do an annual independent evaluation as to the efficacy of the program. Seems like a lot of money.

CHAIRMAN KURK: What line is that?

SEN. SANBORN: Page 8, one-third of the way down, Section 102.

MR. MEYERS: We budgeted 550.

SEN. SANBORN: To assess?

MR. MEYERS: That doesn't mean we are going to spend 550 but that's what we budgeted.

SEN. SANBORN: And my next question, Mr. Chair, if you'll allow?

CHAIRMAN KURK: Please.

SEN. SANBORN: We spoke about part of my concern is that the target to me is people who don't have jobs but people who are working based upon the program criteria you established. But also two lines up from that you also talk about going to be instituting a program through the Department of Education to

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provide subsidized after-school work for kids. And I'm trying to understand how that fits into high skills, high pay, up on your feet adults for training and jobs. I mean, in all honesty, I'll be very candid, let's get the Commissioner from the Department of Labor over here so we can change some laws where I can actually hire a kid. Because our industry is prohibited from hiring kids. They can't use a knife in my industry, can't use a slicer. If they work five minutes over the limited time frame, you guys come and you penalize my company. There's so much we can do about hiring kids without spending programs of \$8 million. Just let employees do it for cryin' out loud. That's where I think we need to be spending some of our effort.

MR. MEYERS: Gateway Program, Senator, is required to use the TANF Program, got to be consistent with the objectives of TANF which is support parents and their children and to keep families together and so forth. And by providing programs through the Department, having the Department of Education work with schools to provide some employment opportunities for kids and training for kids, it will help better prepare them as they get older for employment in the workplace. I mean, the purpose of this program is really long-term and in order to really enable not just the adults but the kids to be work ready as well.

CHAIRMAN KURK: Further questions. Commissioner, will you be able to respond or get the information to respond to the questions, at least that I raised initially, about how many people are actually going to be employed based on your estimates, based on the Utah experience, based on the Federal experience?

MR. MEYERS: Yes.

CHAIRMAN KURK: How many people are going to be holding jobs after having spent \$8 million on this program? Will you be able to get that to us by next -- by our next meeting?

MR. MEYERS: When's your next meeting?

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CHAIRMAN KURK: June 24th. I know this will delay the program for a bit.

MR. MEYERS: Yes, we will make a submission.

CHAIRMAN KURK: Great.

SEN. SANBORN: Mr. Chair, I think, also, be very important for me, at least, to try to understand what -- what is the target employment range on a dollar basis that we are looking to do, if we are spending? So, Commissioner, if you could help me understand, you know, return on the investment, which is what this is all about, that we are going to spend \$8 million and trying to train 2,000 people for jobs and they're going to get jobs. Are they going to be making \$10 an hour? Because I can introduce you to 2,000 employers today that will hire someone today for \$10 an hour, or these forty or \$50,000 a year jobs so I can try and get a rational understanding. Because, again, I'm still struggling at some level with where's the business community in this? Where's their participation? What are we doing to offer them tax credits or incentives, an obligation for them to come here and hire some of these people?

MR. MEYERS: They are participating. We have already had contact with -- the State had contact with a number of New Hampshire employers who are very eager to participate in this program and are ready to accept some of these folks in -- in their employment programs.

SEN. SANBORN: Mr. Chair, if I can follow-up on that. Commissioner, I understand that. As an employer, if the State calls me up and says I'm going to subsidize your employee. I'm going to give them transportation. I'm going to give them health care. I'm going to give them training. I'm going to give them everything, you're right, there's going to be a line of employers out the door. In fact, every single employer in the State of New Hampshire will sign up for that. But as an employer, there's also an obligation that we need to be training our employees, and we need to be paying them, and we need to be

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giving them the tools because that's our responsibility as a good employer to make sure that the employer base is also invested, not receiving a financial benefit, which this program does, but they're invested to make sure that long-term those employees are a good fit for their company.

CHAIRMAN KURK: Chair recognizes Representative Barry for a motion.

** REP. BARRY: Make a motion to table the article.

CHAIRMAN KURK: Is there a second?

