

JOINT FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Monday, June 18, 2012

MEMBERS PRESENT:

Rep. Ken Weyler (Chairman)

Rep. Beverly Rodeschin

Rep. Dan McGuire

Rep. Stephen Stepanek

Rep. Randy Foose

Sen. Chuck Morse

Sen. Bob Odell

Sen. Peter Bragdon

Sen. Sylvia Larsen

Sen. John Gallus

(Convened at 10:07 a.m.)

(1) Acceptance of Minutes of the May 21, 2012 meeting

CHAIRMAN WEYLER: Good morning. We'll call the Joint Fiscal Committee to order for the June 18th, 2012, meeting and note that all are present. We'll first begin with acceptance of minutes from May 21st, Tab 1. Is there a motion?

****** REP. RODESCHIN: I move to approve the minutes of 5/21.

REP. STEPANEK: Second.

CHAIRMAN WEYLER: Motion by Representative Rodeschin, second by Representative Stepanek to approve the minutes of May 21st. Any corrections or omissions? Seeing none; are you ready for the question? All in favor say aye? Opposed no? The motion is adopted.

***** {MOTION ADOPTED}**

(2) Old Business:

CHAIRMAN WEYLER: Anybody wish to remove anything from Tab 2, Old Business? Seeing none; we'll move on to Tab 3.

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

CHAIRMAN WEYLER: There is several items there under -- under the Consent Calendar. Anybody wish to remove any of the three items from Consent? Seeing none; I'll entertain a motion to adopt --

** SEN. BRAGDON: So move.

REP. FOOSE: Second.

CHAIRMAN WEYLER: -- Consent Calendar under Tab 3. Motion by Senator Bragdon.

REP. FOOSE: Second.

CHAIRMAN WEYLER: Second by Representative Foose to adopt the Consent Calendar under Tab 3. Further discussion? Seeing none; are you ready for the question? All in favor say aye? Opposed no? The motion is adopted.

*** {MOTION ADOPTED}

(4) RSA 14:30-a, VI Fiscal Committee Approval
Required for Acceptance and Expenditure of
Funds Over \$50,000 from any Non-State Source:

CHAIRMAN WEYLER: Moving on to Tab 4. Again, some items under Consent, a list. Does anybody wish to remove any of those items?

REP. MCGUIRE: Yeah, I'd like to ask a question about

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number 205.

CHAIRMAN WEYLER: Okay. We will remove Item 205. Any other item wish to be removed? Seeing none; I'll entertain a motion to adopt the remaining items under Tab 4 on that Consent Calendar.

** SEN. BRAGDON: So move.

SEN. GALLUS: Second.

CHAIRMAN WEYLER: Motion by Senator Bragdon, second by Senator Gallus to adopt the remaining items. Further discussion? Seeing none; are you ready for the question? All in favor say aye? Opposed no? The motion is adopted.

*** {MOTION ADOPTED}

CHAIRMAN WEYLER: We'll ask for someone from the Department of Environmental Services to answer a question on item 12-205. Good morning.

SUSAN CARLSON, Chief Operations Officer, Department of Environmental Services: Good morning, Mr. Chairman, Members of the Committee. For the record, my name is Susan Carlson with the Department of Environmental Services.

CHAIRMAN WEYLER: Thank you, Miss Carlson. Representative McGuire, you're recognized for a question.

REP. MCGUIRE: Yes. Thank you for coming. I represent a district that involves the Suncook River, and so I'm very well familiar with what happens when there's problems with rivers and they're not taken care of. But what I'm concerned about here is I don't get the sense that if the study discovers problems that there'll actually be things done to fix those problems but -- or whether it's just sort of, you know, just going to be sort of recorded or some plan made for if the problem comes up. Can you tell me more about what the results of this study, how they would be

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used?

MS. CARLSON: Essentially, what this study is going to do is identify the good and the bad, the potential areas for problems. Once the local communities have that information, it will then be up to them to determine a course of action as to what they need to do to fix-it.

REP. MCGUIRE: Thank you. Okay. Were any such studies done of our -- the Suncook River before that happened?

MS. CARLSON: I'm not aware of anything done before your event. I do know that there is currently a study under way right now on the Suncook River.

REP. MCGUIRE: All right. Thank you.

CHAIRMAN WEYLER: Any further questions? I'll entertain a motion to adopt item 12-205.

** SEN. BRAGDON: So moved.

REP. STEPANEK: Second.

CHAIRMAN WEYLER: Senator Bragdon moves, Representative Stepanek seconds to adopt item 12-205. Any further discussion? Seeing none; are you ready for the question? All in favor say aye? Opposed no?

REP. MCGUIRE: No.

CHAIRMAN WEYLER: One in opposition. The motion is adopted.

*** {MOTION ADOPTED}

- (5) RSA 14:30-a, VI, Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$50,000 from any Non-State Source And RSA 124:15 Positions Restricted:

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CHAIRMAN WEYLER: We'll move on to Tab 5. And the first item is 12-215, an extension of a grant.

** SEN. BRAGDON: So move.

REP. MCGUIRE: Second.

CHAIRMAN WEYLER: Moved by Senator Bragdon, seconded by Representative McGuire to adopt the item. Further discussion? Seeing none, all in favor say aye? Opposed no? That motion is adopted.

*** {MOTION ADOPTED}

CHAIRMAN WEYLER: The next item on that tab is 12-226.

** SEN. BRAGDON: So move.

REP. MCGUIRE: Second.

CHAIRMAN WEYLER: Motion by Senator Bragdon, second by Representative McGuire to adopt item 12-226. Further discussion? Seeing none; you ready for the question? All in favor say aye? Opposed no? That item is adopted.

*** {MOTION ADOPTED}

(6) RSA 14:30-a, VI, Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$50,000 from any Non-State Source And RSA 228:69, I (b) Appropriation and Use Of Special Railroad Fund:

CHAIRMAN WEYLER: Moving on to Tab 6, the first item is number 12-196.

** SEN. BRAGDON: So move.

CHAIRMAN WEYLER: Special Railroad Fund. Moved by Senator Bragdon.

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REP. FOOSE: Second.

CHAIRMAN WEYLER: Second by Representative Foose. Any further discussion? Seeing none; are you ready for the question? All in favor say aye? Opposed no? That item is adopted.

*** {MOTION ADOPTED}

- (7) RSA 106-H:9, Funding; Fund Established, and
RSA 21-P:12-d, Fire Standards and Training
And Emergency Medical Services Fund:

CHAIRMAN WEYLER: We'll move on to Tab 7.

** REP. FOOSE: Move approval.

CHAIRMAN WEYLER: We're dealing with the Poison Control Center. Representative Foose moves to adopt.

SEN. BRAGDON: Second.

CHAIRMAN WEYLER: Senator Bragdon seconds the motion.

REP. STEPANEK: I'd like to ask a question, if I could.

CHAIRMAN WEYLER: Okay. And there is a question. We need someone from the Department of Safety. Or where would you like to ask the question? I guess --

REP. STEPANEK: I'm concerned --

CHAIRMAN WEYLER: E-911.

REP. STEPANEK: I'm concerned about the money being taken out of E-911.

CHAIRMAN WEYLER: Okay.

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KEVIN O'BRIEN, Chief of Policy and Planning,
Department of Safety: Good morning, Mr. Chairman.

CHAIRMAN WEYLER: Good morning.

MR. O'BRIEN: For the record, my name is Kevin O'Brien. I'm Chief of Policy and Planning from the Department of Safety.

CHAIRMAN WEYLER: Can you answer questions about 911 or should we have someone --

MR. O'BRIEN: I can or I have Director Cheney with me here from 911.

CHAIRMAN WEYLER: Perhaps we should bring him forward. Good morning, Director.

