

JOINT FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Monday, November 24, 2014

MEMBERS PRESENT:

Rep. Mary Jane Wallner, Chair

Rep. Ken Weyler

Rep. Peter Leishman

Rep. Sharon Nordgren

Rep. Daniel Eaton

Sen. Chuck Morse

Sen. Andy Sanborn

Sen. Sylvia Larsen

Sen. John Reagan (Alt.)

Sen. Jeb Bradley (Alt.)

(Convened at 10:04 a.m.)

CHAIRWOMAN WALLNER: Welcome, Governor.

HON. MAGGIE HASSAN, Governor, State of New Hampshire:
Thank you very much. Good morning.

CHAIRWOMAN WALLNER: I call the Special Fiscal Committee meeting to order. This is a meeting that we had scheduled special for today. And I am going to -- thank you very much. We have from -- from the Governor, we have an Executive Order, and she's here with us now, and I would like to ask her to address us. Thank you. Thank you, Governor.

GOVERNOR HASSAN: Thank you very much.

CHAIRWOMAN WALLNER: I think you have someone new with you to introduce.

GOVERNOR HASSAN: Indeed, I do. Thank you, Madam Chairwoman, Senate President Morse, and Members of the Fiscal Committee for allowing me to join you all today. And I do want to take a moment to introduce our new budget Director, Meredith

Telus, who just recently joined the Governor's Office, and will be with me today to assist in answering any questions you may have.

In 2013, I was pleased to work with all of you to develop a fiscally responsible budget that met our shared priorities as a state. I know that we continue to share a commitment to those priorities and to a balanced budget. In May I issued an Executive Order directing a freeze in generally-funded hiring, equipment, purchasing, and out-of-state travel, as a preventative and preemptive measure to keep our bi-partisan commitment to a balanced budget. As I suggested when I issued that Executive Order in May, balancing the budget could require additional action. As you know, we continue to face two challenges.

First, shortfalls in the business tax and interest and dividends tax revenues as the result of changes to tax laws passed two years ago. Second, we are experiencing higher than projected Medicaid caseloads with significantly more children now receiving coverage. To address these challenges, I directed State Agencies to submit plans to reduce their budgets. I'm here today to ask that you support an Executive Order to help ensure that we maintain our bi-partisan commitment to a fiscally responsible balanced budget. These cuts, as you know, will not be easy.

In 2013, we developed a lean budget that made strategic investments in critical priorities. But as we continue to deal with the revenue shortfalls, and increased caseloads at Health and Human Services, we must also take strategic action to keep the budget balanced. It has taken thoughtful and careful consideration to develop these reduction plans with a focus on avoiding unnecessary harm, while minimizing the impact on the functions of State Government, and our responsibility to provide critical services to the people and businesses of New Hampshire.

Our hard-working State Employees who have been doing more with less for years are dedicated to serving their fellow

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citizens, and they will continue to perform at a high level. But these reductions will have a real impact on our personnel, the services that they are able to provide, and our ability to innovate in State Government.

In 2008, we had 11,876 positions with a vacancy rate of 8.9%. But by Fiscal Year 2014, the number of positions has decreased to 10,598 while the vacancy rate increased to 11.5%. Many of these positions remain vacant to meet the back-of-the-budget personnel reduction mandated in the budget, and this Executive Order will result in agencies keeping an additional 115 positions vacant for all or part of the remainder of the year.

Overall, these reductions total more than \$18 million in General Funds. They include reductions from vacant positions, reductions to catastrophic aid, and reductions to the Department of Resources and Economic Development's advertising and marketing budget, as well as reductions to Information Technology, which will hinder our efforts to modernize the technology that we use to provide services to the people and businesses of New Hampshire.

While we are making these reductions, we did so with a focus on protecting vital public safety and public health services. That's why we took less than full proportional reductions at agencies, such as the Department of Corrections and the Office of Veteran Services. Other agencies will take at least a full proportional share.

At the Department of Environmental Services, they will only make supplemental payments to municipalities for one year instead of two, as well as defer reimbursements to municipalities for the second tier of water and pollution infrastructure improvements. Additionally, the Liquor Commission has created business plans that anticipate an increase in revenue of approximately \$1 million to adjustment to promotional offerings and certain products pricing.

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While the University and Community College Systems have also made significant reductions, they have agreed to do so without raising tuition. And I thank them for their continued commitment to making higher education more affordable and more accessible. The Department of Health and Human Services is continuing to make significant cuts to cover its internal deficits, and to ensure that its budget stays within its appropriation. My office will continue to work with the Department to finalize these plans and the Department will outline the steps that they are going to take at a later date.

The freeze on generally-funded hiring, equipment, and out-of-state travel, as well as the direction to State Agencies to delay large expenditures, will remain in effect. These reductions are key to ensuring a balanced budget, but there will be additional items that will require approval of the full Legislature, and we will present proposed legislation in the coming weeks. This proposed legislation will also include any reductions to the budgets for the Legislative and Judicial Branches, and I am sending a letter this afternoon to request that the Legislature shares proportionately in these reductions.

