

**JOINT FISCAL COMMITTEE**

Legislative Office Building, Rooms 210-211

Concord, NH

Wednesday, August 26, 2015

**MEMBERS PRESENT:**

Rep. Neal Kurk, Chair

Rep. Ken Weyler

Rep. Lynne Ober

Rep. Mary Jane Wallner

Rep. Dan Eaton

Sen. Jeanie Forrester, Vice-Chair

Sen. Chuck Morse

Sen. Lou D'Allesandro

Sen. Jerry Little

Sen. John Reagan (Alt.)

(Convened at 10:08 a.m.)

CHAIRMAN KURK: Good morning, everyone. I'd like to call the Fiscal Committee meeting of August 26, 2015, to order.

The -- we have an audit today which we will hear at the end of our other business, if there is time to do so. When we reach Consent Calendar items, unless there's objection, we will consider those individually and not as a block. This is what we did last time. And there are a number of items which we need to take off the table because they have been withdrawn, but we'll deal with those when we get to them.

The first item of business today that I'd like to address is the Item 15-183, which is the notification of retirement of the Legislative Budget Assistant effective August 31<sup>st</sup>, 2015. If you will turn to that.

REP. OBER: What tab is that on?

CHAIRMAN KURK: That's Tab 10. May I have a motion to accept the letter with regret, with deep regret.

\*\* REP. OBER: So move.

REP. WEYLER: Second.

CHAIRMAN KURK: Moved by Representative Ober, seconded by Senator Morse. Is there 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 motion is adopted.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: Jeff Pattison has been with the Legislative Budget Assistant's Office for decades. I think this is his 32<sup>nd</sup> year. He became Deputy LBA, I believe, in 1998. And then after ten years' stint became LBA in 2008. I've worked with Jeff during most of those years, and the one characteristic which struck me as extraordinarily important and impressive was his unflappability. No matter which way the winds came, no matter what the crisis was, no matter what the time pressures were, Jeff sailed an even keeled, even sailed ship.

There were times when he was getting battered by breezes from the Senate and from the House. He always performed in a way that was even-handed, and he could never be riled. And this was very important to us because sometimes some of us, myself included, get upset, need something, needed it yesterday. That information always came, always came in a timely manner, and never from a person who himself showed any outward signs. I'm sure he has ulcers but we never saw those.

The other thing I think of when I think about Jeff is the fact that he has been exceptionally competent. He learned a lot on the job. He followed a fellow with a CPA and that always presented some sort of problems, but after he got his hands around the surplus deficit statements, and that didn't take very long, we got the kind of service from Jeff that I think did the State proud.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

So I would like to thank you, Jeff, for all you've done for us. You're leaving large shoes; but, on the other hand, you have created a team over the decades which will serve the State well. So as you leave us, those who follow you will continue in your tradition as you continued in the tradition of unflappability that was started by your predecessors. And I appreciate that, because all of us are here for a very brief – it may be decades – but a relatively brief period of time, and it's very important that there be consistency in the services we get and in the kind of people who work here, and I'm very grateful to you for assembling a staff that will follow in your footsteps. Senator Morse.

SEN. PRESIDENT MORSE: I'm going to save mine for September 16<sup>th</sup>. Thank you.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. When I first came to this Legislature, Henry Goode was then LBA. That was a long, long time ago. Jeff follows a line of very quality people from that office. Having served as Chair of Finance when we were in majority, I recognized the fact that you have to service the majority, the minority, and the House and the Senate, that's an enviable task. It's almost an impossible task, but the Office does it well, and it's the manifestation of leadership when the office does it well. You've been a good friend of mine, Jeff, for a number of years. You've been a good public servant. Your civic action has been, I think, outstanding; outstanding. This is not an easy business, and it's become more difficult as time has gone on. But you and the staff have handled it admirably, done an outstanding job. The State's going to miss you because the State misses people who are committed to their job and committed to doing the right thing.

I went to an event on Saturday up in Bath for Ray Burton and Ray Burton's marker was "the Committee to do the right thing." You are a member of the Committee to do the right thing. I appreciate it. This Legislature appreciates it. I think the State of New Hampshire appreciates it, because it's that kind of

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

public service that makes New Hampshire a very special place. So thank you for your service, my best to your family, and may the riches of retirement be forthcoming. Thank you.

CHAIRMAN KURK: High praise, indeed, coming from a man who had Bill Gardner as his student in a civics class in the last century. Is there anyone else? Representative Wallner.

REP. WALLNER: Thank you. And I would certainly agree with all of the remarks of our Chairman Kurk and Senator D'Allesandro.

I've known Jeff for a long time. I actually have served on the Finance Committee for probably close to 20 years. And four years ago, I found myself all of a sudden as the Chair of the Finance Committee, not really something I had ever -- I had ever thought I would be. And I can tell you Jeff is a great teacher. And I think all of us on the Finance Committee and all of us who have served on the Finance Committee have learned so much from Jeff. Not only did he teach us about the budget, but he taught us about how to be good leaders here in the Finance Committee. And I can speak for myself and Representative Rosenwald who was the Vice-Chair during that time, and both of us really appreciate all the help he gave us in getting through the budget that year. And I know we'll miss him, but I think he has done a great job of being a teacher and teaching the people who work with him at the LBA. So I think he's left us in good hands. Thank you, Jeff.

CHAIRMAN KURK: Senator Forrester.

SEN. FORRESTER: Thank you. Well, I'll just pile on to what everyone else has said and agree that everything we've heard is true about you, Jeff. I feel especially fortunate working with you in the last year or so as the Chair of the Senate Finance Committee. You truly have been a mentor to me, and I will miss you, but I'm sure Mike will -- will do a fine job because you've created a great team as Senator D'Allesandro said.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

I have a comment and question for you. So as you know -- well, LBA knows, every Sunday I would bake something different to bring to you on Monday. It was a way for me to get myself prepared for the week coming up. And so my question to you is are you resigning because of my baking? Say no.

JEFFRY PATTISON, Legislative Budget Assistant, Office of Legislative Budget Assistant: Absolutely not.

SEN. FORRESTER: We will miss you, Jeff. Thank you.

MR. PATTISON: Thank you.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you, Mr. Chairman. I agree with everything that has been said about Jeff. I've had an opportunity to speak to him twice privately. One thing nobody has said yet, his statewide impact. When Commissioner Hodgdon left, we were sorry. She'd done a great job for DAS. Jeff leaves behind more than that. The last three Governor Budget Directors LBA trained. The State Comptroller, Gerard Murphy, LBA trained. Department of Revenue Administration Commissioner, John Beardmore, LBA trained. He's been able to produce a collaborative team environment. What Commissioner has left with this legacy?

Mike Kane, his Deputy, qualified and ready to step into his steps as LBA -- into his shoes as LBA. Christopher Shea, on his team, qualified and ready to step into the shoes as LBA. And although I haven't worked closely with Mike Hoffman, I have a feeling Mike Hoffman is qualified and ready and could step into the shoes as LBA. What other Commissioner has had that statewide impact? We really will miss you. Thank you.

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: Thank you. Unlike most of the other people here, I haven't had an awful lot of time to work with you. I've been doing this for about eight months so my question is, is it something I've said or done? But the real -- real point is that

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

everything is done so efficiently, so professionally, so expertly in the LBA under your leadership that it -- that it often goes unnoticed; but it's also one of the most important tasks that happens in this complex. And -- and yet, it's impossible to overstate the impact that you've made on the -- through your work on the State of New Hampshire, and I simply say a sincere thank you very much and congratulations. All the best.

CHAIRMAN KURK: Representative Weyler.

REP. WEYLER: Thank you, Mr. Chairman. Jeff, all the best. You and I have worked together for about 20 years, and I valued your wise advice on so many occasions. I had the privilege of chairing both this Committee and the House Finance Committee and relied heavily on you. I've been in positions where I've worked with small groups through my career, crews, committees, et cetera, admired your way of doing things. I've never seen any disagreements openly among any of your people or they're always loyal to you, they're always loyal to each other. It's very important that professionalism that you have inspired and has been said, it's gone out to help the whole state the way things have developed. And you are a remarkable person, and I think I've learned a great deal from you as well through your demeanor and your professionalism, always keeping things strictly to the issue and never getting into side issues. It's a great quality. I congratulate you on the many years you have shaped the State, and I appreciate working with Michael Kane and I look forward to him taking over because I think you've trained him very well.

CHAIRMAN KURK: As you can see, Jeff, there's a great deal of appreciation for your service and for your competence and for the heritage that you leave behind. We all wish you well. We're very sorry to see you go; but there is a time and you've made your decision, and we accept it so thank you. Would you care to respond in some way?

SEN. FORRESTER: Jeff, could you keep it to like a half hour?

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MR. PATTISON: Still shooting for 12:30. Well, I knew this would be difficult; but you've, obviously, compounded that at this point.

I sincerely appreciate everything that everybody had to say this morning. You know, when I -- I will try to keep it short, but I did write down some things.

I spoke to Representative Kurk yesterday and suggested an aria might be the appropriate way to go out. Not going to be an aria but, you know, from the first day that I came to work here 32 -- over 32 years ago, the first -- my first day of work was the first day I entered the New Hampshire State House, and it's basically been my second home ever since.

When I first started here in the LBA Office, New Hampshire still held biennial sessions. You didn't have any 1984 session. That soon changed. Didn't change my outlook on the work thinking that we had every other year off and that was no longer going to happen.

There was no such thing as a trailer bill. There was no House Bill 2. It was all still part of House Bill 1. And in our office there were no desktop computers. We did our work with IBM Selectric typewriters, Monroe calculators, which I still have in my office, and IBM dumb terminals that we connected to what was known as CDP up on the Heights. That was our automation.

Senator D'Allesandro mentioned Henry Goode. Henry Goode was the LBA when I was hired, but Charlie Connor was the Deputy LBA. And Charlie was responsible for all of the day-to-day work of the office. He was the guy that was the "go-to" guy. He was also the guy that did the hiring in the office. And I was out of work in 1982. I lost my job at Pike Industries. I had been out of work for about four months and Charlie was out there, I didn't know who it was, and I got a call to go into the employment security office in Laconia that I was going to be interviewed by Charlie Connor. Called a friend of mine, Charlie Marston, who was the former Commissioner of Education, and asked if he knew

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

who that was. And he said if you can get into that office, you need to get into that office.

So Charlie hired me for my computer experience. It was pretty limited. It looked good on my resume, but it was pretty limited. But just last week I called Charlie and I had him come into Concord and we went out to lunch. I took Charlie out to lunch to give him a big thank you for giving me the opportunity to work in the LBA Office. And I guess today I'd like to take an opportunity publicly to say thank you to Charlie for giving me that chance.

The office has been around a long time; 1947 the office was established. There's been seven LBAs since 1947. When it was first established, it was run by a mix of House Finance -- excuse me -- House Appropriations and Senate Finance members. In '65 it became the Fiscal Committee. At that point in time, they decided that the Legislative Budget Assistant Office needed to be placed under the Fiscal Committee, not under one of the other statutory committees that managed all the legislative staff. I think that was a good decision at the time, and I think it's still the right decision today.

But as I tried to write down some comments last night because I really had not done that, thinking a mere "thank you" would work today, a couple of things stood out for me. Number one was that it was the right decision for me to come here to the LBA Office. I had several opportunities over the years to take jobs in other agencies. Just decided not to do it. There was something about this working for the General Court and working for the LBA Office that kept me here.

Second, I'm proud of what the Office has accomplished over the years. Turnover has been significant in our office, but I'm proud to say we have -- currently have over 20 LBA employees working in other State Agencies today.

Finally, it's really -- it's about all the people that I've dealt with here in Concord. I would say thousands when you think about it over 32 years. Not that all 424 of you change every two

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

years, but it's a pretty good turnover. But from the public that we deal with, our office deals with the public, a lot of you probably -- not you, but a lot of people probably don't realize that we have a lot of public that come to our office or call us. I have a woman that calls me. She somehow got my number and every year she calls me about her retiree health benefits. I try to help her out best I can and then I pass her off to the Department of Administrative Services.

The press, we deal with the press on a daily basis. The lobbyists, the State Agency personnel, to my fellow legislative staff members, to you, all the legislators that I've dealt with, and finally to my extended family, my co-workers in the LBA Office, I just want to say thank you to all of you. It's really been a great run. Hum -- and I do believe that I've left the office in a strong position to continue to support the Legislature in the way that you have become accustomed to. And I want to wish you all the best and say good luck in the future. Thank you very much.

CHAIRMAN KURK: Thank you.

(Applause.)

CHAIRMAN KURK: At this time, I'll entertain nominations for the appointment of the Legislative Budget Assistant. The Chair recognizes Representative Weyler.

**\*\*** REP. WEYLER: Thank you, Mr. Chairman. I nominate Michael Kane to be the Legislative Budget Assistant for the remainder -- remainder of the current two-year term at Salary Grade R, Step 4, effective September 1<sup>st</sup>, 2015.

