

JOINT LEGISLATIVE FISCAL COMMITTEE

Zoom Webinar (Remote)

Friday, February 19, 2021

MEMBERS PRESENT:

Rep. Kenneth Weyler, Chair
Rep. Karen Umberger, Clerk
Rep. Lynne Ober
Rep. Peter Leishman
Rep. Mary Jane Wallner
Rep. Tracy Emerick
Rep. Keith Erf
Rep. Jess Edwards
Sen. Gary Daniels, Vice-Chair
Sen. President Chuck Morse
Sen. Lou D'Allesandro
Sen. Bob Giuda
Sen. Cindy Rosenwald

(The meeting convened at 10:01 a.m.)

(1) Call In Instructions:

KENNETH WEYLER, State Representative, Rockingham County, District #13 and Chair: We'll call the Fiscal Committee meeting to order for February 18th, 2021. As Chair of the Fiscal Committee, I find that due to the state of emergency declared by the Governor as a result of the COVID-19 Pandemic, and in accordance with House Rule 67 and the Governor's Emergency Order Number 12, pursuant to Executive Order 2020-04, this public body is authorized to meet electronically. This is a regular meeting of the Committee.

Please note that there is no physical location for members of the public to observe and listen contemporaneously to the meeting. However, in accordance with the Emergency Order, I am confirming that all Members of the Committee and selected legislative staff have the ability to communicate contemporaneously during this meeting through the Zoom electronic meeting platform; and the public has access to

contemporaneously listen and, if necessary, participate in this meeting by Zoom platform or by telephone.

All necessary access information has been made available in the House and Senate Calendars, and through the electronic calendar on the General Court website. The notice for this meeting complies with House Rules and RSA 91-A. Anyone who has a problem accessing the meeting should e-mail LBA underscore Fiscal at L-E-G, dot, state, dot, N-H, dot, U-S.

In the event the public is unable to access the meeting, the meeting will be adjourned and rescheduled. LBA staff are on the meeting assisting us. Please note that all votes that are taken during this meeting shall be done by roll call vote. Let's start the meeting by taking roll call attendance. When each member states their presence, please also state whether there is anyone in the room with you during the meeting, which is required under Right-To-Know Law. The Clerk will call the roll.

KAREN UMBERGER, State Representative, Carroll County, District #02: Representative Weyler.

CHAIRMAN WEYLER: Present. Kingston. I'm alone in this room.

REP. UMBERGER: Representative Ober.

LYNNE OBER, State Representative, Hillsborough County, District #37: I'm present in Hudson. My six cats wander back and forth but right now I'm alone.

REP. UMBERGER: Representative Emerick.

TRACY EMERICK, State Representative, Rockingham County, District #21: I'm home alone in my home office in Hampton.

REP. UMBERGER: Representative Leishman.

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PETER LEISHMAN, State Representative, Hillsborough County, District #24: Good morning, again. I'm in Peterborough alone in the house.

KAREN UMBERGER, State Representative, Carroll County, District #02: Representative Umberger. I'm in Kearsarge and my husband is wandering around someplace. Uh -- Representative or, sorry, Senator Daniels.

GARY DANIELS, State Senator, Senate District #11: Senator Gary Daniels. I'm at my home in Milford and I'm alone.

REP. UMBERGER: Senator Morse.

CHUCK MORSE, State Senator and Senate President, Senate District #22: Senator Morse. I'm in my office in my home in Pompano and I am alone.

REP. UMBERGER: Senator Giuda.

ROBERT "Bob" GIUDA, State Senator, Senate District #02: I'm at home in Warren alone. My daughter and grandson are upstairs. I'm alone in the room. My dog may occasionally run through.

REP. UMBERGER: Senator Rosenwald.

CINDY ROSENWALD, State Senator, Senate District #13: Cindy Rosenwald. I'm in Nashua alone in the room.

REP. UMBERGER: You look like you're in Representatives Hall.

SEN. ROSENWALD: Senate.