Last year we came together across party lines to enact the most bipartisan budget in more than a decade without a sales or an income tax. By carefully managing State Agency expenditures and taking preemptive action to protect our budget, we've ended Fiscal Year 2014 with a surplus. And we will continue to adjust the budget to address declining revenue estimates and increased caseloads for the coming year doing what is necessary to finish Fiscal Year 2015 with a responsibly balanced budget. But as we continue our work to ensure a balanced budget for this biennium, and begin the process to develop our next budget, we must remember what State Government does for our people and our businesses.

My office has recently been working with a constituent who is facing foreclosure because her child's father is in arrears on his child support payments. And because he's moved to Massachusetts, she has not been able to collect the payment that

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her child needs. The State of New Hampshire used to fund a position that was responsible for tracking down out-of-state parents who owed child support. However, in 2010, this position was eliminated, and the State no longer has the staff to find these parents and ensure that they make the payments that they are legally obligated to and that their children need. In some cases, these families will require public assistance to replace their unrealized child support payments. This is the kind of real world impact we see when the State's ability to provide services to our people is affected.

As we implement these reductions, we must not lose sight of the difference that the services that State Government provides makes for the people and businesses of New Hampshire, and how the ability to consistently access these services helps support job creating businesses, expand middle class opportunity, and keep our economy moving in the right direction.

In 2013, we passed a bi-partisan budget that made real progress for the people and businesses of New Hampshire. Fostering economic development, helping keep our young people in-state by freezing tuition at our public colleges and universities, and by expanding opportunities for all of our citizens, including people with mental illness, at-risk children, and people with developmental disabilities. Despite the challenges posed by continued caseload growth, and shortfalls in revenues from business taxes and the interests and dividends tax, it is in that same spirit that I will work with you and our State Agencies to ensure a balanced budget for Fiscal Year 2015, while also keeping our bi-partisan commitment to moving the State of New Hampshire forward.

Thank you, and I am happy to take a few questions.

CHAIRWOMAN WALLNER: Thank you, Governor Hassan. Do we have questions? Yes, Representative Leishman.

REP. LEISHMAN: Thank you, Madam Chair. Welcome, Governor. Maybe a question either you or Meredith could answer for us. I

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heard you mention delay in the Environmental Services. Are these the delayed and deferred payments?

MEREDITH TELUS, Budget Director, Office of the Governor:
Some of them are, yes. The entirety of the DES reduction is not just related to this, but a portion of it is. One step would be to make a one-year supplemental payment. It's not the original payment but a supplemental payment. We'll do it for one year instead of two. And another portion of the reduction would be to defer the second tier projects for yet another year.

REP. LEISHMAN: All right. Thank you.

CHAIRWOMAN WALLNER: Further questions. Yes, Senator Sanborn.

SEN. SANBORN: Thank you, Madam Chair. Governor, thank you so much for coming in. And thank you for your time and compassion last week. I truly appreciate it.

GOVERNOR HASSAN: Well, we're very glad to see you this morning, Senator.

SEN. SANBORN: Thank you. In spite of all that, it hasn't stopped my ability to add and if you'll allow me to go back to some basic math questions, if I could. And I need you to come up at the hundred thousand foot level.

When I look at our revenue basis, our revenue continues to be on, in fact, about \$3 million in excess of what our budget was last year. We are tracking about a million dollars above where our budget is today. So for me as a business owner and as a legislator, it's difficult 'cause I want to talk about revenue and talk about expenses.

GOVERNOR HASSAN: Right.

SEN. SANBORN: I hear chatter that we have a revenue problem, but if our actual revenue levels are above what the

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State planned them to be, then I'd have to say fiscally that we have the revenue in that we had planned that we would have. So my concern is to look on the other side of it is on the expense side which we, obviously, don't control as much as the Executive Branch does. And, obviously, being in Fiscal we've heard a lot of conversations about the Dashboard and we know Commissioner Toumpas does a great job talking about where he is and there's some pretty big concerns on hold there. So when I combine the 48 or \$50 million potential challenge he has there with the \$25 million lapse, with your \$30 million Executive Order from last time and \$18 million here, it makes me concerned that the challenge we have in front of us is much greater than we are talking about today in our desire to try and balance the budget. So where are we statewide on spending, acknowledging, I think I believe strongly as many people here believe that our revenue is there, but on the expense side we are, obviously, very concerned that we spent more than we thought we were going to.

GOVERNOR HASSAN: Thank you for the question, Senator. When you look at our current revenue level, it is slightly ahead of plan. But when you look at what has happened to our business taxes, they are down 7.1% through October. And when you look at our I&D taxes they are down 24% through October. So when you project that trend forward, if that trend continues, we believe that we will see a below plan end result at the end of this Fiscal Year and that is what we are planning for, in addition to the additional caseloads that Health and Human Services is seeing. The additional caseloads are a result of Federal law changes that are making more people eligible for the traditional Medicaid Program, 70% of those people are children. So I think we all agree that it's a good thing for children to have health care coverage. But that is why we are going through these adjustments. That is why we will be proposing legislation to make more cuts that require legislative approval. And that is why the Commissioner is continuing to make cuts in his Department to look at the challenges there. It's going to be a combined approach and it's one we all need to work on together.