CHAIRMAN KURK: Is there a second? Seconded by Senator Forrester. Discussion? Further nominations? There being none, the nominations are closed. All those in favor of Mr. Kane as Legislative Budget Assistant, please now indicate by saying aye? Opposed? The ayes have it and Mr. Kane is duly appointed. Congratulations.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

\*\*\* {MOTION ADOPTED}

MICHAEL KANE, Newly Appointed Legislative Budget Assistant,  
Office of Legislative Budget Assistant: Thank you.

CHAIRMAN KURK: You have big shoes to follow and many predecessors who have been very impressive. I hope you equal their achievements.

MR. KANE: Absolutely.

1. Acceptance of Minutes of the July 29, 2015 meeting.

CHAIRMAN KURK: At this point, we will return to our regular agenda and the first item is to accept the minutes of the meeting of July 29<sup>th</sup>, 2015. And these minutes include the replacement page which changed the date. That was in error on the minutes as originally distributed. Is there a motion to accept the minutes with the replacement page?

\*\* SEN. D'ALLESANDRO: Move to accept.

CHAIRMAN KURK: Moved by Senator D'Allesandro.

REP. OBER: Second.

CHAIRMAN KURK: Seconded by Representative Ober. Discussion? All those in favor of the motion, please indicate by saying aye? Opposed? The ayes have it and the motions are accepted?

\*\*\* {MOTION ADOPTED}

(2) Old Business:

CHAIRMAN KURK: We now turn to Old Business. First item is under Tab 2 (A), Fiscal 15-122, a request from the Department of Health and Human Services. This was tabled. Is there a motion to remove this from the table?

\*\* SEN. D'ALLESANDRO: So move.

JOINT FISCAL COMMITTEE

August 26, 2015

CHAIRMAN KURK: Moved by Senator D'Allesandro, seconded by?

SEN. PRESIDENT MORSE: Second.

CHAIRMAN KURK: Seconded by Senator Morse. The motion is to remove from the table. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the motion is removed from the table and is now before us.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: Senator D'Allesandro.

\*\* SEN. D'ALLESANDRO: I move the item.

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Is there a second?

REP. WALLNER: I'll second.

CHAIRMAN KURK: Seconded by Representative Wallner.  
Representative Ober.

REP. OBER: Thank you, Mr. Chairman. We were supposed to leave our items in our books. I did. I do not have this item in my book, sir. I have the additional information only.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. Mr. Chairman, if you look at Page 2 of the item, I think it's clear, I've highlighted this section. If this request is not approved, New Hampshire will miss the opportunity to improve the well-being outcomes of children and adopted -- and adopted from the child welfare system, increase the number of adoptive homes in our state, increase the number of children adopted in foster care and will lose out on the opportunity and impact the lives of some of the most vulnerable children in our system. Says should

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

this request by denied the funds in question must be returned to the Federal Government. I think that's ample reason to move this forward.

CHAIRMAN KURK: Senator Little, I believe you had a question about the timing.

SEN. LITTLE: Exactly. My question is, and maybe from --

CHAIRMAN KURK: Is there someone from the Department who can answer the question? Good morning, Commissioner.

NICHOLAS TOUMPAS, Commissioner, Department of Health and Human Services: Good morning. For the record, Nick Toumpas, Commissioner of Health and Human Services

SEN. LITTLE: Good morning, Commissioner. My question is in line with the point that was just made by Senator D'Allesandro, and it goes to the timing of the returning of the funds.

This has been on the table from last month's meeting, and we weren't required to return the funds. If we were to leave this on the table or re-table it, what is the timing on when those funds need to go back to the Federal Government?

MR. TOUMPAS: Give me one second. I want to check with someone.

SEN. LITTLE: Thank you.

MR. TOUMPAS: Sheri, will you come up.

SHERI ROCKBURN, Chief Financial Officer, Department of Health and Human Services: Good morning. Sheri Rockburn, CFO for the Department of Health and Human Services.

The way that the grants work, this Federal grant is that we do not receive those monies upfront. So although it says those monies would be returned, what it really is, is that we will not be able to draw them at all. So those funds are still sitting

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

with the Feds at this point in time. We haven't drawn any money related to that grant. And so what that means is that if it continues to be tabled or if it's denied, we would just lose the opportunity to draw any of those funds.

I'd have to look into the Fed's -- our Federal counterparts to find out if there is a limit to how long they would reserve that money for us. In a lot of our grants, if we don't actively draw, they repurpose it, either to other states or other entities, and I'd have to look at the timing for that to see when that trigger would occur.

CHAIRMAN KURK: Could you do that in the next few minutes or hour or so so we could act on this today?

MS. ROCKBURN: Sure, I can do that.

SEN. LITTLE: Thank you.

CHAIRMAN KURK: Then at this point, if it's okay with Committee Members, we'll leave this where it is, available for discussion, but we'll move on to another item and we'll return to this when we get the answer, when Ms. Rockburn comes back with an answer. Is that satisfactory, Senator?

(Senator D'Allesandro nods his head.)

CHAIRMAN KURK: Thank you. Okay. Leaving this alone for the moment, we'll now move on to Fiscal 15-124 which is currently tabled. Is there a motion to remove? There being none, we'll move on to the next item, Fiscal 15-125. This was also tabled. I understand there is a question about this, too?

SEN. LITTLE: Yes.

CHAIRMAN KURK: Senator Little moves this be removed -- that item Fiscal 15-125 be removed from the table. Is there a second?

SEN. FORRESTER: Second.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Seconded by Senator Forrester. Are you ready for the question? All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is removed from the table.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: Senator Little, you had a question.

SEN. LITTLE: I do. Thank you very much.

Similar question, a little bit different, but in this instance these materials tell us that if this item is not accepted that there will be lay-offs. My understanding is, and this was tabled last month as well, there were no lay-offs. So, again, what's the timing on this particular issue? If it were to stay on the table for one more month, would there be an immediate lay-off.

MR. TOUMPAS: We don't have the -- what we did was we made a judgment call in terms of continuing the program, continuing with the funding, in anticipation that we would get the questions answered and be able to move forward today. If we leave here today and it's still on the table, we would likely initiate the -- on the action in terms of sending the notice to the individual to indicate that there will be a lay-off. I believe there's a 30-day notice in terms of doing that.

CHAIRMAN KURK: So if this were returned to the table, and the notice were given, but this were taken off the table at our next meeting and passed, that person would not, in fact, be terminated; is that correct?

MR. TOUMPAS: That would be my understanding.

CHAIRMAN KURK: Thank you. Senator Forrester.

SEN. FORRESTER: Commissioner, are we talking about one position or three positions?

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MS. ROCKBURN: Three positions.

MR. TOUMPAS: There are three.

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: I'm concerned about the lay-offs. I'm also concerned about the program itself. The timing is problematic. But what I hear is that we can leave this on the table for one more month without impacting the program and the personnel. I'd like to do that.

CHAIRMAN KURK: Then you would move to place this on the table.

\*\* SEN. LITTLE: So move.

CHAIRMAN KURK: And is there a second?

REP. OBER: Second.

CHAIRMAN KURK: Seconded by Representative Ober. The motion is to return this item to the table. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the motion is tabled.

\*\*\* {MOTION TO TABLE ADOPTED}

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Thank you, Mr. Chairman. We have decided to go in order, is one of three that the Department wishes to withdraw. Would it be appropriate to move to vote to remove all three of those from the table at one time or do you wish to handle them individually?

CHAIRMAN KURK: I think we'll handle those individually.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

REP. OBER: Okay.

CHAIRMAN KURK: And, in fact, we now do turn to Fiscal 15-145, a request from the Department of Transportation which was tabled at our last meeting. Representative Ober wishes to remove this from the table. Is there a second?

SEN. FORRESTER: Second.

CHAIRMAN KURK: Seconded by Senator Forrester. All those in favor of removing item Fiscal Item 145 from the table, please now indicate by saying aye? Opposed? The ayes have it and the item is removed.

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

CHAIRMAN KURK: This item is being withdrawn by the Department of Transportation and as such it is no longer before us. So we needn't take any action and this item has been withdrawn.

We now turn to Tab (2) (B). I understand there's a question not about 126 but about 132, a request from the Department of Safety which was tabled. In order to have that discussion, we need a motion to remove this from the table.

**\*\*** SEN. FORRESTER: So move.

REP. EATON: So move.

CHAIRMAN KURK: Moved by Senator Forrester, seconded by Representative Eaton. If you're in favor of removing Fiscal 15-132 from the table, please now indicate by saying aye? Opposed? The ayes have it and this item is removed from the table.

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

CHAIRMAN KURK: Who was it that wished to discuss this? It was a question, I believe, as to whether or not it was new.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

Senator Forrester. Is there someone from the Department who could come forward?

Good morning, folks. Could you introduce yourselves for the record?

KYRA LEONARD, Administrator, Division of Administration, Department of Safety: I'm Kyra Leonard and I'm an Administrator at the Department of Safety.

JOHN STEVENS, State-Wide Interoperability Coordinator, Department of Safety: Yes, my name is John Stevens, Department of Safety. I'm the Statewide Inoperability Coordinator.

CHAIRMAN KURK: Thank you. Senator Forrester.

SEN. FORRESTER: Thank you, Mr. Chairman. My question is if we do not accept these funds, what happens?

MR. STEVENS: Currently, the grant as it's now positioned has been in two phases. We have now passed the first phase which was developing the governance to create the Statewide Interoperability Executive Committee which was signed by the Governor on June 25<sup>th</sup>. However, we are now into Phase II which is -- is requirements by FirstNet which is FirstNet is the last recommendation of the 9-11 Commission to set up a national wireless broadband public safety network. We have been working with FirstNet to accommodate those issues. We are in the process now with an RFP that is on the street which we expect to have returned to us with a number of bidders by October 1<sup>st</sup>. This RFP would be the opportunity to hire a consultant, an engineering consultant, to describe, first of all, what the current capabilities are in regards to interoperability throughout New Hampshire; and, secondly, in regards to FirstNet is to establish a footprint, if you will, as to how we can, in fact, improve communications for all first responders throughout the state.

It's imperative for first responders to be able to continue to communicate. We have some systems here in New Hampshire that are getting at the near to end of life. And in order to maintain

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

a communications network for New Hampshire, and make sure that it's viable, it is important for us to bring on this engineering consultant so that we can understand what our current capabilities are, and what we will need in the future to improve our lots, so to speak.

SEN. FORRESTER: Follow-up.

CHAIRMAN KURK: Follow-up.

SEN. FORRESTER: Is it true that if we do not accept these funds that the State will be on the hook for this money?

MR. STEVENS: The State would be on the hook if, in fact, we do not associate ourselves with FirstNet. It is a, for lack of a better term, it is a train that is on the track that is coming down to all the states. And if we do not coordinate with FirstNet activities and associate ourselves with the monies that will be available to us to produce this system, then that liability will be 100% on the State to create this system.

SEN. FORRESTER: Follow-up. So the additional information we got from the Commissioner it says New Hampshire would incur these costs 100% without any Federal grant program funds available to defray the costs of these activities. The grant's for 879,000 plus in Federal share and 219 plus in State match. So we would lose that money and we would be responsible for it.

MR. STEVENS: That money is primarily is to put us in position to be accepting the FirstNet agenda. FirstNet has been granted through Congress \$7 billion to develop this national broadband network. This is preparatory to that. This \$870,000 is provided to us to conduct the studies needed to put us in a position to accept the monies that would be provided by FirstNet. We also in this process and through this Committee would be remiss if that -- if we didn't pursue other opportunities as well through commercial vendors. So this is really an opportunity for us to really kind of set the stage in regards to interoperability and what the future is for interoperability in New Hampshire so that we can continue to

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

serve the citizens of New Hampshire and also enable that our first responders remain safe in that environment.

SEN. FORRESTER: Thank you.

CHAIRMAN KURK: If we don't accept this at this meeting and we don't accept it at the next meeting, at what point does the grant expire so that the money will be unavailable to the State?

MR. STEVENS: The grant has been extended. I believe, and you can correct me if I'm wrong, but I believe to --

MS. LEONARD: The grant expires at the end of February 2018.

MR. STEVENS: Right.

CHAIRMAN KURK: So if we were to act on this, let's say in six months, the grant would still be there.

MS. LEONARD: Yes.

CHAIRMAN KURK: Thank you. Representative Ober.

REP. OBER: Thank you. Thank you both for coming to answer questions. This Committee continues to struggle with the negative effects of the Governor's veto of the budget. As you know, we have a veto override day on September 16<sup>th</sup>. Have you been working with the Governor's Office to explain to her the impacts of this and, if so, what has the response been?

MS. LEONARD: We have been working with the Governor's Office in order to do the best that we can to keep working and serving the citizens of New Hampshire.

REP. OBER: The Governor's response, ma'am?