SEN. DANIELS: Second.

REP. EATON: Roll call.

CHAIRMAN KURK: Moved and second the item be tabled. There's a request for a roll call.

SEN. LITTLE: Second.

CHAIRMAN KURK: No.

SEN. LITTLE: Second the roll call.

CHAIRMAN KURK: We do that just by one person asking.

SEN. LITTLE: Thank you.

CHAIRMAN KURK: Motion is to table item 16-087 until our next meeting so that the Commissioner can provide the answers to questions that were asked. If you're in favor of that motion you will answer yes when the clerk calls your name. If you're opposed, you'll answer no.

REP. OBER: Representative Kurk.

CHAIRMAN KURK: Yes.

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REP. OBER: Representative Weyler -- oh, I'm sorry.
Representative Barry.

REP. BARRY: Yes.

REP. OBER: Clerk votes yes. Representative Eaton.

REP. EATON: No.

REP. OBER: Senator Little.

SEN. LITTLE: No.

REP. OBER: Senator Sanborn.

SEN. SANBORN: Yes.

REP. OBER: Senator D'Allesandro.

SEN. D'ALLESANDRO: No.

REP. OBER: Representative Rosenwald.

REP. ROSENWALD: No.

REP. OBER: Senator Daniels.

SEN. DANIELS: Yes.

REP. OBER: Senator Reagan.

SEN. REAGAN: No.

REP. OBER: Motion fails on tie vote.

CHAIRMAN KURK: Tie vote, the motion fails.

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

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CHAIRMAN KURK: Senator D'Allesandro moves.
Senator -- Representative Eaton seconds the item. The motion is to adopt the item. If you're in favor -- is there further discussion? There being none, are you ready for the question? If you're in favor of that item, you'll answer yes when your name is called. If you're opposed, you'll answer no. Sorry. You ready for the question? All those --- we'll call the roll unless --

SEN. LITTLE: Roll call.

CHAIRMAN KURK: Roll call, yes.

REP. OBER: Representative Kurk.

CHAIRMAN KURK: No.

REP. OBER: Representative Barry.

REP. BARRY: No.

REP. OBER: Clerk votes no.

REP. OBER: Representative Eaton.

REP. EATON: Yes.

REP. OBER: Representative Rosenwald.

REP. ROSENWALD: Yes.

REP. OBER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. OBER: Senator Little.

SEN. LITTLE: Yes.

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REP. OBER: Senator Sanborn.

SEN. SANBORN: No.

REP. OBER: Senator Daniels.

SEN. DANIELS: No.

REP. OBER: Senator Reagan.

SEN. REAGAN: Yes.

REP. OBER: Motion fails five to five.

** SEN. DANIELS: Move to table.

CHAIRMAN KURK: Mr. Kane, what are our options at this point?

MR. KANE: Well, you could take a motion to deny. You could --

CHAIRMAN KURK: I don't think there's support for motion to deny.

MR. KANE: You wouldn't. I could see that. And then those are three motions you could take. In the past the Committee has postponed action on the item.

CHAIRMAN KURK: What's the difference between that and tabling?

MR. KANE: Usually, we only carry over for one meeting.

CHAIRMAN KURK: Representative Barry.

REP. BARRY: What was it?

MR. KANE: Postpone until the June 24th.

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REP. BARRY: You want a recess first?

CHAIRMAN KURK: Committee will stand in recess for, hopefully, five minutes.

(A recess was taken at 11:36 a.m.)

(Reconvened at 11:40 a.m.)

CHAIRMAN KURK: Committee will come out of recess. The Chair recognizes Representative Barry for a motion.

** REP. BARRY: Motion to postpone to the next meeting.

CHAIRMAN KURK: Is there a second?

SEN. REAGAN: Second.

CHAIRMAN KURK: Second by Senator Reagan.

SEN. D'ALLESANDRO: I'd like to speak to the motion, if I might, Mr. Chairman?

CHAIRMAN KURK: You may.