BRUCE CHENEY, Director, Bureau of Emergency Services
and Communications, Department of Safety: Good morning.

CHAIRMAN WEYLER: Representative Stepanek, you're recognized for a question.

REP. STEPANEK: Thank you, Mr. Chairman. Thank you for coming this morning. My concern is when you were before Ways and Means on bills earlier this session, there was a concern about the funding of 911 and we were looking at ways to make sure, A, that everybody who should be paying into the fund is paying into the fund and there was a concern, a deep concern expressed at that point in time that you have the available funds to upgrade 911 for the new technologies coming forward. And so I was quite surprised when I saw that you're taking \$350,000 out of the 911 Fund which you were before me saying you didn't have enough money in 911 as it exists now. So I'm a little bit uncomfortable approving this if, given what you indicated to me was, we need more money in 911, not less.

MR. CHENEY: That condition still exists. At the time

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we were before the Committee, we were looking at Voice Over Internet Protocol being included and prepaid cellular phones being included. One of those was approved, the Voice Over Internet Protocol. The prepaids was not. I think that's going to be necessary in order to make sure the fund stays solvent. It was my understanding this was a one-time attempt to keep Poison Control going, and we were asked to participate in that.

REP. STEPANEK: Will this detrimentally impact 911 -- E-911?

MR. CHENEY: It won't in the short-term. The fund is -- is -- the reserve or the non-lapsed fund is dwindling each year. This will hasten that dwindling and that -- that fund was intended to be the basis for Next Generation 911 funding. So we'll need to do something to replace that dwindling fund at some point.

REP. STEPANEK: Thank you.

CHAIRMAN WEYLER: Director, how did you buildup a surplus?

MR. CHENEY: Uh -- a good part of it is lapsed funds at the end of the Fiscal Year. And we've always tried to have the fund have something in reserve so if at the end of the year we collected more than we needed, we kept that in the non-lapse fund to replace equipment and to get ready for things like Next Generation. We have never been overrun with funds. The funds that are there are identified by the Enhanced 911 Commission as the funds necessary to create the Next Generation equipment and software and all that stuff.

CHAIRMAN WEYLER: Do you have any estimate of what that Next Generation might cost?

MR. CHENEY: I think we have authorization at this point for three point something -- 3.3 maybe million as a

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first blush. The FCC has not set standards. Until they do, we can't be positive what all the requirements on us will be. But we took a best guess at 3.3, I believe, or 3.2 million for this biennium and carrying forward into the next.

CHAIRMAN WEYLER: And you presently have in the fund after this withdrawal?

MR. CHENEY: I don't know the exact number, sir. I apologize.

CHAIRMAN WEYLER: Looks like 5.8 million.

MR. CHENEY: Yep.

CHAIRMAN WEYLER: Thank you. Further questions? Seeing none; thank you, gentlemen.

MR. CHENEY: Thank you, sir.

CHAIRMAN WEYLER: We have a motion and a second. Are you ready for the question? Any further discussion? Seeing none; all in favor say aye? Opposed no? And that transfer is adopted.

*** {MOTION ADOPTED}

(8) RSA 215-A:23, IX, and RSA 215-C:39, X, Registration Fees:

CHAIRMAN WEYLER: Moving on to Tab 8, item 12-222.

SEN. BRAGDON: So move.

REP. MCGUIRE: Second.

SEN. GALLUS: Second.

CHAIRMAN WEYLER: Motion by Senator Bragdon, second by

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Representative McGuire, to adopt the item. Any further discussion? Seeing none; you ready for the question? All in favor say aye? Opposed no? The motion is adopted.

*** {MOTION ADOPTED}

(9) Chapter 223:4, Laws of 2011, Lottery Commission;
Authority Granted:

CHAIRMAN WEYLER: Moving on to Tab 9, item 12-216, the Lottery Commission.

** SEN. BRAGDON: So move.

CHAIRMAN WEYLER: Motion by Senator Bragdon.

REP. STEPANEK: Second.

CHAIRMAN WEYLER: Second by Representative Stepanek to adopt the item.

REP. MCGUIRE: I just wanted to ask a quick question.

CHAIRMAN WEYLER: Question from Representative McGuire. And I see Director McGuire here. Excuse me. McIntyre. Director McIntyre and Mr. Roy are present to answer the questions. Representative McGuire is recognized for a question.

REP. MCGUIRE: Thank you, Mr. Chairman. Thank you for coming. So my question was simply this is 2.3 million but only some of it, I guess, is for printing tickets. How much does a ticket cost to print?

CHARLES MCINTYRE, Executive Director, New Hampshire Lottery Commission: It depends on a bunch of factors, sir. I don't mean to -- it depends on the size. The \$1 ticket's about the size of a business card and a \$20 ticket is about three or four times larger than that. And then there are things you can do to a scratch ticket. You can have it UV

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in latex, you can change the paper, add different qualities to it to make it more attractive. In just simple terms it cost around 3-cents to print a simple ticket on average. That takes into account \$1 to \$20. And then it depends on how many we print a year at a given price point.

For example, our instant ticket sales, our \$10 ticket is up 40% this year, which is the top in the U.S., and our instant sales are up about 10% this year, this Fiscal Year, versus two years ago when they were in a downward trend of negative five, negative six, year, after year, after year, so. And I say this proudly. Calendar year 2010 we were 44th out of 44 lotteries in year over year growth, and now we're either seventh or ninth. So in terms of -- and the tops in New England. So it depends how many we sell and what we sell at a price point at, sir.

REP. MCGUIRE: Is the \$1 ticket the biggest volume or not?

MR. MCINTYRE: Yes, sir, it is. Actually, one is the number of units because it's a buck, whereas five you don't have to sell one versus five ones.

REP. MCGUIRE: Okay.

CHAIRMAN WEYLER: Very good, sir. We in the positive side of the estimates?

MR. MCINTYRE: Hum --

REP. RODESCHIN: He's got an awful look on his face.

MR. MCINTYRE: The second half of the year was exceptional. I think we exceeded estimates in the second half of the year. The first half we started out slow.

CHAIRMAN WEYLER: To what do you attribute the growth?

MR. MCINTYRE: We certainly have noticed that our bad

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debt has gone down by, what, 40%? The businesses that were failing last year we accrued, I think, 140,000 in bad debt for last year. This year it's about 90. So, certainly, we think the overall economy is getting better. The programs you folks approved for us, which we thank you for, in terms of the bonus for our sales reps, as well as our retailers, we made a point of highlighting. We think that's working as well. And we also think we're just doing it better.

CHAIRMAN WEYLER: We are very interested with that incentive program will surely going to be. But you think the economy might be the bigger?

MR. MCINTYRE: I think it certainly helps. Certainly for us we've noticed the bad debt gone down significantly. So that for us believe there's an overall indication statewide business growth.

CHAIRMAN WEYLER: We are delighted with the news. Thank you very much. Further questions for the gentlemen? Senator Bragdon.

SEN. BRAGDON: Thank you, Mr. Chairman. Thank you, Director. I'm not on Ways and Means. I'm not familiar enough with all the numbers, but it sounds like overall sales are growing quite well.

MS. MCINTYRE: Yes.

SEN. BRAGDON: Inferring that actual net to the State after all that is not growing quite so well. Do you have some comparison number there?

MR. MCINTYRE: Certainly. Overall gross is up about 11%. Overall net is about 8%.

SEN. BRAGDON: Okay. Good. Thank you.

CHAIRMAN WEYLER: Further questions? Thank you very much.

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MR. MCINTYRE: Thank you.

CHAIRMAN WEYLER: I think we have a motion and a second on this item. Any further discussion. Seeing none; you ready for the question? All in favor say aye? Opposed no? The item is adopted.