MS. LEONARD: She's, obviously, receptive to keep servicing the citizens of New Hampshire.

REP. OBER: Follow-up.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Follow-up.

REP. OBER: You talked about FirstNet, Mr. Stevens.

MR. STEVENS: Yes.

REP. OBER: If this grant -- if this item were put back onto the table, do you lose the opportunity to work with FirstNet if it stayed on the table another month?

MR. STEVENS: We would continue to do the things that we are doing to improve interoperability in New Hampshire within our state jurisdictions. However, the opportunity to coordinate with FirstNet, work with FirstNet, and anticipate what we hope to be the blueprint as to how FirstNet will be built out in New Hampshire, we would lose that opportunity at this point in time.

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

CHAIRMAN KURK: Follow-up.

REP. OBER: You talked about an RFP on the -- that had been placed.

MR. STEVENS: Yes.

REP. OBER: Do you have the funds to deal with the RFP responses and when are those due in without this item?

MR. STEVENS: We continue to operate under the current conditions as they now are. However, when it came to the point in time that, hopefully, we'd be in a position to hire an engineering consultant to do this work, we would no longer be able to do that if we did not have this grant.

REP. OBER: Okay. Mr. Chairman.

CHAIRMAN KURK: Follow-up.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

REP. OBER: Could you direct that just specifically to the RFP. You said it was out. You didn't say when it was due. And I know you have to review the things. I'm trying to get my head around the timing of that, Mr. Stevens. I can see down the road but just where are we with just the RFP?

MR. STEVENS: The RFP is currently in the bid process. We are accepting proposals at this point in time. That -- the proposals, there's a closing date on the proposals for September 11<sup>th</sup>. At that point, we would review the proposals. There's a team in place that would review those proposals. And based on the recommendations of that Committee that would review that proposal would be on September 16<sup>th</sup>, in hopes that we would be able to get this before Governor and Council during the month of October.

REP. OBER: One more, Mr. Chairman. That happens to coincide with veto override day which is convenient. But will you prior to the review of this and prior to going to Executive Council lose the ability to work with FirstNet? Because it seems to me like your ability to work with FirstNet based on your timing does extend into September.

MR. STEVENS: My ability to work with FirstNet would be there are -- there are national meetings that are set up. There is one, in fact, scheduled for October 7<sup>th</sup> and 8<sup>th</sup> that requires -- doesn't require, but it certainly encourages all SWICS, which is the State-Wide Interoperability Coordinators from each of the states to participate in a national meeting to continue to move this agenda forward. That would certainly inhibit my opportunity to continue to work with FirstNet.

REP. OBER: And that's in October.

MR. STEVENS: That's in October.

REP. OBER: Thank you, Mr. Chairman.

CHAIRMAN KURK: Representative Eaton.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

REP. EATON: In full disclosure, I'm a member of the Committee that he's been referencing. So that's open.

John, the information you're trying to get from this grant, is there a time of essence factor in getting that done to give the State the opportunity to possibly supplant commercial private funds or otherwise would require millions in State funds down the road?

MR. STEVENS: I think -- I think that is a true statement. Certainly, what we're anticipating is that working with FirstNet there's an opportunity through FirstNet to build out a system that would be responsive to all first responders throughout the state. However, when we are dealing with FirstNet, we are dealing with what we call Spectrum. Spectrum is their commodity. Certainly, an opportunity to work with commercial vendors is an opportunity as well. We would be remiss as a Committee if we didn't pursue all angles to see if, in fact, there was an opportunity for us to create a system that certainly would be a benefit to New Hampshire and certainly provide the opportunity of millions of dollars that could be utilized for this particular purpose.

REP. EATON: Thank you.

CHAIRMAN KURK: I think there's a little bit of confusion here. Our concern at the moment is not with the desirability of the program. We can assume that. The question is one of timing.

MR. STEVENS: Hm-hum.

CHAIRMAN KURK: Let me be very specific. If we delayed action on this till our September 25<sup>th</sup> meeting and took affirmative action at that time, that would still allow you to do -- to continue with the RFP, to make recommendations to Governor and Council and to attend whatever conferences you wanted; am I correct?

MR. STEVENS: Yes.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Thank you. Representative -- excuse me -- Senator Little.

SEN. LITTLE: I'm fine. No question.

CHAIRMAN KURK: We have taken this item off the table.

\*\* REP. EATON: I move it.

CHAIRMAN KURK: There's a motion to accept the item. Is there a second?

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Moved by Representative Eaton, seconded by Senator D'Allesandro. If you're in favor -- further discussion? If you're in favor of approving this item, please now indicate by saying aye? Opposed? No.

REP. OBER: No.

SEN. PRESIDENT MORSE: No.

CHAIRMAN KURK: Let's have a show of hands folks. All those in favor of approving the item, please raise your hand. One, two, three, four, five, six, seven. Opposed? Three opposed, seven affirmative. The motion carries, and the item is approved. Thank you.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: We now turn to Fiscal 15-142, a request from the Department of Education. This is on the table. We now -- there being no action it continues on the table. We now go to Fiscal one -- 15-150 and 15-151. These are requests from the Department of Transportation.

\*\* REP. OBER: I move to remove from the table.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Representative Ober moves that these be removed from the table. Is there a second?

SEN. FORRESTER: Second.

CHAIRMAN KURK: Second by Senator Forrester. All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is removed from the table.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: We have received a request from the Department to withdraw both of these items, and at this point they are no longer on the table or before the Committee.

Under item (E), Informational Materials, are there any questions that people have? These were items that were tabled at our last meeting. There being none, then we will move to the Consent Calendar for the current meeting.

#### CONSENT CALENDAR

(3) RSA 9:16-c, I, Transfer of Federal Grant Funds:

CHAIRMAN KURK: As I indicated before, each of these items will be considered individually and not as a block. Also, the audit, which I indicated before will be taken up after we complete these items.

The first item then before us is 15-168, a request from the Insurance Department for authorization to reduce appropriated funds by \$90,406, and these are Federal funds, and realign the remaining appropriation for Fiscal 2016 through December 31<sup>st</sup>, 2015. Is there a motion?

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

CHAIRMAN KURK: Senator D'Allesandro moves, Senator Morse seconds the approval of the item. Discussion? There being none, you ready for the question? All those in favor, please indicate

**JOINT FISCAL COMMITTEE**

August 26, 2015

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

\*\*\* {MOTION ADOPTED}

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

CHAIRMAN KURK: We now turn to Fiscal 15-164, a request from the Department of Safety for authorization to accept and expend \$4,439,989 in Federal funds through December 31<sup>st</sup>, 2015. Is there a motion?

\*\* SEN. FORRESTER: So move.

CHAIRMAN KURK: Moved by Senator Forrester, seconded by Senator Morse.

REP. OBER: I have a question.

CHAIRMAN KURK: Representative Ober has a question. Is there someone from the Department who can respond? Good morning again.

MS. LEONARD: Hello.

PERRY PLUMMER, Director, Division of Homeland Security and Emergency Management, Department of Safety: Good morning. I'm Perry Plummer, the Director of Homeland Security and Emergency Management.

KYRA LEONARD, Administrator, Department of Safety: Kyra Leonard, Administrator for Department of Safety.

CHAIRMAN KURK: Thank you. Representative Ober has a question.

REP. OBER: The top of Page 3 on your backup, you said there's a 25% required match for the State Agency. We could not

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

determine if that was a soft match or whether you had to pay that in cash. We notice that in your other application you did specify it was a soft match. Can you tell us?

MR. PLUMMER: We believe it's a soft match. That can be a soft match.

REP. OBER: Okay.

MR. PLUMMER: And the communities are prepared for that.

CHAIRMAN KURK: I have a question with respect to the subgrantee administrative costs of \$225,000. What will that money be spent on? Specifically, is it going to be spent exclusively on administering this particular program or will some of it be available for other departmental purposes?

MR. PLUMMER: It's exclusively for this program. We actually have to keep time records and have them available for an audit that shows direct relation to this project.

CHAIRMAN KURK: That would include some of the Commissioner's time?

MR. PLUMMER: Not unless he's working directly on this grant which has not been the case in the past.

CHAIRMAN KURK: Thank you. Further questions? There being none, you ready to vote on the motion? Motion is to approve to accept Fiscal 15-164. Are you ready for the question? All those in favor, please indicate --

SEN. FORRESTER: Hold on, hold on. All right, go ahead.

CHAIRMAN KURK: All those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved. Thank you both very much. Don't go too far.

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

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: We now turn to Fiscal 15-165, another request from the Department of Safety for authorization to accept and expend \$2,237,568 in Federal funds through the end of this Calendar Year. Is there a motion?

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

CHAIRMAN KURK: Moved by Senator D'Allesandro. Seconded by?

SEN. PRESIDENT MORSE: Second.

CHAIRMAN KURK: Senator Morse. Are there questions? I do have one. Same question with respect to the \$76,000 in administrative costs here. Same answer?

MR. PLUMMER: Correct.

MS. LEONARD: Yes.

CHAIRMAN KURK: Thank you. Further 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 motion is accepted. The item is accepted.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: We now turn to Fiscal 15-166, another request from the Department of Safety for authorization to accept and expend \$563,117 in Federal funds through the end of this Calendar Year. Is there a motion?

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

CHAIRMAN KURK: Senator D'Allesandro moves.

REP. EATON: Second.

CHAIRMAN KURK: Seconded by Representative Ober?

REP. OBER: No.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Sorry, Representative Eaton. Is there discussion?

REP. OBER: Yes.

REP. KURK: Representative Ober.

REP. OBER: Yesterday, we had questioned the part-time staff. And Mr. Kane -- and because we didn't have the original Fiscal Note, Mr. Kane did e-mail the original Fiscal Note. It does have no staff in it. That's why we remembered the conversation about the mini fire pumper truck but had no conversation about staff. Now this has expanded to have part-time staff and travel allowances that were not -- that seems to be a new piece. So it looks like we are mixing a continuation with some new requirements. And the question is, were the new requirements in the budget that the Governor vetoed?

MS. LEONARD: Yes. A portion of the new requirements are in the new budget.

REP. OBER: So this, Mr. Chairman, appears to me a mixture of what was a continuing program, pieces that we approved before, with new requirements for staffing. And I cannot vote to pass the mixture. I think this is one of those things such as we asked Department of Transportation last time split them into two actual requests and get the piece that is the continuing, which is business as usual, and remove the new requirement that is in HB 1 and 2 that got vetoed. Thank you.

CHAIRMAN KURK: Further discussions? Further discussion? There being none, I've had a request for a recess. We will stand in recess until 11:10.

(Recess taken at 11:05 a.m.)

(Reconvened a 11:10 a.m.)

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Committee will come out of recess and back into order. The Chair recognizes Representative Ober for a motion on 15-166.

\*\* REP. OBER: Thank you, Mr. Chairman. I move to accept this item amended to remove Class Line 50 and Class Line 60, which leaves an accepted amount of \$554,499 which would allow them to buy the equipment which was the continuing piece that Fiscal had approved prior.

CHAIRMAN KURK: Is there a second to the motion?

SEN. FORRESTER: Second.

CHAIRMAN KURK: Seconded by Senator Forrester. Discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed?

REP. EATON: No.

REP. WALLNER: No.

CHAIRMAN KURK: The ayes have it and the motion is adopted. The item is approved as amended.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: Turning now to Fiscal -- thank you to the Department of Safety.

Turning now to Fiscal 15-169, a request from the Department of Health and Human -- oh, wait a minute. Excuse me. I've just been informed by the Commissioner that they have the information that we need in response to Fiscal 15-122. Commissioner and Miss Rockburn.

REP. OBER: Which item is this, 122?

CHAIRMAN KURK: This is 122, correct?

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MR. TOUMPAS: Yes. We actually have some information on 122 and 124.

REP. OBER: 124 is on the table.

CHAIRMAN KURK: 124 is on the table and we have not removed that. But 122 is on -- is off the table and before us at the moment. So there were some questions and you were to get the information and you now have that answer.

MS. ROCKBURN: Correct. So because this is a multi-year grant that was given to us, if this remained on the table for another month, it would not impact our ability to draw those funds in future periods. So we can stay in a status quo environment for another month, and we would not lose any money from that grant. The Feds would not reallocate it to another state or anything during that period of time.

SEN. D'ALLESANDRO: Question.

CHAIRMAN KURK: Senator D'Allesandro.

SEN. D'ALLESANDRO: What about the functionality? What goes on?

MS. ROCKBURN: Correct. We wouldn't be able to do any work on this grant. So any of the projects associated with this trauma grant for adoption we would have to curtail all our activities until this gets passed, but we would not -- the Feds would not remove the funding. They would at least allow us to -- it would be in a holding period with them. But all the activities related to that would have to stop.

CHAIRMAN KURK: Chair recognizes -- oh, sorry, Representative Wallner.