SEN. SANBORN: Follow-up, if I may?

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CHAIRWOMAN WALLNER: Yes.

SEN. SANBORN: Thank you, ma'am. Thank you, Governor. I appreciate that. So when you all are extrapolating the rest of the budget and acknowledging that the business taxes and I&D are down, but other revenues are up so our numbers are still consistent, are you comfortable by saying today you think, in your position, that we are facing an \$18 million global revenue shortfall by the end of next year and are you comfortable with that number?

GOVERNOR HASSAN: If that were true, I wouldn't be talking about proposed legislation and other measures going forward. So this is the first step. These are cuts we identified that we can take action on today pending the Fiscal Committee's approval of the Executive Order. We will need to continue to work together to develop more cuts that will require legislative approval, and I am looking forward to working with all of you and with Members of the Legislature to address those actions. And then we are also, you know, continuing the freeze and other actions put into effect by May's Executive Order and the instruction to State Agencies to defer large expenditures that they can. So, all in all, we are going to continue to need to work on this together. And this is a challenge created by both tax law changes and by increased demand and Federal law changes in our Medicaid caseloads. And together we will address those because we all share a bipartisan commitment to a balanced budget.

SEN. SANBORN: Thank you, ma'am.

GOVERNOR HASSAN: Thank you.

SEN. SANBORN: Thank you, ma'am.

CHAIRWOMAN WALLNER: Senator Bradley.

SEN. BRADLEY: Thank you very much. I guess some of us might disagree with your presumption of the tax law changes are the

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problem here since we're coming in on target. Obviously, some revenues are always going to be a little lower than others and some a little higher. But notwithstanding, that's just my soap box, I guess, Governor. A couple of quick questions on this list of cuts. I don't see anything here that would affect the disability wait list?

GOVERNOR HASSAN: We are certainly committed to working with the Department of Health and Human Services and there's nothing on this Executive Order that would impact that. If I may, Senator, I will just respond to the first part of your question. There were two areas in which tax laws changes were made two years ago; business taxes and interest and dividends. Those are the two areas that we are seeing significant reductions or shortfalls. So that is the basis for my observation and judgment in that area. I just think it's important when we go about balancing a budget and creating a budget that we consider both our revenues and spending. They both go together towards the balanced budget.

SEN. BRADLEY: Well, before I get to my question, I guess I respond by saying the fact we have a 4.3% unemployment rate as a result of some of those business tax incentives that we, I think, wisely adopted a couple of years ago and postponed to the next budget. But we can have that discussion on another day.

GOVERNOR HASSAN: We can continue to have that discussion and there are a number of factors here. I just don't think we can rule anything out, and I think it's important to have a combined approach.

SEN. BRADLEY: Fair enough. So in looking at this list of \$18 million, I see no authority for utilizing dedicated funds at this point. I'm assuming that that's what you're talking about coming back for legislative authority to one of your strategies would be to utilize dedicated funds, but I see nothing here; is that correct?

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GOVERNOR HASSAN: That is correct. There is nothing regarding dedicated funds in this Executive Order. Moving forward on the items that would require legislative approval, including legislative reductions and Judicial Branch reductions, everything is on the table.

SEN. BRADLEY: And last question. Thank you very much, Madam Chair. I also see nothing in terms of inter-departmental transfers between departments.

GOVERNOR HASSAN: Correct.

SEN. BRADLEY: Thank you.

CHAIRWOMAN WALLNER: Anything else? Yes, Senator Morse.

SEN. MORSE: Governor, I agree with the Executive Order. What I'm having a problem trying to figure out is the expense side. This \$18 million is predicated on we are saying we are going to be short on revenue. We can agree or disagree on that and, obviously, I don't see that happening. But the \$48 million in the Dashboard is real. I understand that. I understand that we were holding back spending in the other departments which looks to be what this document is, is starting to head towards.

In September, that was -- that was September, I believe. October 2nd that was about \$30 million. We need to get a handle on the expense side as far as I can see. And while I -- I think the budget was drafted so I didn't have to cut the University System of New Hampshire for revenues here. I still need to understand where we're going with expenses. And we need to create that level of communication, and I don't see it.

GOVERNOR HASSAN: Thank you for the question, Senator. This Executive Order is based on two factors; an increase in caseloads, as well as a decrease in two lines of revenue, a trend that if it continues will create a revenue shortfall. So it's both, and it's important that we acknowledge that. This Executive Order is the first step in budget cuts. It's what we

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can do without legislative approval, if the Fiscal Committee agrees and that's why we are coming forward with these cuts today.

As noted, the major challenge that we have is in the Department of Health and Human Services because of the Federal law changes that we've seen and the resulting increased caseloads. And so that's where we are continuing to work to make cuts and that's where we will come forward as that work is completed to make you all aware of what those cuts will look like. So this is a first step, but certainly not the only things that we will need to do to address both the increased demand at HHS, as well as the decline in revenues in critical lines.

