

JOINT FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, June 16, 2017

MEMBERS PRESENT:

Rep. Neal Kurk, Chair
Rep. Ken Weyler
Rep. Lynne Ober
Rep. Mary Jane Wallner
Rep. Dan Eaton
Sen. Gary Daniels
Sen. President Chuck Morse
Sen. Lou D'Allesandro
Sen. Andy Sanborn
Sen. Regina Birdsell (Alt.)

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

(1) Acceptance of Minutes of the May 12 2017 meeting.

NEAL KURK, State Representative, Hillsborough County, District #02: Good morning, everyone. I'd like to open the Fiscal Committee meeting of Friday, June 16, 2017. First item on the agenda is the acceptance of the minutes. Is there a motion?

****** LOU D'ALLESANDRO, State Senator, Senate District #20: Move approval.

GARY DANIELS, State Senator, Senate District #11: Second.

CHAIRMAN KURK: Senator D'Allesandro moves, seconded by Senator Daniels, that the minutes be approved. Questions? Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved.

***** {MOTION ADOPTED}**

CHAIRMAN KURK: And welcome to Senator Birdsell who abstained.

(2) **Old Business:**

CONSENT CALENDAR

(3) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source:

CHAIRMAN KURK: There being no Old Business, the next item on our agenda is the Consent Calendar. There are three items on it. Fiscal 94 from the Department of Education, Fiscal 17-101 from the Office of Professional Licensure and Certification, Fiscal 17-103 from the Department of Environmental Services, and Fiscal 17-104, another request from the Department of Environmental Services. Does anyone wish to remove an item?

ANDY SANBORN, State Senator, Senate District #09: No. Four items on here.

CHAIRMAN KURK: There are four items on here, that's correct.

SEN. SANBORN: You said three.

CHAIRMAN KURK: Apologies. I read four but said three. I should have said four. Is there a motion to approve the Consent Calendar on item three?

** SEN. D'ALLESANDRO: So move.

CHAIRMAN KURK: Moved by Senator D'Allesandro, seconded by Senator Daniels. 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 those four items are approved.

*** {MOTION ADOPTED}

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(4) RSA 21-I:56 II Reclassification of Positions or Increases:

CHAIRMAN KURK: We turn now to agenda item number four, Fiscal 17-095, a request from the Department of Transportation for authorization to reclassify position 20222, from engineer -- from Civil Engineer VII, Labor Grade 34, to Transportation Operation Administrator, Labor Grade 35, in the Department of Transportation, Division of Operations, Bureau of Highway Maintenance.

** DANIEL EATON, State Representative, Cheshire County, District #03: Move approval.

CHAIRMAN KURK: Is there a second?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Moved by Representative Eaton, seconded by Senator D'Allesandro that the item be approved. Are there questions or discussion? I do have one if somebody from the Department.

REP. EATON: Did Lynne have a question?

CHAIRMAN KURK: Good morning.

DAVID RODRIGUE, Director of Operations, Department of Transportation: Good morning, Mr. Chairman. My name is David Rodrigue. I'm the Director of Operations for the Department of Transportation.

CHRISTOPHER WASZCZUK, Deputy Commissioner, Department of Transportation: And Chris Waszczuk, Deputy Commissioner for the Department of Transportation.

CHAIRMAN KURK: Welcome. Looks as though this was proposed by the individual and it's not clear since there's no organizational change why this should be granted. The only thing

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that I can see that justifies it is the statement about additional responsibilities. Is there anything else we should know?

MR. RODRIGUE: Yes, Mr. Chairman, and I apologize. The organization chart does not show well what the actual change is. The organization chart is geared towards highway maintenance. From a Department perspective as the Director of Operations -- hum -- I have an Assistant Director of Operations who's responsible for bridge maintenance, traffic, mechanical services, and our TSMO Bureau. This highway maintenance administrator formerly reported to the Assistant Director of Operations. Going forward, they will report directly to me as Director of Operations.

CHAIRMAN KURK: Thank you. Further questions? Discussion? Thank you, gentlemen.

MR. RODRIGUE: Thank you, sir.

CHAIRMAN KURK: There being none, are you ready for the question? All those in favor say aye? Opposed? The ayes have it the item is approved.