*** {MOTION ADOPTED}

(10) Chapter 223:11, III, Laws of 2011, Judicial Branch; General Fund Appropriation Reductions:

CHAIRMAN WEYLER: Moving on to Tab 10, item 12-228. There are two parts to this. Question? All right. We have someone from the Court System. We have the Chief Justice of the Supreme Court and the Chief Justice of the Superior Court. Thank you.

JUSTICE LINDA DALAINIS, Chief Justice, New Hampshire Supreme Court: Good morning, Mr. Chairman, Members of the Committee.

CHAIRMAN WEYLER: Representative McGuire.

REP. MCGUIRE: Thank you. Thank you, Justices, for coming. I'm wondering, this reads that you're going to buy existing software that's in use elsewhere. Is this -- have you identified that you want software from some particular states or states that are already using this; is that right?

CHIEF JUSTICE DALAINIS: We are going to put out RFPs if we get the funding and go with COTS software. We have surveyed other states and we have specific information for you this morning concerning the experience in those other states with reliability and so forth. And Chief Justice Nadeau can probably answer some of those particulars and Peter Croteau, our IT Manager, is here who definitely has specifics about that. Would you like to speak to either of

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them?

REP. MCGUIRE: Sure.

JUDGE TINA NADEAU, Chief Justice, New Hampshire Superior Court: And you're asking specifically about the Jury Management Software?

REP. MCGUIRE: Well, we could do the two pieces separately. But I'm wondering if, say for jury management, you say we want to just take whatever New Jersey is doing or something of that sort.

JUDGE NADEAU: Right, right. Well, we did check with approximately six states on what they're using and confirmed that there is definitely off-the-shelf software out there that is working for other states. Vermont we learned from today is happy with the product that they have. We aren't yet at the phase where we've sent out an RFP. We obviously want to see what's out there. But we aren't planning on designing our own piece of software. What we did do was -- the software we have now is more than 15 years old. So it's really ailing. And what we wanted to do is to -- whatever we do put out for bid, we want to be able to have something that's more streamline, centralized, automated, and there are products out there that can deliver that for us.

REP. MCGUIRE: You're specifically talking about the jury management piece?

JUDGE NADEAU: I am right now, yes.

REP. MCGUIRE: Okay. Good. And the other piece?

JUDGE NADEAU: You want to talk to e-Court? Is that what you're talking about?

CHIEF JUSTICE DALAINIS: If I may, I had a few remarks to offer you concerning that subject.

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As you all know, I think our goals in this project are to eliminate paper, to automate our processes, to improve service to the public, to increase access to justice, and to increase efficiency. And we have been working with the support, I thought pretty much the full support of the Legislature, to change the way we operate, to modernize and try to be a 21st Century part of government. So the 1.196 million we're asking for is the difference between the 1.951 capital appropriation for the current biennium and the three million one hundred and forty-seven and change amount that we estimate we need to keep the project moving through FY 2013.

As I think I told you at some earlier date, we had been given bad information at the beginning of this process and learned that we were underfunded and we have been trying to makeup that gap so the project does not slow down. I don't know if you care about the history of all of this because I think you all know about the history of all of it. But you did give us permission to come back here and ask for -- acquire '13 additional funds to continue our progress. We've requested 2.8 million. You tabled that request on April 13th and asked us to split it, which we did. Some went to the Capital Budget and some stayed here with the operating side. And we worked with both House and Senate Capital Budget leaders to seek the \$1.7 million in both HB 1205 and SB 354.

Our capital request, I'm sad to say, got caught in some political crossfire. I think that that's -- personally, I think that that's unfortunate because the effect it has is to the detriment of the citizens. We will keep on going, but we'll be going much more slowly than we would have liked to go. And, to me, that's not good government, but I'm not part of the decision-making process. In any event, neither of these two parts of the project was funded, neither the jury management, which is basically ready to go. We have had a team in place working on this separately from the e-Court Project, although it's

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actually a collateral part of the e-Court Project, to work on the business processes, to do the training for the staff, to centralize management and so on, and we're at the stage where if we get the appropriation, we can be live with this in the next Fiscal Year. It's -- it literally is ready to go.

Now, of course, you remember you gave us the 1.2 million on the operating side, for which we are exceptionally grateful, and we are putting it to good use. And I would like your continued support if you can see your way clear to offering it to us concerning this subject.

CHAIRMAN WEYLER: Follow-up.

REP. MCGUIRE: No, I'm fine.

CHAIRMAN WEYLER: All right. I'll get to Representative Stepanek. Senator Morse is next.

SEN. MORSE: Chief Justice, help me out here. Do they have to go together or is there one that makes more sense than the other on the acquire jury management software and then the e-Court?

CHIEF JUSTICE DALAINIS: They can be separated out.

SEN. MORSE: Which one is more important?

CHIEF JUSTICE DALAINIS: I think they're both important. If I had my druthers, I would get both. The e-Court -- the Jury Management Software Project is, in a sense, a stand-alone, and it will provide its own benefits. However, it's a stand-alone and it slows down the progress on the e-Court at-large project if we don't get the rest of the appropriation.

CHAIRMAN WEYLER: Follow-up.

SEN. MORSE: On e-Court at-large though, you're going

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to need an appropriation greater than \$500,000 next year.

CHIEF JUSTICE DALAINIS: Oh, yes. We've already put in our capital request beginning the process all over again. And we'll, unfortunately, have to ask for more if we don't get this appropriation today which, I'm sure you're all aware is actually, in my view, savings to the State because we came in asking for less than we expected to ask for last year because we had saved so much in the operation of the Branch in the meanwhile.

CHAIRMAN WEYLER: Follow-up.

** SEN. MORSE: Mr. Chairman, the -- I know Representative Stepanek wants to comment. But I mean, I would think that we should change this request today to acquire the Jury Management Software, if that's the next step that makes sense. E-Court is going to have to come back for a full appropriation, I think, anyways. We heard that that was going to be short even if we do add 500,000 total. So I would think we fund the Jury Management Software if the House will agree with the Senate for \$500,000.

CHAIRMAN WEYLER: Motion to separate the question from Senator Morse. Is there a second?

REP. STEPANEK: Second.

CHAIRMAN WEYLER: Second by Representative Stepanek to separate the 500,000 from the rest of the request. Further discussion? Seeing none; all in favor say aye? Opposed no? All right. We have separated that 500,000.

*** {MOTION ADOPTED}

CHAIRMAN WEYLER: Representative Stepanek is recognized for a question.

REP. STEPANEK: Thank you, Mr. Chairman. Thank you for coming today. As far as the jury management, have you

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identified -- you've indicated that you had conversations with a number of states and you've looked at products that they're happy with. You're ready to go with an RFP. Have you actually identified a particular software package that you are most interested in acquiring?

JUDGE NADEAU: Well, not -- not quite yet. We haven't picked one out yet because I think we'd rather do the RFP first and get the best product possible. But we certainly know that Vermont is happy with a product they have and we're hopeful when we do submit our RFP that we will be able to choose from among a couple of good options.

REP. STEPANEK: Follow-up.

CHAIRMAN WEYLER: Follow-up.

REP. STEPANEK: Approximately how many packages out there have you identified or looked at that you feel would fall within the realm of what you want?

JUDGE NADEAU: Let me check with Mr. Croteau. Is that -- there have been at least several; is that right?

PETER CROTEAU, IT Manager, Administrative Office of the Courts: Yes, we talked with three different states.

JUDGE NADEAU: Three different states.

MR. CROTEAU: We know there are others, at least seven or eight.

JUDGE NADEAU: And also the National Center has also given us information about other products as well. We know they are using various products. There's not just one or two or three out there.

REP. STEPANEK: Excellent. Thank you.