CHAIRWOMAN WALLNER: Yes.

SEN. MORSE: Further question. There's no HHS included in this document at this point. But MAGI, which is what we are all talking about, we're assuming is about an \$18 million number. We have our own tracking system and we're concerned that we're talking \$70 million, and we're not sure if we need to add this \$18 million to it. I think we need to create some kind of system. I did reach out to the House Ways and Means Chair, and I checked with him on Friday, and he does not see a revenue problem. And so I guess my concern is can we create a system where we're working together to start to talk about where the expenses are, because I think that's the problem?

GOVERNOR HASSAN: Well, as you know, the expenses are posted every month on Transparent NH and the Governor's Report of Expenses are posted on NH.gov every month. And as you know, an increased demand at HHS has meant that HHS is working through a plan of cuts now which we will present. I think it is prudent when you see the revenue trends on two lines as they are to plan for revenues not meeting plan. We can all, you know, if we are surprised and those revenues return to what was projected or other revenues outperform the decline in those other two lines, then that will be a pleasant problem to have. But right now I think it is prudent to plan for the fact that this trend has

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been steady since last April and that we need to plan for it and be prudent.

SEN. MORSE: Thank you.

CHAIRWOMAN WALLNER: Thank you. Thank you, Governor. We appreciate you coming.

GOVERNOR HASSAN: Thank you. I appreciate it very much. Ms. Telus will stay here if you have additional questions for her. Thank you so much.

CHAIRWOMAN WALLNER: Thank you very much.

(The Governor leaves the committee room at 10:26 a.m.)

CHAIRWOMAN WALLNER: Do you have any further questions for Ms. Telus? Yes, Senator Morse.

SEN. MORSE: I have a few questions about the numbers that you're carrying because I don't seem to be getting answers. In the Department of Education, we're carrying the number of \$15 million that we see going to lapse because of reduced attendance. You're taking 4.4 million in your document. Are you carrying the same \$15 million?

MS. TELUS: We are still considering the rest of the education lapse, yes.

SEN. MORSE: The number that you're carrying?

MS. TELUS: In addition to this amount?

SEN. MORSE: Yes.

MS. TELUS: There would still be an additional 10 to 12. So I think similar to what you had. Agencies were instructed as part of this exercise that they're still anticipated to meet their lapses.

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SEN. MORSE: Including Health and Human Services? Madam, further?

CHAIRWOMAN WALLNER: Yes.

MS. TELUS: Health and Human Services wasn't part of this exercise. So we are having a conversation with them about their lapse, but it was separate from this Executive Order.

SEN. MORSE: Thank you.

CHAIRWOMAN WALLNER: Thank you. Thank you very much. I don't see any further questions.

MS. TELUS: Thank you very much for your time.

CHAIRWOMAN WALLNER: Thank you. Oh, yes, Senator.

** SEN. MORSE: Before I came in here, I wasn't ready to vote on an item that I just received before I walked in the door. However, having read the document, it's pretty simplistic in form. It's reducing spending. I think reducing spending at the University of New Hampshire shouldn't have happened based on the revenues that are in right now. But if this is the Governor's way of solving a spending problem right now, I will move to approve it.

REP. EATON: Second.

CHAIRWOMAN WALLNER: Senator Morse moves and Representative Eaton seconds that we approve the Executive Order No. 2014-9. Do I -- okay. Any -- yes.

SEN. LARSEN: If I might?

CHAIRWOMAN WALLNER: Senator Larsen.

SEN. LARSEN: I plan to vote yes on this motion, but I would object to the idea that we're somehow addressing a spending

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problem. This is a bi-partisan template. The budget was created as a bi-partisan document and reasonably created and so I would vote yes on these reductions, but I don't believe -- I think we have a revenue problem at this point and some changes in the economy that have caused Medicaid increases. So I will vote yes on this but not for the same reasons as the Senate President mentioned.

CHAIRWOMAN WALLNER: Thank you, Senator Larsen. Senator Morse.

SEN. MORSE: Yeah, I'd just like to point out 'cause I think the public should know, the revenues last year were ahead 3.1 million. They had 1.3 million so far this year. They're right on to our conservative estimates. I want to understand the expense side of it. I don't have a handle on it. I'm not sure who does. But the reality is I think we have a \$70 million number that we're trying to achieve, give or take, and I'd like to understand it. So I will debate anyone on that and I think we should. So, again, I move the item.

CHAIRWOMAN WALLNER: Okay. Let's continue the work to get a good understanding of it. And Senator Sanborn.

SEN. SANBORN: Thank you, Madam Chair. You know, I support Senator Morse's position, both on the revenue basis and the fact that this is at some level a very simplistic reduction of expenses of which we're, obviously, so very concerned about.

CHAIRWOMAN WALLNER: Hm-hum.