REP. WALLNER: Could I just ask, there are ongoing activities around this grant, is that correct?

MR. TOUMPAS: Yes.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MS. ROCKBURN: Yes.

REP. WALLNER: There are --

MS. ROCKBURN: Correct.

REP. WALLNER: -- activities. So those would have to stop at this -- for this period of time.

MS. ROCKBURN: Correct.

REP. WALLNER: Further question.

MR. TOUMPAS: What I was just asking Sheri if the work that is being done upon this is being done through contracts or through Department staff. So she's just checking that right now.

MS. ROCKBURN: This is all being done through a vendor. I don't have the vendor's name, but all of this money was put into a contract. So we would have to ask the vendor to curtail those operations in terms of the contract. I don't have their name though with me.

REP. WALLNER: I do have further question --

CHAIRMAN KURK: Follow-up.

REP. WALLNER: -- about that. So I assume it was a year contract?

MR. TOUMPAS: Generally, they would be, yes.

REP. WALLNER: A twelve month contract. So people would usually be doing their work 12, 12, 12, and now we have cut down. Are they still going to have the same ending date of the contract so that the work will have to be congested into a shorter period of time?

MR. TOUMPAS: Generally, unless we went back to the Governor and Executive Council and asked to extend the contract

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

in terms of the time without adding any additional dollars, which we have done in the past.

REP. WALLNER: Thank you.

CHAIRMAN KURK: Representative Ober.

REP. OBER: No.

CHAIRMAN KURK: Senator Morse.

SEN. PRESIDENT MORSE: Commissioner, when did the original contract start?

MR. TOUMPAS: When did the original contract on this?

SEN. PRESIDENT MORSE: You're saying it's contracted. Estimate.

MR. TOUMPAS: We would need -- I don't know who the contract is with so we would need to go back and check on the contract.

SEN. PRESIDENT MORSE: This is all Federal funds?

MS. ROCKBURN: Correct. I can tell you that the original accept and expend that went to Fiscal and G & C which we would have had to do before we entered into the contract, that was approved on March 12<sup>th</sup>, 2014, was the -- 'cause this is a multi-year grant. That was the first approval period was back then but I can find out.

CHAIRMAN KURK: Do the contracts normally cover a Fiscal Year or are they --

MR. TOUMPAS: Most of the contracts do. Some of them are tied to the -- some -- where the contracts -- excuse me -- where the funding comes in. So could have a funding for what our Fiscal Year is. Some of them are also on a Calendar Year basis so the contract could be pegged to that. But on these multi-year ones we do those on a year-by-year basis in anticipation that we

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

will get -- we will get the additional approval from the Federal Government and then with the Fiscal Committee. But we, again, everything is contingent upon the approval of the accept and expend so they differ. The timelines do differ. But for the most part, they are pegged to a Fiscal Year.

CHAIRMAN KURK: Senator Morse.

SEN. PRESIDENT MORSE: Yeah. In an effort to move this along, you know, my concern is just like the last item we just approved the fire pumper has been talked about. And, you know, we agreed to accept that money and the employees weren't. And I think that's what this Committee is challenged with doing trying to live under '15. And I know some of us disagree with each other on this, but there's going to be items like this one that long before today was in operation. It's 100% federally funded that, you know, I honestly believe that's not what I'm trying to stop. What I'm trying to stop is growing to the '16 budget which is inappropriate, because if the budget is not going to be passed, then we shouldn't do that. If there's something in effect and we are working with the Federal Government, it's 100% federal and, trust me, on a 25% allotment on an item we passed earlier don't be bringing in that New Hampshire is going to put 12½% in in General Funds 'cause I won't support it. I support it getting 4 million back to our communities. In this case, I think it's been working and it's 100% federally funded, I'll support it.

CHAIRMAN KURK: Would you care to make a motion, Senator Morse?

\*\* SEN. PRESIDENT MORSE: Move ought to pass.

CHAIRMAN KURK: Senator Morse moves ought to pass on 15 --

REP. OBER: We already have a motion on the table, D'Allesandro and Senator Morse.

CHAIRMAN KURK: Apologize, I'd forgotten that. Further discussion? There being none, you ready for the question? All

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

those in favor, please indicate by saying aye? Opposed? The ayes have it and the item is approved. Thank you.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: Returning to our other items. We are now on Fiscal 15-169, a request from the Department of Health and Human Services for authorization to accept and expend \$1,724,196 in Federal funds through the end of this Calendar Year. Is there a motion?

\*\* SEN. D'ALLESANDRO: I would move approval.

REP. OBER: Second.

CHAIRMAN KURK: Moved by Senator D'Allesandro.

SEN. D'ALLESANDRO: Ober seconded.

CHAIRMAN KURK: Seconded by Representative Ober. 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 accepted.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: We now turn to item Fiscal 15-170, a request from the Department of Health and Human Services for authorization to accept and expend \$103,396 in Federal funds through the end of this Fiscal Year. Chair recognizes Representative Forrester for a motion.

\*\* SEN. FORRESTER: Mr. Chairman, I move to table.

CHAIRMAN KURK: The motion is to table. Is there a second?

REP. OBER: Second.

CHAIRMAN KURK: Seconded by Representative Ober. There being no discussion possible, all those in favor, please indicate by

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

saying aye? Opposed? Show of hands, please. All those in favor? All those opposed? The motion carries and the item is tabled.

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

CHAIRMAN KURK: We turn now to Fiscal 15-171, request from the Department of Health and Human Services for authorization to accept and expend \$1,067,592 in Federal funds retroactive to July 1<sup>st</sup>, 2015, through December 31<sup>st</sup>, 2015. Is there a motion?

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

REP. OBER: Second.

CHAIRMAN KURK: Senator Forrester moves.

SEN. FORRESTER: Senator D'Allesandro actually.

CHAIRMAN KURK: Just giving it to you. Senator Forrester moves, Representative Ober seconds the approval of 15-171. Discussion?

SEN. FORRESTER: We're good.

CHAIRMAN KURK: There being no discussion, are you ready for the question? All those in favor of approval, please now indicate by saying aye? Opposed? The ayes have it and the item is approved.

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

CHAIRMAN KURK: We turn now to Fiscal 15-178, a request from the Department of Resources and Economic Development for authorization to accept and expend \$109,020 in transfer funds from the New Hampshire Fish and Game Department through the end of this Calendar Year.

**\*\*** SEN. FORRESTER: Move approval.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Senator Forrester moves approval, Senator D'Allesandro seconds. Discussion?

REP. OBER: I have a piece of discussion.

CHAIRMAN KURK: Representative Ober.

REP. OBER: This is a veto item. It's in the budget. It is a dedicated fund that the snowmobilers originally asked for and paid for which is how it got established. Unfortunately, that piece of legislation had a missing statement that this would be continually appropriated. We had LBA pull their expenditures. They spent 89% of this budget in the summer months for trail construction. So, Commissioner Rose, I'm going to support this. I do think you should get a Rep or Senator to file an amendment to that to make that continually appropriated, and I leave that thought with you. Thank you.

CHAIRMAN KURK: Further discussion or questions? There being none, are you ready for the motion? The 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.

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

CHAIRMAN KURK: We turn now to 15-179, another request from the Department for authorization to budget and expend \$189,276 in transfer funds through December 31<sup>st</sup>, 2015.

**\*\*** REP. OBER: Move to approve.

CHAIRMAN KURK: Representative Ober moves. Is there a second?

SEN. FORRESTER: Second.

CHAIRMAN KURK: Second by Senator Forrester.

REP. OBER: I'd like to discuss this very briefly.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Representative Ober is recognized for discussion.

REP. OBER: This is a situation where nobody wants to find themselves, but I have read and heard that the Governor is saying she has contacted the Republican members to stop closing the parks.

REP. WEYLER: None of us heard that.

REP. OBER: Let me be really clear. The Governor has not contacted me at all about anything. We wouldn't be in this pickle if she hadn't vetoed the budget. We had the money in the budget. I do not believe in closing the parks and so I am in support of these things. But I do wish the Governor when she goes to the press would at least have the courtesy if she's going to tell the press she's talking to me to please call me. My phone number is listed. Thank you, Mr. Chairman.

REP. WEYLER: Mr. Chairman.

CHAIRMAN KURK: Representative Weyler.

REP. WEYLER: I would also like to take the opportunity to ask my Democratic colleagues in the Legislature if they would vote to override the veto so we could eliminate all this travail that has interfered with the functioning of our government. Thank you.

CHAIRMAN KURK: It would be nice we kept our remarks directed to the business before us.

SEN. PRESIDENT MORSE: So move.

SEN. D'ALLESANDRO: I'll support that.

CHAIRMAN KURK: Okay. The motion before us is to approve Fiscal 15-179. Is there any further discussion or questions? There being none, are you ready for the motion? All those in

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

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

\*\*\* {MOTION ADOPTED}

(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 now turn to Fiscal 15-172, a request from the Department of Health and Human Services for authorization to accept and expend \$257,214 in Federal funds retroactive to July 1<sup>st</sup>, 2015, through the end of this year. And, two, retroactively amend Fiscal 15-002, approved January 23<sup>rd</sup>, 2015, by extending the end date from June 30<sup>th</sup>, 2015, to December 31<sup>st</sup>, 2015, for three full-time temporary positions. Is there a motion?

\*\* SEN. D'ALLESANDRO: Move it.

CHAIRMAN KURK: Moved by?

SEN. D'ALLESANDRO: Lou D'Allesandro from District 20, Manchester.

CHAIRMAN KURK: Senator D'Allesandro.

REP. WALLNER: Second.

CHAIRMAN KURK: Seconded by Representative Wallner.  
Discussion? Questions?

SEN. LITTLE: Well --

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: Yes, please. I do have a question of the Commissioner. Thank you, Commissioner. Thank you, Miss Rockburn.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MR. TOUMPAS: We are on 172?

SEN. LITTLE: 172. And my question, again, relates to timing. And in this case within this request are three new positions. And it appears that one of them has been offered post the Governor's veto. And I want to confirm that that is the case. That even though the Governor vetoed the budget, you continue -- you made a job offer to somebody on a new position?

MR. TOUMPAS: Do you know the timing?

MS. ROCKBURN: Two of the positions actually were filled during '15. One is the pending. So there's three new positions in total. Two actually are filled. One of them has a pending approval. It had a tentative start date of September. So that offer -- that person is not in that position yet.

SEN. LITTLE: Do you know if the offer went out after the veto was issued?

MS. ROCKBURN: Oh, the offer letter?

MR. TOUMPAS: I thought it was before.

MS. ROCKBURN: I don't know. I could find that out.

MR. TOUMPAS: I believe it was before, but we'll validate it 'cause we would -- we would do that in anticipation of --

SEN. LITTLE: I'm sorry?

MR. TOUMPAS: We would -- on some of these positions there's a long tail in terms of doing the recruiting on something. So we've been working on this for some of these positions are technical in nature given what the work is. So we will have -- we would have to go back and find out when the offer was done.

SEN. LITTLE: I see you shaking your head, Mr. Chairman, but I'm trying to recall. I think we went through a similar

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

situation last month with Department of Education regarding positions that were --

REP. WEYLER: Pending.

SEN. LITTLE: -- pending. And that we continued -- that we seem to be operating as though the veto hasn't happened when, in fact, it has.

CHAIRMAN KURK: Would the answer to the question affect your vote?

SEN. LITTLE: No, it probably wouldn't; but I think it's important for us to have a conversation and to recognize that --

CHAIRMAN KURK: I think the Department will get you the information and share it with the full Committee, if that would do.

SEN. LITTLE: It will.

MS. ROCKBURN: The offer was made before.

SEN. LITTLE: The offer was made before. Thank you.

MS. ROCKBURN: Technology. A little quicker than 32 years ago.

CHAIRMAN KURK: I have a question on 172. Will this program track individuals?

MR. TOUMPAS: No. This came up when the Fiscal Committee acted on this back -- wasn't this the one that we did -- yes. I believe -- I believe you had that question, Mr. Chair. We actually brought somebody down and the answer to that was no.

CHAIRMAN KURK: Thank you. I didn't recall that in connection with this and I appreciate --

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MR. TOUMPAS: I do recall you raising that issue. I did bring somebody down.

CHAIRMAN KURK: Not unexpectedly, I'm sure. Okay.

SEN. LITTLE: Mr. Chair, one more quick question.

CHAIRMAN KURK: Senator Little.

SEN. LITTLE: Thank you. In the explanation there seems to be a couple of places where it points out that this is supposed to have been in the 16-17 budget; specifically, Item 1 and Item 3-a. That somehow this sort of fell through the cracks, which is why we're here.

MR. TOUMPAS: Probably it's the timing of when we get the grant.

SEN. LITTLE: One says due to staff shortages and timing, these funds did not get added to the Budget Request. And then 3-a says it was the intent to include these positions and funding in the Operating Budget but was not.

MS. ROCKBURN: Right.