CHAIRMAN WEYLER: Okay. Further discussion? We're now

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on the 500,000 Jury Management Software question. I'm going to take that part up first.

** SEN. BRAGDON: So move.

CHAIRMAN WEYLER: Representative Bragdon moves, Representative Stepanek seconds to adopt the 500,000 Jury Management Software package or allow the RFP for it. Further discussion? Seeing none; all in favor say aye? Opposed no?

*** {MOTION ADOPTED}

CHAIRMAN WEYLER: Okay. Then we move on to the second part that has come to this Fiscal Committee once where the decision was, well, this is long-term stuff. It should go to Capital Budget. We tried to send it to Capital Budget because they had the oversight that would seem appropriate for these long-term projects, and there is a very good time line in here that we can judge that by. We also had in that same motion a request to show a time line landmarks so with our experience with these projects we wanted some assurance that we were actually making progress along the way as various modules were going on-line and so on and so forth. That's the sort of assurance, I guess, we need as guardians of the purse to make certain that was happening. All right. So now we are left with the rest of the motion. Representative Stepanek.

** REP. STEPANEK: Thank you, Mr. Chairman. I'd like to make a comment and then a motion.

At this juncture, one of my concerns has been from day one the fact that we haven't had or we don't want to run into a situation as we've had with software packages in the past where they go on and on and on. And we hire consultants to oversee consultants to oversee consultants as we've done. And I know that when this request was in the Capital Budget area that there was a move to put in certain language that would assure us that certain parameters were

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being met along the way before more money was released, which obviously that did not happen. And I would like to see some sort of assurance and some sort of way to make sure and monitor that we're not going to get sucked into another black hole as we had for so many other policies. So what I would like to do at this point is make a motion to table this portion of it until such time as we can develop language to make sure that, in fact, there will be certain parameters met before additional monies are released.

CHAIRMAN WEYLER: Before I accept your motion to table, which would cutoff debate, I have a request from Senator Morse.

SEN. MORSE: No, I'll agree with that motion. I thought we were headed in a different direction.

CHAIRMAN WEYLER: All right. So motion to table. Is there a second?

REP. RODESCHIN: Second.

CHAIRMAN WEYLER: Second by -- motion by Representative Stepanek, second by Representative Rodeschin to table the remainder of the request of 12-228. That's a non-debatable question. Are you ready for the question? All in favor say aye? Opposed no?

SEN. LARSEN: No.

SEN. BRAGDON: No.

REP. FOOSE: No.

CHAIRMAN WEYLER: Want a show of hands how many in favor? One, two, three, four, five, six, seven. Opposed? One, two, three. The motion to table is adopted.

*** {MOTION ADOPTED}

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CHIEF JUSTICE DALAINIS: Mr. Chair, thank you very much, you and the Members of the Committee, for approving the Jury Management Software request. What would you like from us concerning the second issue in order to bring it up for reconsideration?

CHAIRMAN WEYLER: I guess what we want to see is the -- if you go back and find the language that was going to be in the Capital Budget piece and see the time lines and so on. Those were supported, I guess, by many of us here.

CHIEF JUSTICE DALAINIS: And we were willing to do it.

CHAIRMAN WEYLER: I know. And it's unfortunate it's not in the request; but if we see that in the request and we may have a better vote. Senator Morse.

SEN. MORSE: You're presenting on Thursday or Friday this week to the Governor.

CHIEF JUSTICE DALAINIS: No. I've been asked by Attorney Meyers to put the request off to the next G & C meeting, and I told him that since it was only two weeks that would be fine with us. So we are scheduled for July 11th, I believe.

SEN. MORSE: July 11th presenting to --

CHIEF JUSTICE DALAINIS: To G & C.

SEN. LARSEN: Question.

SEN. MORSE: I think we need a clearer understanding of where we're going in total. I just talked to Senator Boutin and he thought that there was going to be -- there's a list of presentations coming on Thursday and Friday.

CHIEF JUSTICE DALAINIS: Well, we had originally asked to be on that meeting agenda, because we didn't know what was coming after that just to have a placeholder. And then

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when I had the conversation with Mr. Beardmore and Mr. Meyers last week and was asked to hold off till the July 11th meeting, I acquiesced. But the longer we don't get -- hi, Don.

DONALD GOODNOW, Director, Administrative Office of the Courts: Excuse me. Senator Bragdon is talking about the Capital Budget hearings.

CHIEF JUSTICE DALAINIS: Oh, am I misunderstanding?

MR. GOODNOW: Right. You're talking about G and C.

SEN. MORSE: I think we're on two different pages. Everyone in the state has to present to the Governor on Capital Budget --

CHIEF JUSTICE DALAINIS: Right.

SEN. MORSE: -- this week.

CHIEF JUSTICE DALAINIS: Oh, yes, that's right.

SEN. MORSE: When they present, I think whatever you present ought to include what you're short right now.

CHIEF JUSTICE DALAINIS: I think we have prepared for that.

SEN. MORSE: Then we'll have a clearer understanding, and I suppose the House and Senate can meet to discuss this at a different time; but I've asked Senator Boutin about it and, hopefully, you present on Thursday something or Friday.

CHIEF JUSTICE DALAINIS: It's Friday.

SEN. MORSE: It's two days.

CHIEF JUSTICE DALAINIS: Right. Thank you. I'm sorry I

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misunderstood your question.

CHAIRMAN WEYLER: Senator Larsen.

SEN. LARSEN: I only had a suggestion than a question. The language that was in the debate on capital -- within the Capital Budget is written and we are in here for at least another half hour. Could we not get that language and have -- is that language adequate to get approval today?

CHAIRMAN WEYLER: I couldn't speak to that. Senator Morse.

SEN. MORSE: Yeah. I just want to point out, I mean, we just went through the Committees of Conference and we couldn't get a bond from this money. And we just approved 500,000 in cash. I mean, I don't want to say I told you so, but reality is I think this is going in the next Capital Budget. And that's why I asked the questions I asked. What's important for this next six-month period and we're coming back next year. We will probably have time to get the whole package put together in that time period.

CHAIRMAN WEYLER: For the Capital Budget.

SEN. MORSE: We should have bonded this. I mean, that's the end of that story. We didn't, and so we need to deal with what we have. You know, it's a general fund appropriation right now.

CHAIRMAN WEYLER: Right. Without going back to opening -- reopening the Capital Budget, it's -- that was the intent of what we did with the previous action when we came before the Committee. I'm not sure we're ready to spend that much money in general funds. But if we see the package and it's ready for capital budget, better supported item. Anyone else have any other comments to giving some guidance to the Court System?

CHIEF JUSTICE DALAINIS: Well, we'll stay in touch.

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CHAIRMAN WEYLER: We certainly will.

CHIEF JUSTICE DALAINIS: Thank you very much.

REP. MCGUIRE: I have copy of what was in that Bill.

CHAIRMAN WEYLER: The Chief Justice and -- both of them probably have a copy of what was in that language.

CHIEF JUSTICE DALAINIS: I don't have it with me, but I've got more than one copy. Thank you.

CHAIRMAN WEYLER: Thank you very much. We look forward to the jury management system replacing the outdated one.

JUDGE NADEAU: Good. Thank you.

(11) **Chapter 224:14, II, Laws of 2011, Department Of Health and Human Services; Program Eligibility; Additional Revenues; Transfer Among Accounts:**

CHAIRMAN WEYLER: All right. Move on to Tab 11 and this is item 12-206.

** SEN. BRAGDON: So move.

CHAIRMAN WEYLER: Department of Health and Human Services. Moved by Senator Bragdon.

REP. FOOSE: Second.

CHAIRMAN WEYLER: Seconded by Representative Foose to adopt the item. Further discussion? Seeing none; are you ready for the question? All in favor say aye? Opposed no? That motion is adopted and we have approved 12-206.