SEN. SANBORN: I am, however, incredibly disappointed and frustrated that to do so we are looking at our small communities in the deferred program and are taking an inability of our ability to manage money at the State level and forcing it down onto our communities and taking money away from them that we have fought so hard to give them. That's a real disappointment to me that we are holding our small communities in harm for our inability to get our job done. That's wrong.

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CHAIRWOMAN WALLNER: Thank you, Senator Sanborn. I'm sure none of us -- all of us can find something on this list that we're all very sorry that we have to do this, but it's a point that is the prudent thing to do and to move forward and make these adjustments so it doesn't have to be more difficult as time goes by and we get closer to the end of the year and has to be a much larger hit at one point. So seeing no -- yes, Senator Bradley.

SEN. BRADLEY: Thank you very much, Madam Chair. I would just add while it's not in here today, send a cautionary note on the whole discussion about business taxes and interest and dividend revenues being below projected. We're in a very competitive environment, New Hampshire versus 49 other states. We know we have very high business taxes. I hope that this is not a precursor to undermining the limited economic recovery that we seem to be having right now with legislation that will be introduced in January. It's not in here today. I'm happy to vote for it today, but I think it's important to send that message as loudly and clearly as possible. You can't take credit for an improving economy and then go turnaround and undermine perhaps one of the reasons why the economy of New Hampshire has slightly improved.

CHAIRWOMAN WALLNER: Thank you, Senator Bradley. Seeing no further discussion. All in favor of the Executive Order say aye? Any opposed? Seeing none opposed, the Executive Order passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: Thank you. We do have one other item that we -- that we had at our last -- at our last meeting, but it ended up being withdrawn. And we do have it back again today. It is an item requesting that we accept the grant from New Hampshire Charitable for Behavioral and Substance Abuse Prevention Grant. And is there -- do we have -- Jeff.

JEFFRY PATTISON, Legislative Budget Assistant, Office of Legislative Budget Assistant: I could just clarify. The request

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before you today is only for the establishment of a position. The grant itself --

CHAIRWOMAN WALLNER: Okay.

MR. PATTISON: -- the amount that is being set is under the limit of \$100,000 so it's just for the position.

CHAIRWOMAN WALLNER: Right, just for the position. Okay. And I'll recognize Pamela to speak to the item. Thank you.

PAMELA WALSH, Chief of Staff, Office of the Governor: Thank you. Thank you, Madam Chairwoman. For the record, I am Pamela Walsh, Chief of Staff to Governor Hassan. I'm happy to answer any questions or I can speak to the item, whatever the Committee's pleasure is.

CHAIRWOMAN WALLNER: Why don't you speak to the item. And then if we have got some questions you can answer.

MS. WALSH: This is the result of an ongoing dialogue between State Agencies and the Charitable Foundation, as well as the Commission on Innovation on how we can improve our coordination of substance abuse and mental health treatment to find efficiencies, and also to address the very serious challenge our communities are facing around the rising opioid epidemic. The State Substance Abuse Plan calls for a centralized approach. Right now responsibility on these issues lie with a number of State Agencies; the Attorney General's Office, Health and Human Services, the Courts, Department of Safety, and there is a need to bring those folks together to push forward on some policies and, hopefully, push forward on some efficiencies as well. There is no one who can -- currently who has that coordination role.

We worked with the Charitable Foundation. They agreed to fund the position as an experiment to see if we can move forward with this policy. The Governor's intent would be to ask the Legislature to approve funding for this position in the next

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budget. Obviously, that would be a decision the full Legislature would have to make and that's something the Charitable Foundation understands and something that candidates we have been talking to about the position understand that it would be subject to legislative approval in the future.

CHAIRWOMAN WALLNER: Thank you. Will you take some questions?

MS. WALSH: Yes.

CHAIRWOMAN WALLNER: Yes, Representative Weyler.

REP. WEYLER: Thank you, Madam Chair. Miss Walsh, how much improvement have we seen in ten years in the efficacy of these treatments that both for mental health and substance abuse disorders? It seems like it just keeps increasing. Have we asked for a new model? Is there some improvements in these treatment programs? I don't see any. It just seems like it's ever-increasing needs.

MS. WALSH: Hum -- I'm not a subject matter expert so I'm not sure I'm the best person to answer that. I would say that one of the challenges that we faced is that for a number of years we treated a public health crisis as a law enforcement crisis which has been one of the more expensive ways to address this issue and that we need -- and the Charitable Foundation and the State of New Hampshire through some of its efforts in the past two years have made a real new commitment to looking at this as treatment as opposed to jail, and to move forward with that as a more efficient model for the future.

CHAIRWOMAN WALLNER: Yes, Representative Weyler.

REP. WEYLER: Thank you, Madam Chair. I would like to add a bullet to the ones on Page 3 to say for this person to require each of the mental health and abuse disorder practitioners' programs receiving money from the State to submit a record of five years' experience of the efficacy of their treatment

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programs. Not the efficiency but the efficacy. What's the five-year history of recovery in the case of abuse disorders or even mental health or the lessening of the treatments? Is there any objection to this?