SEN. LITTLE: Are we here because this didn't make it into the budget request?

MS. ROCKBURN: Yeah. I was just trying to look at when we received the last -- from the Feds their last increase award to see what the timing was for that. Just give me one second.

SEN. LITTLE: In other words, Mr. Chairman, the question are we bringing something into Fiscal that should have actually come through during the normal process timing.

MS. ROCKBURN: Yeah, it should of. When I look at the date on this, this additional item, I think it was an oversight. This additional amount of money should have been included in the 16-17 Budget.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: That's what the last sentence of 3-a indicates.

SEN. LITTLE: If this had made it -- further question, Mr. Chairman, and probably to you. If this had, in fact, made it into the budget, it would be beholden to the 6/12<sup>th</sup> spending limits; but if it comes through in this manner it is not.

CHAIRMAN KURK: I think the answer is yes, but I'll check with the LBA.

MR. KANE: Because this was -- these funds were in '15 -- were they accepted through '15?

MR. TOUMPAS: My belief is my understanding of the 6/12ths is that it's what was in the original budget of '15. So if there was an accept and expend that came in during State Fiscal Year 15 that would not be considered in that -- on that baseline that makes up the 6/12ths.

CHAIRMAN KURK: That's correct.

MR. TOUMPAS: All right. So now for those funds that would have been accepted and we did put them into the budget, into the '16 Budget, that it would be obviously caught up in the Continuing Resolution discussion. So on just --

MS. ROCKBURN: I guess, in other words, had this grant -- there's two avenues or two components to it. One is that because it's a grant that we normally get there was a base amount that was put into '15 and a base amount that would have been part of '16, and that base amount is subject to the 50%. What makes this unique is in addition to that base when the grant actually was awarded to us, it was more than what we originally budgeted both in '15 and what we would have done in '16. So what ends up happening is that the Continuing Resolution, whether we would be in Continuing Resolution or if we were in a 16-17 passed budget, this additional part of the grant would still come forward to you as an accept and expend,

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

because it was an additional amount beyond the base that we had always planned for. So this is a little different than others where it was a new grant that came in. This is a grant that we normally get. We estimated that it would be about 400,000 and 200 additional dollars were awarded to us.

MR. TOUMPAS: The baseline was in the '16 budget. This is the additional dollars.

CHAIRMAN KURK: But the baseline was also in the '15 budget.

MS. ROCKBURN: Correct, yes.

REP. WEYLER: So the question would be if the budget was not vetoed, would you still be coming to us for this additional money?

MS. ROCKBURN: Yes.

MR. TOUMPAS: Yes.

REP. WEYLER: Thank you. How much of it?

MS. ROCKBURN: 257,000.

REP. WEYLER: Thank you.

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: But if you had put it into HB 1 and 2 instead of having the oversight, how much money of that 257,000 would you now be asking for? Because you would have a portion of that in HB 1 and 2 per your testimony.

MS. ROCKBURN: As Representative Kurk had said, zero. We would not have -- if we had done everything in '16 and '17 and knew the base we wouldn't need to come to the Committee. But I don't think we would have even had the opportunity to do that. I

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

think the grant award and everything we would have been coming to you for that additional amount anyway. I don't think the full amount would ever hit that 16-17.

CHAIRMAN KURK: So, in effect, this is an expanded program that's coming before us regardless of the CR.

MS. ROCKBURN: Correct.

MR. TOUMPAS: For the 257,000.

CHAIRMAN KURK: For the 257, yes. Representative Ober.

REP. OBER: But, Mr. Chairman, the backup doesn't make any sense. Why would they write it was the intention to include these positions and funding in the FY 16-17 Budget? She just said that wasn't the case.

MS. ROCKBURN: I think it was, and this may be the wording that the way this was written, is that we didn't know about it in ample time to really plan for it to put in the 16-17. I think that's really what it would have come to. So if we had estimated better, we probably would have put it into the 16-17 Budget, but we did not do that at the time. So we would have had to come to Fiscal as we are right now for this request.

Further discussion? The motion before us is to approve. 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: Thank you. We now turn to two other items. Excuse me. We need to return to two other items. The Vice-Chair and I were informed by the LBA that two of the grants which were previously, I believe, tabled will be lost on August 31<sup>st</sup>, and that information was just recently provided to us by Health and Human Services. So I think we need to revisit those, at least have that discussion.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

REP. OBER: Mr. Chairman, are those tabled items?

SEN. FORRESTER: Yes. We have to pull them off the table.

CHAIRMAN KURK: Yes, I recognize --

REP. OBER: Could we finish the agenda and go back to them?

CHAIRMAN KURK: I'd like to clean that up, if you don't mind, at this time. So the Chair recognizes Representative Forrester for a motion on Fiscal 15, I believe, 124.

SEN. PRESIDENT MORSE: Moved her up a little bit. She's a Senator now.

CHAIRMAN KURK: I put her in a more of a spotlight. Senator Forrester, I apologize.

\*\* SEN. FORRESTER: That's fine. I'd like to make a motion to remove under Tab 2 Item 124 from the table and under Tab 4 Item 170.

CHAIRMAN KURK: Let's do them separately or.

SEN. FORRESTER: Okay. Tab 2, 124.

CHAIRMAN KURK: Moved by Senator Forrester, seconded by Representative Eaton that Fiscal 15-124 be removed from the table. All those in favor of the motion, please indicate by saying aye? Opposed? The ayes have it and the item is now before us.

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: Senator Forrester.

SEN. FORRESTER: Thank you, Mr. Chair. I understand, I don't know if we want to have the Commissioner come back up and speak

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

to this, but we were informed that you would lose these funds as of August 31<sup>st</sup>.

MR. TOUMPAS: When the question came up on 122 about where the deadline would be if we did not approve it, did not act on it today, when would we lose those dollars. We went back and checked the other items as well and found that this item, indeed, would -- the funding on this would -- we would lose the funding on August 31<sup>st</sup> if it's not acted on by the Fiscal Committee. So the program would effectively end at that point.

\*\* SEN. PRESIDENT MORSE: Move ought to pass.

CHAIRMAN KURK: Senator Morse moves the acceptance of this item, seconded by Representative Wallner. Further discussion? There being none, are you ready for the question? The motion is to approve Fiscal 15-124. If you're in favor of that motion, please now indicate by saying aye? Opposed? The ayes have it and the item is approved.

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

CHAIRMAN KURK: Senator Forrester is recognized with respect to a motion on Fiscal 170.

\*\* SEN. FORRESTER: Mr. Chair, I'd like to remove Item 170 from the table.

CHAIRMAN KURK: Under what tab?

SEN. FORRESTER: Tab 4.

REP. EATON: Tab 4.

CHAIRMAN KURK: Is there a second?

REP. EATON: Second.

CHAIRMAN KURK: Representative Eaton seconds the motion. If you're in favor of removing Fiscal 170 from the table, please

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

now indicate by saying aye? Opposed? The ayes have it and the item is removed from the table.

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

CHAIRMAN KURK: Senator Forrester.

SEN. FORRESTER: Commissioner, is this the same situation?

MR. TOUMPAS: August 31<sup>st</sup>, if not acted on by August 31<sup>st</sup> we lose the funding.

SEN. FORRESTER: And there are programs and people in place already; correct?

MS. ROCKBURN: Correct. There's no --

REP. OBER: It's brand new, isn't it?

MS. ROCKBURN: No, this one --

CHAIRMAN KURK: The current budget for this appears to be \$314,000.

MS. ROCKBURN: That is correct. This was a situation where there was an original base of the grant and we had learned that we had additional money available. And so what we were coming to is asking for the accept and expend of that additional dollars, bringing the total grant up to 418,000, 100% Federal funds.

CHAIRMAN KURK: So the current budget which is a modified budget which is 314,000 is in effect for six months; is that correct, the 6/12ths? The 103,000 is for 12 months?

MS. ROCKBURN: No, actually that 103,000 needs to be committed by August 31<sup>st</sup> of the grant -- of right now, August 31<sup>st</sup>, 2015, in order for that to be still available to be drawn. But we do have 12 months after that to draw it.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: So, in effect, instead of having 51,000 plus to spend in the first six months --

MS. ROCKBURN: Correct.

CHAIRMAN KURK: -- you're going to have the full amount.

MS. ROCKBURN: Correct.

CHAIRMAN KURK: Not that you will but you could.

MS. ROCKBURN: Correct.

CHAIRMAN KURK: Thank you. Senator Forrester.

\*\* SEN. FORRESTER: Move ought to pass.

CHAIRMAN KURK: Senator Forrester moves to approve the item, seconded by Representative Wallner. Senator Little.

SEN. LITTLE: Thank you, Mr. Chairman. Looking at the request, I want to make sure that I'm understanding properly under the explanation item. Question number one is the action required of this request a result of the Continuing Resolution? Yes, is not available due to the Continuing Resolution. And under question five is it part of the 16-17 Budget? Yes, this funding is included in the 16-17 Budget. So I want to just clarify for you that we are only here doing this because the budget was vetoed. That we assumed that this is part of the pain that was supposed to endure as part of the veto and that we are about to say we are not going to ask the people of New Hampshire to endure this particular pain that was inflicted as part of the veto.

CHAIRMAN KURK: Your were making that a statement or asking?

SEN. LITTLE: That was a question to you. This is why we are here. This is what we are doing is we are essentially doing a line item budget veto override.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

REP. OBER: If we do that, can we do that for all line items in the budget?

SEN. REAGAN: Separate question.

REP. WEYLER: I'm not sure we have that authority.

CHAIRMAN KURK: I think you need to answer that question for yourself.

REP. EATON: Good answer. Good answer.

CHAIRMAN KURK: The motion is to approve. Is there further discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed?

CHAIRMAN KURK: No.

SEN. LITTLE: No.

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

\*\*\* {MOTION ADOPTED}

REP. WEYLER: Two?

CHAIRMAN KURK: I didn't count, but there was clearly more.

SEN. FORRESTER: And Senator Morse.

REP. WEYLER: All right, seven to three.

CHAIRMAN KURK: We now return to our former place in the agenda.

REP. WEYLER: We are on 181.

REP. EATON: 181.

REP. WEYLER: Yes, 181.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: We now turn to Fiscal 15-181, a request from the Department of Resources and Economic Development for authorization to accept and expend \$319,848 in Federal funds through the end of this year and establish a consultant position through the end of this year. Is there a motion?

\*\* SEN. FORRESTER: So move.

CHAIRMAN KURK: Moved by Senator Forrester.

REP. OBER: Second.

CHAIRMAN KURK: Second by Representative Ober. Is there 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}

**(6) RSA 124:15, Positions Authorized:**

CHAIRMAN KURK: We now turn to Fiscal 15-156, a request from the Department of Safety for authorization to establish four part-time temporary positions through December 31<sup>st</sup>, 2015.

\*\* REP. EATON: Move.

CHAIRMAN KURK: Representative Eaton moves the acceptance of the item. Seconded by?

SEN. D'ALLESANDRO: Second.

SEN. FORRESTER: Senator D'Allesandro.

CHAIRMAN KURK: Senator D'Allesandro. Is there discussion? There being none, are you ready for the question? All those in favor, please indicate by saying aye? Opposed?

REP. OBER: No.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

REP. WEYLER: No.

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

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

CHAIRMAN KURK: We turn now to Fiscal 15-167, a request from the Department of Cultural Resources for authorization to retroactively amend FIS 14-028, approved on March 21<sup>st</sup>, 2014, by extending the end date from June 30<sup>th</sup> of this year to December 31<sup>st</sup> of this year. Senator Forrester.

\*\* SEN. FORRESTER: Motion to approve.

REP. OBER: Second.

CHAIRMAN KURK: Moved by Senator Forrester, seconded by Representative Ober. Is there discussion?

REP. OBER: This is a project that started in 2011.

SEN. FORRESTER: Mr. Chairman.

CHAIRMAN KURK: Senator Forrester.

SEN. FORRESTER: This is a program that's already started. I think the work has begun. As I understand it -- would you like to come up?

KATHLEEN STANICK, Administrator, Department of Cultural Resources: Good morning. I'm Kathy Stanick from the Department of Cultural Resources.

SEN. FORRESTER: Am I correct, my understanding that the work has already been done. The contractor's actually waiting for some payment.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MS. STANICK: The work is being done. It has not been completed. And yes, we do have payments that we will be paying to the contractor.

CHAIRMAN KURK: If I may ask, how do you let a contract when you don't have funds to pay for it?

MS. STANICK: This contract was established through Governor and Council over a year ago. The consultants have been doing the work. The bill actually that I have in my hand, that I am currently trying to pay, is for work performed through June that came in after July 1<sup>st</sup>.

CHAIRMAN KURK: And the funds to pay for that exist under -- were encumbered from the last budget?

MS. STANICK: Yes.

CHAIRMAN KURK: So the consultant has not done any work after July 1<sup>st</sup> since there was no money to pay for his or her services.