REP. LEISHMAN: She's talented.

REP. UMBERGER: Yeah. Representative -- sorry -- Senator D'Allesandro.

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LOU D'ALLESANDRO, State Senator, Senate District #20: I'm Senator Lou D'Allesandro. I'm in Manchester. I'm in my home, and I'm all alone in the room. My wife is also in the house.

REP. UMBERGER: Uh -- Mr. Chairman, everyone is present.

CHAIRMAN WEYLER: Thank you, Representative Umberger.

(2) Acceptance of Minutes of the January 15, 2022 meeting

CHAIRMAN WEYLER: Excuse me. Proceeding with the agenda. I just had the agenda. All right. The first thing on is to approve the minutes of our last meeting.

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

SEN. GIUDA: Second.

REP. UMBERGER: Who seconded, please?

SEN. GIUDA: Giuda.

REP. UMBERGER: Thank you.

CHAIRMAN WEYLER: Okay. Representative -- Senator D'Allesandro moves and Senator Giuda seconds to approve the minutes. The Clerk will call the roll on a vote for the minutes. If you were present, you should vote. If you weren't, you can abstain.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

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REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: Whoops! Excuse me. Ten in favor, none opposed.

CHAIRMAN WEYLER: The motion is adopted.

***** {MOTION ADOPTED}**

(3) Old Business:

CHAIRMAN WEYLER: Moving on to Tab 3. There is no Old Business so we'll move on to Tab 4.

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CONSENT CALENDAR

(4) RSA 9:16-a, II, Transfers Authorized:

CHAIRMAN WEYLER: The first item is FIS 21-037, Department of Health and Human Services, authorization to transfer General Funds in the amount of 1,400,000 through June 30, 2021. Are there any questions on the item? Is there a motion?

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

CHAIRMAN WEYLER: Senator D'Allesandro moves to approve the item.

SEN. ROSENWALD: Second.

CHAIRMAN WEYLER: The second was Senator Rosenwald. Any further discussion? Seeing none. The Clerk will call the roll to accept FIS 21-037.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

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SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is ten yes, none opposed.

CHAIRMAN WEYLER: The motion is adopted.

***** {MOTION ADOPTED}**

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

CHAIRMAN WEYLER: Moving on to Tab 5 and it's FIS 21-043, Department of Education, authorizing transfer of federal grant funds in the amount of 320,000 through June 30th, 2021, for Voc Rehab. Any questions on the item?

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

SEN. D'ALLESANDRO: Second.

CHAIRMAN WEYLER: Representative Ober moves to approve the item.

SEN. D'ALLESANDRO: I'll second it.

CHAIRMAN WEYLER: I think it was Senator D'Allesandro moves to second. Any discussion on the item? Seeing none. Ask the Clerk will call the roll to approve motion to adopt FIS 21-043.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Senator Giuda votes yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

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REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: Vote is ten yes, zero no.

CHAIRMAN WEYLER: The motion is adopted.

*** {MOTION ADOPTED}

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

CHAIRMAN WEYLER: Moving on to Tab 6 is a Consent Calendar with seven items. Had request to remove FIS 21-027, 21-039, 21-040. Was there -- does anybody wanted to move 044? That's the Prison Rape Elimination Act. I guess we got some information on that to fill in here. All right.

So with the exception of those three items removed, anybody like to move the rest of the Consent Calendar?

** SEN. D'ALLESANDRO: Move the Consent Calendar.

REP. OBER: Second.

CHAIRMAN WEYLER: Senator D'Allesandro moves to accept the rest of the Consent Calendar, Representative Ober seconds. Is there any further discussion? Seeing none, the Clerk will call the roll, and the motion to adopt the other four items.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

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REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

(No Response)

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is 10 to zero.

CHAIRMAN WEYLER: The other four items are adopted by that motion.

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*** {MOTION ADOPTED}

CHAIRMAN WEYLER: We'll move on next to FIS 21-027, Department of Administrative Services. Is there someone on the line from the Department of Administrative Services to answer questions?