SEN. D'ALLESANDRO: I'll support -- I'll support the motion because we don't have anything else to offer. Seems to be a stance. But two things I want my Committee or the Committee to recognize. We have a shortage of labor in the State of New Hampshire, a shortage of skilled labor. We put jobs out and we can't get people -- we can't get people to show up for them. This is an opportunity to train people, to get them ready to work, and to do something positive, and to use an entity that we have available to us. We have the Community College System, we have got Health and Human Services, we have got Employment Security. We have three agencies working together to give us the desired result. We have businesses that are crying for people. They can't get them. One of the reasons they can't get them

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because they're not trained. They're not properly trained for the job.

I think \$30,000 is a miniscule amount of money. That's poverty; poverty. And if we can't improve the situation, we as legislators, we cannot improve the situation, then we shouldn't be sitting here. That's our job. And it seems to me we can ask anything we want of these people. Give us reports at the end of the six-month period. Make sure the money is being spent wisely. We oversee that. And, again, that's our job. But to deny them the opportunity to do that, I think, is irresponsible.

CHAIRMAN KURK: Senator, I agree with what you've said. The purpose of the delay is to get important information prior to going into the program. For New Hampshire, an \$8 million program is a significant program. And the question is do we have any basis for determining whether or not the value we are going to get out of this program, the number of new jobs that will be built by these folks, is worth the \$8 million that we are spending. It is a preliminary question that we have to ask.

Senator Little pointed out the fact that this is a pilot type program and we are going to get some very good information at the end, the tracking information, so we'll know whether or not it works. But the first question, which unfortunately couldn't be answered is, what's the expectation. I'm going to assume that these folks have done their homework, at least up to the point, and therefore we are going to get the information we ask for at the next meeting and, hence, I'm optimistic that because I have confidence in these folks that they're going to be able to demonstrate this program is, in fact, worth taking a chance on and worth entering into and because of the tracking information, because it's worth entering into, we will get the information at the end of the program to know that, in fact, it proved out. And so for those reasons I think this is a reasonable thing to do. In any event, Representative Eaton.

REP. EATON: Would it be possible to hear from Commissioner Meyers for one moment in response to your comments?

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CHAIRMAN KURK: Sure.

MR. MEYERS: Thank you. I appreciate the opportunity. So I certainly will look into the Utah program and provide whatever information is available from the Utah program. You have my commitment on that. I will contact the Federal Government and whatever kind of programs were run by the Federal Government through Federal HHS, if there's any information with respect to those --

CHAIRMAN KURK: Comparable programs.

MR. MEYERS: -- comparable programs, yes. I will provide that information.

With respect though, I want to just be very clear, we will provide you with the best information, our best estimates of what we think the program will do once employed. But I want to be clear. I don't know that we can tell you definitely, you know, exactly how many people are going to be employed on a specific date as a result of this program. I just want to be very clear about that.

CHAIRMAN KURK: I understand that. But Utah has had some experience and I assume they're comparable Federal programs. So we have an area, a range of expectation as to what this will do.

MR. MEYERS: I will provide -- I don't know what exists today. I heard about these other programs. So we will look into it. We will obtain whatever information is available and we'll provide it to the Committee before the next meeting.

CHAIRMAN KURK: Thank you, Commissioner. Representative Barry.

REP. BARRY: I have just a follow-up on what I asked for earlier which is new activities, things that you're going to do with this program that you aren't doing today. Where will that money be spent? The next --

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MR. MEYERS: I believe we covered that in our letter, but I'm happy to present it.

REP. BARRY: Thank you.

CHAIRMAN KURK: Representative Rosenwald.

REP. ROSENWALD: Thank you, Mr. Chairman. Would it be possible to also look at what savings there might be as people get off State and Federal forms of public assistance?

CHAIRMAN KURK: Thank you for that.

REP. ROSENWALD: You're welcome.

SEN. SANBORN: I assume everyone hired would get off all forms of State and Federal assistance.

CHAIRMAN KURK: Are we ready for the question? The clerk will call the roll. The motion is to postpone this item until the June 24th meeting.