MS. STANICK: I cannot answer that one. I would have to check with Division of Historical Resources.

CHAIRMAN KURK: Thank you. Further questions? There being none, are you ready? The motion is to approve the Fiscal one -- Fiscal 15-167. If you're in favor of that, please now indicate by saying aye? Opposed? The ayes have it and the item is approved.

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

MS. STANICK: Thank you.

CHAIRMAN KURK: Thank you, ma'am. We now turn to Fiscal 15-173, request from the Department of Transportation for authorization to establish consultant position through December 31<sup>st</sup>, 2015. Senator Forrester.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

\*\* SEN. FORRESTER: Move to table.

CHAIRMAN KURK: Senator Forrester moves to table.

REP. OBER: Second.

CHAIRMAN KURK: Second by Representative Ober. The motion is to table. If you're in favor, please now indicate by saying aye? Opposed? The ayes have it and the item is tabled.

\*\*\* {MOTION TO TABLE ADOPTED}

CHAIRMAN KURK: We now turn to Fiscal 15-184, request from the Department of Health and Human Services for authorization to establish one part-time temporary position retroactive to July 1<sup>st</sup> of this year through December 31<sup>st</sup> of this year. Representative Ober, did you wish to make a motion?

REP. OBER: No.

CHAIRMAN KURK: Senator Forrester.

\*\* SEN. FORRESTER: Thank you, Mr. Chair. I make a motion to approve Item 184.

CHAIRMAN KURK: Is there a second?

SEN. PRESIDENT MORSE: Second.

CHAIRMAN KURK: Seconded by Senator Morse. Isn't this the kind of an item that should because of the Continuing Resolution not be approved? I wonder if one of the Senators could enlighten us as to why this should be approved and would not be.

SEN. FORRESTER: Yes, Mr. Chair. This position, there is currently somebody in this position, and if we do not approve this item they would be laid off. I don't think it was our intent to stop a program that's already in place and be responsible for a lay-off.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: And the lay-off rises to the level of an emergency?

SEN. FORRESTER: I don't know if someone wants to speak.

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: I have a question.

CHAIRMAN KURK: Is there somebody from the Department who can answer the question? Good morning, once again. The question will come from Representative Ober and it's on Fiscal 15-184.

REP. OBER: Okay.

CHAIRMAN KURK: Representative Ober.

REP. OBER: I'm not sure it's going to be the Commissioner or the LBA. I thought the LBA had told us that Item number one falls into business as usual. They can make that transfer. It really doesn't require Fiscal Committee authority. It is below that parameter. But item number two is the piece we're actually working on. Can we have that clarified? I'm not sure that's the Commissioner or the LBA. I tried to take notes yesterday, Mike, when we were going through this. Is that the case? Item number one doesn't really need to be approved by us.

MR. KANE: Correct, if it's under the threshold in Fiscal. So the only -- the Department does need Fiscal's authority to continue -- for the -- under 124:15 relative to the position.

REP. OBER: So do we have two things mixed here again? Senator Morse asked me earlier, I said this is the only one. Now I hear Senator Forrester say there's a person in that position. I believe that applies to the person in Item number one. But that the new position is item number two which is in HB 1. Have we got them mixed up continuing and ongoing again? New and continuing?

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MS. ROCKBURN: No. This one -- there's just one position. This item was brought during Fiscal 15 to Fiscal to create a new part-time position and to fund it with 100% Federal funds. Because we're in the Continuing Resolution, we don't have the authority or the position doesn't exist under the Continuing Resolution because it wasn't a permanent position in the original '15 base. So this action is asking to re-establish a part-time position that currently has a person in it, but to re-establish it so we have the legal authority to have that person in that position and then be able to pay for that.

REP. OBER: This was in your adjusted authorized?

MS. ROCKBURN: Correct.

REP. OBER: When the veto went into effect you only got the actual?

MS. ROCKBURN: Correct.

REP. OBER: Thank you.

CHAIRMAN KURK: Further questions or discussion? The motion before us is to approve Fiscal 15-184. Are you ready for the question? All those in favor, please indicate by saying aye? Opposed?

SEN. REAGAN: No.

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

\*\*\* {MOTION ADOPTED}

- (7) 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 228:69, I, (b), Appropriation and Use of Special Railroad Fund:

JOINT FISCAL COMMITTEE

August 26, 2015

CHAIRMAN KURK: We now turn to Fiscal 15-177, request from the Department of Transportation – this is under Tab 7 – for authorization to budget and expend \$750,000 in prior year carry forward special railroad funds through the end of this year, and authorization to expend an amount not to exceed \$750,000 from the same fund for the maintenance and repair of State-owned railroad lines and bridges to the end of this year. Is there a motion?

\*\* REP. OBER: I move to approve and I'd like to discuss.

CHAIRMAN KURK: Representative Ober moves, Senator Little seconds the motion. Representative Ober is recognized.

REP. OBER: Is Mr. Cass here to discuss with us?

CHAIRMAN KURK: Is somebody here from the Department of Transportation? Good morning, folks, and welcome.

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

PATRICK HERLIHY, Director of Aeronautics, Bureau of Aeronautics, Rail and Transit, Department of Transportation: Good morning. Patrick Herlihy, Director of Aeronautics, Rail and Transit.

REP. OBER: Last month I sent some questions to LBA and they sent them to you and one of the questions was what have we done about the vendors when DOT asked the vendor to buy supplies in anticipation of the budget and now those vendors are stuck holding the bills? That question was not answered. But this is clearly the answer because this is the money. So now my follow on is what is the Department doing and what follow-up will you be having for those vendors who are now encountering late fees on unpaid bills because they weren't paid in a timely manner?

MR. HERLIHY: Thank you for the question, Representative Ober. No expenditures have been made out of this fund yet. This money, once it's approved, then will go to the railroads to hire

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

vendors to do the work. So there hasn't been any work done yet that would be reimbursed out of this money.

REP. OBER: I've spoken to two of these railroads. They're holding bills that they were told to and they're encompassing late fees.

MR. HERLIHY: I'm not aware that that is coming out of this fund. That may be coming out of the Capital Budget appropriation that was just passed for bridge improvements that we received \$1.3 million on. But I'm not aware of any funding, any projects that have been done yet with this money.

REP. OBER: Supplies were ordered to do these projects upon a receipt from you guys, and it just happens that the amounts actually match what I was told by the two railroads.

MR. HERLIHY: That was done without my knowledge.

REP. OBER: Thank you, Mr. Chairman.

CHAIRMAN KURK: Further questions or discussion? The motion before us is to approve Item 15-177. 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 158, sub-paragraph I, (a), Laws of 2015,  
Making temporary appropriations for the expenses  
And encumbrances of the state of New Hampshire:

CHAIRMAN KURK: We turn now to Tab 8, Fiscal 15-174.  
Thank you, folks.

MR. HERLIHY: Thank you.

CHAIRMAN KURK: A request from the Department of Resources and Economic Development for authorization to exceed the 6/12 limit as contained in the Continuing Resolution in the amount of

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

\$1,135,000 to the extent shown as projected deficits through December 31<sup>st</sup>, 2015.

\*\* REP. OBER: Move to approve.

CHAIRMAN KURK: Representative Ober moves to approve. Is there a second?

SEN. LITTLE: Second.

CHAIRMAN KURK: Senator Little seconds. Discussion? This is the Parks Fund?

SEN. LITTLE: Yes.

REP. OBER: Hm-hum.

CHAIRMAN KURK: And as I understand it, if this is not approved, the Parks will have to close and a significant impact on tourist revenue and travel in the state could be expected creating, at least, a minor crisis that would be desirable to avoid.

REP. OBER: Could I speak to my motion, Mr. Chairman?

CHAIRMAN KURK: You may.

SEN. PRESIDENT MORSE: You already did.

REP. OBER: We had LBA pull some of their spending and they spent more than 50% in the summer on their parks, on their staff, so this is a case where the veto is having a negative impact. I don't think we should be closing parks. I think this is an emergency.

CHAIRMAN KURK: Senator.

SEN. REAGAN: Having two of the largest parks in my district, I concur with Representative Ober.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Does anyone have questions for the Department?

SEN. FORRESTER: I do.

CHAIRMAN KURK: Senator Forrester. Is there someone from the Department who can respond? Commissioner, good morning.

JEFFREY ROSE, Commissioner, Department of Resources and Economic Development: Good morning, Mr. Chairman. Jeff Rose, Commissioner of the Department of Resources and Economic Development. I'm joined by our Director of Parks, Mr. Phil Bryce.

SEN. FORRESTER: Good morning.

MR. ROSE: Good morning.

CHAIRMAN KURK: Senator Forrester.

SEN. FORRESTER: Commissioner, is it my understanding beyond the potential closing of the parks there would be an additional impact? When we spoke you mentioned the fact that there are contracts out there or folks who prepaid and that funding would have to be returned.

MR. ROSE: Thank you for the question, Senator. Parks are enjoying a very good season thus far, and we've seen record numbers at our campgrounds. And our campground reservation system is usually people will book in advance and pay in advance. So if we were unable to continue with our operations at our campgrounds, we would be in the position where we'd need to try to return funds to those who had already prepaid for their camping reservations.

SEN. FORRESTER: Thank you.

CHAIRMAN KURK: If I may inquire? Approximately what proportion historically of the funds allocated for this purpose are spent during the first six months?

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MR. ROSE: Thank you, Mr. Chairman. Approximately 60% of our funds for the Fiscal Year are spent in the first six months, and about 70% of our revenues are generated in the first six months of the Fiscal Year.

CHAIRMAN KURK: And is your request for the full amount of the year's expenditures or just for 60%?

MR. ROSE: It is to continue to spend at the same rate as we did in Fiscal Year 15 so it would be at that 60% of our Fiscal Year 15 authorized budget.

CHAIRMAN KURK: So you're asking for what you actually spend which happens to be more than 50%, 6/12.

MR. ROSE: That's true.

CHAIRMAN KURK: You're not asking for 75% or 80% or 100%?

MR. ROSE: That is correct.

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

MR. ROSE: Thank you.

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

CHAIRMAN KURK: We now turn to Fiscal 15-175, request from the Department of Transportation for authorization to exceed the 6/12ths limit as contained in the Continuing Resolution in the amount of \$3 million to the extent shown as projected deficits through December 31<sup>st</sup>, 2015. I understand there are some questions on this. Is there somebody here from the Department of Transportation?

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MS. MULLEN: Good morning, again. Marie Mullen, Director of Finance.

JOHN CORCORAN, Administrator, Bureau of Turnpikes, Department of Transportation: Good morning. John Corcoran, Bureau of Turnpikes Administrator.

CHAIRMAN KURK: Thank you for coming. I understand the Senator has a question on this. Senator Morse.

SEN. PRESIDENT MORSE: Can you just explain the project that you're asking to fund here?

MS. MULLEN: It's a paving project on the Central Turnpike, a portion through Nashua and through Concord.

SEN. PRESIDENT MORSE: And then there was another project tied to a different number last month when you came in. When I spoke to the Assistant Commissioner, he told me this project that you're explaining needed \$3 million. Nothing was said that we have another bucket to fund the guardrails somewhere else. Are the guardrails being funded somewhere else?

MS. MULLEN: No, we have withdrawn that contract from Governor and Council and we haven't gone forward with that contract. That is also part of this --

REP. OBER: Mr. Chairman.

CHAIRMAN KURK: Representative Ober.

REP. OBER: Every one of the packages that comes to us has a set of questions that the agency answers and you hear us refer to Question 1, Question 3, Question 3-a, and yours has a blank page. Did you bring the answers to those questions with you for us?

MS. MULLEN: I'm not sure about that.

REP. OBER: See a stack of ten handouts.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MS. MULLEN: I think that one may have been missed. Originally, we had anticipated that it was for accept and expend for the RSA for the consultant position. So we may not have submitted the questions on this item and I apologize for that.

REP. EATON: LBA have something?

REP. OBER: No, 'cause I asked yesterday.

CHAIRMAN KURK: Further discussion or questions? Senator Forrester.

SEN. FORRESTER: When will this project -- when is this project to start?

MS. MULLEN: It was scheduled to start in August, and we've delayed the start of that pending the addition of funds to be able to pay -- to pay the vendor so it has been delayed.

CHAIRMAN KURK: And could it be delayed further?

MS. MULLEN: Yes. John.

MR. CORCORAN: We prefer to take care of it this spring or this summer or fall as part of our resurfacing project. Pavement is deteriorating there. We actually have to grind out a couple inches on each section and repave it. So we prefer to do it this year as planned.

CHAIRMAN KURK: If this were not approved until September, further delay of a month, would that be a problem?

MR. CORCORAN: Yes, that probably would be a problem because of the weather and stuff.

CHAIRMAN KURK: How long is the project going to take?

MR. CORCORAN: Estimate, say about four to six weeks to do both sections of the roadway.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Thank you. Senator Morse.

