

**JOINT LEGISLATIVE FISCAL COMMITTEE**

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, February 18, 2022

**MEMBERS PRESENT:**

Representative Karen Umberger, Chair

Representative Tracy Emerick

Representative Keith Erf

Representative Peter Leishman

Representative Robert Lynn (Alt.)

Senator Gary Daniels

Senate President Chuck Morse

Senator Lou D'Allesandro

Senator Cindy Rosenwald

Senator Bob Giuda

**(1) Acceptance of Minutes for the meetings of:**

a. January 14, 2022

b. January 21, 2022

KAREN UMBERGER, State Representative, Carroll County, District #02: I will call the Fiscal Committee to order and, folks, we have new microphones. So to talk it's on the right, to not talk --

TRACY EMERICK, State Representative, Rockingham County, District #21: We only have one button.

CHAIRWOMAN UMBERGER: Oh, you only -- I have two.

REP. EMERICK: We only have one button.

CHAIRWOMAN UMBERGER: Oh, okay.

REP. TRACY: (Inaudible) version.

CHUCK MORSE, State Senator, Senate District #22: Karen, I think the point is if it's red (Inaudible.)

CHAIRWOMAN UMBERGER: I don't know. Anyhow, if it's red it's live. And you will also notice that you can hear through the mic that's on the speaker. So we are moving forward with technology that, obviously, I don't understand. So if we could. The first item on the agenda are the minutes for January 14<sup>th</sup>, 2020. Hum -- could I have a motion to accept?

**\*\*** GARY DANIELS, State Senator, Senate District #11: Move to approve.

CHAIRWOMAN UMBERGER: Thank you. Thank you. Are there any -- oh, yeah, Gary Daniels.

REP. EMERICK: Okay.

CHAIRWOMAN UMBERGER: Are there any changes? Seeing none. Hum -- Mike, I can just raise hands on this, right?

Okay. All right. If everybody would raise their hands, please. Opposed? Abstain? One. Oh, two. Sorry.

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

CHAIRWOMAN UMBERGER: The next is the acceptance of the meeting of January 21<sup>st</sup>. Could I have a motion to approve?

(Senator Lou D'Allesandro raised his hand.)

CHAIRWOMAN UMBERGER: Thank you, Senator. Second by Senator Daniels. Are there any changes or corrections? Seeing none. All those in favor, please raise your hand. Opposed. Abstain. One.

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

**(2) Old Business:**

CHAIRWOMAN UMBERGER: Okay. Under Old Business we have FIS 02 -- 22-023 and it's currently on the table. Is that where it

should remain or do I have anyone that wants to take it off? Seeing none, we will move on.

**CONSENT CALENDAR**

- (3) **RSA 9:16-a, II, Transfers Authorized:**
- (4) **RSA 9:16-a, II, Transfers Authorized and RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from any Non-State Source:**
- (5) **RSA 9:16-c, I, Transfers of Federal Grant Funds:**

CHAIRWOMAN UMBERGER: Okay. We have four items that have been removed from the Consent Calendar under Tab 5, 22-073, under Tab 8, 22-077 and 22-080. And under Tab 9 we have FIS 22-081. Okay. Hum -- Representative Erf, were you the one that wanted this off, 073? Oh, okay. I'm sorry.

CINDY ROSENWALD, State Senator, Senate District #13:  
(Inaudible.)

CHAIRWOMAN UMBERGER: Okay.

SEN. ROSENWALD: Is the Department available to answer questions? Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Okay. Miss Rounds, could -- could you hang on just a second.

KERRIN ROUNDS, Chief Financial Officer, Department of Health and Human Services: Sure.

CHAIRWOMAN UMBERGER: I'd like to make a motion -- I would like someone to make a motion to approve all of the other items on the Consent Calendar. All those in favor raise your hand? Opposed? Okay. Consent Calendar is approved, except for the items that we removed, so. I'm sorry. Go ahead.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

SEN. ROSENWALD: Thank you, Madam Chair. Good morning. And I appreciate the Department's information that it sent over the other day, the supplemental information. My question really is about how -- how can we measure the success of the Doorways Program beyond just saying they've had contact 27,000 times, particularly in light of the fact that overdose deaths are up sharply in Manchester, 36% versus year ago, and Nashua 31% versus a year ago? How do we -- how do we know more than just 27,000 interactions? Is it the same people, different people? Where are they from? Would -- do we have information that the referrals are actually getting picked up and the appointments made? Hum -- how -- how can we really understand that this program is helping?

KATJA FOX, Director, Division for Behavioral Health, Department of Health and Human Services: So good morning. For the record, I am Katja Fox. I am the Director of the Division for Behavioral Health. And in anticipation of your question, we did prepare quite a comprehensive response which, hopefully, was shared with the full Committee. But to your point, and I -- I know this is an area that we often get questions on and we would love to be able to give you a very robust answer. But we can tell you that we have the Doorway report. So when we provide those numbers of how many are served on a monthly basis and then cumulatively, those are the numbers of unique individuals in that particular reporting period.

Uh -- so when we say 27,000, it could be that they're replicated, but we're seeing roughly between 800 and a thousand per month. Hum - on -- and that's an - on -- on a unique identifier, a unique visit, person. They may have visited more than once.

From a referral perspective, we do have the requirement through the federal grant that we do an assessment. And those assessments are done upon initiation of the contact. So this is required for that federal funding that we receive that is subject to this matter this morning. And then there are required

follow-ups at the six-month period, the 12-month period and discharge.

What we're finding, and this has been a problem across the country, is being able to be in touch with people throughout that duration. So at the six-month period and 12, as you get to 12 months, it's harder for follow-up because they may have moved. They may have moved on. They may have relapsed. They may be in recovery and don't want to have that contact. Hum -- and for a variety of reasons we're unable to have the robust data that we would get if we had a higher percentage of returns on those follow-up assessments, which are quite lengthy.

We have continued to look at ways that we can work with our quality unit on how we can measure effectiveness of this particular system. Access was the number one goal of this project in this part -- what has become a program when we receive this. So the access appears to be working by the numbers and by the surveys that we've done.

However, we do know that we need a really robust evaluation and that is in the works and we'll be procuring for that evaluation shortly, because that was never part of the initial funding. It was through this SAMHSA-led federal survey that we need to do with that -- with that follow-up at the individual level. But we need a more comprehensive assessment of whether the system is working. And, again, we have secured the funding through some supplemental block grant dollars and we'll be looking at the efficacy getting at what we all want to know.

SEN. ROSENWALD: Thank you.

CHAIRWOMAN UMBERGER: Follow-up.

SEN. ROSENWALD: Two quick follow-ups, if I could. One is -- hum -- if -- if we reimplemented that closed loop referral kind of thing, would that give us the data on following the users across sites? And, two, how -- how is the Doorways going to help -- uh -- us not see drug overdose deaths that are up

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

over 30% in our two biggest cities? What else do we need to be doing so we're not losing an increasing number of people?

MS. FOX: So I'll answer your second question first in that this action will allow us to move the \$4 million among -- between class lines to be able to purchase Naloxone. Naloxone and medicated-assisted treatment are what have prevented deaths. We would have many more deaths. We have a huge increase in the overdoses, but we're finding the effectiveness of having Naloxone be ubiquitous in the -- in the areas. So that we want to continue that and we're finding that the demand for Naloxone is high. So that's what that \$4 million will do in this item. So we're doing that.

I don't think the Doorways can solve the problem. I think you as you know, it's multifaceted, and it's complex, and it's only gotten worse as a result of the pandemic. And so we're taking other steps.

So, for example, some of the harm reduction efforts under this, it's not just to purchase Naloxone but to provide it to hard-to-reach communities which we find in the larger areas. But, again, there's -- there's the whole law enforcement side. There's the individual family situations. And there is the housing, the lack of housing as an availability. And so we're just doing everything we can using all the resources we have to try to mitigate those rising numbers.

SEN. ROSENWALD: (Inaudible).

MS. FOX: Oh, I'm sorry. Can you repeat that again?

SEN. ROSENWALD: How or whether the close loop referral kind of thing would supplement the information you have on the Doorways?

MS. FOX: So close-loop referral would -- is a very effective tool at being able to have providers have the information they need to treat somebody in a holistic way. And

so it also assures that when a referral is made I think to your earlier point, how do we know what happens after a referral's made? Is there follow-up? We would know that as -- as a closed loop referral, because there would be a report back and the exchange of information with the patient's consent.

CHAIRWOMAN UMBERGER: Are there any other questions? Yes, Senator Giuda.

ROBERT "BOB" GIUDA, State Senator, Senate District #02: Thank you, Madam Chair. Thank you for your testimony today. Is there any way of aggregating the cost of Doorways and associated programs into a single dollar figure so we can get an estimate of how much the system is costing us?

MS. FOX: I mean, I think we have our funding sources. We know how much we spent on each program. The State Opioid Response Grant has been in effect since 2018. The Doorways opened January 1<sup>st</sup> of 2019. We have all of those costs that we could provide. And -- and then the question becomes do you want it holistically to include other Federal funds and other General Funds that are -- were already in place before the State Opioid Response? So it depends on how vast you want it, but we have all those numbers.

SEN. GIUDA: Thank you, Madam Chair. I -- I'd leave it to the pleasure of the Committee. I'd like to know Doorways; but, again, if we know what we had before and what we're doing now that gives us a basis to start comparing effectiveness in terms of dollars spent.

MS. FOX: Sure. We can go right back to I think it was the Fall of 2018 for the Doorways when we first contracted with them and we can go right through up until now.

SEN. GIUDA: Thank you.

CHAIRWOMAN UMBERGER: Miss Rounds, you agree?

MS. ROUNDS: Yes, I was just asking her a question. I think that there's a chart that we created not that long ago that probably would get at the answer.

CHAIRWOMAN UMBERGER: Okay. Okay. I think Senator Rosenwald's question about the effectiveness is -- is so important. Because just giving -- I know you use -- I use Narcan out, you know, doesn't -- doesn't solve the problem. It postpones the problem. And I think that what most of us were hoping is that with Doorways that we would be able to, you know, have a better handle on the problems with drug overdosing, so. Okay. No. I mean, that's -- that's just the way it is.

Are there any other questions or comments? Yes.

SEN. GIUDA: Thank you, Madam Chair. Maybe in the realm of hypothetical, but can you in any way attempt to correlate the effects of COVID and the impacting societal disruption, if you will, to the spike in these -- I don't know if you have the capability, but I'd be interested to know whether this spike is a, you know, has causation or correlation to COVID or is it something that's, you know, going on other than that?

MS. FOX: I'm turning it off. She's turning it on. Sorry about that. So thank you, Senator. I think that there have been national surveys and studies and indications. When you say correlation, I think we can -- we can make some assumptions about that and share that information that we do have available.

CHAIRWOMAN UMBERGER: Thank you. Oh, yes, Senator Daniels.

SEN. DANIELS: Thank you. Could you share what the Department is doing to prevent these things from happening? Because, I mean, the information we got said from 2019 to the -- to current it's been relatively steady, which means all the money that we have thrown into this really hasn't done anything in bringing the numbers down. You're coming and you're asking for an additional \$4 million for Naloxone; but that's indicative of the fact that you wouldn't need it unless

rates -- unless rates of incidences were increasing. So I'm interested in knowing what you're doing to try to get to the root of this, and if there are obstacles to doing that, what are they?

MS. FOX: So thank you, Senator. That's a great opportunity to start talking about prevention and all the prevention efforts. When we talk about State Opioid Response, it's a categorical funding. It's specifically for opioids and now stimulants, and it's after -- well after the fact when people are in crisis and in need of these services.

We have the Governor's Commission, which has made a big prevention part of a big focus of its work, to which we provide the contracts and go before G&C with the Governor's Commission funding to fund those programs. So there are multiple programs that are happening at the preventative level. So I'd be happy to provide a list or the information about the prevention efforts that are happening across the board. And not only with us, but with the Department of Education as well.

CHAIRWOMAN UMBERGER: Yes, go ahead.

SEN. DANIELS: By virtue of the fact that the numbers don't seem to be coming down, would you say the preventative efforts were successful?

MS. FOX: So I think with prevention the problem is when we make an investment, we don't see an immediate return. When you give someone Naloxone, you see an immediate return. But when you invest in prevention, we don't have the -- it's the absence of. And so when we're asked the increase or the steadiness of the numbers of deaths from opioids, we don't have the number of those -- what we prevented in that -- in that time period.

So I think it's hard to quantify and it's hard for us to want to fund it and think about it and invest in it, because we don't see that quick return on investment. But we do believe

that prevention does make a difference in the lives of the people that we serve.

CHAIRWOMAN UMBERGER: Yes, follow-up.

SEN. DANIELS: Would you expect that -- uh -- with the money that we put into prevention that you should see the numbers of overdoses going down?

MS. FOX: Yes.

SEN. DANIELS: Thank you.

SEN. GIUDA: Question.

CHAIRWOMAN UMBERGER: Senator Giuda.

SEN. GIUDA: Thank you, Madam Chair. I'd be interested in knowing if the Department or perhaps LBA could pull together the numbers for under the broad categories of prevention, treatment, and interdiction, and that would give us a really good representation of the balance of funding for the different efforts and maybe there needs to be some work done there. Thank you.

CHAIRWOMAN UMBERGER: I think it also might be helpful if we could get something from the courts about how many cases, what's their caseload. Because the things that we're talking about, if the caseload is going down, then I think we would know that, you know, prevention is working. Caseload is going up, then it -- we might not. But I do think that you can't -- you can't separate what DHHS is trying to do from what the court system is trying to do. Yes.

SEN. GIUDA: Thank you, Madam Chair. I have had written inquiries from several county attorneys and their staff about what can we possibly do to ease the laws, I won't say legalize but change the parameters, because they are buried

under -- under drug cases. And that's from two separate counties. Thank you.

CHAIRWOMAN UMBERGER: Thank you. Okay. Hum -- seeing no further questions, could I have a motion, please?

LOU D'ALLESANDRO, State Senator, Senate District #20:  
(Inaudible).

CHAIRWOMAN UMBERGER: Senator D'Allesandro moves to accept, and seconded by Senator Rosenwald. Would you please -- would the Clerk please call the roll.

REP. EMERICK: Okay. 073. Emerick votes yes. Erf.

KEITH ERF, State Representative, Hillsborough County, District #02: Yes.

REP. EMERICK: Leishman.

PETER LEISHMAN, State Representative, Hillsborough County, District #24: Yes.

REP. EMERICK: Representative Lynn.

BOB LYNN, State Representative, Rockingham County, District #07: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: 22-073 passes on a vote of 10 to zero.

\*\*\* {MOTION ADOPTED}

**AMERICAN RESCUE PLAN 2021**

**CONSENT CALENDAR**

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

CHAIRWOMAN UMBERGER: We now turn to Tab 8, 22-077.  
Representative Leishman, I believe you have some questions on  
this.