*** {MOTION ADOPTED}

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

CHAIRMAN KURK: Agenda item number five, another request from the Department of Transportation, Fiscal 17-098, authorization to enter into agreements with Railroad Operators for an amount not to exceed \$900,000 from the Special Railroad Fund for the maintenance repair of State-owned railroad lines for the period July 1, 2017, through June 30th, 2019.

** REP. EATON: Move approval.

CHAIRMAN KURK: Representative Eaton moves approval.

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

CHAIRMAN KURK: Seconded by?

REP. OBER: Second.

REP. WEYLER: Representative Ober.

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

*** {MOTION ADOPTED}

(6) Chapter 275:4, Laws of 2015, Lottery Commission; Authority Granted:

CHAIRMAN KURK: Agenda item eight (sic), a request from -- Fiscal 17-105 a request from the New Hampshire Lottery Commission for authorization to transfer \$2,645,000 from the Lottery Special Revenue Account for the purchase of instant tickets.

** REP. OBER: Move.

CHAIRMAN KURK: And related services through June 30th --

REP. WEYLER: It's number six.

REP. OBER: Number six.

CHAIRMAN KURK: Agenda item number six, Fiscal 17-105.

** REP. OBER: Move approval.

CHAIRMAN KURK: Representative Ober moves approval, seconded by?

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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 276:29, Laws of 2015, Department of Transportation; Transfer of Funds:

CHAIRMAN KURK: Agenda item number seven, Fiscal 17-096, a request from the Department of Transportation for authorization to transfer \$2,000 in Highway Funds between various accounts and classes through June 30th, 2017.

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

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

*** {MOTION ADOPTED}

CHAIRMAN KURK: Fiscal 17-097, another request from the Department of Transportation for authorization to transfer \$3,000 in Federal funds between various accounts and classes through June 30th, 2017. Moved by Representative Eaton, seconded by Senator Daniels. 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}

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

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**14:30-a, VI Fiscal Committee Approval Required for
Acceptance and Expenditure of Funds Over \$100,000
From any Non-State Source:**

CHAIRMAN KURK: Agenda item number eight, Fiscal 17-102, a request from the Department of Health and Human Services for authorization to transfer 2,245 --

REP. WEYLER: Two million.

CHAIRMAN KURK: \$2,245,092 in General Funds and increase Federal revenues in the amount of \$4,275,800 and increase related other revenues in the amount of \$2,531,173 through June 30th, 2017. Is there a motion?

** SEN. D'ALLESANDRO: Move it.

SEN. BIRDSELL: Second.

CHAIRMAN KURK: Moved by Senator D'Allesandro, seconded by Representative Wallner -- oh, sorry, Senator Birdsell. 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}

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

CHAIRMAN KURK: We turn now to agenda item number nine, Fiscal 17-099, a request from the Department of Safety for authorization to transfer 35,400 in Other Funds among driver licensing and credit card fees to June 30th, 2017.

** REP. EATON: Move approval.

CHAIRMAN KURK: Moved by Senator -- Representative Eaton, seconded by Senator Daniels. Discussion? Questions? There being none, are you ready for the question? All those in favor,

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please indicate by saying aye? Opposed? The ayes have it and the item is approved.

*** {MOTION ADOPTED}

(10) Chapter 279:219, Laws of 2015, Department of Corrections; Transfers:

CHAIRMAN KURK: And we turn now to item number ten on the agenda, Fiscal 17-100, request from the Department of Corrections for authorization to transfer \$513,000 in General Funds among accounts through June 30th, 2017.

** REP. OBER: Move approval.

CHAIRMAN KURK: Representative Ober --

SEN. BIRDSELL: Second.

CHAIRMAN KURK: -- moves approval, seconded by Senator Birdsell. 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}

(11) Miscellaneous:

CHAIRMAN KURK: We have a late item from the Department of Health and Human Services, their Dashboard, for -- which covers through the end of May of this year. Are there any questions? Senator Daniels.

SEN. DANIELS: Thank you. Just a question for the Department, please.

JEFFREY MEYERS, Commissioner, Department of Health and Human Services: Good morning. For the record, Jeff Meyers,

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Commissioner of Health and Human Services. Joined this morning by Sheri Rockburn, our CFO. Good morning, Senator.