SEN. PRESIDENT MORSE: Let me ask that question a different way. When the Assistant Commissioner came in, we had talked in the last Fiscal Committee meeting of concern that the cost of the project might change. If we don't approve this this month, will this go out to bid again or will we re-negotiate or will it be the same price?

MS. MULLEN: We have discussed that with the vendor and the vendor has agreed to honor the price of the contract. So if we did need to delay till the spring, they would honor the price of the contract.

CHAIRMAN KURK: Thank you. Further questions? Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. But if you delay the project till the spring, what about the deterioration of the road? Doesn't that continue and cause us further problems? I mean, that's what this is all about. That's why we have the paving season.

MR. CORCORAN: Yes. Correct.

SEN. D'ALLESANDRO: Is that correct?

MR. CORCORAN: Yes.

SEN. D'ALLESANDRO: Thank you.

CHAIRMAN KURK: Further discussion or questions? Chair recognizes Representative Weyler for a motion.

\*\* REP. WEYLER: Move to table.

CHAIRMAN KURK: Is there a second?

REP. OBER: Second.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

CHAIRMAN KURK: Seconded by Representative Ober. The motion is to table. If you're -- did you want to take a recess?

SEN. PRESIDENT MORSE: Yes.

CHAIRMAN KURK: We'll stand in recess until 12:15.

(Recess taken at 12:06 p.m.)

(Reconvened at 12:14 p.m.)

CHAIRMAN KURK: Committee will come out of recess and back to order. The motion before us is on 15-175, a request from the Department of Transportation. The motion is to table. Are you ready for the question? This will be by show of hands. All those in favor, please indicate by raising your hand? Those opposed? The motion carries eight to two. The item is tabled.

\*\*\* {MOTION TO TABLE ADOPTED}

(9) Chapter 158, sub-paragraph I, (a), Laws of 2015 and Chapter 144:95, Laws of 2013, Department of Transportation, Transfer of Funds:

CHAIRMAN KURK: We turn now to under Tab 9 to Fiscal 15-163, a request from Department of Transportation for authorization to transfer \$95,000 between Highway Fund accounts and classes through the end of this year. Is there a motion?

\*\* REP. WEYLER: Move to approve.

SEN. REAGAN: Second.

CHAIRMAN KURK: Representative Weyler moves to approve. Senator Reagan seconds. 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.

JOINT FISCAL COMMITTEE

August 26, 2015

\*\*\* {MOTION ADOPTED}

CHAIRMAN KURK: We turn now to 15-176, another request from the Department for authorization to transfer \$84,500 within the Turnpike Fund accounting units through December 31<sup>st</sup>, 2015. Is there a motion?

\*\* REP. WEYLER: Move to approve.

CHAIRMAN KURK: Representative Weyler moves to approve. Senator Reagan seconds. 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}

(10) Miscellaneous:

(11) Informational Materials:

CHAIRMAN KURK: There are a number of information items before us, but I understand that Fiscal 15-182 from the Department of Transportation with respect to a report regarding self-funded health benefits program is one that's of concern. And it's my understanding that the Department has a presentation they would like to make. If it pleases the Committee, I will recognize the Department to make its presentation. I apologize. Administrative Services. Did I say Transportation?

REP. EATON: Yes.

REP. OBER: Vicki is very competent.

REP. EATON: Either/or.

VICKI QUIRAM, Commissioner, Department of Administrative Services: Would you like to talk to me about pavement?

JOINT FISCAL COMMITTEE

August 26, 2015

CHAIRMAN KURK: Good afternoon to both of you and welcome to the Finance Committee.

MS. QUIRAM: Thank you. Vicki Quiram, Commissioner of Department of Administrative Services. Good afternoon.

CATHERINE KEANE, Director of Risk and Benefits, Department of Administrative Services: Hello, I'm Cathy Keane. I'm the Director of Risk and Benefits.

CHAIRMAN KURK: Please go ahead.

MS. QUIRAM: So, hopefully, you have a presentation, a little presentation that you have in front of you. I'll just walk through this very, very quickly. I'm going to very quickly talk to you a little bit about pharmacy costs and what's going on with our health benefit plan. So I'd like to ask you all take a look at what's in the package. So I will wait for just a moment if it's okay.

Okay. Page 2 of the handout that's now in your hands is a copy of a document that we handed out during the entire budget phase. The first time it was handed out, I think, was in March of 2015. And then it was also at the Committee of Conference when we were here in front of you in June. You can take a very quick look at that first page. The bottom line is, is we were showing you that the budget that we were given for Fiscal Year 16 and 17 was going to basically lend us with a shortfall at \$5.5 million. So we had a shortfall of \$5.5 million that we were talking about and we were presenting you with a plan that we had to deal with that deficit.

In order for that deficit to be dealt with, we were using \$2 million of our surplus money. We were increasing deductibles on the plans. And this is retiree health, for retiree health we were doing these things. We were increasing deductibles. We were going up on retail co-pays, and we were actually increasing the under 65 contribution on health care to 15% rather than the 12½% that they were currently paying. This was an example of how we wanted to change the plan to deal with the \$5½ million deficit.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

And you can see at the bottom of 2 we were also considering what were we going to do with the Cadillac tax that could come into effect with the Affordable Care Act. So we are keeping that in mind as we change these health care plans.

On Page 3 of the handout I am going to skip that page. That was just giving some ideas about what kinds of variables could be moved around and how much cost savings we could get from those variables.

So if you move to Page 4, on the top part on Page 4 you can see that 5.6. I just said it was 5.5. It was actually 5.55 so it shows up as \$5.6 million deficit that we were talking to you about through the budget process. So what's happened between the budget process and June and today?

If you go down to the second chart, the big thing is right under the title there it says increasing pharmacy trend. We went back to Segal, Segal our consultants, and they have told us that we have an issue going on in New Hampshire. It's not any different than issues that are going on all over the United States for every state in the nation. Our pharmacy trends are increasing. Why are they increasing? Mainly because of specialty drugs. Specialty drugs are a good thing. You see them on TV every night. They are being marketed extensively, and they do a lot of wonderful things. You see there that there are drugs that will cure Hepatitis C and they really work well to cure Hepatitis C. Those drugs long-term they save money. They are wonderful for people to get through. They're very expensive. Two rounds of the Hepatitis C drug costs about \$100,000. So those are the kinds of costs. There are many of these. There's new drugs coming out every single day and those costs are hitting our plan.

So because of those increase in pharmacy trends we are seeing in the state, our pharmacy trends is going up which is basically giving us an updated estimate on how much our plan is going to cost, our retiree health care plan. It is the same trend with actives. We have an additional amount in actives, but we have a way of dealing with actives as far as that cost goes,

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

which I can talk about but I'm going to concentrate on the retirees to save time today.

Our updated agency estimate is in the second chart. Our budgeted amount that we got is in the second chart. And then you see the budgets are shortfall because of the new pharmacy trend is -- has gone up from 5.6 million to 9.6 million.

When we sent the letter to Fiscal we were at that \$9.6 million deficit. To show you how this health care trend is constantly changing, we just got word about a week ago that our Federal subsidy on the health care plan, the EGWP Program which is the Employee Group Waiver Program for prescription drugs is also going down by a million dollars. So that changes the 5.6 million that we had during the budget to \$10.6 million deficit.

So if you turn to Page 5, how are we going to deal with this deficit? We are going to have to change the way we look at our health care plan in some way. So this particular handout tells you that there's a lot of variables in health care management. First of all, enrollment and head count. How many people are going to be retiring? How is our head count going to change? Is it going to go up? Is it going to go down? That's something we have a very hard time. We can't control.

As far as cost trends, we know that our cost trends are going up. And I won't go into the details, but we do have some ways of helping those cost trends not to go up as much. We have contracting practices that we do and I can deal with them if you'd like me to later. I know you want me to go fairly quickly so you have a chance to ask questions. But Cassie and her staff have very carefully saved probably \$8 million and brought that trend down by about \$8 million over the last year and a half.

We have a premium contribution. We can ask more from the retirees on their premium contribution. When we ask for more on premium contributions that spreads the -- the difference between all retirees rather than just the retirees that certainly take more medications or are ill. We can change our plan designs in

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

many, many ways. We can bring the deductibles up. We can bring the co-pays up. We can bring our maximum out-of-pockets up and we can implement things like site-of-service.

Long-term this trend nationwide does not look like it's going to stop. So we know that we have to look -- we need to make some changes right now short-term to deal with our deficit for the next biennium. But the bottom line is we are going to have to come up with long-term solutions which means looking at things that will reinvent the health care plan.

We are starting to look at those things already. We have looked at tiered networks. We can talk to you a little bit about how those work. But, for now, defined contribution plans are all kinds of different plans we are looking at, things that other states are beginning to look at also. We are not finding very many governmental organizations are using them and have a lot of experience with the savings at this time.

So if you move to Page 6. So how do we manage this retiree health deficit? We have tools that we can use to manage the deficit. Right now we have to offer -- DAS must offer a retiree health benefit plan within the limits of the funds appropriated at each legislative session and you have the RSA's right here that are referenced.

The DAS Commissioner is responsible to manage the health benefit plan within that budget. The third bullet, changes to the retiree health benefit plan are authorized with the approval of the Fiscal Committee. So we need to come to you when we are going to change this plan. We need your advice. We need your help so we can move this ahead.

And then employee and retiree risk management fund shall be non-lapsing and continually appropriated to DAS. I talked a little bit about what when we went through the budget process how we said we were going to use \$2 million of the surplus, we do go up and down and we use that surplus with health retiree benefit plans all the time. The costs go up. The costs go down.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

We have to be able to operate within that, and that's why we have this surplus.

So we were constantly using that surplus up and down. We do have about \$6 million in retiree surplus right now. In order to buy us some time so that we can deal with this problem, we are going to be using some of that surplus money as we move this ahead.

So Slide 7, what are the tools that we don't have to use? We do not have the authority to change the premium contributions right now for under 65 retirees from the 12½% that they are presently paying, even with the approval of this Fiscal Committee. We need these tools in our tool box. We need to be able to adjust a lot of the different variables so that we can come up with a plan that least impacts our retirees and is fairest to our retirees but at the same time allows us to live within the policies and the laws that you set for the state.

CHAIRMAN KURK: Let me just ask a question about this. If the Governor had not vetoed the budget, would you not have the tools right now that you did before to raise the 12½% to 15%?

MS. QUIRAM: This particular tool we would have. And in HB2, it was included in HB2. And so we would have this tool. This tool that we are talking about below that, we would not have it. It was not included.

CHAIRMAN KURK: Thank you.

MS. QUIRAM: DAS does not have the authority to charge any kind of premium contribution for retirees that are over 65. It's another tool in our tool box. I'm not saying that you want to do that or we should do it or we shouldn't do it. I'm just saying it is another tool in the tool box. We are looking at options of how can we best manage this. We need to be able to look at all the tools in the tool box.

We talked to some retirees about -- we talked to a lot of retirees about this and it's very interesting because while some

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

of them say absolutely, you should not charge a contribution to people over 65. When you start talking about how high we would have to raise their pharmacy deductibles, co-pays, sorry, raise their co-pays on their medications, if they were taking one, you know, one -- one prescription, the cost of it would be more than if we were charging them \$15 a month for premium contribution. So those are the kinds of things that we are trying to gather data for so we can make good decisions for our retirees. So our existing and new tools, we need these tools, and we need them to be available for us to manage the retiree health deficit. That means legislation.

Page 6. Whoops! Sorry. Eight. Sorry. So Page 8. In the essence of time, I'm not going to go through every single one of these options, but what we have done is we have thrown together three options for you that show you how we can play with these different variables to make up the difference in health care plan. So there are options and they're -- none of them come without changes to the health benefit management, but these are examples of the options that we can use. And what we hope to do is by your September meeting come to you with some recommendations, some data, some facts, and have you help us make some decisions on where we move.

Page 9 is a timeline of the direction that we need to move and the timeline that we're on. I will tell you that we are under a strict timeline because of this August 31<sup>st</sup>, '15 date. We have to know what the pharmacy changes are going to be by August 31<sup>st</sup> because of Medicare regulation timelines. We have to give them some answers. We are probably going to have to give them some answers to the best of our ability and then when we meet with you in September, if, in fact, the prescription changes are approved, we will be able to move on. If not, we will have to pull them back, which we will be able to do, but we will be -- we are going to be on a very tight time frame for making decisions on the health care plan.

The rest of the timeline I won't go over the details in the essence of time again. But we have -- we really need the time to go out and work with our retirees, work with you, hear what you

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

have to say, hear what they have to say. We have already started talking to people. We're already educating people on the issue and hearing from them on what they prefer and what would be the best way to move -- the best direction to move on this.

(Representative Barry substitutes for Representative Ober.)