REP. LEISHMAN: Yes. Thanks, Madam Chair. Thanks for taking  
my question. I want to just thank you folks for answering a few  
questions; but it led me to a question, so.

CHAIRWOMAN UMBERGER: Excuse me. Would you move your  
microphone a little closer. Thank you.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. LEISHMAN: So thank you for taking my question. So it said in your response that you have a contractor that provides this service and there are about a hundred cases under investigation and a backlog of I think it said 860 roughly.

Now, during the pandemic there was certainly a severe food issue. People weren't getting food. Now what happens when this investigative unit goes out? Are they trying to recover monies loss or to verify people that are getting support, should be getting support?

KAREN HEBERT, Director, Division of Economic and Housing Stability, Department of Health and Human Services: Thank you for your question. For the record, my name is Karen Hebert. And I'm the Director for the Division of Economic and House Stability.

So just to clarify part of your question. With respect to the Special Investigations Unit, that is not a contracted unit. Those are State Employees. The contractor is for the system known as NewHeights that maintains the eligibility programs for processing those applications, including SNAP. So the consultant is actually the system vendor for those, which is the bulk of the expenditures for this item.

So the Special Investigations Unit works to identify whether or not there is, you know, they make a determination with respect to their findings on fraud investigations. Whether someone really wasn't eligible who may have misled the Department in some respect regarding their eligibility, or were using the benefits when they were no longer entitled to them.

For example, if they move out-of-state, they're required to report their address to us. So if they've moved out-of-state and they are using the benefit in another state without us being informed, that could be considered fraud. So the Department would take steps to try to recover the funding with the means that it has available to do so.

So there are a number of Special Investigation Unit staff who conduct these investigations for the Department. So this -- the funding is about \$17,000 out of this item that would go towards overtime in order to try to catchup with that backlog, which was created, in part, because of the Pandemic, and an extraordinary number of referrals that the unit received for fraud investigations that were quite higher than what we normally receive.

REP. LEISHMAN: Just a further question, if I could, Madam Chair.

CHAIRWOMAN UMBERGER: Yes.

REP. LEISHMAN: So what's the success rate? Because, obviously, a number of these people probably don't have a lot to offer financially. So is -- is the unit successful in recouping some of the losses or are we spending a lot of money to chase something we can't catch?

MS. HEBERT: It is successful, in part. I think that it depends on the circumstance. And if you'd like, I'd be more than happy to get you a more precise percentage of the success rate.

REP. LEISHMAN: Thank you. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Thank you, Madam Chair. This is an existing unit in the Department. Did we budget any money in the House Bill 1 to make changes to NewHeights or is this the only changes we're making to NewHeights? I guess I'm asking why do we only need this now and why didn't the Department need it during the budget?

MS. HEBERT: The changes that are needed for the system at this time were predicated by an evaluation conducted by the U.S. Department of Agriculture and findings that we received

regarding the need to change the way we were documenting, tracking, and reporting these types of cases. So the changes are necessary in the system to be able to meet the requirements or recommendations that came out of that evaluation.

SEN. ROSENWALD: Follow-up.

CHAIRWOMAN UMBERGER: Follow-up.

SEN. ROSENWALD: When did we get that evaluation?

MS. HEBERT: That is a good question.

SEN. ROSENWALD: I mean I guess --

MS. HEBERT: I'm going to say within the --

SEN. ROSENWALD: Before the budget was --

MS. HEBERT: Oh, yes. It's -- so the -- the -- the evaluation would have been completed within the last few months. Certainly not within the time for the budget.

SEN. ROSENWALD: Thank you.

MS. ROUNDS: I would also just mention that these are 100% ARPA funds and ARPA funds were not budgeted in the budget.

CHAIRWOMAN UMBERGER: Senator Giuda.

SEN. GIUDA: Thank you, Madam Chair. How many employees are in this Department, Division, Agency, Bureau?

MS. HEBERT: I believe it's five or six at this time.

SEN. GIUDA: How many cases are -- follow-up.

CHAIRWOMAN UMBERGER: Yes.

SEN. GIUDA: Thank you, Madam Chair. How many cases are they prosecuting right now -- I mean are they pursuing right now, investigating?

MS. HEBERT: Sure. At the moment there is a backlog of 866 cases that need to be investigated or completed with the investigation. So some of them have already started. Typically, there's an average of about a hundred cases pending at any given time. So this is quite an extraordinary amount.

SEN. GIUDA: Thank you.

MS. HEBERT: You're welcome.

CHAIRWOMAN UMBERGER: Are there any further questions? Seeing none, could I have a motion, please?

Senator Giuda moves to approve. Second? Second by Senator Rosenwald. Clerk call the roll.

REP. EMERICK: Roll call 077. Representative Emerick votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: FIS 22-077 passes with a vote of 10 to zero.

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

CHAIRWOMAN UMBERGER: We'll now turn to FIS 22-080, and this is with the Governor's Office for Emergency Relief and Recovery. Does someone have a question? Yes, Mr. Caswell, please.

TAYLOR CASWELL, Executive Director, Governor's Office for Emergency Relief and Recovery: Good morning.

CHAIRWOMAN UMBERGER: Good morning.

MR. CASWELL: Taylor Caswell, Executive Director of GOFERR.

CHAIRWOMAN UMBERGER: Go ahead.

SEN. GIUDA: Thank you, Madam Chair. Thank you, Commissioner. These -- are we currently having any funds expended towards attracting folks to the trades in our schools, whether it's by the CTE's or any other agencies or government or otherwise, do you know?

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

MR. CASWELL: Speaking for GOFERR and for my Department, BEA, no, not at this point. But I -- I imagine there may be other programs in other agencies. But, sir, I can't speak to that right now.

CHAIRWOMAN UMBERGER: Follow-up. Are there any further questions?

SEN. GIUDA: So -- thank you, Madam Chair. Would you be amenable to tabling this until we can find out whether funds are being expended?

MR. CASWELL: Hum -- I mean, that's obviously your decision, Senator. I think this program is, one, is unique in the sense that it is currently in operation in a half the form, I suppose, that we would hope that we would see it, and it has proven to be quite successful, in lieu of the fact that if there are other programs, I'm not aware of any that are operating at the success rate of this program.

CHAIRWOMAN UMBERGER: Yes, follow-up.

SEN. GIUDA: So can you elucidate a little bit on the success rate in terms of funds expended, people moving into jobs that wouldn't otherwise have gone that way or into training programs? Is there any way you have any data on that?

MR. CASWELL: Well, what I could do is I could ask John Nyhan, who is here today from the Hampton Chamber, who has been running the program for the last several months or years who has that data. John, do you want to -- he just happens to be here, Senator.

JOHN NYHAN, President, Hampton Chamber of Commerce: Good morning. For the record, my name is John Nyhan, President of the Hampton Area Chamber of Commerce. Also the Chair of the New Hampshire Association of Chamber Executives.

Hum -- Senator, good question. This program started, if I may, just give you a little bit of background, this program started with a small \$10,000 grant from the New Hampshire Charitable Foundation, New Hampshire School of Mechanical Trades and went kind of high school. We put ten kids through this program, and it was so successful because of the interest from the students to continue with the training.

We had a second grant from the Foundation of \$10,000. We then expanded with the help of New Hampshire Mechanical Trades not wanting to add more dollars to their cost. They actually contributed in-kind services for the second program where we then were able to expand one high school to seven high schools and from ten students to 20 students.

This program that we're proposing would expand it once again, not only for Seacoast High Schools, but for Greater Manchester High Schools also to be included, since the New Hampshire School of Mechanical Trades has a second location in Manchester.

The success rate so far, we have had close to 30, I believe it was 29 students that actually completed the program. And right now at the New Hampshire School of Mechanical Trades we have ten that have gone on to extend training in a particular trade, be it plumbing, electrical, HVAC, oil and heating. So it's been a success. And one of the things about this grant application, if I may, is that we have now connected with Apprenticeship New Hampshire to where we'll be working with them as a follow-up. Once the student goes through this program, they will then have the opportunity and benefit to go into an apprenticeship program and this -- this grant application would support that.

CHAIRWOMAN UMBERGER: Yes, go ahead.

SEN. GIUDA: Thank you, Madam Chair. So I heard you say that this is taking care of Seacoast and Manchester.

MR. NYHAN: That is correct.

SEN. GIUDA: Would it be possible to dedicate some of these funds to the more rural areas where I can tell you with my house undergoing some renovation there is a desperate need for, and I'd like to see some comment on that.

MR. NYHAN: Senator, we would love to expand this program at this point. Right now there are only two locations for New Hampshire School of Mechanical Trades. I know there has been discussion, which I can't tell you exactly what the details are, of them expanding to the North Country and adding a third location. But I think it's important to note that this particular concept we could do anywhere in the state if we had the facilities to do them in.

SEN. GIUDA: So I would presume by that you mean some sort of a permanent structure?

MR. NYHAN: That's correct.

SEN. GIUDA: Okay.

MR. NYHAN: There are some programs, not mechanical trades programs, that are actually taking place in different high schools. But in this case with Mechanical School of Trades, they have not only classroom facilities but actually workshops where the -- the young adults can actually do physical training.

MR. CASWELL: If I may real quickly on that subject? This program, there are other partners involved, the Chambers being one of them, and they have demonstrated, at least in this instance, a real aptitude to get this program up and running. We have committed to continue to working with them to find other locations if this program is as successful as we expect it to be, to grow this program statewide. I mean, that would be my goal with this because this is an area that we really need to focus on for reasons similar to what your experience has been.

CHAIRWOMAN UMBERGER: You have a follow-up or are you okay? Are there any additional questions?

\*\* SEN. GIUDA: Move the item.

CHAIRWOMAN UMBERGER: Yes.

SEN. D'ALLESANDRO: Thank you, Madam Chair. We're -- we're creating CTE Centers all around the state and we're enhancing them and improving them all the time. Why isn't there some kind of a synergistic relationship between these entities that we're creating, and we're spending millions and millions of dollars to do that. Just think of what we're doing in Hudson right now with the addition to the school. But why isn't there a relationship? You got a natural setting. You talked about a bricks and mortar. The bricks and mortars are there. The question is communication. Is there good communication there between the system, the school systems that are -- that that are operating these CTE Centers? I mean, that's why all this money is being spent and we're -- we're programmed to keep spending this money.

This is an ongoing -- this is an ongoing situation. And, you know, we're bonding and we're spending this money. And it seems to me that it must not be working well if, indeed, you have to do something like this and you're looking for places to go. Tell me -- tell me why there isn't a cooperative situation?

MR. CASWELL: There is actually, Senator, and I know art for speaking for my Department we have a very good relationship with the CTE Centers across the State. When I spoke to Senator Giuda about how we're looking at ways to be able to expand this program beyond just the Manchester and Seacoast areas into rural schools with CTE programs that have exactly these types of programs, I think that is our next target rather than building something new. That would be absolutely where we would go next.

CHAIRWOMAN UMBERGER: Uh -- seeing no -- oh, did you have another question?

\*\* SEN. GIUDA: I'll move the item.

CHAIRWOMAN UMBERGER: All right. Thank you, Senator Giuda.  
Do I have a second?

SEN. PRESIDENT MORSE: Second.

CHAIRWOMAN UMBERGER: Senator Morse. Will the Clerk please call the roll.

REP. EMERICK: Item 08 -- gotta turn on -- 080. Clerk votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: (Inaudible).

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: FIS 21-80 -- 22-080 passes on a vote of ten-zero.

\*\*\* {MOTION ADOPTED}

- (9) 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:

CHAIRWOMAN UMBERGER: We will now turn to Tab 9. FIS 22-081. Okay, I think we have some questions for Mr. Arlinghaus. Commissioner Arlinghaus.

CHARLES ARLINGHAUS, Commissioner, Department of Administrative Services: Hi!

CHAIRWOMAN UMBERGER: Good morning.

MR. ARLINGHAUS: There we go. Hi! Charlie Arlinghaus, the Commissioner of Administrative Services.

CHAIRWOMAN UMBERGER: Thank you for joining us.

MR. ARLINGHAUS: Thanks for having me.

CHAIRWOMAN UMBERGER: Of course. Are there questions that anyone would like to ask? Okay. Yes.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

SEN. D'ALLESANDRO: Thank you, Madam Chair. Charlie, always a pleasure to see you. I've looked at the report -- I've looked at the vacancy report, Commissioner, and as -- as I look at it and I look at the percentages in the departments, it seems to me that we have a problem.

MR. ARLINGHAUS: Well --

SEN. D'ALLESANDRO: And how is this going to enhance your ability? I've sponsored a piece of legislation for you to do some things with -- with -- with recruitment. But it seems to me our problem now is recruitment and retention. We have a dual problem. And when I look at the numbers we've got over 2,000 vacancies in State Government spread throughout all of our -- all of our departments. So how is this going to be effective in supporting what -- what we need is that recruitment policy, I guess?

MR. ARLINGHAUS: So to put it in context for everybody, the current vacancy rate in State Government is about 18%, 18% of authorized positions are not filled right now. That's -- that's one of those things, right? Every Department has some positions they just don't fill. Because if we fill them we can't meet the lapse requirement. You're counting on us to keep them to maintain a very healthy vacancy rate. And if -- if State vacancy rates get below about 10%, we can't function as State Government because they're too low, right. And you -- you've budgeted them to be higher than that. But 18% is really remarkably high. It's ticking down a little bit. I'll make that -- I'll make that note that in the first year of a budget vacancy rates tend to be higher. Legislature's budgets authorize lots of new positions and they take a while to fill. So they tend to be higher in the first year and lower in the second year.

Vacancy rates in State Government tend to be higher when it's a good economy for job seekers. This is a very good economy for job seekers. It's a wonderful economy for job seekers because there are lots more positions than there are people looking for them. So State Government in those circumstances

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

tends to be a little -- a little harder to come by. We tend to be less nimble than other places.

There are a lot of very attractive things about state service, notably the benefits. There are a lot of things that are a little less attractive in a vibrant economy, notably the wages, and so some of that is to be understood.

Part of what goes on, though, is that when the vacancy rates are relatively high is that the people in charge of hiring are the people who aren't getting their work done because they don't have people hired. And when you're not getting your work done because you don't have somebody hired, it's 'cause you're taking on something else and you don't want to take time out from the work that you're doing because you don't have somebody to hire somebody that you don't have, and it's sort of this vicious circle.

In addition to that, there are a bunch of areas. We've heard from a bunch of agencies who've said we need help recruiting. So the Division of Personnel came up with this plan. We're going to hire three people whose job is to do nothing but recruit. And we're going to start by focusing on the places that are particularly hard to hire for. And we -- we hope it's a pilot program and we hope it's going to work real well.

SEN. D'ALLESANDRO: Further question, Madam Chair.

CHAIRWOMAN UMBERGER: Yes, please.

SEN. D'ALLESANDRO: Charlie, I -- I agree with the premise. I think it's a good one, and I'd like to see it work out.

MR. ARLINGHAUS: Thank you.