SEN. DANIELS: Good morning.

CHAIRMAN KURK: Good morning to both of you. Senator Daniels.

SEN. DANIELS: Thank you. I remember last meeting that we had, I remember bringing up the issue of the Dashboard and why we get it so late. I mean, I got it less than two hours ago to look at; and why can it not be given to us earlier?

MR. MEYERS: It's a good question. So I apologize for this particular -- first of all, this is an abbreviated Dashboard. We gave you all the numbers, caseload information --

REP. EATON: Jeff, microphone.

MR. MEYERS: Because of the Committee of Conference, because of the work on the budget, the fact that we were all very heavily involved in that this week, it was like the -- and that's usually abnormal. We try to get it in earlier than that. The problem, in part, is the timing of the meetings and the close of the prior month's accounts, if you will, and the time that it takes not only to assemble the information, but to process the financial information as well.

So it depends when in the month the Fiscal meeting is held. If it's held the first week or two in the month, then it's much harder to prepare the Dashboard in advance because the accounts are not cleared yet. We don't have -- we are not able to process all the information that quickly. We take, typically, a number of days after the close of the month.

Caseload information comes a little more quickly because it's all automated in a slightly different way. So I apologize for that.

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You know, it -- we do the best we can given the timing of the meetings. And I'm sensitive to your -- to your concern and, you know, we try to get it done as quickly as possible. Again, this month was just, I think, abnormal because of the Committee of Conference and some other things that were happening. So I apologize for that.

SEN. DANIELS: Follow-up.

CHAIRMAN KURK: Senator Daniels.

SEN. DANIELS: How deeply do you need to go into the month before you would have the figures and with the possibility that we may be able to structure this meeting to some point beyond where you should have the thing and we can have it in advance.

SHERI ROCKBURN, Chief Financial Officer, Department of Health and Human Services: I think that as Commissioner stated that if the meeting is on the -- during the second week of the month, the first or the second week of the month, the close date is usually during the last week, for example, of May would have been the closing date to get to Administrative Services and LBA, and our month wouldn't have even ended by the time the close date came around. So that's really where our issue has been arriving from. If Fiscal met the third, for example, third Friday of the month, then the Fiscal close date is probably going to be the first week of the month. And then at least the part of the month would have been officially closed. So that's where we are struggling with. So it's a matter of getting it late with the most current data or having a month lag and getting the data to you. For example, we could have gotten it on time only through April data.

MR. MEYERS: Right. But that's already more than a month old. We don't think that's what you really want. We think and we want you to have the most recent information.

CHAIRMAN KURK: We are going to solve this problem for the next meeting, because we are not meeting in July. And we will be meeting in August on Friday the 25th. That's probably the last

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Friday in the month, well after the close date so we will expect a timely Dashboard --

MR. MEYERS: Yes, you will.

CHAIRMAN KURK: -- with full verbiage.

MR. MEYERS: That is the day I have to move my youngest daughter into college. So I won't be here that day. But Sheri will be or we will have it staffed and you will have a timely Dashboard.

CHAIRMAN KURK: This will not be a late item for that month.

MR. MEYERS: It won't be a late item.

CHAIRMAN KURK: Thank you.

SEN. SANBORN: Mr. Chair, will we get both July and August or June and July, two reports?

MR. MEYERS: Yes, yes.

MS. ROCKBURN: Correct. Will be one that's a full Fiscal Year 17 wrap-up, and then we'll do one just for July, for the first month in the new Fiscal Year..

MR. MEYERS: First month in the new Fiscal Year so you'll have everything.

CHAIRMAN KURK: Great. Are there any other questions about any other of the informational items?

REP. EATON: Mr. Chairman. I appreciate what Commissioner just said but following up on Senator Daniels. Wouldn't it be better if we get July's -- June, July in a more timely fashion before -- well before, like a month before the next Fiscal meeting? He can give us -- I'm sorry. He can give us June in advance and then July just before the next meeting.

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CHAIRMAN KURK: The July numbers will be in their report which we receive in August. It is possible that you could provide to the LBA and to us the year-end report --

REP. EATON: Right.

CHAIRMAN KURK: -- which covers June --

MR. MEYERS: Earlier.