*** {MOTION ADOPTED}

CHAIRMAN WEYLER: Moving on to the next item in that tab, 12-217.

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** SEN. BRAGDON: So move.

REP. STEPANEK: Second.

CHAIRMAN WEYLER: Senator Bragdon moves -- Senator Bragdon moves, Representative Stepanek seconds to adopt 217. Again, from the Department of Health and Human Services. Is there further discussion? Seeing none; you ready for the question? All in favor say aye? Opposed no? That motion is -- that item is adopted, 12-217.

*** {MOTION ADOPTED}

CHAIRMAN WEYLER: Moving on to 12-213.

** SEN. BRAGDON: Move 223.

CHAIRMAN WEYLER: 12-223, thank you.

SEN. BRAGDON: So move.

REP. MCGUIRE: Second.

CHAIRMAN WEYLER: Moved by Senator Bragdon, seconded by --

REP. MCGUIRE: Second.

CHAIRMAN WEYLER: Is that Representative McGuire?

REP. MCGUIRE: Yes.

CHAIRMAN WEYLER: All right. We've already dealt earlier with the money that's going into this from E-911 and the Emergency Services and now this is the action -- further action by HHS to expend the money that's all appropriated. Let's see, we had a motion on this and a second. Further discussion? Seeing none; you ready for the question? All in favor say aye? Opposed no? The item

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12-223 is adopted.

*** {MOTION ADOPTED}

**(12) Chapter 224:203, Laws of 2011, Department Budgets;
Transfer of Federal Funds:**

CHAIRMAN WEYLER: Moving on to Tab 12, item 12-207 is the first one.

** SEN. BRAGDON: So move.

CHAIRMAN WEYLER: Motion by Senator Bragdon.

REP. FOOSE: Second.

CHAIRMAN WEYLER: Second by Representative Foose to adopt the item.

REP. MCGUIRE: May I ask a question?

CHAIRMAN WEYLER: Representative McGuire has a question. Is there someone here from the Department of Education?

SHARON DEANGELIS, Business Administrator, Division of Career Technology and Adult Learning, Department of Education: Good morning.

CHAIRMAN WEYLER: Good morning. Would you introduce yourself, please?

MS. DEANGELIS: Sharon Deangelis. I'm the Business Administrator for the Division of Career Technology and Adult Learning within the Department of Education.

CHAIRMAN WEYLER: Thank you. Representative McGuire is recognized for a question.

REP. MCGUIRE: Thank you, Mr. Chairman. Thank you for

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coming. This is a big percentage increase in this particular line item. Can you explain why?

MS. DEANGELIS: Yes. There's really four components to this. During the biennial budget development, the current one, we were given the percentage against the salary line item and we're not able to adjust it. There's only four positions in this account and they all happen to be on the family plan. There was also a sweep of that line item back at the first of the year. There's a House Bill, I believe, that required that. And there was also an increase in the healthcare in January. All of that put together created this deficit in appropriation.

REP. MCGUIRE: So you're saying some are moving into the family plan that weren't --

MS. DEANGELIS: They've all been there. They're all in it and they're long-term employees. They have been there for many years.

CHAIRMAN WEYLER: That was not budgeted, the family plan?

MS. DEANGELIS: No. They don't tend to -- they just haven't done that. They give you a flat percentage and it's applied across the Board in a large --

CHAIRMAN WEYLER: That was the old way.

MS. DEANGELIS: I know.

CHAIRMAN WEYLER: I thought the new way was we knew exactly. The old way was we gave 48% or something.

MS. DEANGELIS: Hm-hum.

CHAIRMAN WEYLER: Whatever you had in the pay line went to the benefit line. But then we know now how many employees are in family, how many are in -- so maybe

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somebody didn't get the memo.

MS. DEANGELIS: It didn't calculate properly, 'cause nothing's really changed with the employees. They're the same employees.

CHAIRMAN WEYLER: Because even going from single to family I don't think we increased by 38%.

MS. DEANGELIS: I don't know what the difference was, but it really did not work for us.

REP. MCGUIRE: It doubles.

CHAIRMAN WEYLER: It's enough to get our attention as people who watch the budgets and wonder what's the cause there. Is there a big payout?

MS. DEANGELIS: No. What we have found in a large account where there's a lot of employees, we don't run into that, because you have people leaving, people coming in, and it seems to work-out fine most of the time.

CHAIRMAN WEYLER: Well, we hope that the next budget process is budgeted a little closer because it's unusual to see this. I think the next item we get a 2% rearrangement of benefits. This one 38% gets our attention.

MS. DEANGELIS: Yes.

CHAIRMAN WEYLER: So further questions? Okay. We have a motion and a second. Further discussion? Seeing none; all in favor say aye? Opposed no? The transfer is adopted. Thank you, Miss Deangelis.

*** {MOTION ADOPTED}

MS. DEANGELIS: Thank you.

(13) Chapter 224:210, Laws of 2011, Department of

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Information Technology; Transfers Among Accounts:

CHAIRMAN WEYLER: Moving on to Tab 13. Item number 12-208.

** SEN. BRAGDON: So move.

REP. MCGUIRE: Second.

CHAIRMAN WEYLER: Motion by Senator Bragdon, second by Representative McGuire to adopt item 12-208. Further discussion? Seeing none; all in favor say aye? Opposed no? That transfer is adopted.

*** {MOTION ADOPTED}

(14) Chapter 224:219, II (b), Laws of 2011, Judicial Appointments; Number Limited; Vacancies:

CHAIRMAN WEYLER: Moving on to Tab 14. We ready to do this now or should it be put off?

** REP. MCGUIRE: I'll move to table it.

CHAIRMAN WEYLER: Representative McGuire moves to table. Is there a second?

REP. STEPANEK: Second.

REP. MCGUIRE: Second by Representative Stepanek. It seemed premature to a late term Governor to be appointing people when there's no rush to do it. No further discussion. Seeing none; you ready for the question? Motion is to table. All in favor say aye? Opposed no?

REP. FOOSE: No.

SEN. LARSEN: No.

CHAIRMAN WEYLER: Show of hands in favor. One, two,

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three, four, five, six, seven, eight. Hands down. In favor or against tabling? Two. The motion to table is adopted.

*** {MOTION ADOPTED}

CHAIRMAN WEYLER: Thank you, Chief Justice. Comment.

CHIEF JUSTICE DALAINIS: Thank you for your consideration.

CHAIRMAN WEYLER: Okay. Item is tabled.

(15) **Chapter 224:371, Laws of 2011, Department of Administrative Services; Transfer Among Accounts:**

CHAIRMAN WEYLER: Moving on to Tab 15, item 12-224.

** SEN. BRAGDON: So move.

CHAIRMAN WEYLER: Motion by Senator Bragdon to adopt. Second by?

REP. MCGUIRE: Second.

CHAIRMAN WEYLER: Representative McGuire. Further discussion? Seeing none, you ready for the question? All in favor say aye? Opposed no? The motion is adopted.

*** {MOTION ADOPTED}

(16) **Miscellaneous:**

(17) **Information Materials:**

CHAIRMAN WEYLER: Okay. We have informational items. Anybody wishing -- we do have a late item. Excuse me. Let's take up the late item. Late item is 12-216 for charter schools.

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** REP. STEPANEK: So move.

SEN. BRAGDON: 216 or 218, Mr. Chairman?

CHAIRMAN WEYLER: I'm sorry, 218. 218. Item is 12-218.

** REP. STEPANEK: So move.

CHAIRMAN WEYLER: Motion by Representative Stepanek, second by Senator Larsen to approve the transfer. Question by Senator Morse. Is there someone here from Department of Ed? Good morning.