MS. WALSH: I don't know whether we legally through a Fiscal item can require a mental health provider to submit records. Certainly, one of the things that we are looking at is how do we better measure effectiveness. You know, as a state, you know, we look a lot at what we put in, but we don't look necessarily at the outputs of various programs. We have been talking to the Pew Foundation which has results first model that has tens of thousands of studies to look at which programs work and which ones don't. And I think that is something we will be asking this person to look at is how do you measure where we're putting our dollars, and what are the most effective programs to do that. And that may mean in the future we have to make some hard choices about not funding things that are popular but not as efficient.

** CHAIRMAN WEYLER: Then I, therefore, move to amend this request with that addition of that bullet.

CHAIRWOMAN WALLNER: Does everyone have that in front of them? The Senate, did you see this?

REP. WEYLER: I gave it to some of them.

CHAIRWOMAN WALLNER: The additional bullet.

SEN. LARSEN: Not this. We have a bullet list.

CHAIRWOMAN WALLNER: This is an additional bullet that Representative Weyler would like to add to the list which is on page --

REP. WEYLER: Three.

CHAIRWOMAN WALLNER: Page 3 of this request. And it says require each of the mental health and substance disorder

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practitioners' program receiving money from the State to submit a record of five years' experience of the efficacy of their treatment programs. So that is -- that is what Representative Weyler would like to add to this list. I would -- I would point out that in the list, existing list, they're already charged with identifying and spreading evidence-based treatment practices. So the list does already address treatment practices that work and trying to -- trying to identify those practices that work best and being sure that those are what we are using in the state. So I do think that we are -- we're getting at some of this, not quite in the same way. Yes, Representative Weyler.

REP. WEYLER: If we identify a good practice, we don't know who's using it. What I want to do is know here are the whatever the number is we are distributing money to. Some may be very effective with it, others may be less effective. Yet, they're all getting the same money. I would like to be able to delineate and I don't think that the description here does that. I want to see which are the most effective programs actually reducing this.

MS. WALSH: Madam.

CHAIRWOMAN WALLNER: Yes.

MS. WALSH: I don't know of what the legal ramifications of asking for that information are. The full Legislature would have to consider this in the budget process, and I'd be happy to work with Representative Weyler to sit down and develop a metric for the full legislation that you would consider getting at what you were interested in looking at.

REP. WEYLER: I really think we could get more effect in mental health areas without spending more money if we give more money to the more effective programs and take it away from the less effective programs and use the same dollars and get greater results.

MS. WALSH: I think we share a commitment for looking at evidence-based treatment and effectiveness, and I think if

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you're willing, we can sit down over the next few months and develop something along those lines.

REP. WEYLER: Thank you.

CHAIRWOMAN WALLNER: Yes. Senator Reagan.

SEN. REAGAN: Thank you, Madam Chair. My question is this is a grant for a one-year funding of this position, and then we're expected then to carry this in the General Fund budget for the following two years?

MS. WALSH: It would ultimately be decided by the Legislature. The Governor would include funding for the next biennium in her proposed budget, but the Legislature would have to approve it.

SEN. REAGAN: So the grant is just for one year.

MS. WALSH: For one year.

SEN. REAGAN: Okay.

CHAIRWOMAN WALLNER: Yes, Senator Larsen.

SEN. LARSEN: Do the terms of the award require a legislative promise to continue this?

MS. WALSH: No, no. They are -- the commitment was from the Governor to request the funding but with the understanding that, you know, the Legislature would have to make its own determination.

CHAIRWOMAN WALLNER: Senator Bradley.

SEN. BRADLEY: Thank you very much, Madam Chair. So Miss Walsh, correct me if I'm wrong, my understanding is that if this were approved today, this year long grant would last until sometime in the end of Calendar Year 2015, at which point in the next budget, about a quarter of which would already be gone,

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then public funds, if the Legislature approved that, would then be expended.

MS. WALSH: Yes.

SEN. BRADLEY: So this grant goes over two budget cycles; is that correct?

MS. WALSH: Yes. It goes into about half -- approximately halfway through Fiscal Year 16.

SEN. BRADLEY: Madam Chair, if I could?

CHAIRWOMAN WALLNER: Yes.

SEN. BRADLEY: So in looking at the list of bullet points on the third page, I think these are all worthy goals. In looking at, in particular, though, the second one, reducing unnecessary duplication of State efforts and resources, obviously to fund this type of program moving forward, if some of the underpinning of why we should do it is to try to streamline the process and make wiser expenditures, similar to what Representative Weyler was talking about, would it not be prudent at that point to see how well this program is working so that there would be two bites of review, really? The budget process which is going to start-up the day after tomorrow, really, and then a year from now have it come back to the Fiscal Committee for authorization to expend the monies that would have been approved in the FY16 budget?

MS. WALSH: You know, my hope is that we will have six months to have this conversation about the subject and I think, you know, we can certainly have that conversation as part of the budget process going forward.

SEN. BRADLEY: Are you opposed -- Madam Chair --

CHAIRWOMAN WALLNER: Yes.