CHAIRMAN KURK: -- when it's ready.

MR. MEYERS: When it's ready.

CHAIRMAN KURK: Yes.

MR. MEYERS: We will do so.

CHAIRMAN KURK: Thank you.

MR. MEYERS: Thank you.

CHAIRMAN KURK: Is there anything else to come before us? The next meeting will be on August 25th. Maybe we can even delay that if there's no business at that time. But at this time, we will take the month of July off. There being nothing else to come before us, we stand adjourned.

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Oh, that was premature apparently. Representative Ober.

REP. OBER: Don't we have information from DAS? It is an informational item.

REP. EATON: And they're here.

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REP. OBER: And they're here on the retiree and the self-insured insurance program. And maybe they would have a few words for us. That's always important with our budget.

CHAIRMAN KURK: Fair enough. Mr. Bouchard, Ms. Keane.

CATHERINE KEANE, Manager of Risk and Benefits, Risk Management Unit, Department of Administrative Services: Good morning.

CHAIRMAN KURK: Good morning, folks.

JOSEPH BOUCHARD, Assistant Commissioner, Department of Administrative Services: Good morning. For the record, Joe Bouchard from Administrative Services and --

MS. KEANE: Cassie Keane from Administrative Services, Risk Management Unit.

CHAIRMAN KURK: Representative Ober.

REP. OBER: I would just like just the highlights of what you think is important, really important in that report.

MS. KEANE: I think the most important thing for the Fiscal Committee to be alert to is that DAS is working very closely with the Treasurer's Office and with the State Comptroller to research and communicate to you about changes to the Government Accounting Standard Board rules regarding the reporting of the other post-employment benefit, we call that OPEB liability that appears on the State's CAFR. And I believe it is going to be on June 28th that a statutory committee called the Retiree Health Commission is going to be meeting. That Commission met -- the members of that Commission are Senator Reagan from the Senate, Representative John Sytek from the House, the DAS Commissioner, and in this case Joe will be sitting in, the Treasurer, and a public member who is Major Ernest Loomis. And the function of that Committee is to review the assumptions that are in the other post-employment benefit valuation that gets conducted every other year. And that valuation number appears in the CAFR.

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GASB, Government Accounting Standards Board rules are going to be changing effective with the Fiscal Year 18 CAFR. And the rule changes that are going into place are actually going to require that the OPEB liability move from what is today a footnote in the CAFR onto the face of the balance sheet. And rather than requiring a report of only a portion of the OPEB liability, we call it the net OPEB liability, it's going to require the report of the entire OPEB liability.

The difference is, as I understand it, we're allowed to amortize the OPEB liability currently and we will not be able to do that under the new GASB rules. So it's going to double the OPEB liability in future CAFRs, and I'm learning about this. I feel like, wow, I got it, I can tell you about it. Uh -- and I want to make sure that I'm bringing you along as I learn about it. And I can answer any questions you have. If you have questions, let me know. If I need to research anything, I'll come back to you. I'm working very closely with Dana Call, the State Comptroller, and also with the Treasurer. It's relevant to the Treasurer because we actually participate in bond disclosure meetings with counsel for the State. So it all ties together.

CHAIRMAN KURK: A couple of points. First of all, the current information about the unfunded liability is a footnote, but there is no legal obligation to fund. Under new GASB, while the number may change and the location may change, it still is an informational item and there's no obligation to fund; is that correct?

MS. KEANE: It is correct. In fact -- oh, hi, Dana. In fact --

CHAIRMAN KURK: Excuse me. Would you identify yourself for the record?

DANA CALL, State Comptroller, Department of Administrative Services: Sorry. I'm Dana Call, the State Comptroller.

CHAIRMAN KURK: Thank you.

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MS. KEANE: So the Legislature has the power to change the retiree health benefit. And so when Representative Kurk says there's no obligation to fund, it's really reflecting that very fact.

CHAIRMAN KURK: Further. Are you in a position -- are we in a position as a state legally to state that after we tell the world of the GASB number that the State may at any time without legal consequence reduce the number to zero? In other words, there's no contractual or legal obligation for any -- for the State of New Hampshire to pay any, I believe this is the case, and I'm really asking, any post-employment benefits.