CAITLIN DAVIS, Internal Auditor, Department of Education: Good morning. I'm Caitlin Davis. I'm the Department's internal auditor.

CHAIRMAN WEYLER: Caitlin Davis.

ROBERTA TENNEY, Administrator, Bureau of Administration, Department of Education: And I'm Roberta Tenney. Good morning. I am the Administrator of the Department of Administration.

CHAIRMAN WEYLER: Senator Morse is recognized for a question.

SEN. MORSE: We now understand what we're short in '12. Do we have any idea what we are going to be short in '13?

MS. DAVIS: Estimate is about \$5 million.

CHAIRMAN WEYLER: Follow-up.

SEN. MORSE: I'd just like to make a statement. I mean, this is truly how we're going to run government in the future because we are paying real-time and the data is not going to catch-up. We have done this on the public school side with education funding now. I'm not sure what the Governor did last week, but we went to one year old

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data. There should be no surprises when we get hit with bills like this, because to go to one year old data. In the past we used three year old data and if it worked, it worked. If it didn't, you know, it just would transfer out at the end of the year.

Now that we're going to one year old data and charter schools have always been on that line, I don't think there should be any surprises when we get hit next year for \$5 million to fund the charter schools because it's a reality. That's what's going to happen. So I just want to point that out and we are going to get hit with a \$5 million expense in 2013.

CHAIRMAN WEYLER: We don't always have the best information of who's starting up. Perhaps we should ask for some reports. Quite often it takes a year or two to get started, and perhaps we should get a report from Miss Tenney of what's happening. So she is seeing some of these things a year or two before the numbers come up for us funding them and some of the start-up grants do help to cushion what would be otherwise an immediate outflow of State dollars. So Miss Tenney, do you have any suggestions?

MS. TENNEY: As you know, I think that we have been very measured in our approval of charter schools and have been very careful in our accountability plan. There are some terrific ideas out there. They come to us. As you know, we have a spectacular dropout rate change, and some of that safety valve has been provided by the charter schools. We have other ways that we help out to educate our economic future. And the charter schools when they want to start-up need to be approved as a charter school first. They don't have students often at first. They get the Federal money to do the planning, and then it's like building a field to see if they will come. And, in fact, they have come, in not overwhelming numbers but measured, and they're building a product that parents want to take a chance on. And we do have some projections of what's coming up, and I'm more than happy to report on that.

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And next Wednesday, this coming Wednesday, we'll have Derry Public School System is bringing forth a charter that is going to solve some of the problems they have with Pinkerton being a large institution and not solving the needs of their whole constituency. So they're building a small charter school. So it's a publicly -- it's the traditional public school sponsoring it, and there will be local tax dollars involved in that, which does really help, and that's the kind of charter school that we're trying to model. Because we can use the Federal funds to help the traditional public school be creative and innovative in education and that's happening for that school and we are very excited about that.

So we're trying to have traditional public schools see that they can do it, research and development through the charter program and see if different ways for approaching education work. We've been lucky so far. We have had substantial charter schools that have done a nice job for the state.

CHAIRMAN WEYLER: And we haven't had any that ceased operation for awhile. The last one I remember was Franklin.

MS. TENNEY: Right, and we had the Equestrian. And interestingly enough --

CHAIRMAN WEYLER: Did the Equestrian ever get started?

MS. TENNEY: It got started and it had very few students and it was a field that they built that, in fact, people did not come to. So we needed to close it down because they didn't have the population they needed. And we did that through a discussion of their people and a few of us. And that was a tough discussion, but it really wasn't serving a wide enough need.

CHAIRMAN WEYLER: I wondered about whether there were that many horse people to jump into that. Further

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discussion? Representative McGuire.

REP. MCGUIRE: Thank you, Mr. Chairman. Just to respond to Senator Morse. That Bill that moved us from three-year old data to one-year old data I believe did result in a one-time saving of some number of millions. I can't remember if it was three or five million. But that might sort of dovetail with this extra expense to some extent.

CHAIRMAN WEYLER: Senator Morse.

SEN. MORSE: I don't want to carry the debate on; but what the danger will become is during the budgeting process because if we start to second-guess those numbers during the budget process, I could see where one group of people will increase the number and another group will say it's going to be 1 or 2% less. I think that's what you have to be careful with.

I'm all in favor of one year-old data. So I support it. I just think there will be changes like this. Five million is a lot of money. I mean, it's -- I -- you know, if I use the Speaker's words, not \$1 over 4.4 billion in cash, okay, and you just went with 5 million next year. So I just want you to be aware that's what's going to happen when you're using real data. You're going to have changes and I think that's the danger.

CHAIRMAN WEYLER: One thing that will serve in our favor is the population has been declining for a number of years and so instead of moderating the slope, it may be a quick drop when we go from three-year old data to one-year old data and that may be the savings that Representative McGuire looks to that as a result of moving up the slope quicker to declining numbers. So it could happen. Miss Davis, any comment?

MS. DAVIS: No additional.

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CHAIRMAN WEYLER: Any further discussion? Seeing none; we have a motion to adopt the transfer of 12-218 and a second. Any further discussion? Seeing none; are you ready for the question? All in favor say aye? Opposed no? We have adopted that item. Thank you very much for the information.

MS. TENNEY: Thank you.

MS. DAVIS: Thank you.

*** {MOTION ADOPTED}

Audits:

CHAIRMAN WEYLER: Okay, we'll next recognize Mr. Mahoney for an audit.

REP. MCGUIRE: I have a question on an informational item.

CHAIRMAN WEYLER: Oh, wait a minute. We have an item, an informational item. All right, which one?

REP. MCGUIRE: The Dash Board. The HHS Dash Board.

CHAIRMAN WEYLER: HHS. I see the Commissioner here, and I believe the item is 197.

REP. MCGUIRE: 197. Correct.

CHAIRMAN WEYLER: Dash Board, April 2012. Thank you, Commissioner Toumpas. Representative McGuire is recognized for a question.

REP. MCGUIRE: Thank you for coming, Commissioner.

NICOLAS TOUMPAS, Commissioner, Department of Health and Human Services: Good morning.

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REP. MCGUIRE: On Page 3 of 14, which has a chart which shows caseload versus unemployment rate, I wanted to ask about that.

MR. TOUMPAS: Yes.

REP. MCGUIRE: You're charting these two together, I guess, because you think they're related; is that right?

MR. TOUMPAS: They very much are related. We have done -- back two years ago as part of the budget process we -- we contracted with Ross Gittell from the University, and we were looking at the correlation between our Medicaid caseloads and other economic variables. And we went back 15 years, looked at data going back 15 years and looked at various recessions that the -- that the State had weathered. And the -- what we saw was that roughly six months before the recession was hit that we saw a run up in our caseloads in the Medicaid area.

The converse of that was not true. What happened was that the caseloads plateaued and stayed relatively level until the next recession. And so what this is showing is that our caseloads continue to go up, albeit at a much smaller rate, while unemployment rate has been on the decline or has been reasonably steady of late.

So we just -- it was something that we had put into the original Dash Board when we put this together several years ago. We've maintained the format and continue to update that particular chart, but we very much do believe that there is that correlation and if you were to look, Representative McGuire, at Page 13 of 14, and the far right column, which is SNAP, the Supplemental Nutritional Assistance Program or Food Stamp Program, you'll see that we still are seeing a very significant growth, both in year over year, as well as prior month, in the Food Stamp Program. Again, that's a 100% Federal benefit. Nothing is really changed. But that, to us, is the early indicator of what is likely to happen in some of our -- in the Medicaid

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caseloads going forward.

REP. MCGUIRE: So can you speculate as to why if unemployment is going down the people aren't coming off these programs?