MS. QUIRAM: Slide number 10, next steps. We welcome your input. Again, we are committed to doing the best we possibly can to be fair to the retirees and also to work within the policy and the legislation that you set for us, and we need your input. And so we are asking for your input.

We are going to prepare our recommended options for the September meeting so we hope to work with you between now and that time. We are going to try to identify sponsors for fast-tracking some legislation so that we can actually move ahead with some of these recommended options, if needed, if these are -- if these are variables that you want to include in the plan. And then -- then we after, again, this is one thing to get through the 16-17 budget process. But we really have to step back and think about how do we reinvent health care plans with the increasing trends in health care that we are experiencing for the retirees. We are glad to take any of your questions.

CHAIRMAN KURK: Thank you very much. That was a very helpful presentation. I appreciate the materials as well. Are there questions? Representative Weyler.

REP. WEYLER: Just -- Thank you, Mr. Chair. Just a comment. Commissioner, the House filing period will have ended by the time we meet again. The Senate filing period is a little more generous. Of course, some of us be willing to be co-sponsors if the Senate initiates, but we will be too late by next meeting.

CHAIRMAN KURK: I think that can be obviated. Representative Ober has indicated that she will file some legislation, can be put in in a form so that it can be changed at a later date. One way or another we will make sure there's a bill.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MS. QUIRAM: Thank you very much.

CHAIRMAN KURK: So what you produce for September eventually would get incorporated in that with whatever modifications we want to the extent that any are necessary. Senator Little.

SEN. LITTLE: At the outset you mentioned that these are general trends that are being raised nationwide. We are only discussing retirees at this point. We have a lot of active employees, also, and I think you sort of implied that there are other options and solutions or ways to deal with these trends in a way that they impact our active employees. Can you -- I understand you need some legislative changes which is why you're talking to us today about this regarding the retirees.

MS. QUIRAM: Hm-hum.

SEN. LITTLE: How significant is this impact on active duty -- active employees and how we dealing with that and why is it so difficult?

MS. QUIRAM: It's not -- well, the trend is a little bit different. There's a few things. First of all, our active retirees, where we have the deficit here as compared to probably five million, four and a half million due to the pharmacy trend. That same number is less for actives and it's simply because actives do not use as much pharmacy as the retirees do.

In addition, that lower number that is -- that the actives use, utilize in this trend, has it's three and a half million, that three and a half million dollars is actually spread between a whole lot more people. So per person it's not as much of an increase. With actives, we assign a working rate per person in the budget of the people that actually are in the agencies and you have to recognize we are talking about all funds when we are talking about these numbers so that three and a half million dollars, what, 47% is General Fund. So there are General Funds, there's other funds, and those working rates go up a little bit and it's all in the Fund 60 accounts for the agencies.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

MS. KEANE: Class 60.

MS. QUIRAM: Class 60. Sorry. Class 60 accounts for the agency. So it's a little bit different than retirees because on retirees the amount is more. And it's spread between only the retirees that are under 65. So we don't charge any of the premium contribution to the over 65's at the current time. So we have 11,000 retirees, but only 3,000 - I'm using big numbers here - but only 3,000 of those retirees actually contribute to the premium cost. So it's spread between fewer people. So the impact per person is much less with actives and we have a way of dealing with it. Any changes to their benefit plans would be bargained. So they're the employees bargain or bargaining. That goes to the State bargaining, whereas retirees is not handled that way.

SEN. LITTLE: May I continue?

CHAIRMAN KURK: Further.

SEN. LITTLE: So the actives we simply increase the costs that hits the budget. We have a source of funding which means that then employees in my office would just increase what we show in the budget request for the following year. That's how we make it up.

MS. QUIRAM: Yes. It's in a class line.

SEN. LITTLE: It's a class line.

MS. QUIRAM: That the agencies have to then balance.

SEN. LITTLE: So when we move into the retiree sector --

MS. QUIRAM: Hm-hum.

SEN. LITTLE: -- there's a contribution.

MS. QUIRAM: Yes.

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

SEN. LITTLE: And we're proposing to change to make up that difference by adjusting that individual contribution?

MS. QUIRAM: It's one of the variables. And if you look at where we said Options A, B and C, there are options where we have increased the contribution. There's options where we have said maybe we need a contribution from all 11,000 of the retirees rather than just under 65's. There's options where we have said stay at the 12½%, and then you have to raise their co-pays and deductibles astronomically. So there are -- that's what we are playing with. We are playing with something that's constantly changing and there's many variables that can be changed to get where we need to be. And what we want to do is do the best thing we can, put a plan together that serves the retirees the best we possibly can.

CHAIRMAN KURK: Is it not the case that under statute retiree health care over 65 and under 65 is subject to budgetary appropriations?

MS. QUIRAM: Yes, it is.

CHAIRMAN KURK: It's not negotiated as is the case for health care with respect to active employees.

MS. QUIRAM: Yes, it is.

CHAIRMAN KURK: And so your proposals are designed to meet the budgetary appropriations.

MS. QUIRAM: That's exactly what they're designed to do.

CHAIRMAN KURK: And should in future budgets that number be reduced or increased, you would produce different options.

MS. QUIRAM: Yes. I guess you could say that's one of the variables, too.

CHAIRMAN KURK: Does your analysis include the cost savings associated with some of these more expensive drugs? For

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

example, you mentioned Hepatitis C. My understanding is that these drugs for \$100,000 cure a person in such a way that they no longer have expenses in the future that they did in the past. Does your analysis take into account that kind of savings? I understand there's a timing issue, but if all of these wonderful drugs do these wonderful things, hopefully, there are savings from them in the future.

MS. KEANE: I can't say that it directly does include a cost avoidance; but what we are always looking at is what is our medical trend, our cost trend, what is our pharmacy cost trend, and our medical trend is holding stable. It's our pharmacy trend that's going up.

CHAIRMAN KURK: As more and more people retire and that 8,000 becomes 15,000, and the ratio between actives and retirees changes, this is going to be even worse.

MS. KEANE: Yes.

MS. QUIRAM: Likely so, which is one of the reasons why we talk about reinventing.

MS. KEANE: One of the things that we do talk about is 33% of the current state workforce is eligible to retire and receive retiree health. We call that the silver tsunami and when it hits we need to be prepared with what is the future of this program.

CHAIRMAN KURK: Have you thought about how people's behavior would change if one of your solutions was not to provide health care for the under 65 population? In other words, if a State employee could retire at 50 or 55 or 60, and know today that most of the cost of their health care would be covered by the State, wouldn't they change their behavior as to when they retire should that option no longer be available?

MS. KEANE: There was a Cost Containment Commission that was established in House Bill 2 of 2013, and the Committee had about seven weeks to do its work. And, really, all it ended up doing was laying out an agenda for future work on whether -- we called

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

it closing the door to new employees for retiree health. What I do want to make sure you understand is that retiree health and a person's entitlement to it is dictated by the law in place when they were hired. So what -- so, for example, I was -- I'm not going to tell you when I was originally hired, but it was a long time ago. At that time, an individual was eligible for retiree health after ten years of service.

In 2011, there were a lot of changes to the laws around retiree health and eligibility. Today, a person who is hired has to have 20 years of service and be the age 65 in order to be eligible for retiree health. So we have done a really good job, I think, of shutting that door. It's just not shut all the way for those new employees.

CHAIRMAN KURK: I think that situation you mentioned addresses one issue and I'm speaking to a very different issue.

MS. KEANE: Sure.

CHAIRMAN KURK: I don't think that you're entitled to retiree health as a result of the fact that you're employed, because retiree health is subject to appropriations. And if the appropriation went to zero, you're entitled to zero, even though you're entitled to it if it exists. So my question is, and I'm not proposing this --

MS. KEANE: Yes, yes.

CHAIRMAN KURK: -- my question is don't we induce a different kind of behavior that is to encourage State Employees to work longer which could have important benefits for our retirement system as well, by not providing an under 65 health care option? I know if I were 60 and I had to decide whether to retire now, it would make a difference to me whether or not I had five years of paid health insurance or I had to pay it for myself for five years.

MS. KEANE: I think that's one possible outcome. Another possible outcome is that it makes it even more difficult for us

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

to recruit competent people because the retired benefit isn't there. It's a reality.

CHAIRMAN KURK: Thank you for that opinion. Senator Forrester.

SEN. FORRESTER: Thanks for coming in. Site-of-service, is that something that is currently practiced for employees now, site-of-service?

MS. KEANE: Yes. In 2014, we implemented the first ever deductible in the active employee plan, and it included a site-of-service component. And the deductible applies to things like lab and outpatient services. So what site-of-service is is a tool for employees to avoid the deductible if they go to low-cost providers that are site-of-service. So if I go to a site-of-service location for a lab, for example, I don't have any charge toward my deductible.

SEN. FORRESTER: So what you're proposing is to remove retirees under the age of 65 to site-of-service. That can't be saving you a whole lot of money for that small population.

MS. KEANE: It's incremental on top of raising the deductible. Where we're getting the real money is from raising the deductible to 1,000/2,000. But we started to look at aligning the under 65 retiree health plan to what the progress we made in the active plan. So when I think of someone like Linda Hodgdon who was a State Employee, who had a first-time deductible and she could avoid the deductible by going to a site-of-service for her lab work. As she moved into the under 65 retiree health plan that tool wasn't available to her. We, by the way, benefit as a health benefit plan by steering people toward these low-cost providers. So I want to do that.

SEN. FORRESTER: But there's a bigger -- I guess there's bigger picture which is you hurt some of the hospitals that you're moving them away from those kind of lab services where they make, you know, a lot of their profit. And I guess I hear, too, that it's not -- well, at least I'm glad to see it's not

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

you're doing it for the over 65 because it is a convenience and travel issue so it's not wildly popular, I don't think.

MS. QUIRAM: It's one of the things that we found we were looking at some of these kind of outside the box plans is that we can steer people to tiered hospitals where you have to pay more to go to one than the other. But when we got the map of where those hospitals are, all of the hospitals with the lower co-pays are all along the Massachusetts border. And there's nothing. Even Concord and up, I mean, there's not any options. And so would take a lot of work for us to change that. It would take a whole lot of work and design of a plan specifically for New Hampshire. So that's why, you know, we are not able to move that direction quickly. We got to have a fix for now, and then we've got to work on these kind of options.

CHAIRMAN KURK: To summarize this, while you presented a lot of information to us, you'll present a formal plan to us at our next meeting for our approval.

MS. QUIRAM: Yes.

MS. KEANE: Yes.

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

REP. BARRY: Thank you. Thank you, Mr. Chair. Thank you. This is really enlightening. You said one of the major drivers of the increase in the pharmacy costs was specialty drugs.

MS. QUIRAM: Hm-hum.

REP. BARRY: Shouldn't that also lead to a corresponding drop in health care of fewer appointments with doctors and fewer problems afterwards?

MS. KEANE: Actually, that -- that's a similar question to what Representative Kurk asked a little earlier and we haven't built a cost avoidance into our -- our projections, but

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

we -- what we have -- what we are always doing is looking at our claims experience. And based on that claims experience we are projecting what are our cost trends. So our medical cost trends right now is not projected to change from what we had of that. It's our pharmacy trend where we are expecting a future cost. The cost avoidance will play out as we receive our medical claims that come in, and it will be built into future projections.

REP. BARRY: Thank you. Follow-up. Different question.

CHAIRMAN KURK: Sure.

REP. BARRY: In your current benefit plan, do you offer a health club membership, gym memberships for either a reduced price or to work on?

MS. KEANE: It is part of the HMO benefit that is available to employees.

CHAIRMAN KURK: Does that include hand ball?

MS. KEANE: Depends on your health club.

REP. BARRY: Thank you.

REP. UMBERGER: That's not for retirees.

CHAIRMAN KURK: There being no further questions, thank you both very much. We appreciate this.

Our next item is the audit which we are not going to be hearing today, but Representative Weyler has a motion.

REP. WEYLER: Thank you, Mr. Chair. Due to the filing deadlines of the House, I'd like to accept the report, place it on file, and release in the usual manner.

CHAIRMAN KURK: Is there a second?

**JOINT FISCAL COMMITTEE**

**August 26, 2015**

SEN. D'ALLESANDRO: Second.

CHAIRMAN KURK: Seconded by Senator D'Allesandro. The effect of this motion is to make the report public, but the presentation of the audit will occur at our next meeting, which hopefully will be shorter.

Further questions? There being none, you ready for the question? All those in favor of Representative Weyler's motion, please indicate by saying aye? Opposed? The ayes have it and the motion is adopted.

\*\*\* {MOTION ADOPTED}

(12) Date of Next Meeting and Adjournment:

CHAIRMAN KURK: Our next meeting will be on Friday, September 25<sup>th</sup> at 10:00 a.m. as previously set. There being no further business to come before us, we'll stand adjourned. Thank you all.

(Adjourned at 12:49 p.m.)

JOINT FISCAL COMMITTEE

August 26, 2015

## 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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