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SEN. BRADLEY: -- to a second level of review to have the Fiscal Committee give final authorization --

MS. WALSH: You know, I think it would be an appropriate discussion to have during the budget process. Obviously, you know, it would be an unusual step, especially given this position would reside in the Governor's Office. But I think we can, as I've spoken to Representative Weyler, I'm happy to work with Members of the Legislature to finalize what will be necessary if the Legislature chooses to support this position going forward.

CHAIRWOMAN WALLNER: Yes, Senator Sanborn.

SEN. SANBORN: Madam Chair, question actually for Representative Weyler. You maintaining your motion and looking for a second or have you withdrawn it?

REP. WEYLER: I am, yes, looking for a second.

SEN. SANBORN: I'll provide that second.

REP. WEYLER: Thank you.

CHAIRWOMAN WALLNER: Senator Sanborn seconds Representative Weyler's motion.

SEN. LARSEN: Madam Chair.

CHAIRWOMAN WALLNER: Yes, Senator Larsen.

SEN. LARSEN: I think it's an unusual motion to amend a Governor's communication to the Fiscal Committee. I don't think that's really an appropriate motion. And I don't object to the intent, which is to seek experience and reports on the efficacy of the treatment. I don't see that as a problem. I would think that you could change the motion to say that it's the interest of the Fiscal Committee in approving this to seek efficacy reports with our approval, but I don't think we can edit a

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communication from the Governor. And so I would suggest not supporting the proposal as it's written but perhaps to say a sense of the Fiscal Committee is efficacy reports would be valuable.

CHAIRWOMAN WALLNER: Representative Nordgren.

REP. NORDGREN: Thank you, Madam Chair. I think we already have the discussion with Miss Walsh that the Governor's Office would certainly try to implement or help work through with Representative Weyler some sort of legislation, something as a footnote even to the budget. And I guess the part of the suggestion I really am concerned about is where it says to submit the record of five years' experience. I mean, I think that, for one thing, is a difficult process. But I also am unsure if the Fiscal Committee should be acting as the Legislature trying to accomplish this, when I really think the bullet as Representative Wallner pointed out, especially the third and the fourth bullet combined, really answer the basic question, at least in this first part of Representative Weyler's proposal. Thank you.

CHAIRWOMAN WALLNER: Thank you. Any further discussion?

SEN. REAGAN: Madam Chair.

CHAIRWOMAN WALLNER: Yes, Senator Reagan.

SEN. REAGAN: My reading of this proposal, and my assumption is that the study of the co-existing conditions in behavioral health, that that's the purpose of this person is to determine what are we doing for the same person in two different places that maybe we can do in one place, and that those measurements are exactly what Representative Weyler is looking for. I think we are going to get that as a result of this person's effort, so it may not be necessary.

SEN. LARSEN: If I might add one further final point?

CHAIRWOMAN WALLNER: Senator Larsen.

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SEN. LARSEN: Which is the language of this Amendment or both Amendment requires submitting a record of five years' experience. We're only authorizing this position for one year. So it's, I think, it's an extension beyond what we are approving to suggest we should get five years' experience at this point, because we don't have a three-year program. We only have a one-year program. So five years is a long time to require people to be giving reports for something, a very small grant they got in 2015 for six months.

CHAIRWOMAN WALLNER: Thank you. Senator Bradley.

SEN. BRADLEY: Question and maybe to Miss Walsh. If this is approved by the Fiscal Committee today, would Governor and Council approval be necessary for the hiring of the individual or Council approval?

MS. WALSH: I don't believe so because it's not -- it is not a -- it is a position in the Governor's Office. It is not an appointed Governor and Council position.

CHAIRWOMAN WALLNER: Yes, Senator Morse.

SEN. MORSE: Section one of the requested action it says effective upon the approval of Fiscal Committee of the General Court and Governor and Council through June --

MS. WALSH: They have to accept. I'm sorry, maybe I misunderstood Senator Bradley's question. They have to accept the grant and approve its expenditure but not approve the position, the person, is what I took the question to be, so.

CHAIRWOMAN WALLNER: Yes, Senator Morse.

SEN. MORSE: I think Senator Bradley is trying to get to the point of when does the year -- when does the year for that funding start?

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MS. WALSH: When we hire the person, which we don't have someone -- we have several interviews lined up, but we don't have a candidate ready to go. So it would be when we hire the person.

CHAIRWOMAN WALLNER: So we have on the table -- we have Representative Weyler's wording that he would like to amend the list on Page 3, and I think you all have seen the wording or have heard it. Any further discussion? Yes.

SEN. LARSEN: I know I said I made a final statement, but.

CHAIRWOMAN WALLNER: There's a second final statement.

SEN. LARSEN: There's a second final statement which is I don't think we should lose sight of the big picture which is we know there's a large problem of drug abuse and a rising concern throughout our communities for opioid abuse. There are many small communities that have had multiple meetings on this. There are many people who are struggling in leadership in those communities of how to address this problem. So I think it would be smart of us to approve this position with the long-term effective in mind and fine tune it as we have the further discussion.