SEN. D'ALLESANDRO: But over the course of these Fiscal Committee meetings, we've authorized an additional 83 positions. That's so far. And we're authorizing more positions here. When -- when -- when are we going to see the results of the

recruitment and retention policies that bring State Government to the point where we're actually functioning at -- at -- and I never -- I never believe it's at total capacity.

MR. ARLINGHAUS: Sure.

SEN. D'ALLESANDRO: But we're addressing the needs of State Government. And I know Corrections is here and I've talked to them. But, indeed, if these problems continue, our ability to function is seriously affected, very seriously affected. So something's got to happen, and I -- I hope these things are working; but, indeed, as I look at them I -- I just can't see that positive movement, Charlie, and I hope it occurs.

MR. ARLINGHAUS: There's not significant positive movement, and I don't want to pretend that there's going to be dramatic movement in any case. Our -- our task is really to do a lot of little things and to try to improve the situation.

State Government is always going to be fuller in a bad economy and emptier in a good economy. That's -- that's -- that's the nature of the beast. But our task is to -- is to work with agencies to help them fill their highest priorities first and to get there.

Hum -- you know, I mean, I -- I don't know. You know, you think about -- you think about ARPA and things like that and there's a lot of construction money floating around. And someone said we should build this, and build this, and build this, which is all a great idea. And -- and -- and I speak for my Department, we're very much in favor of building, 'cause we do buildings and everything's kind of a mess. Hum -- but you need people to do it.

And, you know, somebody's having work done at his or her house, I forgot who. I was not paying as much attention as I should have. But, you know, we've all experienced it at some point. You want somebody to come fix the steps, and there aren't that many brick layers around.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

So we're going to do everything we can to make a difference. This is one thing that's going to make some difference. But agencies -- ultimately, it's at agencies and we need more workers.

CHAIRWOMAN UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Charlie, there's a \$50 million item that I think you just talked yourself out of that I've been looking at for fixing buildings, so; and I can find a use for it so don't worry.

MR. ARLINGHAUS: Okay.

SEN. PRESIDENT MORSE: Can LBA or Charlie tell us what for seven months this 19% vacancy equates to, and then the other end of that question is, 'cause I see it happening every time I come here, how much of that have we transferred into other lines?

MR. KANE: I think Charlie can comment on the number of positions that are vacant. As far as --

SEN. PRESIDENT MORSE: I'm looking for the last dollars.

MR. KANE: -- how much of it transferred as other lines that will take some time. We can work with DAS to see what we can find. Anything that's come before you, anything that's gone before G & C with the transfer from state personnel lines, be it to overtime or something else, we'll try to figure out a way to track that.

SEN. PRESIDENT MORSE: Yeah, I just bring it up because I know the Senators met with Corrections, I'm meeting with Corrections. Twenty-five percent vacancy, it's a lot of money. And we're transferring it into overtime, which I understand, we've done this every year I've been here, several times a year. But there's a reality of these dollars. What are they? And I don't think they total the lapse dollars. I think they far exceed it.

So as we're swimming in money and I know the Chair from the House and the Chair from the Senate are going to caution everybody, stop spending, because I think it's crazy that we're having a second budget year. But I really do think beyond the budget numbers that you've put out in the public, there's a huge lapse here, and just in labor. I mean, and what is being -- what's happening with that, I think we ought to keep our hands on, because it's real easy to transfer out of the classified lines to somewhere else and Fiscal gets to approve that. And, you know, that's fine, but it's spending and I think we ought to be careful there. So anyhow, just --

MR. ARLINGHAUS: I'll just note that there are a lot of agencies where you can't transfer out of Class 10. There are a few large agencies where you can, but they are the exception, not the rules. And so in most cases for your typical agency that money's going to have to lapse.

SEN. PRESIDENT MORSE: But when you take a Department, like Corrections, that's all state funded for the most part. You -- when you transfer that out to overtime lines, it's significant, number one. I don't know how we ever solve the problem. So we can talk about it till the cows come in. You know, the reality is it's a good starting job. People go in, and then they transfer to police departments throughout the state. And, you know, we're just keep doing that same game. But, I mean, the overtime's significant, and I think we -- if that's how we solve the problem, great. But I'm not sure they agree that that's great, so. But anyhow, there's a lot of money involved here. I think it far exceeds that lapse that you mentioned, Charlie, and that's what I'd like to find out.

MR. ARLINGHAUS: I'm going to avoid any comment on Corrections.

SEN. PRESIDENT MORSE: I'm sure I'll hear about it.

CHAIRWOMAN UMBERGER: Senator Giuda, you have a question?

SEN. GIUDA: Thank you, Madam Chair. So if I heard you correctly, when the economy is good, historically the State suffers in its employment numbers.

MR. ARLINGHAUS: Yeah.

SEN. GIUDA: The second thing I think I heard you say was that employees leave because of better wages on the outside and they come here because of benefits on the inside, so to speak; correct?

MR. ARLINGHAUS: Well, I -- I -- I think our biggest attraction, you know, I've been sitting through, I do all the final interviews in our Department lately, and I'd say 50% of the people I talked to when I said why are you interested, they say wages. It's particularly true at the lower levels, and it's particularly true of older workers. 25-year olds don't tend not to care about wages and 55-years olds -- or benefits, and 55-year olds do. So for obvious reasons.

SEN. GIUDA: So the question is if we add three more personnel, but we haven't changed the environment that produces the shortfall, are we really helping anything?

MR. ARLINGHAUS: Well, I don't want to be fatalistic. I think it's something to say that, you know, there are times when it's very difficult to hire, but that doesn't mean you don't -- you don't try. And think of a business trying to work its way through a recession. You know, my mom was in real estate in Detroit in the -- during the last couple recessions, which is sort of a theoretical activity more than an actual one, and you don't stop trying to sell houses. You're gonna sell fewer; but if you stop trying, you're going to sell two. And if you keep trying, you may sell four where you wished you sold eight, but you'd rather sell more.

So, it's one of the things that we do. We try what we can to do to hire, and I think everything we do helps and in a particularly bad situation. You know, if the vacancy rate were

2% or 3%, and I came to you and said we want to hire recruiters, you should send me off with a flea in my ear. And -- hum -- but it's not. It's -- it's, you know, 17.8 among classified workers or whatever the number is. And you should say, you know, what are we doing? And, you know, departments say to us all the time, what can you do to help? We need to do something. So this is something. It's not everything but it's something.

CHAIRWOMAN UMBERGER: Senator.

SEN. GIUDA: Follow-up.

CHAIRWOMAN UMBERGER: Oh, okay. Follow-up.

SEN. GIUDA: So final question. So these positions would be utilized to recruit throughout State Government?

MR. ARLINGHAUS: Yes.

SEN. GIUDA: Okay. Thank you.

CHAIRWOMAN UMBERGER: Senator Rosenwald, do you have a question?

SEN. ROSENWALD: Thank you, Madam Chair. I'm just curious given the vacancy rate that you don't have current office space or furniture, but you have to acquire more?

MR. ARLINGHAUS: Hum -- well -- hum -- as a testament to Representative Ober, who I understand isn't here on this Committee anymore, but she sort of hounded in us any time you ask for a position make sure that you're -- that you ask for everything that goes along with it.

In this -- in this particular case there's -- the -- the vacancy rate at the Division of Personnel is not high. I think it may be close to zero and so we would need desks in that case. I mean, there are desks in and around State Government, although realistically what a lot of agencies do is slowly replace their

World War II surplus desks, which I'm fond of, but not everybody is as they add new positions, so.

CHAIRWOMAN UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Well, I just want to put in a plug that you have to get creative, because we approved \$15 million to help with DRF beds and building them in Epping. And I know throughout that whole process we told the hospital they have to bring employees from other parts of the country to get that up and running. That's one of the reasons we put that pitch together, and I think things like that are happening throughout government. And, you know, as we go to the Executive Council with approval on that, there was a lot of thought that went into how do we get a company to come in and bring jobs to New Hampshire to help solve a problem that we know we have.

So, I think that's -- we're doing that and I don't -- I think any business is competing with us for 19%, I mean, you know, right now in vacancy rates. And that's no reason to go and do some kind of study to tell me that you have to raise the rates in government because the other side's going to raise their rates, right, when you do it. So I think there's a balance here. We'll figure it out, but just keep fighting. I mean, I think people want these jobs and we should just keep promoting them, so.

CHAIRWOMAN UMBERGER: Senator Daniels.

SEN. DANIELS: Thank you. Commissioner, you mentioned that the new positions would focus on three particular areas. Could you identify those areas?

MR. ARLINGHAUS: The -- the -- I'm going to have to read the item because it's been a while. I mean, the big picture is that, you know, we have issues with -- let me -- let me back up a step. Uh -- what we need to focus on is anywhere in State Government where we have difficulty hiring people. There's some very obvious ones that people talk about all the time. There are

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

a lot of health care professions where we have difficulty maintaining a workforce. There are, you know, I think every Fiscal meeting I've been to somebody's talking about nurses, right? And that's an obvious thing that everyone's aware of.

We want to help to the extent that we can in that area; but what we really need to do is to talk to agencies about worker -- worker classes where there are -- where there are large vacancies and whether or not we can help. There's going to be some areas where someone says, listen, I've got an issue with pharmacists and if you're not going to help me with that, I have a different plan for that. There's gonna be somebody else who says I have an issue here. You are going to help me with that.

So the first thing we're actually going to do, it's not really about specific areas. Like, we're not going to do this and we're not going to do that. It's about identifying the areas where we can add the most value immediately. And the place we start with that is vacancies. And some of them you know about and some of them you don't, right?

I have 40% vacancy rate among building service workers which, you know, I think we're the only people -- we're not the only people. We have the most building service workers. Building service workers used to be called cleaners and they're wonderful people. The last person I talk to every single day is Beth who cleans the -- the first floor and then some of the Annex. And, you know, God bless her. She's been here a long time. But very few people, it's not -- it's not an attractive job. And exactly how we change the vacancy rate from 40% because, you know, the State -- the State workforce is a great thing, but it's not a lot to say about cleaning toilets. It's just not the number one on anybody's list. So -- so it's not really about areas. It's about vacancies.

SEN. DANIELS: Follow-up.

CHAIRWOMAN UMBERGER: Follow-up.

SEN. DANIELS: If I recall correctly, I believe in the budget the House had put in an Amendment that said that HHS would have no more than 3,000 positions. Currently, as I look at the vacant positions, and -- and the positions, there are currently 3249 positions. So as you're out there looking for HHS personnel, knowing that you can't go more than 3,000, how do you know where to look? Because --

MR. ARLINGHAUS: Well, in a case like that, we work with the agency on -- on their greatest needs and -- and -- and trust them to know. My sense is that the -- that the Department of Health and Human Services has a better handle on its budget than I do, and can keep me out of trouble.

SEN. DANIELS: I guess my point is you're hiring three people to go out and look for -- for specific things. Right now there appear to be more positions in HHS than were authorized by the Legislature. So it would be somebody's -- somebody's duty to instruct these three individuals just where they're going to be looking for help.

MR. ARLINGHAUS: Well, it's something we would work on with, frankly, with any Department about, you know, what are your needs? Where are you actually going to hire people? And -- and, frankly, on some basic level a department will figure out whether they can or can't in that sense. And I don't want to get into whether they have enough or too many. That's something I'll -- I'll promise to talk to Karen about.

SEN. DANIELS: Thank you.

CHAIRWOMAN UMBERGER: Are there any further questions? I do have one. Uh -- as you know, Mr. Arlinghaus, we had suggested that you try to go out to hire a head hunting firm, if that's the right term. And I believe your answer was you wanted to try this first, and then you'd come back to Fiscal with a change. So how long are we supposed to let you do this?

MR. ARLINGHAUS: Well, I -- I would say, you know, given that -- given that bidding and hiring a head hunter firm would take, you know, three to six months at least, give me three months to see if I can hire anybody. If I can't -- the distinction, right, is that if I can hire somebody, then we don't need a firm to do this. We don't need to, you know, overpay a consultant. If I can't hire anybody, then we might need to overpay a consultant.

There are all kinds of problems with having a consultant do this related to access to the system. We can give -- we can give State Employees access to the system in a way that we can't consultants without jumping through a whole lot of hoops and -- and Denis Goulet getting mad at us and, well, not letting us do it actually. So I think that ideally we would like to not hire -- not hire a consultant for this. I think it's tailor-made for people. And I -- my Director of Personnel tells me that she feels very, very confident that we can hire for this position. And I would anticipate, you know, we would post immediately and I'll be able to let you know in a month whether we filled them or not. So that will be my hope. So give me a month -- month or month and a half to hire, and then give me three months to tell you if it's working.

CHAIRWOMAN UMBERGER: Okay. As long as you don't poach from another organization. Okay. You got that? You got that?

MR. ARLINGHAUS: I can't promise that. We post a position, people apply and --

CHAIRWOMAN UMBERGER: Oh yeah.

MR. ARLINGHAUS: -- the 13th Amendment prohibits me from telling them they can't.

CHAIRWOMAN UMBERGER: Yeah. Well, filling your position just creates another position.

MR. ARLINGHAUS: I mean, I absolutely get that. We have that issue all the time. We hire and, oh, they're coming from Employment Security. And I said that because I'm pretty sure George isn't here. But that -- and they're like, yeah, what am I supposed to do now? Well, you steal somebody from Taylor, and then you just go like that. But we're -- we're -- there's a lot of churn inside State Government, which is actually nice for people. People like to be able to advance within the state. But then we also get -- we do get a decent number of people coming in from outside, too.

CHAIRWOMAN UMBERGER: Okay. Uh -- are there any further questions? Yes. Representative Leishman.

**\*\*** REP. LEISHMAN: I'll move the item if you're ready, Madam Chair.

CHAIRWOMAN UMBERGER: I'm ready. Senator Morse seconds. Will the Clerk call the roll.

REP. EMERICK: Okay. Roll on 081. Clerk votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: (Inaudible).

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: FIS 22-081 passes 10 to zero.

\*\*\* {MOTION ADOPTED}

**(10) RSA 106-H:9, I(e) Funding; Fund Established:**

CHAIRWOMAN UMBERGER: We now turn to Tab 10. This is a late item right now or not? No. Okay. All right. This is from Safety, FIS 22-075 -- uh -- wanting to expend money from prior year carryover forward balance for the 911 system. Are there any questions on this? Seeing none. Could I have a motion?

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

CHAIRWOMAN UMBERGER: Thank you, Senator. Do I have a second?

REP. LYNN: Second.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: Thank you, Representative Lynn.  
Seeing no further discussion, would the Clerk call the roll.

REP. EMERICK: Roll call on 075. Clerk votes yes.  
Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: Thank you. FIS 22-075 passes on a vote 10 to zero.

\*\*\* {MOTION ADOPTED}

**(11) RSA 228:12 Transfers From Highway Surplus Account:**

CHAIRWOMAN UMBERGER: Under Tab 11, 22-057, Transfers From Highway Surplus Account. Are there any questions for DOT? Seeing none. Could I have a -- okay. Thank you, Senator D'Allesandro. Second? Representative Leishman. Will the Clerk please call the roll.