REP. OBER: Representative Kurk.

CHAIRMAN KURK: Yes.

REP. OBER: Representative Eaton.

REP. EATON: No.

REP. OBER: Clerk votes yes. Representative Barry.

REP. BARRY: Yes.

REP. OBER: Representative Rosenwald.

REP. ROSENWALD: No.

REP. OBER: Representative Daniels.

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SEN. DANIELS: Yes.

REP. BARRY: Senator Daniels.

REP. OBER: Sorry, Gary. Senator Daniels.

SEN. DANIELS: Quite all right.

REP. OBER: He's spent so many times happy hours with us in the House. Senator Little.

SEN. SANBORN: Not sure he wants to talk about that.

REP. OBER: No, we are not going there. Senator Little.

SEN. LITTLE: Begrudgingly yes.

REP. OBER: Senator Reagan.

SEN. REAGAN: Happily yes.

REP. OBER: Senator Sanborn.

SEN. SANBORN: Yes.

REP. OBER: Thank you. Senator D'Allesandro.

SEN. D'ALLESANDRO: No.

REP. OBER: Seven to three.

CHAIRMAN KURK: Seven having voted in the affirmative, three in opposition, the motion carries and we will take this up at our next meeting and thank both Commissioners and all the other staff who assisted.

*** {MOTION TO POSTPONE THE ITEM ADOPTED}

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(5) RSA 14:30-a, VI Fiscal Committee Approval Required
For Acceptance and Expenditure of Funds Over
\$100,000 from any Non-State Source and RSA 124:15
Positions Authorized:

CHAIRMAN KURK: We turn now to item number five --

** REP. OBER: Move to accept.

CHAIRMAN KURK: -- on the agenda. Is Attorney General Foster here?

REP. EATON: He just arrived.

CHAIRMAN KURK: Thank you. We have two items on this agenda. I'd like to remove 16-081 for discussion. Does anyone wish to -- well, we need to deal with Fiscal 16-080. So before us now is Fiscal 16-080, a request from DRED for authorization to retroactively amend a variety of items, extend dates, and not increase funding.

** REP. OBER: Move.

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Moved by Representative Ober, seconded by Senator D'Allesandro that the item be approved. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and Fiscal 16-080 is approved.

*** {MOTION ADOPTED}

CHAIRMAN KURK: We now turn to 16-081, a request from the Department of Justice for authorization to budget and expend \$100,000 in prior year carry forward other funds through June 30th, 2017, and contingent upon the approval of number one authorization to establish a Class 046.

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** REP. OBER: Move to approve.

CHAIRMAN KURK: 46 -- I may have made a mistake. Is this the request for the \$75,000?

JOSEPH FOSTER, Attorney General, Department of Justice:
Yes.

CHAIRMAN KURK: Okay.

** REP. OBER: I move to approve it, Mr. Chairman.

SEN. LITTLE: Second.

CHAIRMAN KURK: We are not going to take a motion at this time. We are going to hear from the Attorney General.

Thank you for coming, Mr. Attorney General. We appreciate it.

As I understand this request, you want to spend \$75,000 to pay a law firm to do investigation of potential claims regarding fraudulent marketing of opioid drugs in New Hampshire. It's my understanding that you had engaged this firm through a contingency contract to do both the investigation and bring a lawsuit, if appropriate; but this was turned down as a result of a challenge by the manufacturers.

ATTORNEY GENERAL FOSTER: Correct.

CHAIRMAN KURK: Could you explain this request in light of that legal suit?

ATTORNEY GENERAL FOSTER: Correct. The opioid manufacturers challenged our ability to bring the investigation and the suit, if appropriate, as you said, which we have not decided yet to do, asserting among other things essentially ethical grounds. They argued that our outside counsel would be a public employee of the state. It would have a stake in the outcome and that

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would be inappropriate. They ignored, among other things, that the Department of Justice would be involved in the investigation as well as any suit and would maintain all control over such matters, and the judge rejected their arguments. That's a short version of their claims.