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: We'll move them over.

CHAIRMAN WEYLER: Thank you. Okay. All right. I see the Commissioner's on board.

CHARLES ARLINGHAUS, Commissioner, Department of Administrative Services: Commissioner's unmuting. Can you hear me now?

CHAIRMAN WEYLER: I hear you now.

MR. ARLINGHAUS: There I am. Hey, look it's me?

CHAIRMAN WEYLER: Yes, it is. Good morning.

MR. ARLINGHAUS: Good morning. How are you?

CHAIRMAN WEYLER: Good. Welcome to Fiscal. We're looking at Item FIS 21-027 to increase and accept and expend a grant of 40,000 from 128,000 to 168,000 in other funds through June 30th, 2021. This was originally approved in July 10th, 2020. Representative Ober has a question.

REP. OBER: Thank you, Mr. Chairman. Good morning, Commissioner.

MR. ARLINGHAUS: Hi.

REP. OBER: You actually adding all 40,000 into Class 048, contractual maintenance. Can you just tell the Committee

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briefly what kind of benefits we will get from this work that you're doing?

MR. ARLINGHAUS: Hum -- reduced electric bills. Essentially not more complicated than that. Most of the work we're doing right now relates to lighting and conversion to LED lighting. I want to say that everything we've done we do quarterly reports to OSI. The grant is, in part, because they have to do federal reporting. There's an annual plan that is submitted 30 days after the first item was approved. Hum -- and the State Energy Office, which is run by Donnie Perrin, used to be run by Karen Rantamaki who is actually now the Division Director, who some of you know. Looks at State buildings and tries to find (Inaudible) can do to make them use less energy. Right now the biggest thing is lighting. It's a very sort of quick and easy bang for the buck, and that's the thing we're doing. Building controls are another thing that sometimes happens. But the big benefit, I mean, you know, there's -- there's fossil fuel consumption on all that, but the bottom line is lower electric bills.

REP. OBER: May I follow on, Mr. Chairman?

CHAIRMAN WEYLER: Follow-up.

REP. OBER: Charlie, thank you for that answer. When you change this lighting are you also changing in some of the areas, for example, if somebody is there, the lights will come on; otherwise, they will be off?

MR. ARLINGHAUS: We -- we have a lot of that. And -- hum -- you know, for example, I know we have spaces like that here where I know I walk in the room it's dark and suddenly the lights go on and no one's there. And in our major conference room, for example, if nobody moves too much during conference the lights go off and somebody has to wave their arms. So we are doing a lot of that. I think some of this money is being used for that. If you want to go into a great deal of detail, we can. I have Karen Rantamaki on the line somewhere. If

you want to do that. Or if you'd like us to do a presentation at some point about the exact details.

REP. OBER: Charlie, I was just curious because while you told us where the money was going, we didn't actually have a little statement about what you plan to do with it. And you, I believe, answered that adequately unless somebody else has got questions. Thank you.

MR. ARLINGHAUS: Thank you.

CHAIRMAN WEYLER: It's all set to save electric bills and money on the power. Any further discussion? Raise your hand if you do. I don't see any.

** REP. OBER: I would move to approve, Mr. Chairman.

CHAIRMAN WEYLER: Okay. Representative Ober moves to approve
21 --

SEN. ROSENWALD: Second.

SEN. D'ALLESANDRO: Second.

CHAIRMAN WEYLER: 027 I think that is. 21-027. Is there a second?

SEN. ROSENWALD: Second.

REP. UMBERGER: Representative Rosenwald --

CHAIRMAN WEYLER: Senator Rosenwald second.
Okay. The Clerk will call the roll to approve the motion to adopt 21-027.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

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REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes.

REP. UMBERGER: Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is ten yes, zero opposed.

CHAIRMAN WEYLER: The motion is adopted, and the item is approved.