REP. EMERICK: Roll call 057. Clerk votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: On a vote of 10 to zero, FIS 22-057 passes.

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

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

CHAIRWOMAN UMBERGER: Now turn to Tab 12, which is FIS 22-059 for the Judicial Council. Are there any questions on this?

SEN. PRESIDENT MORSE: Just a comment, Madam Chair. The or this goes into Mike's list that he's keeping on how much money the House is spending and how much money the Senate is spending. This is a normal process. I get it. I think it's a good process for any conceptual idea that the House is going to send the Senate on a hundred million. But I think it's -- we need to keep this in mind, because we do this every year and it's spending. So we need to understand that.

CHAIRWOMAN UMBERGER: Thank you, Senator. Are there any further questions or comments? Seeing none. Could I have a motion to accept.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

\*\* REP. LYNN: Move the item.

CHAIRWOMAN UMBERGER: Thank you.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN UMBERGER: Seconded by Senator D'Allesandro. You ready? Will the Clerk please call the roll.

REP. EMERICK: Roll call on 059. Clerk votes yes.  
Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: FIS 22-059 passes on a vote of 10 to zero.

\*\*\* {MOTION ADOPTED}

(13) **Chapter 91:70, Laws of 2021, Department of Corrections; Transfer Authority:**

CHAIRWOMAN UMBERGER: Now we turn to Tab 13, which is FIS 22-060, Department of Corrections, wanting to transfer 7 million plus in General Funds among various accounts. Are there any questions?

\*\* SEN. GIUDA: Move the item.

SEN. D'ALLESANDRO: Yeah. I've met with Corrections and asked Corrections to come up maybe and let's -- let's address their -- their situation because as Senator Morse has pointed out, we've been doing this every year that I've been on Fiscal Committee for a long, long period of time. And when you look at the vacancy rate at Corrections, the rate -- the vacancy rate is extremely high.

They've used the National Guard in the kitchen to help out and we have to pay back the National Guard. We're gonna use our funds, I think, to pay back \$500,000 to the National Guard. The overtime is as -- as it is here, it's going to reach 15 million, maybe more, I'm not sure. But think about the second year of the biennium if we don't make those two.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

So just, if I might, a question to the -- to the group. I understand you do a magnificent job at maintaining what we have. And I credit you for that. I've been involved with Corrections for most of the time I've been in State Government.

The problem -- the problem that we face now, I think, is exacerbated because we just can't find people to fill these corrections jobs, the overtime is unbelievable and where -- where -- where do we go? I mean, there's got to be a solution out there. Because look at these transfers. They take place from authorized positions, authorized benefits, it would move. So -- we always -- we're always talking about the lapse. Well, there's never any lapse from Corrections, right. There's no lapse there. But, indeed, this is a -- this is a problem, a very significant problem that -- that really has to be dealt with.

CHAIRWOMAN UMBERGER: How can anyone argue with that.

SEN. D'ALLESANDRO: It's -- I understand.  
The -- the -- the -- the argument is what's the solution.

CHAIRWOMAN UMBERGER: Yeah, I -- I agree. I agree.

SEN. D'ALLESANDRO: Thank you. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Yes.

SEN. D'ALLESANDRO: To the Department, you know, what is our game plan here? And I think we've made changes about standards and training, right, in a very quick fashion when it comes to taking these people. So the question is do we have a game plan going forward that could address this -- this situation?

HELEN HANKS, Commissioner, Department of Corrections:  
Madam Chair and thank you, Senator D'Allesandro, for sharing all of that information. I hope that the Committee did receive the activities within the Department that we have engaged in over the last several years to be unique and within the authority of

law that we have to both recruit and work to retain our employees that we have.

In the resource materials that I've sent forward, we were making what I would call strides until Covid-19 hit our institution. And even in the first what I would call full year, 2020, we did better than I thought we were going to do.

I will tell you that second, this past second year of working in Corrections, changing our mitigation strategies, we lost a lot of tenured people because they were simply tired. And then on top of then I'll quote your term poaching, we have a unique law enforcement branch of the justice system. Our employees work day in, day out, one-on-one, with people with felonies, bottom line, in a very -- I'll talk about New Hampshire State Prison for men -- old institution.

So when we're training people that their first line of defense are their verbal de-escalation skills and nationally we're saying that police in the community need to improve their verbal de-escalation skills, the Correction employees with, you know, call it two, three years' experience, are very attractive candidates. And then the commensurate equity in wages, we pay about \$10,000 less to a starting corrections officer that's fully certified than they do -- and they pay \$10,000 more in municipal policing and a State Trooper who -- and State Troopers are struggling as well to recruit people are waiving a lot of their - I'll defer to them -- but in discussions I've had with them waiving some of their minimum qualifications for physically able, psychologically screened candidates. So law enforcement in general has faced a hit.

So when we look at Corrections, and I thank the Legislature for letting us use the transfer strategy of using vacancies, because it is the vacancies that are resulting in the overtime to move to overtime because it sends a message to the people working in Corrections today that none of us have given up to provide them the resources they need not to work the intense overtime hours. In the last two years COVID-19 has been the

reason we've leaned on the National Guard because on top of the vacancies, people were legitimately sick. And so I had individuals who were Corrections Officers out of the work environment to the tune of maybe 45 or more in a day on top of our vacancies just fully exacerbated the situation.

So part of what we've done uniquely is we literally started an introduction to Corrections course at the Berlin High School. We had seven participants in the first class, and now we've had a maximum capacity in the second class we're offering. So we are going to look to teaching people what Corrections literally is. That we're not guards. We're not watching that table. We're correcting people and changing a pattern of behavior. We are one-on-one working with individuals with -- who have committed in many instances egregious crimes, and are also struggling with mental health and substance use disorder and they need the support of strong people day in and day out to correct patterns of behavior.

So I thank you for asking that question. I think it's important that this is a profession worth continuing to fight for. But there are some equities that the agency's trying to resolve and we will need the legislators' support so that we're not training fully qualified people who are literally going to another branch of State Government to make \$10,000 more money.

CHAIRWOMAN UMBERGER: Thank you. Representative -- sorry, Senator Giuda.

SEN. GIUDA: Thank you, Madam Chair. Commissioner, good to see you.

MS. HANKS: Nice to see you.

SEN. GIUDA: When a corrections officer newly trained comes out of the police academy, comes over to you, is there any contractual requirement that they remain for a period of time and is that a possibility that could be implemented? I don't know contracts and so forth.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

MS. HANKS: Senator Giuda, that's a great question. There's no contractual relationship. They're like any other State Employee. As you heard Commissioner Arlinghaus, someone can recruit them for another opportunity that they certify for. I will tell you I've seen a few other states that do require, I'll call it a tenure in corrections, before they can go work in certified police occupation. And I think I would have my other law enforcement partners telling you don't do that to me. But that's been some of the strategies that have been discussed.

SEN. GIUDA: Follow-up.

CHAIRWOMAN UMBERGER: Follow-up.

SEN. GIUDA: Regardless of the other law enforcement agencies, we're here to deal with Corrections' problems. And so would this be something that would be implementable under your leadership?

MS. HANKS: Senator Giuda, I think we would have to put forward a legislative change and see what the pallet of the legislature was; but I think it's possible.

SEN. GIUDA: Thank you.

CHAIRWOMAN UMBERGER: Are there any further questions? Yes, Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. And thanks, Commissioner. Good to see you. Just a follow-up to Representative Giuda's question. We've heard of industry providing some sort of help towards education, like a financial benefit. And then that individual has to sign some kind of an agreement with that employer to stay for a certain period of time. Would that be something worth the Legislature looking at?

MS. HANKS: Representative Leishman, I think that's an excellent question again. I had suggested, again, talking about

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

State Employee vacancies, before bargaining they had asked me what do you think, Commissioner, and I said, well, what I'm hearing from my staff is if we did something in the education realm that people would stay on longer, but they're going and advancing their career someplace else. So it's another, I'll call it, carrot or attraction to come work for Corrections or a state.

REP. LEISHMAN: Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Are there any further questions? I have one. Hum -- is the vacancy rate higher at the men's prison than the women's prison?

MS. HANKS: As of today, Madam Chair, I think they're almost equitable. I'll tell you that since submitting the information, our security vacancy rate is 33 percent. That's the highest I've ever seen it. And we have some promising new candidates coming, but it's, again, with that type of vacancy rate we're going to take a long time to play catch-up.

CHAIRWOMAN UMBERGER: Okay. Thank you.

MS. HANKS: And I do want to give one shout out. Senator Morse, I've not come back for more medical money in several years. Thank you. It's not a promise, but I do want to recognize that.

CHAIRWOMAN UMBERGER: Yes.

SEN. D'ALLESANDRO: Madam Chair, that's because of the terrific job she did when we were doing the budget when we talked about dealing with medical costs, how we could reduce medical cost. So I give her kudos for that. We gave her an assignment when the Finance Committee was meeting and she fulfilled it. So there's Charlie Arlinghaus. We ought to give a bonus on that one.

MS. HANKS: I'm not quitting on this one either.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: So, Senator D'Allesandro, is that a motion to approve?

SEN. D'ALLESANDRO: It is, Madam Chair.

SEN. GIUDA: Second.

CHAIRWOMAN UMBERGER: Second by Senator Giuda. Are there any further questions? Seeing none, will the Clerk please call the roll.

REP. EMERICK: Roll call on 060. Clerk votes yes.  
Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: A vote of 10 to zero, FIS 22-060 passes.

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

**(14) Late Items:**

CHAIRWOMAN UMBERGER: Okay. We now turn to item -- Tab 14, and these are the late items. FIS 22-082 is a request from the Department of Natural and Cultural Resources. Are there any questions on this item? Seeing none, could I have a motion, please. Thank you, Senator Rosenwald, and Senator D'Allesandro. Will the Clerk please call the roll.

REP. EMERICK: Roll call on 082. Clerk votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

CHAIRWOMAN UMBERGER: Senator Umberger. I mean, sorry, Representative Umberger. I was on a roll.

CHAIRWOMAN UMBERGER: Yeah, I could tell. I'll vote yes. Thank you.

REP. EMERICK: Madam Chair, the vote is 10 to zero.

CHAIRWOMAN UMBERGER: Thank you. FIS 22-082 passes on a vote of 10 to zero.

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

CHAIRWOMAN UMBERGER: Now turn to FIS 22-083, and this is a request from the Department of Health and Human Services. Are there any questions? Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair.

MS. ROUNDS: Good morning. For the record, Kerrin Rounds.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. LEISHMAN: Thanks, Kerrin. Good to see you.

MS. ROUNDS: You as well.

REP. LEISHMAN: The request you have for six positions. Now, when you folks appeared before us I believe back in October on the 22<sup>nd</sup>, you mentioned that in all likelihood the services to run Hampstead would be contracted.

MS. ROUNDS: Hm-hum.

REP. LEISHMAN: So I was a little surprised to see the number of positions and the cost for the positions in this request. Could you explain the need -- now the response you provided to some of our questions you did say it was going to be similar to the existing state hospital contract. Could you explain how those two line up?

MS. ROUNDS: Sure. So I believe that the Commissioner did testify that it was always our intention to keep senior leadership as State Employees. It offers the State a lot more control over the facility to have the senior leadership be State Employees. The salary levels are in mind with the salaries that are paid to current New Hampshire Hospital executives and Department executives. So that is where those salary amounts are coming from.

There is legislation in place to create unclassified positions, and those unclassified positions will go through the Korn Ferry process to receive the final salaries. So these positions are essentially temporary so that we can hire people into them and then they will be transferred to permanent unclassified positions later.

The other piece which I mentioned in -- I meant to mention in my answer, I may have forgotten -- the revenue cycle team will also be State Employees, but those will be classified employees. So you will see those come through in the Operating Budget when I bring that forward to the Committee. Revenue cycle

being the employees that are working with the insurance companies collecting the funds and depositing them because those revenues will be State revenues. So there is a handful of State Employees that will be part of operating Hampstead.

REP. LEISHMAN: Further question, Madam Chair.

CHAIRWOMAN UMBERGER: Yes.

REP. LEISHMAN: So I went back and looked at the minutes from the October 22<sup>nd</sup> meeting.

MS. ROUNDS: Hm-hum.

REP. LEISHMAN: I just want to read a portion. I believe this was Commissioner Shibinette's response to Representative Edwards' concern about the staffing issue of the hospital. So she goes on to say due to some staffing issues they have not been able to expand their services, meaning Hampstead Hospital, I assume.

MS. ROUNDS: Yes.

REP. LEISHMAN: Our goal is, again, to purchase Hampstead and contract with a third party to assist in running it. So I guess I'm concerned with the number of positions you're requesting. I could see like a contract officer, someone to oversee the running, but six positions which include senior management to run a facility that right now has only 45 individuals under their care.

MS. ROUNDS: So I think that, not to be nuanced, but her response was assist in running the facility. So I think that that may not have been the most direct way to say that there would be State Employees there, but I don't think that that ruled out that there would be State Employees there.

I think as far as the number of beds, we've made it very clear that our intent is to expand the number of beds as quickly

as we possibly can. And this is a 24-hour facility. So it certainly requires a number of executives. It's a, you know, right now a tens of millions of dollars business, so it requires a CFO. It requires accounting staff. I think that these positions are absolutely required to run this facility.

REP. LEISHMAN: I don't have anything further, Madam Chair, but thank you.

CHAIRWOMAN UMBERGER: Are there -- Senator Rosenwald.

SEN. ROSENWALD: Thank you. We got a report from Administrative Services about the vacancy rates. And New Hampshire Hospital has a 26% vacancy rate, the bulk of which are over 90 days vacant. So how realistic is it that you can hire all the staff you're going to need for Hampstead when we haven't been able to at the State Hospital.

MORISSA HENN, Associate Commissioner, Department of Health and Human Services: Yes, thank you so much for the question, Senator. My name is Morissa Henn. I'm an Associate Commissioner. And I think one of the things that's important to consider here is how much of a transformation is really occurring at Hampstead. This is not -- Hampstead has served a critical role in partnership with the State in caring for children, has done a fantastic job. The future is going to be so much more comprehensive in terms of what we will be able to offer youth, adolescents across the state, including standing up the first ever psychiatric residential treatment facility filling a huge gap in the continuum of services.

So it's not going to be easy. Hiring is not easy right now. But what we believe is that this will be an attractive place for people to come work because they will be part of what the Governor himself has said is, and the Commissioner as well, is really a state-of-the-art center of excellence ultimately.

And so I think that's part of it is attracting people based on the ways in which this is -- this is a change in status quo and a part of our larger transformation.

I think the second thing is that bringing in a vendor who has the capabilities, the recruitment skills, the national linkages even to be able to attract people in a way that has not been possible previously. We're seeing that right now with the temporary staff that you all approved funding for that has not been easy to bring in, that strike team to Hampstead but we're doing it. We're effectively opening more beds the last several weeks thanks to the ability of a national vendor to extend its reach in bringing people to the state.