They have appealed that. They also asserted that if we were to bring a contingency fee arrangement, if it is permissible, we would have to come to Governor and Council and the Fiscal Committee. The judge agreed with that. That's on part of the appeal as well.

The reason I'm bringing this to you now and asking for permission, as I must from Governor and Council and should from Fiscal as well, is that the appeal will go on for six, eight months, might be longer than that. And I view this as something that needs immediate attention and should start. We have a very significant opioid problem in the state. We have among, on a per capita basis, among the most deaths in the nation. Obviously, all of you, and I say this every time I speak with any of you, thank you so much for what you've done in the last year to address the problem. I view this as part --

CHAIRMAN KURK: Would you speak closer to the mic so that everyone can hear this?

ATTORNEY GENERAL FOSTER: I view this investigation as part of that. Often when I speak I talk about a number of things, but one of the things I talk about is the importance of prevention. I viewed the House Bill 1423 that dealt with prescriber rules for all prescribers of opiate as an effective prevention measure because it asks physicians to think before they prescribe and to assess the patient. This, in a sense, is the same sort of thing. What we want to do is find out whether opioid manufacturers are mismarketing to physicians saying, among other things, that these drugs are not really addictive when they clearly are, that they last for 12 hours when they don't for many people, and there are other mismarketing items.

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Some of you -- many of you have seen some of the articles that have recently been written on this topic, as well as an investigation and assurance of discontinuance entered into by the State of New York and one of the manufacturers that sort of recites the type of marketing that is going on. We want to find out is it going on in New Hampshire and to what extent it's going on in New Hampshire. That's the purpose of the investigation. And should we see that it is, we would assess whether it is meritorious to bring a suit.

I will say the mere -- in my opinion, the mere fact that we are investigating may well help stop the behavior, and I think it has served that purpose as well.

CHAIRMAN KURK: Had the lawsuit not been filed, the cost of this investigation would have been covered by the law firm; is that correct?

ATTORNEY GENERAL FOSTER: Yes. If you're asking, yes. They would have done this investigation on a contingency fee arrangement. Effectively they were at risk that we would never choose to proceed with the suit and, obviously, they're always at risk in such an arrangement that the suit doesn't come out with in a successful manner so they would have done that.

CHAIRMAN KURK: So regardless of what happens in the Supreme Court, the effect of the lawsuit, if this were approved, is to cost the State of New Hampshire \$75,000 that it wouldn't otherwise have to have spent?

ATTORNEY GENERAL FOSTER: That would be correct. Well, the investigation is \$50,000 and there's a \$25,000 for expenses which may or may not be expended.

CHAIRMAN KURK: The request we have is 75,000 with 25,000 contingency.

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ATTORNEY GENERAL FOSTER: What we have done is \$50,000 for the investigation, 25,000 for expenses, and then put that contingency should additional expenses be necessary.

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

SEN. SANBORN: Thank you, Mr. Chair. Mr. AG, thank you for coming over. Thank you for spending time with me yesterday to talk about this. We all know how important it is and how important it is to get our hands around this. I do, however, have some concerns. I guess I wanted to express them for the record that, look, I am no fan of tobacco. Never smoked one in my life. Hate it. Hate the smell of it. I'm no fan of drug manufacturers if they're being predatory as some people are suggesting that they are. But I'm concerned whenever government decides it wants to go out and potentially punish the business community, because there's a perception that they have or have not done something. And part of my concern with this investigation is the potential that it could lead to, you know, another tobacco settlement style revenue source of hundreds of millions of dollars as we see this thing sweep across America that every state is going to follow New Hampshire's initial play of looking at drug companies as having done something with malice to accelerate or incorporate the sale of prescription drugs in our state and we are going to find them guilty and, therefore, there's going to be massive damages. That's my fear of what this is going down. Help me alleviate that.

ATTORNEY GENERAL FOSTER: If the suit were to be brought and, again, I haven't decided whether we will bring a suit. I want to find out what the investigation reflects. Among other things, it would seek an injunction to stop the mismarketing. It's not only about damages. There may or may not be damages that are collectible; but it certainly would stop the mismarketing which I believe exists.