MS. KEANE: Is your question can we say that in the CAFR when we -- when we comply with these GASB rules?

CHAIRMAN KURK: Yes.

MS. KEANE: I'm going to ask Dana to answer that.

MS. CALL: Right. Well, the liability is measured based on. So what you do prospectively in the future is entirely up to you as far as funding. But what we report in the CAFR is as of the Fiscal Year end point in time. So whatever benefits are in place at June 30, '17, is what the CAFR will reflect. So what you do in the future is certainly up to you. But those -- those retirement -- retiree health benefits have been provided and promised from many years prior. So the measurement of the liability is based on prior service periods for those employees.

CHAIRMAN KURK: I understand. But unlike our pension obligations, which are contractual --

MS. CALL: Hm-hum.

CHAIRMAN KURK: -- and could be changed prospectively for future employees, cannot be changed retrospectively for current employees.

MS. CALL: Right.

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CHAIRMAN KURK: So saying there is a legal obligation extending into the future is an accurate reflection of the State, it has an impact on the State's financial position. But it's the exact opposite when it comes to post-employment benefits because those are not promised. The statutory language is very clear, subject to appropriations. And, therefore, from my perspective, this is a very misleading figure when it comes to post-employment benefits.

My discussions with actuaries indicate I'm on the losing end of that argument. But at the very least to counter it and, in fact, to make it clear to those who use the statement, I would hope we would be able to add the language that I just indicated.

MS. CALL: Right. I think we would have some flexibility in what language we want to provide. We won't have as much flexibility how the number is calculated because that's actuarially determined. But I'm sure that the auditors will work with us in terms of language that we can make that point clear.

CHAIRMAN KURK: And I would hope that the language with respect to the CAFR number is in 8-point type and the language that I want is in 16-point type.

MS. CALL: We can get creative.

REP. OBER: Is that even with your reading glasses?

CHAIRMAN KURK: Representative Ober, did you have other questions?

REP. OBER: No. Thank you. That was excellent. I appreciate that.

MS. CALL: Thank you.

MS. KEANE: Thank you.

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CHAIRMAN KURK: Thank you, folks. Senator Sanborn.

SEN. SANBORN: Just for clarification, it's my understanding, correct me if I'm wrong, that all of our unfunded liability is from all different types of programs and policies, including retirement and health benefits now are required to be disclosed in the CAFR fully.

MS. CALL: Pertaining to --

CHAIRMAN KURK: I don't know the answer to that.

MS. CALL: Retiree health.

CHAIRMAN KURK: I know that certain ones are.

MS. CALL: Right.

CHAIRMAN KURK: Miss Call.

SEN. SANBORN: My understanding it's on all of them.

MR. BOUCHARD: Could you repeat your last question?

SEN. SANBORN: Want me to ask the question?

MS. CALL: Sure.

MR. BOUCHARD: Yes, please.

SEN. SANBORN: So to reask the question, my understanding from GASB was starting this year going forward that all potential deficits and long-term liabilities from all policy considerations, so including the retirement and health and any other long-term obligation that we have where there might be a deficit, would also be required to be posted at this point.

MS. CALL: I'm not sure of a specific GASB because we have always disclosed long-term liabilities that, you know, I'm not sure there's a specific one you're asking about. In terms of the

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new standards that are specific to OPEB, so it's just other post-employment benefits besides pension. So what we are talking about is implementation of just those. So if there were vision programs or other types of disability programs that we provided to retirees post-employment. It would be included in that. But for our purposes we just have the health plan that we factor in right now. But if there are others, yeah, if it's anything related to -- anything provided to retirees, other than pensions after they retire, that would be included.

SEN. SANBORN: Thank you.

CHAIRMAN KURK: Senator Sanborn, were you thinking of things like the Medicaid Program?

SEN. SANBORN: My understanding was all. So we might want to talk about that offline.

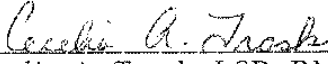
MS. CALL: Okay.

CHAIRMAN KURK: Thank you again. Is there anything else to come before us? There being none, we will be meeting on August 25th at 10 o'clock. This meeting is adjourned.

(Meeting adjourned at 10:23 a.m.)

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, LSR, RMR, CRR
State of New Hampshire
License No. 47