CHAIRWOMAN UMBERGER: Are there further questions? Senator Morse.

SEN. PRESIDENT MORSE: Just to be clear, we're going to create a management team and we're hiring a vendor.

MS. ROUNDS: Correct. But these positions will not be duplicated by the vendor.

CHAIRWOMAN UMBERGER: Representative Lynn.

REP. LYNN: Yeah, I think I'm a little bit confused. I wonder if you could just explain for us the analogy, I think you said at the beginning in response to Representative Leishman's question, you drew an analogy to the State Hospital. So I wondered if you could -- could you just explain, for example, how many -- in the top management of the State Hospital, how many of those people are State Employees, and then what percentage of the people under them are not State Employees, and compare that or contrast that with what you envision for Hampstead Hospital?

MS. ROUNDS: So it's definitely not a perfect comparison for a number of reasons, but the executive team is similar at New Hampshire Hospital. There's a CEO, there's a COO, there's a CFO.

All of those things exist at New Hampshire Hospital and they are State Employees there, unclassified State Employees.

The staff at New Hampshire Hospital there, of course, is the contract with Dartmouth that provides some of the clinical staff; but many of the nurses at New Hampshire Hospital are State Employees.

With the contract at Hampstead, we anticipate that all of the nursing staff will be contracted through the contractor. So there are definitely less anticipated State Employees at Hampstead percentage-wise than there are at New Hampshire Hospital.

REP. LYNN: Follow-up. Can I --

CHAIRWOMAN UMBERGER: Follow-up.

REP. LYNN: -- just ask is there -- is there a plan sort of over the longer term that as people that are now contract or people that are envisioned to be contracted employees at Hampstead Hospital, as they sort of turnover that those people would be replaced with State Employees?

MS. ROUNDS: No. So right now, and the Commissioner has informed G&C of this as well, our plan is to bring forward a contract, a two-year contract that it will be sole sourced because we need to move so quickly as we close on this facility. During those two years we will evaluate what the best model will be and have time to issue an RFP and all of those things. So it won't happen rolling throughout those two years. When we get through those two years there will be a new, you know, potentially a new model or the current model will continue.

REP. LYNN: Thank you.

CHAIRWOMAN UMBERGER: Senator Daniels.

SEN. DANIELS: Is it your intent that the executive team that you hire is going to be an ongoing operating cost?

MS. ROUNDS: Yes.

SEN. DANIELS: Follow-up. Yet your request is that you're going to be using ARPA funds which are one-time funds.

MS. ROUNDS: Yes.

SEN. DANIELS: Do you find that a prudent way to use one-time money for ongoing costs?

MS. ROUNDS: So I think that some of this is one-time in the sense that we may hire them, you know, just prior to acquisition. You know, we know the purchase and sales is in place. We may want to get some of those people on board and moving things along as we come closer to close. And we will be presenting an operating budget that will fund those positions as unclassified positions. And, also, we'll likely use ARPA funds, unless there was a bill in the Legislature to appropriate General Funds.

So I think that the Operating Budget potentially does include some small amount of operating funds until we move into the budgeting process for -- I always have to think of the Fiscal Years in my head. We're currently in 22-23, so 24-25.

SEN. DANIELS: Thank you.

MS. ROUNDS: You're welcome.

CHAIRWOMAN UMBERGER: Are there further questions? Senator Giuda.

SEN. GIUDA: Thank you, Madam Chair. Thank you, Kerrin. So if I'm hearing correctly, we're establishing a management team that is unclassified.

MS. ROUNDS: Yes.

SEN. GIUDA: For the indefinite future of the hospital and that the vendor, whom you refer as basically an employment agency that'll provide the staff. Would that be an appropriate characterization?

MS. ROUNDS: I don't think that that's the right characterization. The vendor certainly will be doing daily operating of the hospital as well. They will just be doing it in conjunction with the management team. So it's not like they're just providing a staff and these people will supervise all of them. It's not quite like that. There will certainly be supervisors within the contracting, you know, within the contractor that's managing the hospital as well. It's just with the oversight of this team.

CHAIRWOMAN UMBERGER: Okay. Are there any other questions?

REP. LYNN: Yes. May I just --

CHAIRWOMAN UMBERGER: Yes.

REP. LYNN: Can you -- can you give -- I mean, this -- I have to say this seems like a really strange, for lack of a better term, way to operate this in the sense that -- I mean, I guess I could see real potential for conflict between these -- these sort of chiefs, you know, very high level people that you're proposing to hire that are employees of the state and then this -- this -- the rest of the universe of employees being under subject to a contract. That there would be great potential for con -- for conflicts between the State Employee directors and the people that are under contract. And I'm wondering if you could just give us -- can you give us some exam -- and it sounds like from what you said earlier that the State Hospital really is a different, you know, you may have a few contracts, the contract with Dartmouth, et cetera, but most of the employees, the lower level employees there, are State Employees.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

So I'm wondering if you could give us an example of other places in State Government that are operated like this, where there's a, you know, the top people are sort of State Employees and then they -- but everybody else is kind of independent contractors are subject to a contract.

LORI SHIBINETTE, Commissioner, Department of Health and Human Services: So I'm going to back up and I'll answer your question along the way to give you some perspective on why we're structuring it this way.

The State Hospital has very -- New Hampshire Hospital has very much a blended management team. We have many senior executives, like the chief medical officer, the chief quality officer both are Dartmouth employees, along with multiple others, and we blend those two leadership teams together to -- to provide operational excellence at New Hampshire Hospital.

The reason for having a leadership team at Hampstead Hospital is because there is a need to have accountability to more than just that physical hospital. That hospital is one part of a children's system of care. So the kids sitting in emergency rooms, the kids waiting for residential placement, all of the kids that are within the children's system of care is linked to the State's children's system of care, which is why we want State Employees leading that hospital so that the strategy is not just about operating that 70 or 80 beds, the strategy of that hospital is how it impacts the entire children's system of care.

So the CEO, the COO, the CFO, those are strategy positions. The day-to-day operations, the third party -- the third-party contractor will have a hospital administrator there who links and blends with this leadership team. But the leadership team is a strategy team. The CEO, the COO that's the role that they play in any hospital management team. Their strategy is to create a

campus of excellence, a center of excellence to link with the entire system of care for children's behavioral health.

We're going to try this for two years. If -- if we in the next two years find that there are certain positions that should be contracted and not State Employees, then we will do the RFP that way. What we do know is the finance team will never be contracted. There is no private entity in this state or nationally that could figure out state financing. It has to be as state employees, right? So when you pull the finance part out, you have the CEO, the COO, compliance officer because it's a state-owned building, and we need to maintain Joint Commission Compliance in order to continue to bill.

General Counsel, again, the same with finance, the legal system within State Government needs to be State Employees. So in any other contract, we -- we also see this type of structure in some of our IT departments when it comes to MMIS and Bridges where we have DeLoitte being a main contractor having a lot of the on -- frontline employees, and then having State Employees supplementing it. We see that in other areas. So it's not completely unheard of.

REP. LYNN: Thank you.

CHAIRWOMAN UMBERGER: Representative Rose -- sorry -- Senator Rosenwald.

SEN. ROSENWALD: Thank you, Madam Chair. So I've been supportive of the State acquiring Hampstead. But my understanding, I think, like some other people was that after the very short term we were looking at hiring State Employees like we do at New Hampshire Hospital and Glencliff.

For example, does this mean that the Department might consider changing Glencliff, for example, from a state employee driven workforce to outside vendors? I'm just -- I'm not sure why the State would want to own it if we don't want to run it

with our own people that we hire and train and because we can't --

MS. SHIBINETTE: We're -- we're not market rate with our wages. So one of the reasons why Commissioner Arlinghaus is here in front of you asking for recruiters is our wage scale does not allow us to -- to recruit people at the level of skill that we need. And, I mean, that is why New Hampshire Hospital has a 38 percent vacancy rate for nurses right now. It's why Glencliff is running at about 80 out of 120 for census because we can't attract staff up there. Our wages are just not competitive.

A third party can pay wages that are competitive with the marketplace. So it makes sense for Hampstead going into a new contract that they absorb the direct care workers; the nurses, the social workers, the mental health counselors under their contract so that they can pay a competitive wage.

Do I think that the State at some point could fix the wage scale to pay a competitive wage? Yes. But I think that is a very long process. I think that's going to take years, and we are going to be running Hampstead in the next three months.

SEN. ROSENWALD: Follow-up.

CHAIRWOMAN UMBERGER: Follow-up.

SEN. ROSENWALD: So on top of the competitive wages that the outside vendor has to pay, they're presumably going to want to make some profit as well. Should we not expect that that model is going to be more expensive down the road than having a State-Owned and operated facility?

MS. SHIBINETTE: The -- no. I would -- I would say that if you look at New Hampshire Hospital and Glencliff and you compare it to comparative facilities, New Hampshire Hospital to other hospitals, Glencliff to other nursing homes, that they're probably some of the most expensive facilities to run, because

of the cost of State Employee benefits, overall state-run. I would say that it costs more to run a state-run hospital or a state-run nursing home than a private nursing home or a private hospital.

SEN. ROSENWALD: Thank you.

CHAIRWOMAN UMBERGER: Are there further questions?  
Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. And this -- this question is as a result of your response to Senator Rosenwald. Now, you said there's a 33 percent vacancy rate at New Hampshire Hospital. How is a contractor coming in that, as Representative Rosenwald pointed out, will need a profit, how are they going to find a competitive or a good workforce if they've got to provide a profit and provide such a rate or contract with you that's competitive?

MS. SHIBINETTE: They are hiring the current staff at Hampstead and increasing their wages to be competitive. So there's that. So Hampstead is staffed to run 45 -- a 45-bed hospital right now. So they will be offering employment to all of those staff, so their current -- their current staff. They also have national connections where they can recruit out-of-state and bring in state which is what we're wanting them to do. We plan to increase the capacity at Hampstead slowly but over the next two years to include a PRTF, to include other acute units.

They have a 12-bed adult unit now. They have the remaining beds being children, but they're also running an IOP, Intensive Outpatient Program, a partial program and other programs that we may or may not continue to run. And then we would absorb those staff into the rest of the hospital beds. We really need to get in and evaluate it.

REP. LEISHMAN: Thank you. Thank you, Madam Chair.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: Are there any further questions? I do have one. Uh -- I assume that currently Hampstead Hospital has all of these people.

MS. SHIBINETTE: Yeah. I wouldn't say all of them, but several of them. And several of them are candidates to come over to be State Employees.

CHAIRWOMAN UMBERGER: I mean, they may not have a contract manager, I -- I -- I guess.

MS. SHIBINETTE: No, but several people on their leadership team has expressed interest in coming into these created state positions.

CHAIRWOMAN UMBERGER: Thank you. Are there any further questions? Seeing none. Could I have a motion, please?

**\*\*** REP. LEISHMAN: Madam Chair, I'll move to table.

CHAIRWOMAN UMBERGER: Representative Leishman moves to table FIS 22-083. Do I have a second?

SEN. DANIELS: Second.

CHAIRWOMAN UMBERGER: Senator Daniels seconds. Will the Clerk call the roll.

REP. EMERICK: (Inaudible).

CHAIRWOMAN UMBERGER: Yep. No, it's no problem.

REP. EMERICK: Roll call to table 083. Clerk votes no. Representative Erf.

REP. ERF: No.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: No.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: No.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: No.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: No.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: No.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: No.

REP. EMERICK: Madam Chair, the vote is two yes and 8 no on tabling.

SEN. PRESIDENT MORSE: Madam Chair.

CHAIRWOMAN UMBERGER: The vote to table fails on a two in favor and eight opposed.

**\*\*\* {MOTION TO TABLE FAILS}**

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: Senator Morse.

**\*\*** SEN. PRESIDENT MORSE: Madam Chair, I'm going to move the item, but I'm also gonna caution everybody. We need to know more what's going on on that campus. I think we need to understand where we're headed here as state. I'll move the item because I think the operational side I understand already. But I think before we go any further with where we're taking plans in the state, I think Fiscal needs to understand that, and especially if this is going to be decisions made when we get out of here in May. I think we need to set some kind of system up where Fiscal's being briefed on it, so. I move the item.

REP. LYNN: I would second, but can I -- may I also make a comment just to --

CHAIRWOMAN UMBERGER: Of course.

REP. LYNN: -- sort of follow-up on what Senator Morse said. I guess I -- I, you know, the one thing that leads me -- led me to vote not to table was your statement that we're going to sort of see how this goes for a couple of years and if we have to make some changes. That -- I -- I -- I think that's very important that that happen. And I guess I'm, you know, I'm -- I'm sort of inclined to defer to what you say. You have sort of the experts in this area. I'm sort of inclined to defer. But I'm not sure candidly that I've gotten a really satisfactory explanation for why it wouldn't be appropriate to just have, you know, one contract administrator for this -- for this operation, and everyone else be subject to -- to the -- a contract administrator that's a State Employee and everyone else be subject to the contract and presume, you know, you say you want to make sure that people are all sort of onboard following the State's plan and all of that makes perfect sense to me. But why can't a -- why couldn't a contract administrator ensure that all the people that are working under the contract are on -- are, you know, on the same page, so to speak.

So, as I say, maybe there are reasons why it makes more sense to do this. I'm willing to defer. But I sort of share the same concerns that Senator Morse has. Thank you.

CHAIRWOMAN UMBERGER: Okay. Is there further discussion?

REP. EMERICK: Yes.

CHAIRWOMAN UMBERGER: Okay. Senator Giuda.

SEN. GIUDA: Thank you, Madam Chair. I would echo Representative Lynn's comments. I've had some experience with federal contracts, multi-billion dollar contracts under the auspices of a single contract administrator with very, very, clearly defined and omnipotent authority to challenge any deficiencies or potential defects in performance. And so rather than establishing an entire staff, I'd like to look towards a contract administrator model and given credence, of course, to your comments that we have three months to get this done.

CHAIRWOMAN UMBERGER: Representative Emerick.

REP. EMERICK: Thank you, Madam Chair. One of the things that's come out of several different dialogs we've had this morning indicates that we're understaffed. And I think we -- we don't really have an opportunity loss or an opportunity cost associated with vacancies. You highlighted that in the New Hampshire Hospital you can only have so many beds because you just can't staff it. So what that's saying is we're not fulfilling our mission as a state because we can't get -- and I'm not looking at you saying you're doing a bad job. I'm saying you've highlighted a reality that if we don't do something about staffing we are going to be deficient as a state fulfilling our mission to our citizens.

So I'm -- I'm just throwing that out there as a rhetorical comment, not directed necessarily at you, but just that all of the vacancies that we're talking about. Thank you, Madam Chair.