You know, one of the outgrowths of the tobacco suit, yes, it has produced extensive revenue. It also drove down smoking,

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particularly teen smoking dramatically, because some of those funds were put into prevention programs. Were there to be a recovery, I would hope we would utilize those funds, among other things, for prevention programs. And what I mean by prevention programs is educating the public with -- with the prescribing rules are going to help re-educate our doctors on the risk of narcotics. We also have to educate patients as well on the risk of narcotics. Many families are given a prescription when their child had their wisdom teeth out for 30 Percocet. Sometimes the doctor will say just in case. Well, don't fill it. Or if you do fill it, think very hard before you do so. Does your family have a risk of addiction? Is there a lot of addiction in your family? We have to educate the public as well, and I would hope that funds would do that with it if there's a recovery.

SEN. SANBORN: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: Thank you, Mr. Chair. Mr. AG, thank you for answering the question. Is it your intent or do you plan to or will you consider turning this into a class action suit with all states or is this something that you're specifically looking and solely looking for just a New Hampshire response to a New Hampshire problem?

ATTORNEY GENERAL FOSTER: We are looking at it in New Hampshire. Other states are looking at it. It may or may not enter -- become -- I think what you're really referring to a multi-state class action.

SEN. SANBORN: Multi-state, yes.

ATTORNEY GENERAL FOSTER: It may or may not turn into that. Obviously, you can see New York has gone it alone with at least one of the manufacturers. I assume they're looking at some of the others. Each state is going to make their own decisions. Sometimes these things become multi-state and sometimes they

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don't. I'm interested in stopping mismarketing in New Hampshire.

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

CHAIRMAN KURK: Further questions. This is a sole source contract. Why?

ATTORNEY GENERAL FOSTER: Well, among other things, we started working with this firm. I thought about bringing this and looked at it very long and hard, and one of the things I did before I decided I would hire them on a contingency basis, which I thought it would be permissible, is looking at the pleadings that they filed. They are -- they represent a couple of counties in California and the City of Chicago in an action arising out of mismarketing. Their work was excellent. I was highly impressed. We obviously met with them and have only become more impressed. We began to work with them in the summer --

JAMES BOFFETTI, ESQ., Senior Assistant Attorney General, Division of Public Protection, Department of Justice: Yes, sir.

ATTORNEY GENERAL FOSTER: -- summer of 2015. The judge's order came out in March. So we had eight months with them, and we have only become more impressed in our work with them. They know what they're doing. They know the topic. They're responsive and creative. So at this point, I guess, it's in a sense a sole source, you can look at it as a sole source, but it's something that we feel very comfortable with.

CHAIRMAN KURK: So I would assume that you're telling me also that in addition to this being a sole source contract, as a practical matter whether you get the authority from the Supreme Court or not to enter into a contingency contract it would be with this firm. Unless -- unless there's some extraordinary failure on their part during the investigation phase, basically we are now going to have --

ATTORNEY GENERAL FOSTER: Yes.

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CHAIRMAN KURK: -- you're going to have this ongoing relationship with them.

ATTORNEY GENERAL FOSTER: That would be my intent at this point, absolutely.

** REP. EATON: Move approval.

REP. OBER: Already did that.

CHAIRMAN KURK: Further questions? There being none, Representative Eaton moves approval.

REP. OBER: Second.

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

*** {MOTION ADOPTED}

CHAIRMAN KURK: Thank you.

ATTORNEY GENERAL FOSTER: Thank you.

MR. BOFFETTI: Thank you very much.

MS. CARR: Thank you.

CHAIRMAN KURK: Good luck.

(6) RSA 176:16, V, Funds:

CHAIRMAN KURK: We now turn to item number six on the agenda, Fiscal 16-088, a request from the Liquor Commission for authorization to transfer \$2,006,000 among accounting units to re-allocate appropriations and cover projected shortfalls through June 30th, 2016. Representative Ober moves --

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** REP. OBER: Move approval.