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***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: The next item that was removed is 21-039, Department of Health and Human Services, authorization to accept and expend 375,000 in Federal funds through June 30th, 2021. This also was Representative Ober, you had a question. Yes, Representative Ober is recognized. I see we have Mr. Lipman on from Health and Human Services. Good morning.

HENRY LIPMAN, Director, Office of Medicaid and Business Policy, Department of Health and Human Services: Good morning, Mr. Chairman, Members of the Committee. This money is related to a grant the Maternal Opioid Misuse Model Grant that the State of New Hampshire applied for on behalf of the medical community in Manchester, which was looking to improve care for maternally opioid addicted mothers and to avoid neo-natal absence syndrome in children born with opioid impact. And the reason that New Hampshire was involved in -- the State was involved in applying for this is because the terms of the grant which was 50 million nationally of which ten states were awarded it was because in order to apply for this grant, as well as another one related to infant care, if you were applying for both grants you needed the State Medicaid Program to be involved and being sort of the lead in the application.

The grant was -- award was received in the end of '19. We came to you with the initial request Fiscal Committee to accept funds back the beginning of last year. And so we were about to kick off just as COVID kicked in. So there was a six-month delay in terms of starting the process.

The intent of this program in this period is the planning stage. I know there was questions from the Committee with respect to what outcomes have we received yet. We're looking to actually enroll patients in the program in accordance with the work plan approved by CMS this July. Let me stop there and see if there are additional questions. I do have some additional information I can provide.

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CHAIRMAN WEYLER: Thank you. Representative Ober has a question and then Senator Rosenwald. Representative Ober.

REP. OBER: Thank you, Mr. Chairman. Good morning, Mr. Lipman.

MR. LIPMAN: Good morning.

REP. OBER: Now that we understand that you're late starting it, could you provide to LBA and they will provide to everybody on Fiscal a written list of the measurable objectives you're going to be looking for so we can understand how you're going to measure this to see some outcome. I know there is a member of this Committee who doesn't live in the Greater Nashua and Greater Manchester Area, as I do, who would like to know if this can be applicable in another district not being studied. So be very helpful for us if we could see how you're going to measure this.

MR. LIPMAN: Sure. I could briefly cover four key points if you'd like me to now and I can follow-up in writing if you'd like or just follow-up in writing if that's your preference.

REP. OBER: Whatever, Mr. Lipman.

MR. LIPMAN: Sure. Why don't I just briefly mention it. And the -- because the medical community in Manchester is the one that is interested in operating it and is operating it, any patients who do receive their care and by the Greater Manchester medical community would be applicable to this. This is sort of a demonstration, and I think the Centers for Medicaid and Medicare innovation are looking to see what's successful through these ten pilots across the country. And, you know, it would be, obviously, I think, in our interest if it's effective to be able to expand it further in the state. But, basically, the main measures of looking at for those individuals who enter therapy for Medicaid-assisted treatment that they continue to follow through on that. There's measures through a formal system of patient engagement an activation to take care of both themselves

and their child. That there's an assessment of their health related social needs to make sure that those are addressed. Maternal engagement in -- in opioid disorder, postpartum care and family planning, screening for depression, and tobacco cessation. Those are the kind of measures to see that sort of the planning of this waiver, if you will -- excuse me -- demonstration affects whether people complete their prenatal care, whether they, you know, get the treatment that they're supposed to get, and whether they follow through. And unlike typical Medicaid where you have six months of postpartum follow-up, this will be two years of follow-up. And it's not -- the grant does not pay for actual delivery of services. It pays for the integration and coordination of services, and sort of the care management to help support people get and follow through on their care.

CHAIRMAN WEYLER: Do you have anything further, Representative Ober?

REP. OBER: No, thank you, Mr. Lipman.

MR. LIPMAN: Thank you.

CHAIRMAN WEYLER: All right. We also have three other people with their hands up. Senator Rosenwald, Representative Umberger, and Senator Giuda. And I'll call on next Senator Rosenwald.