MS. SHIBINETTE: Thank you for that comment and -- and I'd like to point out that every -- every program that the Department oversees, whether it's State Employee run or not, is having workforce issues. So every program we want to put forward we can -- we can have the best ideas on how to solve substance use disorder crisis, the mental health crisis. But if our partners in the community also cannot hire people, then it sets us up for failure. So it really is a workforce issue across the state. And in some areas it is the type of work we do when it -- when it's mental health or substance use or the high clinical licensure required. And in some cases it's for the State Employees it's things like wages. So I think every employer has different challenges.

CHAIRWOMAN UMBERGER: Yes.

SEN. PRESIDENT MORSE: Commissioner, the -- you mentioned you're going to be in three months operating, which I -- that's good news. So that means that your deal is going to be signed. Hum -- at that point will you have the ability to talk to us about this concept that you're working on?

MS. SHIBINETTE: Yes. So we're expecting our close date for Hampstead Hospital to be April, May, and then a third party to come in right after that along with this team to -- to operate the hospital for the next two years.

This summer we will enter into drafting an RFP for a long-term how the hospital would be -- would be run. We will take what we learn from -- from the next year or so of operations and incorporate that into the RFP for going forward. But right now it's -- it's the short-term, right? We don't -- we don't have the luxury of time to really sit down and make a decision who's the contract administrator would be a great example, because the decisions made in a hospital are very clinical decisions. So does our contract administrator need to be a doctor, a psychiatrist, a nurse, a business person? All of those things need to be fettered out over the next several months, and then we'll be in the RFP.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

Once we're running the hospital, when we talk about what -- what's our plan for the -- the -- the campus of excellence or the center of excellence? What else is going to happen at Hampstead Hospital as we build out the beds? I think there is the opportunity to have a larger discussion about that spring into summer, for sure.

SEN. PRESIDENT MORSE: Which is where I think the Legislature needs to weigh in, because we are talking about a campus, and those ideas I don't think have been vetted with the Legislature right now. I think it would be beneficial in May because we'll be leaving right after that to come back and have a larger discussion about this.

MS. SHIBINETTE: Sure.

SEN. PRESIDENT MORSE: You'll certainly be on the operational phase by then. And I think one point, and this is in your favor, that I think overall what we've been trying to do and I gave it a plug a little while ago but I'll give it again, we are going to a company that can bring employees into New Hampshire. When we looked at Epping, we were going to an employee that could bring people into New Hampshire. We're not going to solve this unless we get creative like that. And I think that's an important part of this. I think it's a little surprise on the management side, but that's why maybe if you get in there in May we can go through all this.

MS. SHIBINETTE: Yeah. I think -- I think we've made the determination, you know, at the Department that solving several of the issues, workforce included, mental health, substance abuse, is going to take public private/partnerships. And that's what this is. That's what the Epping project is. It's really that public/private so that we have leverage on how our system, our overall system operates, and how that one piece fits into our system. But on -- on the private side, they get to pay the wages and have more operational efficiency than a state-run facility.

SEN. PRESIDENT MORSE: Thank you.

CHAIRWOMAN UMBERGER: Are there any further comments? Yes, Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. And I see Senator Morse staring at me so I'll keep it short. So I'm concerned like Senator Morse about the cost and the long-term implication on the State. You know, ARPA funds we're using \$1.7 million for these six positions out of the 15 million that we took back in October. This money's going to run out, and this is going to be a State responsibility. And I'm very concerned that we have absolutely no idea of the cost and the amount of people necessary to run this position. And I will support Senator Morse's motion, but I'm like others very concerned. We have not seen the information, I think, we need to see moving forward. Thanks.

SEN. PRESIDENT MORSE: Madam Chair.

CHAIRWOMAN UMBERGER: Yes, Senator Morse.

SEN. PRESIDENT MORSE: Yeah, and I'm well aware of what we left on the balance on the 15 million. So I thought about that before I looked at this. But I think the reality is if you look at Hampstead Hospital, and this is why we should talk about this in May, they're not just serving New Hampshire right now. They have clients outside of our state, and they're billing. So you're creating a system here, and I guess that's what I want to see what the intent is. If that's a for-profit setup, manage -- the State's managing a for-profit business, there's a lot to look at there.

I mean, you know, what are we currently writing to Hampstead Hospital as a state. Did we fund them at all, you know. And then what's the income going to be on if you take it from 50 beds and turn it into 75 and then other services, you know. So I think there's a lot to look at in that whole concept thing. It could all be very good, to be honest with you; but I

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

also want to understand what else is going to happen. So thank you.

CHAIRWOMAN UMBERGER: Are there any further comments?

REP. EMERICK: I would just comment on Senator's statement 'cause I think it's looking like a business enterprise like the Liquor Commission, to some extent, you know. And I'm not trying to equate the two. I'm just as a business enterprise it may be a better structure than trying to take the state structure and contract structure and work it together. Just say okay. It's -- it does its own thing, so to speak, and makes its own profit and pays its own wages.

CHAIRWOMAN UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Madam Chair. I think it provides an opportunity for the state. I think it provides an opportunity and it's -- it's -- look it, we did this once before when we deinstitutionalized. It created an opportunity. It was okay, we started, and then we let up on it and didn't -- didn't fulfill our obligations. This is an opportunity. We currently have a contract with Hampstead Hospital. How many how many beds have we contracted for now?

MS. SHIBINETTE: We don't have a certain number of beds, but we're contracted to provide all children behavioral health inpatient services.

SEN. D'ALLESANDRO: Right. So we have a contract that exists now. So we have an opportunity here to provide a desperately needed system and to do it properly. And I think coming back and letting us know what the final operation looks like is very important. I've been down this road before. I was here. And I saw success and then failure. Now I'd like to see success and success.

CHAIRWOMAN UMBERGER: Okay. Are there any other comments? Seeing none, will the Clerk call the roll.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. EMERICK: Roll call on 083. Clerk votes yes.  
Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: No.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 9 to 1.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: FIS 22-083 passes on a vote of 9 to 1.

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

CHAIRWOMAN UMBERGER: We now move to FIS 22-084 which is in the same tab. This is authorize HHS to accept and expend three -- three hundred -- \$300,300 in -- in rescue money. And this is for wage enhancements for licensed nursing assistants at Glencliff Home. Are there any questions? Yes, Senator Rosenwald.

SEN. ROSENWALD: Thank you, Madam Chair. I notice this is a 16-week wage enhancement. Do you expect to be back after that to request more funding for this program?

JOE CARISTI, Chief Financial Officer, New Hampshire Hospital, Department of Health and Human Services: Good morning. For the record, my name's Joe Caristi. I'm the CFO for New Hampshire Hospital and Glencliff.

We made it a 16-week program or I guess by way of background, so in the fall most nursing homes received a portion of funding, ARPA funding. And a lot of them have used that for similar kind of wage enhancement programs. Glencliff was not a part of that at that time, but we did approach GOFERR to request the additional funding. And so what we were provided or assuming it passes today, what we will be provided is the dollar amount that was equal per, I believe, it was bed as any other nursing home facility in the state.

So to try to structure knowing that we have kind of that finite amount of money, to try to structure something that was meaningful to our LNAs to try to stabilize our staffing, we identified a 16-week program would allow us to pay a rate that that would be meaningful for those individuals. So that's kind of how we got to the 16-week time frame. We are hopeful that that 16 weeks will carry us into the summer where COVID we have seen eases up a little bit. And we're hopeful that that helps with some of our staff satisfaction and kind of workload that they're carrying today.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: Are there further questions? Senator Giuda.

SEN. GIUDA: Thank you, Madam Chair. Can you comment on the census at Glencliff as opposed to its full capacity?

MS. SHIBINETTE: Thanks. We're -- we're running right around 80 right now, between 75 and 80. Total capacity is 119. So running quite a bit below capacity for a variety of reasons. We have leaned on our other nursing homes to take people with mental illness into their communities. We don't believe that -- that the elderly that suffer mental illness need to go to Warren, New Hampshire, to get services. We believe that they should be able to get services in any nursing home across the state.

So we have been working with nursing homes to open up additional behavioral health beds in local nursing homes. In addition to that, the staffing issue has created an issue for maintaining it at full census. So allowing -- so dropping it down to a point where we can close off a unit and reallocate those staff, basically use them more efficiently.

CHAIRWOMAN UMBERGER: Further questions?

SEN. GIUDA: Follow-up. Thank you. Commissioner, so safe to say that the decreased census is due to the shortage of personnel primarily.

MS. SHIBINETTE: It is both. It is both the shortage of personnel and it is our attempts to move men -- people with mental illness that are seniors into the community, for sure. This -- this enhancement itself just equalizes the playing field. We've given this money to every other nursing home in the state to enhance wages for their employees. Glencliff was not given the same enhancement as nursing homes. So all of the -- the nursing homes around Glencliff are pulling their

staff from them because they're offering incentives that we weren't able to offer.

CHAIRWOMAN UMBERGER: Further questions? Seeing none, could I have a motion, please.

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

CHAIRWOMAN UMBERGER: Thank you, Senator D'Allesandro.

SEN. GIUDA: Second.

CHAIRWOMAN UMBERGER: Seconded by Senator Giuda. Will the Clerk please call the roll.

REP. EMERICK: Roll call on 084. Clerk votes yes. Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: No.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: Yes.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative Umberger.

CHAIRWOMAN UMBERGER: Yes.

REP. EMERICK: Madam Chair, the vote is 9 to 1.

CHAIRWOMAN UMBERGER: The vote on FIS 22-084 is nine in favor, one opposed. It passes.

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

CHAIRWOMAN UMBERGER: We now turn to FIS 22-086, and this is our -- the Governor's Office for Emergency Relief and Recovery, authorization to accept and expend 30,000,200 or sorry, \$30,032,503 in federal -- in ARPA money for rental assistance. Are there any -- yes, Senator Morse.

SEN. PRESIDENT MORSE: Yes. Is this direct money from Washington on the rental assistance? I guess my bigger question is it's not part of the 990 -- okay.

MR. CASWELL: No, Senator. Taylor Caswell again. No, this is under the Emergency Rental Relief Program. It's separate from the Fiscal Recovery Fund.

SEN. PRESIDENT MORSE: Thank you.

CHAIRWOMAN UMBERGER: Are there any further questions? Senator D'Allesandro.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

SEN. D'ALLESANDRO: Thank you, Madam Chair. There have been some real concerns about how quickly this is getting out, and I know people are working overtime, double time to get it out. And, Taylor, what is -- what is -- what is the main problem? Is it the paperwork? Is -- I mean, is that what it is? There's a paper log jam? In terms of -- I know that the Community Action Programs are basically given the responsibility of moving this stuff out the door and they've done a pretty good job. But what is the basic -- the basic problem?

MR. CASWELL: Yeah, Senator, all your points are well taken. We've been reducing -- New Hampshire Housing Finance Authority has really been sort of spearheading this effort with the CAPS. They -- they have -- it's a very hand holding sort of experience that you have to get through for each applicant in order to get, you know, through the eligibility component and get the money to them. The time that it takes for them to process this entire process has been going down as we've gone along here. As far as the specific like exact reasons why, I can't really speak to that specifically, but we do watch that category from the GOFERR side.

I would say broadly, though, the funding that we're talking about here is a late item because we only got this resource dropped into the State accounts last Friday. So we want to move that over to them so that that's not standing in the way of any further delays that you're referring to.

SEN. D'ALLESANDRO: Thank you. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Thank you. How many families are you anticipating this \$30 million is going to help and what -- for how long? What kind of scope?

MR. CASWELL: Overall at this point under -- if you take both the ERA1 and ERA2 there have been a little over 13,000 households that have been assisted thus far, and the average

amount of that assistance is just under \$8,000. So that's the scope. This continues the -- the pace of that program.

CHAIRWOMAN UMBERGER: Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. Nice to see you, Commissioner. I guess I could call you the ARPA czar perhaps. Could you --

MR. CASWELL: Please don't.

REP. LEISHMAN: Could you tell us, you know, we see these requests coming in. You just mentioned this came in like last Friday or whatever. Is there more out there or is this getting close to that's it?

MR. CASWELL: There's still more left, yeah. So we expect to have the ability to see another tranche of funding under this particular program sometime in the next couple resources in order to continue to see the funding hit our accounts. But once it does hit our accounts, we amend the contract and then send that money over to NHHFA and have them continue to run the program.

REP. LEISHMAN: Thank you. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Are there further questions? Seeing none, could I have a motion --

SEN. GIUDA: Madam Chair.

CHAIRWOMAN UMBERGER: Oh, I'm sorry, Senator Giuda. Excuse me.

SEN. GIUDA: Thank you. Can you comment on the eligibility requirements to participate in this or maybe Ben might be able to better do, I don't know.

MR. CASWELL: For the rental program?

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

SEN. GIUDA: Yes.

MR. CASWELL: I mean, if Ben wants to talk or Rob wants to talk a little bit to that they could probably give you more detail than I can. Do you want to -- sure, come on up.

ROB DAPICE, Executive Director, New Hampshire Housing Finance Authority: Good afternoon, Senator. Thank you for the question. For the record, my name is Rob Dapice. I'm the Executive Director of New Hampshire Housing Finance Authority.

So the Emergency Rental Assistance Program was established by Congress with income and eligibility limits. The income limit is 80% of area median income for where the applicant resides, and then there also eligibility requirements associated with the hardship that the applicant must have experienced during the COVID period and the eligibility -- the hardship -- the specifics of that hardship requirement are a little bit different between ERA1 and ERA2. This funding request is for the ERA2 funds, which are a little bit more flexible. Somebody must have experienced a significant loss of income or increase in expenses during the period of the COVID pandemic.

CHAIRWOMAN UMBERGER: Do you have a follow-up?

SEN. GIUDA: So my presumption is then that they would have to provide some evidence of COVID causation to be eligible. We're not just distributing money to people that want it.

MR. DAPICE: So that was a specific requirement of ERA1 was that there would be a COVID -- a direct relationship between the COVID pandemic and the hardship that the person experienced. It's not quite as direct a relationship that's required under ERA2. And so somebody has to self-attest that they experienced a hardship, but they don't have to necessarily draw the connection between the COVID Pandemic. In a lot of cases it's related to something like increased household costs associated with increased gas prices or food, heating, utility prices, and things like that.

REP. EMERICK: Anybody can get it.

CHAIRWOMAN UMBERGER: As long as you (Inaudible).

REP. EMERICK: I do have a question.

CHAIRWOMAN UMBERGER: Okay. Representative Emerick.

REP. EMERICK: Thank you, Madam Chair. You -- you dropped a number out there of 13,000 are currently in the program or have taken advantage of the program?

MR. DAPICE: Thirteen thousand households that have been assisted or are currently being assisted.

REP. EMERICK: What percent of the population?

MR. DAPICE: So it's households as opposed to individuals.

REP. EMERICK: So it's even greater?

MR. DAPICE: That's right.

REP. EMERICK: Wow! Okay. That was -- how many -- do you have a backlog?

MR. DAPICE: So there are several thousand applications that are currently pending that the CAP agencies have received that they haven't completed processing and determined their eligibility. That's about 4,700 applications at the present time.