MR. TOUMPAS: It would be just that. It would be -- it would be speculation, but there are a couple of variables. One is that the population is getting older. And so when people do go on the program, especially those with a disability, they will be there for some time. The other -- the other variable is that while the unemployment rate goes down, again, it's how you define what unemployment is. So there are a number of people that are -- remain on the rolls even though they are not collecting unemployment at this point because of the way that is defined by the State and the Federal Government. So we have -- we believe we have a significant number of people who are underemployed or are unemployed but are no longer classified as unemployed according to the stats that are kept by the Department of Employment Security.

REP. MCGUIRE: So on things like SNAP, the eligibility criteria hasn't really changed.

MR. TOUMPAS: The eligibility criteria has not changed.

REP. MCGUIRE: Thank you.

MR. TOUMPAS: It has not been made more expansive. Indeed, any one of the programs that we have requires explicit Fiscal Committee approval for us to expand eligibility and we have not done that in a number of years. The converse of that under the -- the recovery, the Stimulus Program from a couple years ago, we also cannot lower the eligibility below what they were in July of 2008.

REP. MCGUIRE: But we did a little bit on -- we took certain people off. There was another chart in here, right? We took certain families.

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MR. TOUMPAS: That was not related to Medicaid. That was the unemployed parent. I believe that was the unemployed parent program for -- that would be --

REP. MCGUIRE: Right.

MR. TOUMPAS: -- in the middle of that page.

REP. MCGUIRE: Four of 14?

MR. TOUMPAS: Yes.

REP. MCGUIRE: Thank you very much. That's very helpful.

CHAIRMAN WEYLER: Further questions from the Committee? Seeing none; we appreciate your expertise at forecasting trends. And I am reassured that, Senator Morse, that maybe we'll be able to deal with it in education at some point.

We'll now recognize Director of Audits, Mr. Mahoney, to brief us on the Joint Board Licensure and Certification Internal Control.

RICHARD MAHONEY, Director, Audit Division, Office of Legislative Budget Assistant: Thank you, Mr. Chairman. Good morning to you and Members of the Committee.

CHAIRMAN WEYLER: Good morning.

MR. MAHONEY: For the record, I'm Richard Mahoney, Director of Audits, Office of Legislative Budget Assistant. I'm joined this morning by Pamela Veeder from our office. Pam is a Senior Audit Manager who was responsible for the conduct of the audit on a daily basis. And also from the Joint Board is Louise Lavertu, Executive Director of the Joint Board.

CHAIRMAN WEYLER: Good morning.

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PAM VEEDER, Senior Audit Manager, Audit Division,
Office of Legislative Budget Assistant: Good morning.

CHAIRMAN WEYLER: Welcome to the Fiscal.

MS. VEEDER: Thank you. Good morning, Mr. Chairman, Members of the Committee. For the record, my name is Pamela Veeder, and I'm here to present the report on the Joint Board of Licensure and Certification's Internal Control over Revenue during six months ended December 31, 2011. I'd like to begin with the Table of Contents. I will briefly touch on the sections listed here during the course of the presentation; but we'd like to bring your attention now to the findings and recommendations section.

As noted here one finding, finding number eight on the conflict between statute and operating budget, suggests legislative action may be needed and we will review that finding a little later in the presentation.

On Page 1 is the Executive Summary. And as noted in the second paragraph, the objective of this audit was to determine whether the Joint Board has established and implemented adequate control over its receipt, deposit, and recording of revenues and its revenue-related processes. As described in the summary of results, overall we found controls to be suitably designed and implemented to achieve the timely receipt, deposit, and recording of revenues. Areas where we recommend strengthening controls or increasing efficiencies are reported in our findings.

On Page 2 there's just a bit of background information. The Joint Board consists of its associated Boards and its administrative staff. As of July 1, 2011, the number of associated boards grew from nine licensing boards to 12 licensing boards and one adjudicative board for a total of 13. As shown in the table at the bottom of the page, the Joint Board received 1.1 million in fees during the six-month audit period.

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Over on Page 3 we have two more tables, the first showing the number of active and lapsed licenses by Board at December 31. As shown here, the bulk of the licenses are in the fields of engineering and accountancy. The table that follows is a list of renewal fees by Board for an individual license.

On the following page are the detailed audit objectives, the scope, and methodology that framed our look at the Joint Board's Internal Control over Revenue. The most recent prior audit related to the Joint Board's Internal Control was the 1996 financial audit of the Department of State and Related Boards and Commissions. The current status of the revenue related Observations in that prior report that were for the Joint Board and its currently associated boards is reported in the Appendix, and on Page 6 is the first audit finding.

While we found the Joint Board had a general policy on setting fees, we recommend greater detail policies and procedures be developed to help ensure fees are determined in accordance with statutory and policy requirements. Those detailed policies and procedures should specifically speak to delineation of costs by Board and the timing of fee reviews. In addition, we recommend the fee setting process be fully documented.

On Page 8, we move to the second finding. During the audit period, five of the 12 professions regulated by the Boards of the Joint Board had certain licensing services available on-line. And those services included on-line applications for individual and firm renewal, registrations for certain exams and payment by credit card.

In order to realize the efficiencies associated with on-line licensing services for both the Joint Board and its customers, we recommend the availability of on-line options for all professions under the Joint Board be expedited. As noted in the finding, a new on-line licensing application was launched in May with one Board with plans to add more

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boards to the application.

In a related finding, Observation No. 3 found on Page 10, we recommend full consideration of the data design for the new on-line licensing app in order to enable an effective reconciliation control for the comparison between business activity and revenue collected. And we further recommend documenting the policies and procedures for those reconciliations.

Observation No. 4 on Page 11 describes the contractual relationship for exam services between the Board of Accountancy and the National Association of State Boards of Accountancy referred to as NASBA. NASBA provides certification testing, credentialing, and fee collecting services on behalf of the Board of Accountancy. Those individuals applying to take the exam, the certified public accountant exam in order to become certified in New Hampshire, remit a fee to NASBA and NASBA, in turn, remits the New Hampshire portion of the fee to the Board of Accountancy.

During the six-month audit period, NASBA remitted about \$203,000 of exam fees to the Board. We recommended internal controls over NASBA provided services be reviewed and relevant control review reports be requested from NASBA to identify and respond to issues affecting the Joint Board's in-house controls.

On Page 12 is Observation No. 5 on specific revenue control improvements. These improvements are accounting for cash upon receipt, documenting a performed control, locking up receipts awaiting deposit, and reconciling business activity to revenue.

The next Observation is No. 6 and that's on Page 14. This Observation recommends some improvements to the Joint Board's process for monitoring a licensee's compliance with continuing education requirements. We recommend the populations of licensees subject to continuing education

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audits be documented, the related sampling method be automated, and policies and procedures be implemented for the verification of a sample of the continuing education documents that are submitted by the licensees.

On Page 15 is Observation No. 7 that identifies the need to establish a late fee as required by statute.

Moving to Page 17 and Observation No. 8 on the conflict between statute and the Operating Budget relative to the disposition of revenue. The 2012-2013 Operating Budget classified Joint Board revenues as unrestricted general fund revenue which conflicts with the statutes listed here in the Observation. They describe revenues received by the Board of Engineers, Accountants, Real Estate Appraisers, and Geologists as revenue restricted for payment of Board expenses. A similar comment was noted in the prior Financial Audit Report on the Department of State and Related Boards and Commissions.

The final audit finding is on Page 18, Observation No. 9, and recommends a review of the forms for real estate appraiser renewals. Renewal forms for the 11 other licensing boards administered by the Joint Board include the applicant certification of adherence to administrative rules and acknowledgement of the consequences of providing false information. We recommend the real estate appraiser renewal forms include the same.