CHAIRMAN KURK: -- approval. Seconded by --

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: -- Senator D'Allesandro. 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}

(7) Chapter 276:143, Laws of 2015, Department of Health
And Human Services; Transfer Among Accounts:

CHAIRMAN KURK: We turn now to item number seven on the agenda, Fiscal 16-086, a request from the Department of Health and Human Services for authorization to transfer \$122,397 in General and Federal funds through June 30th, 2016.

** SEN. SANBORN: Move.

CHAIRMAN KURK: Moved by Senator Sanborn. Seconded by?

REP. OBER: Second.

CHAIRMAN KURK: Representative Ober. Discussion? Are there any 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}

(8) Chapter 276:198, Laws of 2015, Department of Safety,
Transfer among accounts:

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CHAIRMAN KURK: We turn now to item number (8), Fiscal 16-077, a request from the Department of Safety for authorization to transfer \$190,000 in General, Highway and Turnpike Funds through June 30th, 2016.

** SEN. D'ALLESANDRO: Move approval.

REP. EATON: Second.

CHAIRMAN KURK: Moved by Senator D'Allesandro, seconded by Representative Eaton that the item be approved. Discussion or questions?

SEN. SANBORN: Can I ask how many new Troopers were hired?

CHAIRMAN KURK: Representative Sanborn has a question. Is there somebody from Safety who can answer?

REP. EATON: Got a few of them.

CHAIRMAN KURK: Good morning.

STEVEN LAVOIE, Director of Administration, Department of Safety: Good afternoon. Steve Lavoie, Director of Administration for Safety.

SEN. SANBORN: Good morning.

CHAIRMAN KURK: Senator.

SEN. SANBORN: Thank you, Mr. Chair. Thanks so much for coming in to answer questions. So this is, obviously, money that outfit uniforms and supply new Troopers. How many new Troopers in this? Is this different than what we approved in the budget earlier or is this a continuation of it? How many -- how many Troopers do we have?

MR. LAVOIE: We just hired a batch of ten new Troopers recently in the new class. We do still have seven positions that

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are vacant but are actively posted that we are looking to hire. And these -- the supplies that are listed here to outfit the Troopers, this particular transfer is related to active shooter kits. So it's a very specific item. And so those would be for existing Troopers, not just for our new Troopers that we get to hire.

SEN. SANBORN: Even though it says -- Mr. Chair, if I may -- even though it says due to new Troopers hired, what the narrative says?

MR. LAVOIE: Right, right. It is new Troopers hired. That's why there's additional spending in that particular line. So we do need to move funds in to address these items.

SEN. SANBORN: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. SANBORN: So how many Troopers do we have now?

MR. LAVOIE: Currently, we have --

SEN. SANBORN: What's the head count?

MR. LAVOIE: We have -- we have 344 funded Trooper positions.

SEN. SANBORN: One more. And where does that put us in the past few years or periods?

MR. LAVOIE: In '13 we had 331; '14 was 341; '15 was 341, and now we are at 344. So there's been a slight increase.

SEN. SANBORN: Thank you.

CHAIRMAN KURK: Representative Ober.

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REP. OBER: Thank you, Mr. Chairman. I'm looking at Page 2 of your documentation.

MR. LAVOIE: Hm-hum.

REP. OBER: And as the Senator just said, this is due to new Troopers hired. How many Troopers do you expect to turnover in every year?

MR. LAVOIE: It varies for several reasons. For the last -- for '15 we had nine Troopers that turned over. This year we have 18. A lot of that has to do with retirement. And so we can't fully project when a Trooper decides that they will retire. But much like the civilian population, our sworn population is aging as well. And so we do -- we are expecting to see a slight increase as we move forward.

REP. OBER: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. OBER: How much did you increase your budget line for this since you were expecting a slight increase?

MR. LAVOIE: I don't have that. I -- I don't have that directly with me. I don't have last year's budget numbers, but I could certainly provide that for you.

CHAIRMAN KURK: Further questions? Representative Barry.