Now, some of those are applications from households that have already been assisted. So it's not necessarily another 5,000 households that are going to be assisted, because you can only apply for a certain amount of assistance at a time.

REP. EMERICK: So follow-up.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: Hm-hum.

REP. EMERICK: So using Kentucky windage of how many individuals per household blah-blah-blah, we could be talking about 3% of the population. Fifty percent of households of the -- of the state. I'm not trying to pin you down, I'm just saying this is a bigger number than I had envisioned or I could anticipate.

MR. DAPICE: Yes, I think it's certainly more than 1%, and it may be as high as 3% of the population been assisted in some way through this program.

REP. EMERICK: Thank you. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: And this is just rental assistance; correct? This is not mortgage assistance.

MR. DAPICE: It's not mortgage assistance. It's rental assistance, and utilities, and associated costs.

CHAIRWOMAN UMBERGER: Senator Giuda.

SEN. GIUDA: Thank you, Madam Chair. Did this program exist pre-pandemic?

MR. DAPICE: No.

CHAIRWOMAN UMBERGER: No. Are there any further questions? Thank you. Could I have a motion, please?

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

CHAIRWOMAN UMBERGER: Thank you, Senator D'Allesandro. Do I have a second?

REP. EMERICK: I'll second.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: All right, Representative Emerick seconds. Would the Clerk please call the roll.

REP. EMERICK: Roll call on 086. Clerk votes yes.  
Representative Erf.

REP. ERF: Yes.

REP. EMERICK: Representative Leishman.

REP. LEISHMAN: Yes.

REP. EMERICK: Representative Lynn.

REP. LYNN: Yes.

REP. EMERICK: Senator Daniels.

SEN. DANIELS: Yes.

REP. EMERICK: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. EMERICK: Senator Giuda.

SEN. GIUDA: No.

REP. EMERICK: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. EMERICK: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. EMERICK: Representative UMBERGER.

CHAIRWOMAN UMBERGER: Yes.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. EMERICK: Madam Chair, the vote is 9 to 1.

CHAIRWOMAN UMBERGER: Thank you. FIS 22-086 passes on a vote of 9 to 1. Thank you very much.

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

CHAIRWOMAN UMBERGER: Commissioner Caswell, we're not letting you go. Okay.

MR. CASWELL: I wasn't trying to sneak out.

CHAIRWOMAN UMBERGER: Yeah, I saw that. I saw that. Hum -- we had asked the Commissioner to come to us with -- to provide a CARES funding update which -- which we got this morning, and -- and we thank you for that. And next month he will be here to talk about where we stand on ARPA money. So I will turn it over to you.

MR. CASWELL: Certainly. I'm happy to do it, and thank you, Madam Chairwoman.

So I wanted to walk through a couple of things with regard to the background of CARES Act. You should have documents in front of you that give you the outline of the programs that were included under CARES Act. So a couple of things. I'm going to talk about sort of the background of this. What we've -- the usage that we saw as a result of the programming, a little bit about how we run the process or how we ran those programs at GOFERR, and then just sort of where we are with CARES right now.

So if you go all the way back to March 13<sup>th</sup> of 2020, that's when the Governor declared the state of emergency and the CARES Act was actually signed into law shortly thereafter on, I believe, it was March 27<sup>th</sup>. We established GOFERR on April 14<sup>th</sup> of 2020, and immediately those resources started coming to the state and a number of programs were designed, initiated, and executed and deployed pretty quickly, because we had the Main

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

Street Relief Fund which was our first program that was designed to assist small businesses around the state. That launched on May 15<sup>th</sup> of 2020. And in the end that fund ended up providing resources to the tune of around \$400 million to state employers.

Subsequently by July 17<sup>th</sup>, a good -- almost a billion dollars' worth of that CARES Act funding that we had received was obligated and started to move out the door pretty quickly. And this was very much by design at the time. We wanted to make sure that these immediate relief funds were treated as such and were out to the people that needed it as quickly as we could get it.

I do think it's worth noting as well that the speed to which we were able to move those funds enabled a lot of businesses to keep their doors open, a lot of people could stay employed through some of the depth of the pandemic in the summer and fall of 2020, and did line us up quite nicely as we started to see our unemployment rate go from 16% at the height right down into 3% in January and February of 2021. So -- and that was at a pace that exceeded other states in this part of the country.

If we look then to continuing on, we had the deadline, original deadline for CARES Act as you will recall was December of 2020. On December 27<sup>th</sup> of 2020, the Federal Government changed the deadline and pushed it out for a year, which did throw a couple of programs into, you know, it enabled us to extend the life of several programs and to recycle some of those resources over the course of 2021.

In June 2021, the state of emergency expired, and -- and then we went on from there. I would say in-between there I would note as well there was in the April time frame, we did require those businesses that had received Main Street funds to submit their reports to us and to DRA, at which time we were also told that some of those funds, if they were not directly attributable to revenue losses during that period of time, that there would be a need to recoup some of those funds from some of those

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

businesses, at which point that we -- we launched a new program that allowed businesses to take COVID related expenses in 2021 and apply them to the potential recoupment amount that they were facing under that chain -- under that provision, and subsequently reduced the recoupment load pretty significantly for businesses around the state.

I would add that we additionally added a program near the end of 2021 that -- that further gave further opportunity for businesses to reduce that amount by with a COVID expense program that allowed them to be reimbursed for COVID-related expenses for almost the entire year of 2021. So that extension of time that we had experienced in December of 2020 really did allow us to go back and make sure that we recycled those funds back into the businesses that need it.

MR. CASWELL: Hum -- just in general, of course the total amount that we were provided by the feds under the CARES Act was \$1.25 billion. At this point we have expended and obligated \$1.18 billion. We fully expect by the time that we're done with the program later this fall that we will have expended every -- every cent of that \$1.25 billion.

Over the course of the life of CARES Act there were around 70 individual relief programs that were initiated and over 15,000 recipients of funding under the program. And as I pointed out, a good portion of that, roughly about half of those funds, were related to employer relief. And I would point out that the employer relief component of that was not exclusively for profits. We also provided a number of programs for non-profit employers, including the program called the NERF program, that I think totaled around \$41 million. That was basically a copy of the Main Street Program that allowed those non-profits to also benefit as employers from those resources.

We also had programs for hotels and for lodging operations, performing arts, and restaurants as we went through that process.

The second largest component of resources if you take them in big buckets was really in the health care space. All total under CARES Act that was around \$236 million. Those were for things like hospitals -- direct hospital support, long-term care facilities and stabilization, mental health facilities, and substance use disorder programming.

I wanted to spend just a quick moment on how this process sort of operated behind the scenes, because it is one thing to be able to get the funding approved and to move forward. It's another thing to operationalize this number of programs. And, you know, while I came to GOFERR in September of 2021, there was a lot of action that had already taken place under Jerry Little's role in the same role that I had in the staff, some of whom are still with us on the GOFERR side put in extremely long hours in getting these programs up and running.

We would go through a whole process of making sure that everything that we were proposing, all of the provisions of the program met the eligibility requirements of CARES Act. We would have to go through a process just, for example, on the Main Street Fund alone of designing an application. We -- that -- that -- we tried to keep that as short as we possibly could. It went through a whole process of making sure that we were not requiring anything that was not absolutely necessary to run the program or to report on that program later on.

That all had to be developed and put on-line, tested extensively, and then used by tens of thousands of businesses. And then once those applications were reviewed we had to -- received we had to review all of those applications and, once again, work with those businesses and individual organizations to make sure that what they were requesting met the requirements.

Our whole attitude throughout this entire period was to get this money into the hands of the recipients with as little bureaucracy, so to speak, as necessary, and to really continue

to recognize, as I mentioned, that these funds were relief funds and we treated them as such and tried to get them out the door as quickly as possible. But a lot of businesses had individual circumstances, had individual situations that needed literally a lot of hand holding from our staff and also from the Department of Revenue Administration which was very central to at least that particular program.

Then we get to the point of awards. A lot of these programs had literal paper checks that had to go out. That's where our -- our friends at DAS really sort of stepped up and enabled us to move those funds quickly and to get the checks out. The behind the scenes, you know, getting addresses and that sort of thing from us to DRA, to DAS, and this whole process was -- took a lot of time, but it did actually work and -- and the results as I've stated were pretty good.

Now we're very much in the monitoring standpoint and finishing up and getting those reports done. There's a couple of programs, as you know, that we did a little switcheroo at the end of 2021 when they allowed us to put some types of programs into CARES Act from ARPA. Those programs are wrapping up. The recoupment components are wrapping up and we're getting to the point now where we're able to get a clear vision as to what the numbers are looking like. And I would say, you know, the biggest one we're watching is the waterfall amount.

As you know, at the end of the fund once all of the CARES Act programs and everything has been said and done and accounted for, anything that's remaining would waterfall into the State's Unemployment Trust Fund. At this point we're roughly estimating that to be somewhere between 45 and \$70 million once we get to the end of this whole process.

And my friend Chase here spends a lot of late nights reporting to Treasury and gathering information from the different agencies and from so on and so forth to make sure that that all occurs.

So I guess that's the quick overview. I know of a process that many of you were involved in through the Legislative Advisory Board and some of the stakeholder boards that were occurred under the state of emergency. And, again, it's just sort of a snapshot and, again, we'll -- I think we're planning to come back and be here again at your March meeting and give a similar update on where we are with the ARPA funds.

So I think I can stop that there and certainly happy to talk about or answer any questions that anybody might have.

CHAIRWOMAN UMBERGER: Yes, Senator Giuda.

SEN. GIUDA: Very quickly, Madam Chair. Thank you, Commissioner, Taylor, for your testimony. I note that your hair once blond is now gray.

MR. CASWELL: Thank you for noticing, Senator.

SEN. GIUDA: And, with that, I would ask is there any kind of an audit function of these funds, you know, spot audits for the integrity of applicants and things like that?

MR. CASWELL: Absolutely. That's a good point. I neglected to mention that, particularly under the larger programs we absolutely perform spot audits, and we're still doing that and we do it under ARPA as well.

CHAIRWOMAN UMBERGER: Yes, Senator Daniels.

SEN. DANIELS: Thank you. Would you expect that the amount that you'll be left over in the waterfall going to Employment Security would be enough to trigger a decrease in rates for employers?

MR. CASWELL: As I recall, there is a threshold that we are trying to meet with that category and to also stay under.

Because I think we changed that, didn't we? Do you want to explain that?

CHASE HAGAMAN, Deputy Director, Governor's Office for Emergency Relief and Recovery: Chase Hagaman, Deputy Director at GOFER. It's probably a better question for NHES, but we have had conversations about making, you know, ensuring that the timelines are appropriate in terms of meeting any thresholds and triggering any -- any rate cuts or increases. And I believe the amount that we're talking about should not -- at least in preliminary conversations not cause any problems basically is really the short answer.

SEN. DANIELS: Thank you.

CHAIRWOMAN UMBERGER: Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. And, Commissioner, this report was very helpful. And do you share my concerns, because I look at these, a number of the recipients like veterans' programs, homelessness, all good causes. When this money is completely gone, are we going to see a very negative impact on some of these programs that we helped create or support or are my concerns like misguided?

MR. CASWELL: That's a good point, Representative Leishman. We sort of refer to that issue as the prime directive at GOFERR just jokingly, I guess. But the idea of making these investments as one-time as we possibly can make them has been, you know, part of the culture throughout. We have not -- we've been very sensitive to the fact that as you point out there are potentially instances where the emergency and the nature of the emergency created a need, an immediate need to benefit the public, to make investments in more than -- yes, it's sort of operational management type of investments.

My hope is that those can trigger institutional changes in those networks where we had to make those investments to avoid the issue of setting up basically a cliff where we have made

investments that are going to carry an institution or an organization out to a certain point, and then the money drops and away it goes.

So we have had the -- I would say in most instances what you're seeing in the programs, particularly under ARPA, CARES Act was a little bit different in the sense that it was an emergency situation, but we've been very sensitive to minimizing that type -- those types of investments.

REP. LEISHMAN: Thank you. Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Are there further questions? I'd really like to thank you for bringing this information. I think it's an excellent summary that all of us, I think, knew little parts and pieces of but didn't have the full -- the full picture of what -- I can't even say that money. What the -- yes, I can. Only because when I was in the Air Force we'd say, oh, well, it's a billion here and a billion there. What difference does it make.

MR. CASWELL: You should have my job, Representative.

CHAIRWOMAN UMBERGER: Yeah, I should. But, anyhow, I really do thank you for this. It's a great -- it's a great summary document. So thank you.

MR. CASWELL: Happy to do it.

CHAIRWOMAN UMBERGER: Okay. Appreciate it. And we'll look -- we'll look forward to seeing you in March.

MR. CASWELL: You as well.

CHAIRWOMAN UMBERGER: Okay. Are there any questions on the Dashboard that HHS has so graciously provided us? Okay. Seeing none.

**AUDITS:**

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: Hum -- I will now move to our audits. Now, I want you to notice that it says we were supposed to -- on the schedule audits were supposed to start at 10:30. Okay. Just so you know. And I apologize for -- I apologize for all the questions we had to ask.

STEPHEN SMITH, Director, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Madam Chair, Members of the Committee. For the record, Steve Smith, Director of Audits for the LBA.

The first -- the first audit is the College Savings Plan, which is two components, the Unique and the Fidelity Advisor. Joining us from PWC, who's under contract with -- with us in our office is Declan Byrne. He's the partner. Before he begins, Monica Mezzapelle, State Treasurer, would like to make a few comments related to the audit.

CHAIRWOMAN UMBERGER: Certainly. Just make sure the microphone is really close. Okay. Good. Thank you.

MONICA MEZZAPELLE, State Treasurer, Office of the Treasury: Good morning, Madam Chair, or good afternoon, Madam Chair, Members of the Committee. For the record, Monica Mezzapelle, State Treasurer and Trustee of the 529 Plan.

So, first of all, I would like to thank Mr. Byrne and his team at PWC and Director Steve Smith for the collaboration in completing this audit, again, timely and with excellent results. So before I turn it over to Mr. Byrne, I just quickly would like to provide you with a few highlights.

As I recently mentioned to you, the 529 Plan, the New Hampshire 529 Plan has been very successful this year. It continues to provide -- it continues to benefit many New Hampshire families and many families throughout the country to provide the benefits to help them save for -- the ultimate goal to save for post-secondary education.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

The New Hampshire plan remains the fourth largest in the country with approximately \$23 billion in assets under management. The plan has about over 800,000 accounts and -- hum -- and you had a very successful year. Over the past year the plan grew approximately -- I don't have my glasses with me -- 16% and that can be attributed to, again, the performance of the -- the excellent performance of the capital markets, but also due to the contributions from a program manager, Fidelity Investments, that continue their efforts to increase new accounts and increase contributions as this plan continues to mature and more families use these funds to withdraw them for the college expenses. Again, the Plan continues with a steady growth.