And the last section of the report is on Page 21 to the Appendix. This is the current status of the prior audit findings and as you can see, there's quite a bit of resolution. Those prior findings that are partially resolved or unresolved are due to the conflict between statute and Operating Budget previously described in that Observation No. 8.

That concludes my presentation. And I would like to thank the Joint Board's Executive Director, Louise Lavertu, and her staff for the assistance and cooperation during the

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audit process. I'd like to thank you, the Committee, for your time. We'd be happy to take any questions.

CHAIRMAN WEYLER: Thank you. First of all, have comments from Miss Lavertu.

LOUISE LAVERTU, Executive Director, Joint Boards of Licensure and Certification: Yes. For the record, my name is Louise Lavertu and I'm the Executive Director of the Joint Board.

Prior to July 1st, we consisted of nine licensing boards; and after July 1st we consisted of 12 licensing boards and one adjudicative board. We went through quite a transition in that six-month period from July 1st to December 31st, which also turned out to be the audit period. The auditors were very sensitive to the fact that we had been through quite a lot. We had been through physical challenges, logistical challenges, and administrative challenges because those boards were stand-alone boards in their own offices and we had to physically move them into our offices and review all their administrative procedures and adapt them to our agency. So there was rulemaking proceedings that went on during the time. There were a lot of adjustments to be made. We are very proud of what we have done in such a short period of time. Things are going very well with this consolidation. And we do appreciate the fact that the auditors were very sensitive. We were pretty worn out at this point after doing all this. So if you have any questions.

CHAIRMAN WEYLER: Representative McGuire for a question.

REP. MCGUIRE: Thank you, Mr. Chairman. Thank you for coming. On Observation No. 8 is that there are four dedicated funds for these particular areas and that's somehow in conflict with House Bill 2; is that right?

MR. MAHONEY: Is that directed towards the auditors?

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REP. MCGUIRE: Well, whoever can answer it.

MR. MAHONEY: The Operating Budget is in conflict with the specific statute that we listed here, yes. It's not necessarily House Bill 2. It's the Operating Budget itself.

REP. MCGUIRE: Oh, House Bill 1?

MR. MAHONEY: Yes.

REP. MCGUIRE: All right. So do we need to do something or just the next time House Bill 1 will be fixed so therefore it's not -- we are not worried about it?

MS. LAVERTU: May I answer that? We propose to fix-it in the next budget, because we are general funded. And we have all these references to these dedicated funds but we don't have any dedicated funds. So they don't really exist. So yes, we propose to statutorily change these.

REP. MCGUIRE: So you want to get rid of these references --

MS LAVERTU: Absolutely.

REP. MCGUIRE: -- to dedicated funds that aren't really there.

MS. LAVERTU: Aren't there. They are not there.

CHAIRMAN WEYLER: Further questions. Miss Lavertu, congratulations.

MR. LAVERTU: Thank you very much.

CHAIRMAN WEYLER: One of the reasons for our actions as a member of the Finance Committee was we didn't see the need for having all these small boards with all these things when you were doing very well --

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MS. LAVERTU: Thank you.

CHAIRMAN WEYLER: -- with the nine you had and we assumed you would continue to do so. We are reassured by this audit — thank you very much — that, you know, there are a few little things you're going to work-out.

MS. LAVERTU: Absolutely.

CHAIRMAN WEYLER: But I was impressed also with some you took care of immediately.

MS. LAVERTU: Yes. We worked very hard.

CHAIRMAN WEYLER: So I'm sorry to say this but in the future we'll probably have more boards come under you but that will give you a reason to come back and ask for more staff if we continue to do so.

MS. LAVERTU: Absolutely.

CHAIRMAN WEYLER: We are reassured that this is a more efficient process and I think that is reflected by the audit findings, rather than having dozens of little boards when they all could do the same sort of thing and by doing so and having them centrally. If we create a new license and a new activity, then they won't have to go create a new Board because you will know the procedure to do it on-line.

MR. LAVERTU: Right.

CHAIRMAN WEYLER: Where to send the money, how much continuing education, how to handle all that. So I congratulate you on your accomplishments.

MS. LAVERTU: Thank you.

CHAIRMAN WEYLER: Look forward to seeing more of them in the future. Thank you very much.

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MS. LAVERTU: Thank you. That means a lot. Thank you.

CHAIRMAN WEYLER: I'll recognize Representative Rodeschin for a motion.

REP. RODESCHIN: No, no.

CHAIRMAN WEYLER: Oh, Representative McGuire. I'm sorry. You nudged me. I can't tell it's for him.

REP. MCGUIRE: So you'd like me to read this?

CHAIRMAN WEYLER: Yes, you can make the motion.

** REP. MCGUIRE: All right. I move that we accept the report, place on file, and release in the usual manner.

REP. RODESCHIN: Second.

CHAIRMAN WEYLER: Further discussion? Seeing none; are you ready for the question? All in favor say aye? Opposed no? We have adopted the motion. Thank you very much.

*** {MOTION ADOPTED}

CHAIRMAN WEYLER: Thank you, Mr. Mahoney.

(18) Date of Next Meeting and Adjournment:

REP. RODESCHIN: What's the date of the next meeting?

CHAIRMAN WEYLER: All right. Now we'll discuss the date of the next meeting. There has been some request that it be after July 11th because of the Governor and Council meeting. Perhaps we'll not meet in August. We have not always met in August, and I know our leadership requests us not to meet. I'm going to ALEC from the 25th to the 28th of July. Anybody else have any -- we should all go to ALEC. It's such a great organization. You've seen a lot of stories about it lately.

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SEN. BRAGDON: It's very popular, I understand.

CHAIRMAN WEYLER: They're a wonderful organization. I will always defend it.

REP. MCGUIRE: Want to stick with Monday?

CHAIRMAN WEYLER: I don't think the LBA likes Mondays. He doesn't care. Well --

JEFFRY PATTISON, Legislative Budget Assistant, Office of Legislative Budget Assistant: Monday is fine.

CHAIRMAN WEYLER: -- what I like about Monday is having the weekend to read the items. But since going forward in July our workload will be much reduced, it's probably not as important to have the weekend. Anybody else have a particular preference from one weekday or another?

SEN. LARSEN: We are in July? In the month of July you're in?

CHAIRMAN WEYLER: In the month of July. Anybody have any other commitments for any particular weekday?

SEN. BRAGDON: I'm away the 10th to the 15th.

CHAIRMAN WEYLER: You're away the 10th through the 15th.

REP. MCGUIRE: What day's the 20th?

CHAIRMAN WEYLER: The 20th is a Friday, our traditional day. It's about a month away. Anybody else have a conflict?

REP. STEPANEK: I believe I'm going to be away.

CHAIRMAN WEYLER: What days will you be away?

REP. STEPANEK: Probably the 19th through the 21st I will

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be away.

CHAIRMAN WEYLER: 19th through the 21st and I leave on the 25th.

REP. STEPANEK: 23rd?

CHAIRMAN WEYLER: How about the 23rd? Anybody have a conflict on the 23rd; a Monday. Any objections to Monday, the 23rd?

REP. RODESCHIN: We do have alternates in case --

CHAIRMAN WEYLER: I know, but I'd like to have everybody available as possible.

All right. Does that make sense? 10 o'clock, Monday, the 23rd, Fiscal. We'll probably have pre-Fiscal at 8:30. All right. Seems to work for us. All right. So noted, Mr. Pattison.

** REP. RODESCHIN: Move to adjourn.

CHAIRMAN WEYLER: Representative Rodeschin moves to adjourn.

SEN. MORSE: Second.

CHAIRMAN WEYLER: Senator Morse seconds. All in favor say aye? Thank you very much and thank you all the Departments that came and have left since.

*** {MOTION ADOPTED}

(Adjourned at 11:19 a.m.)

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CERTIFICATION

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


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



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