REP. BARRY: Thank you, Mr. Chair. Thank you. Two questions, if I may, Mr. Chair. Number one, you are reducing holiday pay by a little over 10%. Isn't that a function of the number of employees and your payroll? Why wouldn't that be proportioned across everything?

MR. LAVOIE: It is. We have carried vacancies throughout the year which is why if one of the vacancies occurred during a holiday period, the holiday pay would be decreased

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appropriately. And we also had several individuals that have been out on whether it's military leave, FMLA, worker's comp so that could impact that number as well.

CHAIRMAN KURK: Second question.

REP. BARRY: Okay. And in-state travel reimbursement, another, well, 8,000 -- 8% is down.

MR. LAVOIE: Sure, that's down as well. Again, driven by the vacancies that we have been carrying, less Troopers out on the roads, less mileage. That's partly the reason. The other part is the decrease in fuel costs that we -- that we have been experiencing that we have received some benefit from that.

REP. BARRY: Follow-up.

CHAIRMAN KURK: Follow-up.

REP. BARRY: Then why don't we see a reduction in personal services permanent if we got a number of vacancies and these other things are hitting you?

MR. LAVOIE: Well, this is the appropriated amount. We are not projecting to spend the full amount that's listed there. We don't have the ability to transfer funds out of personal permanent.

REP. BARRY: So you'll see a reduction next year?

CHAIRMAN KURK: Yes.

REP. BARRY: Okay. Thank you.

CHAIRMAN KURK: Further questions? There being none, do we have a motion on this?

REP. OBER: Yes, we do.

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CHAIRMAN KURK: Yes. Further discussion?

REP. OBER: We have a motion to approve.

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

*** {MOTION ADOPTED}

(9) Miscellaneous:

(10) Informational Materials:

CHAIRMAN KURK: Is there any other item to come before us, Mr. Kane?

MR. KANE: No. We did distribute a late item, the HHS Dash Board. It doesn't need approval, but it has been provided.

CHAIRMAN KURK: This is the late item 16-089, the Health and Human Services Dash Board. There's no approval necessary but it's informational for us. And if there are questions --

REP. OBER: Cough drop?

CHAIRMAN KURK: I have one. Thank you. If there are questions we can ask next time or contact the Commissioner in the interim.

(11) Date of Next Meeting and Adjournment:

CHAIRMAN KURK: Our next meeting will be June 24th, and the meeting after that will be August 5th. That's the first Friday in August. I understand Health and Human Services has a waiver request and they need early August approval. So you're off for the month of July and, perhaps, we may be able to even have a late meeting in September to provide additional relief. This was

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a very short meeting, folks. You sure there's nothing else that --

SEN. SANBORN: The only thing else, Mr. Chair, is I'd like to recognize the fine Senator from District No. 8 who based upon the fact he's quitting us is this will be his last Fiscal meeting, and I'd like to congratulate him and thank him for all his service. And even though I joke, I will say he's great. He has served us well and we appreciate him being here but this is his last visit.

CHAIRMAN KURK: I share your remarks. Senator Little is a resident of my hometown. I have watched him build stone walls. I've watched him put up extraordinarily well-built political signs that had at least a ten-year duration and, unfortunately, because of his new position will be available for others the remaining eight years of their useful life.

I, too, would like to thank him for not only his service on Fiscal but for the service he's provided on Senate Finance and other committees.

REP. OBER: He's going to keep working.

CHAIRMAN KURK: I understand he's going to be working for the State. But still, when he started working -- when he started running and became a Senator, he did it for the reasons that most of us do it because he had certain noble goals of what good public policy should be. And I applaud him for coming out of retirement to help fulfill those, because it's due to people like him and many of the rest of us at this table that this Legislature is able to do the good work that it does. So thank you, Senator, and good luck on your future.

SEN. LITTLE: Thank you for those comments. Thank you, Senator. Thank you all very much. It's been an honor to work with you.

CHAIRMAN KURK: Anything else? We stand adjourned.

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(Adjourned at 12:09 p.m.)

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CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.

Cecelia A. Trask
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State of New Hampshire
License No. 47