As you also know, the State also benefits from the administrative assessment that is charged to 529 participants; and, again, the State in Fiscal Year 21 received approximately 17.7 million and with those funds the State was able to provide about 7,000 scholarships to low-income New Hampshire students. So, again, another successful year there.

The scholarships that were provided went between -- were ranged between \$1000 and \$11,000 for -- for families for students. So, again, another successful year. So we hope that this strength continues in many years to come.

So, with that, I will turn it over to Mr. Byrne for the actual audit results.

DECLAN BYRNE, Audit Partner, PricewaterhouseCoopers:  
Perfect. Thanks a lot and it's great to be here in person. And, for the record, I'm Declan Byrne, the Audit Partner responsible for the audits for PWC for the 529 Plans here in New Hampshire. It is great to be here in person. It's been two years since we presented these results in person, and so it's one of the highlights of the year for me to come here and present the results.

And we did provide our materials in advance. Maybe I'll refer to Page 6 which -- which is the substantive areas of our audit which we executed as of 9/30 year-end. And as Monica said, it was a very successful audit. No major findings as part of this year's -- year's audit. We signed off our audit opinion on December 20<sup>th</sup>. That was pretty consistent with prior year and pretty consistent with where we planned and our designed audit procedures did not have to substantially change during the course of the audit. That's a reflection of the good support we got from both Fidelity, the administrator, as well as Monica's team as we worked through our audits through October, November and December. So pretty standard, good results, with a lot of our team work from home, but that is the new normal.

And my highlight on some of the pages here, some of the reportable items, there's not a lot significant of a negative manner to report, and we did not find any significant deficiencies, material weaknesses, fraud, illegal acts, anything in the control environment worthy of your attention.

We rely significantly on the audits of the internal controls of Fidelity, the provider. They house the books and records and we spend a lot of time with that organization understanding their control environment and making sure they're accurately recording, the existence, valuation, and DD plan expenses that are in the plan. We didn't find any exceptions. We have no unrecorded misstatements or recorded misstatements. So I would say it was a very smooth and well-organized audit, and we released on time so our team could go off and have their Christmas break.

In terms of our other areas of focus in the audit that's fraud, we certainly tend to mix-up our procedures every year from an unpredictable -- predictably standpoint, testing material items just to keep Fidelity on their toes. No exceptions noted.

We also do fraud inquiries with members of management and nothing came to our attention from a fraud or legal acts perspective.

Now, the other parts of our report covers our required communications. And these are standard under professional standards and I refer to them on 8 and 10; but really with nothing of significance that I would actually draw to your attention. We have a lot of no answers here. That's a good result.

Some of the major highlights here is we didn't encounter many difficulties in the audit. The quality of the financial statements are always in line with professional standards, and we've no major exceptions as it relates to disclosures.

As I mentioned, no -- no control deficiencies or identified misstatements. So, overall, as we sit back we're very pleased that we signed off on time. Great collaboration with management. So we're very happy that we're able to finish on time and in a well-organized manner. So, you know, another successful year behind us and we thank Monica's team and the Fidelity for being good partners and giving us all the required support on time so we're able to effectively finish our audit.

So, with that, happy to answer any questions. I know our materials has the other required communications. They're just our standard representation letters, engagement letters that we work with Steve and Monica's team, but nothing of note, all in line with what you'd expect and probably seen before

CHAIRWOMAN UMBERGER: Well, I'm happy that our 529 account -- accounts are in good shape. And I also didn't realize, I knew that we had a large 529 Program, but I didn't realize we were fourth in -- in the U.S. I think --

MS. MEZZAPELLE: We are. We're the fourth largest in the country.

CHAIRWOMAN UMBERGER: Yeah.

MS. MEZZAPELLE: The other largest are Virginia, Nevada, New York. We're behind them, but --

CHAIRWOMAN UMBERGER: Okay. That just -- yeah, that just really speaks to the quality of our -- our 529 Program. And I know this has been going on for years, and years, and years, and thank you for keeping up the good work.

MS. MEZZAPELLE: My pleasure, Madam Chair.

MR. SMITH: Just to remind the Committee in order to comply with SEC requirements you previously approved the release when available these reports I believe back in November.

CHAIRWOMAN UMBERGER: Well, I don't want to get in SEC trouble. I -- I can get into enough trouble. Oh, sorry. Okay. Yeah. Without any help. Okay, Steve. Oh, did that covered -- that covered both Unique --

MR. SMITH: Yes.

CHAIRWOMAN UMBERGER: -- and 529?

MR. SMITH: Yes.

CHAIRWOMAN UMBERGER: Oh, okay. Thank you.

MR. SMITH: The last audit was performed by our office. Joining me is Vilay Skidds. She's a Senior Audit Manager that was in charge of this performance audit. Also joining us from Child Care Unit is Unit Chief, I believe, is Melissa Clement. So, with that, I'll turn it over to Vilay to present.

VILAY SKIDDS, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good afternoon.

CHAIRWOMAN UMBERGER: Good afternoon.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

MS. SKIDDS: Good afternoon, Madam Chair, and Members of the Committee. My name is Vilay Skidds and this afternoon I'll be presenting the Child Care Licensing Unit or CCLU Performance Audit Report.

The purpose of our audit was to determine whether the CCLU's licensing functions were efficient and effective during Fiscal years 2018 to 2021, and our Executive Summary starts on Page 1.

We found the CCLU was generally effective in helping to ensure child care programs in New Hampshire were compliant with licensing requirements. It was also responsive to the child care programs it oversaw. Almost 90% of child care programs responding to our survey reported CCLU staff were professional, knowledgeable, fair, and responsive.

As shown in our Recommendation Summary on Page 3, our report contains eight Observations with Recommendations to increase the CCLU's efficiency and ensure it continues to operate effectively. The CCLU concurred with all eight Observations, require some legislative action.

Our first three Observations address timeliness. We found the CCLU processed initial permits quickly so that new child care programs could begin operating as soon as possible. This was consistent with its priority of ensuring new programs opened quickly. Even during the COVID-19 Pandemic, it processed permits 12 days faster than before the Pandemic. However, it did not always convert permits to full licenses timely. Half of the permits we reviewed were not converted to full three-year licenses before the permit expired. Additionally, less than 20% of the renewal licenses we renewed were processed within the time limits established in the statute.

Finally, we found the CCLU needed to improve its process to ensure programs filed their renewal applications timely. But despite these shortcomings, programs remained open to ensure

children were not displaced while the CCLU processed applications. Additional management oversight and some legislative action establishing specific application processing time frames could help the CCLU be more efficient in processing renewals.

Three of our Observations, numbers 4, 5 and 7, discuss the CCLU's oversight of licensing rules. We found the CCLU conducted unannounced visits to child care programs as required by Federal Law. In fact, 99% of the programs we reviewed received at least one unannounced visit each year. However, the CCLU did not -- had not implemented a standardized tool for licensing coordinators to use when conducting annual visits risking some inconsistency, although it is working towards one.

The CCLU was also effective in ensuring programs corrected violations of critical rules before issuing licenses. Critical rules were those which were deemed most likely to jeopardize the health, safety, or well-being of children or the operations of the child care program itself. However, we found the CCLU lacked -- needed a formal process to monitor the child care programs correct violations of non-critical rules, as well as a process to track when Corrective Action Plans were due.

Our remaining two Observations, numbers 6 and 8, address improvements to the background check process and strengthening data collection to help management evaluate CCLU's performance. Our report also contains two other issues and concerns that did not rise to the level of an Observation, but CCLU management may want to consider. These include reviewing the process for making employment eligibility determinations for some child care workers who previously lived outside of New Hampshire and establishing a process to track the reasons why child care programs close.

Our report also contains some information on the state of the child care industry. This chapter starts on Page 11.

In this section we provide a map showing licensed child care capacity by municipality as of June 30<sup>th</sup>, 2021. The map shows areas where there are high concentrations of child -- licensed child care spaces in dark blue while areas where there are no licensed child care spaces in dark red. You can also see on Table 2 on Page 13 --

CHAIRWOMAN UMBERGER: Excuse me. When you say there are no beds available -- no beds -- no spaces available --

MS. SKIDDS: Yes.

CHAIRWOMAN UMBERGER: -- does that mean they have child care but it's just not open? You just don't have slots for people?

MS. SKIDDS: No, that means that there are no licensed child care facility spaces in that town. So there may be licensing exempt facilities which we didn't look at, but those areas in red have no child care programs.

CHAIRWOMAN UMBERGER: That's very scary. Thank you.

MS. SKIDDS: You're welcome. You can also see in Table 2 on Page 13 that New Hampshire had a net loss in the number of child care programs of about 3% each year or a total of 9% during the entire audit period. However, the loss of licensed child care spaces wasn't as dramatic -- it wasn't as drastic.

If you look at Table 4 on Page 15, you'll see that from Fiscal Years 2018 to 2019 the State actually had net gain in licensed child care spaces. The same was true for Fiscal Years 2019 to 2020. The only time period New Hampshire had a net loss in child care spaces was between Fiscal Years 2020 and 2021 during the height of the COVID-19 Pandemic. The actual impact on the number of child care spaces is still unclear. Even though the number of licensed child care spaces did not change drastically, child care programs who responded to our survey indicated they were operating at about 20% below their licensed capacity.

As child care supply and demand begin to stabilize in the state, the CCLU will have to continue to review its processes and adjust its practices.

This concludes my presentation. I'd like to thank the CCLU staff for their help during the audit, and I'll turn it over to Melissa Clement for a few comments.

CHAIRWOMAN UMBERGER: Thank you.

MELISSA CLEMENT, Office of Program Support, Department of Health and Human Services: Thank you. Thank you, Madam Chair, Members of the Committee. I want to first thank the audit team for their work. I really have appreciated their collaboration and cooperation as they come -- as they came in and requested our records and reviewed everything and made these observations.

We concurred with everything that they found. We recognize that we do need to strengthen some of our policies and procedures. Some of that is due to the fact that I have worked in the Child Care Licensing Unit for 20 years. The supervisors I have under me have been there 14 years or longer, as has our office staff. So much of our policies and procedures are probably not written down as well and as clearly as they should be. It's institutional knowledge that we've had because we have such a long-term staff in our office. So we are definitely working on remedying that situation. We recognize the need to do that as well, and we certainly look forward to implementing what has been recommended as we move forward so we can improve our efficiency. And I'm happy to answer any questions you have.

CHAIRWOMAN UMBERGER: Well, it's very nice to -- to see that child care is not falling apart like we thought it would be. And maybe it is, but we just don't realize it yet with, you know, closures and the percentage. But, really, I thank you for all of the work that -- that you do in this and I am familiar with your inspections and they're very thorough, and as they should be, so. Are there any other questions? Yes, Representative Emerick. No, you turned yourself off.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

REP. EMERICK: Thank you. Thank you, Madam Chair. I was stunned when I read this. On Page 1 in the first paragraph it says there are over 1,000 licensing rules. How can anyone keep track of a thousand rules?

MS. CLEMENT: So thank you for that question. And it's an eye opening one. I absolutely understand that. When you look at the child care licensing rules and how they're laid out, they are laid out the rule section is Hec 4002. So when you look at any rules in that section they're often say Hec 4002.04, letter (a), number (1), Roman numeral I. So they're broken up so that they're very specific. So it looks like a thousand rules, but they may have an overall subject, such as the registration form needs to contain the following items. So the registration form has like 19 items we require so it's 19 rules.

So it's -- it's still a lot. We are working with the new rule that we have -- we have submitted to OLS, and it is under review, hopefully, soon by Joint Legislative Committee on Administrative Rules. We have done our best to condense them. We have created more sections but fewer rules. So we are working towards that. We completely understand it. But that's --

REP. EMERICK: It was just a stunning number, that's all.

MS. CLEMENT: Yes, and some of that just has to do with how previous rules when they were written they were laid out so they were very specific, such as name, date of birth, address. Like that could be, you know, 19 rules just for that one registration form.

REP. EMERICK: Thank you.

MS. CLEMENT: Sure.

REP. EMERICK: Thank you, Madam Chair.

CHAIRWOMAN UMBERGER: Are there any further questions? Okay. Thank you very much and thank you for your continued good work.

MS. CLEMENT: Thank you very much.

CHAIRWOMAN UMBERGER: Appreciate it. Okay. Last time Michael hollered at me. So I'm not going to forget to discuss when our next meeting is.

MR. KANE: Oh, that's fine, Madam Chair. We just need a motion to release the audit, the performance audit.

CHAIRWOMAN UMBERGER: Oh, I -- okay.

MR. KANE: The first two were already, as Steve stated, were already released relative to the SEC. So just a motion to accept, place on file, and release in the ordinary manner.

\*\* REP. EMERICK: So move.

CHAIRWOMAN UMBERGER: Oh, okay. I'm sorry. I didn't -- I thought we had released all of these but it's okay.

REP. EMERICK: I made a motion.

CHAIRWOMAN UMBERGER: Terry.

REP. EMERICK: And second by Senator Giuda.

CHAIRWOMAN UMBERGER: Okay. Senator Giuda. Can I do this an all in favor or do I -- okay. All in favor, please raise your hand? Opposed?

REP. EMERICK: Nine-zero.

CHAIRWOMAN UMBERGER: No, 8-zero.

REP. EMERICK: Oh, 8-zero.

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

CHAIRWOMAN UMBERGER: Okay. Eight-zero.

\*\*\* {MOTION ADOPTED}

CHAIRWOMAN UMBERGER: Okay. All right. Date of next meeting. I don't have a calendar.

MR. KANE: So the third Friday would be March 18<sup>th</sup>, if the Committee wanted to stick with that.

CHAIRWOMAN UMBERGER: I think that's a wonderful day.

SEN. D'ALLESANDRO: (Inaudible).

CHAIRWOMAN UMBERGER: Yeah. That's okay. I don't drink green beer.

You know, something I forgot to mention is I don't know if any of you have looked at the streaming YouTube video, but there are closed captions on the -- on the screen, and you need to remember to truly enunciate very clearly. Because, otherwise, there are some embarrassing things that show up on the scrolling.

So I should have mentioned that at the beginning and I didn't; but I will mention it at the end so that next time we're in a session like this we will try to remember to enunciate.

SEN. GIUDA: No, don't, that way we'll have some good entertainment.

CHAIRWOMAN UMBERGER: Yeah. I don't -- I don't think we need that. All right. Is there any further business? Seeing none, thank you all very much.

(The meeting concluded.)

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**

**CERTIFICATION**

I, Cecelia A. Trask, a Licensed Shorthand Court Reporter in the State of New Hampshire, do hereby certify that the foregoing transcript was transcribed by me from a YouTube recording. I was not physically present at this meeting, and I have transcribed the recording to the best of my ability, skill, knowledge, and judgment.

Cecelia A. Trask, RMR, CSR  
NH Licensed Shorthand Reporter #00047

**JOINT LEGISLATIVE FISCAL COMMITTEE**

**February 18, 2022**