CHAIRWOMAN WALLNER: So I guess I will call the question on Representative Weyler's motion. All in favor?

SEN. BRADLEY: Aye.

REP. WEYLER: Aye.

CHAIRWOMAN WALLNER: Opposed?

REP. EATON: No.

REP. LEISHMAN: No.

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CHAIRWOMAN WALLNER: What about show of hands? Is that all right or you want the roll call? Show of hands. All in favor? Four in favor. All opposed? One two, three, four, five, six. So the motion fails.

*** {**MOTION FAILS**}

** REP. EATON: Move approval of the original.

CHAIRWOMAN WALLNER: Representative Eaton moves approval of the original item.

SEN. BRADLEY: I'd like to amend the approval if I could, to amend the motion.

CHAIRWOMAN WALLNER: Will you accept a friendly amendment on your motion?

REP. EATON: Let's wait and see how friendly.

SEN. BRADLEY: My motion would be to before public funds are expended, in other words, at some point in November or December of 2015, that the Fiscal Committee would approve subsequent to the budget approving the position, the Fiscal Committee would also approve the expenditure of funds so there will be that level of review after the budget process.

REP. WEYLER: Second.

REP. EATON: I need some help with that.

CHAIRWOMAN WALLNER: Yes. Could you expand a little bit on what you're saying?

SEN. BRADLEY: If you recall the question I asked of Miss Walsh, the grant will last, assuming a position is filled by January 1 of 2015 that grant will last until January 1 of 2016. In theory, if there's efficacy in the program, and I agree with my friend from Concord that we have a major problem, that I

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don't have a problem proceeding with this position. However, I think it's also important that we know that the position is doing what it's supposed to do. I question whether my friends in the House that you will have the time in the time frame of February and March or us in April and May, or even in June Committee of Conference, to really know if the position is working, if it just starts in January of 2015. So my motion to require Fiscal Committee approval in the time frame of December -- November, December of next year before public funds are expended would ensure that we have the most up-to-date information and the longest time frame over the decision as to whether we should proceed with actually expending the dollars. Is that clear?

REP. EATON: Very clear, Senator.

SEN. BRADLEY: Thank you.

REP. EATON: If I could ask a question of you, sir? That I don't necessarily disagree with the tenets of your theory; but I think under this proposal, which is very specific to a grant and a person for a period of time you're looking at the extension, wouldn't that Amendment be more appropriate for the trailer bill if we -- if we, in fact, actually fund it? Otherwise, your -- your Amendment might be in vain because it may not be funded.

SEN. BRADLEY: Well, the trailer bill or the budget isn't funded, then it wouldn't matter. It becomes moot. I think by having the second level of review it puts everybody on notice that there's going to be real scrutiny of this position to make sure it works. But we also, in fairness to the Governor's Office, give them the longest amount of time with which to approve the case the program works, whereas you folks are going to have to be deciding in March at the latest. We'll have a second bite at the apple April and May. But even by June in Committee of Conference it becomes less information. By December of next year, we really should have a much better idea. It puts everybody on notice that this is what we expect.

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REP. EATON: Which would bring you back again to the idea that it would be more appropriate in the trailer bill than this. And it also makes me a little nervous that we could start doing that with every agency coming before Fiscal to approve their efficacy.

CHAIRWOMAN WALLNER: So the motion on the table is --

REP. EATON: Approval.

CHAIRWOMAN WALLNER: -- approval of the item. And I'm looking for a second.

REP. WEYLER: I seconded it.

CHAIRWOMAN WALLNER: Oh, Representative Weyler seconded. All in favor of approval of the item?

SEN. MORSE: Where we at? Are we approving the item as amended or without the Amendment?

CHAIRWOMAN WALLNER: Without the Amendment.

REP. EATON: No, without the Amendment.

CHAIRWOMAN WALLNER: Without the Amendment.

SEN. BRADLEY: Shouldn't we have voted --

REP. EATON: There wasn't a second.

CHAIRWOMAN WALLNER: There wasn't a second.

REP. WEYLER: There was, I seconded it.

REP. EATON: Oh, sorry.

REP. WEYLER: Twice.

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CHAIRWOMAN WALLNER: Oh, I'm sorry. You seconded -- you're not seconding Dan's motion. You're seconding --

REP. WEYLER: The Amendment.

CHAIRWOMAN WALLNER: Okay. So there is a second on the Amendment. And all in favor of the Amendment say aye? All opposed? Show of hands. All in favor? One, two, three, four, five. All opposed? It dies in a tie. So now Representative Eaton moves that we approve this item and --

SEN. LARSEN: Second.

CHAIRWOMAN WALLNER: -- Senator Larsen seconds. All in favor? Any opposed? Hearing none opposed, the item passes.

SEN. MORSE: I'm opposed.

CHAIRWOMAN WALLNER: Oh, Senator Morse, you want to be recorded as opposed. He would like to be recorded as opposed. Okay. Thank you. So the item passes. Thank you.

***** {MOTION ADOPTED}**

(The Committee meeting adjourned at 10:59 a.m.)

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CERTIFICATION

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

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