SEN. ROSENWALD: Thank you, Mr. Chairman. Thank you, Director Lipman. In terms of the care coordination that this grant is for, your explanation says that you're going to leverage the Integrated Delivery Network in Manchester. I think all those IDN's were set up as part of a waiver, by your waiver that Senator Morse led on that we're in the last year of, I think, or almost the last year of. And my question is what is the plan going forward beyond the life of that grant? Is that IDN in Manchester still going to be there or will you change the grant?

MR. LIPMAN: Thank you for the question. Network for Health is the IDN serving Manchester. As part of the recent Managed Care contract renewal that we did last month, we included a portion of -- in there to help support -- have the MCO support the continuation of Network for Health and we would hope to leverage that up in terms of having them follow through. So what we, in effect, are seeing is that the MCOs are contracting with some of the entities with Network for Health to continue to provide some of that integration within the community.

I think that, you know, as we go forward and where Network for Health goes we may have to make some adjustments there. But I think in terms of the first year anyway, the year that this money's intended for and probably the next time we come before you, that Network for Health will be there.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: All right. Representative Umberger for a question.

REP. UMBERGER: Yes. Thank you, Mr. Chairman. And thank you, Director Lipman, for being here. Hum -- we have in Conway a program for this same thing, opioid addicted mothers giving birth. So was this part of a previous grant that allowed this program to be set up, or was this an initiative on the part of our hospital to take care of this problem?

MR. LIPMAN: It came from a broad group of medical community stakeholders from the Manchester area. They approached us asking for us to be involved because they wanted to apply for both grant opportunities and this was in probably 2018 they approached us. And we, you know, trying to be supportive of the Manchester Area we said that we would help -- help apply. And that, you know, most of the work is actually being done within the medical community of Manchester. Again, I think if this is successful, it be something that, I think, we'd want to share and broaden the demonstration.

REP. UMBERGER: Thank you.

MR. LIPMAN: You're welcome.

CHAIRMAN WEYLER: Senator Giuda for a question.

SEN. GIUDA: Thank you, Mr. Chairman. Mr. Lipman, thank you for your presence. I read in the -- in the requested action that grant funds awarded for periods after Fiscal Year 21 will be included in future operating budgets. Is your anticipation that this 100% federal funding will continue?

MR. LIPMAN: Yes. And we also in terms of our work with CMS we have to go through a budget approval process with them as each year goes by. If we're not meeting, you know, the requirements of the grant, they wouldn't necessarily approve future year budgets; but it is 100% federal and would remain that way. There's no General Funds ever expected to be put into this program.

SEN. GIUDA: Thank you.

CHAIRMAN WEYLER: Senator Daniels for a question.

SEN. DANIELS: Thank you. Mr. Lipman, I think I heard you say that these funds will not cover the service. So it's more of integrating what exists there. What are the metrics that you're going to use to determine whether this is successful or not?

MR. LIPMAN: Well, I think I touched on some of them. But I think the key things that we're going to be looking for is have we affected the number of people who completed pre-natal care. Have we affected the NAS, neo-natal abstinence rate in the community, in terms of children that are born affected by opioid. Whether mothers who are affected going into it, whether they continue their treatment or not. Those are the types of measures, I think, you know, that we're striving for here.

Manchester, as I think people know, was largely the center of the opioid epidemic in terms of deaths and different impacts, and I think that the medical community there tried to organize to try to make an intervention, and we were trying to support them in that effort. But I'd be happy to do a little bit more and provide something in writing to the Committee.

SEN. DANIELS: Follow-up, Mr. Chairman.

CHAIRMAN WEYLER: Follow-up.

SEN. DANIELS: Okay. And I guess as you're looking at those things, do you have a target or a threshold where you're going to determine that this is successful versus not successful, you know, percentage-wise?

MR. LIPMAN: I don't have that statistic with me, Senator; but I do think that that's something I could respond within terms of what -- what the rate would be that we'd be looking to achieve. But I think, you know, clearly I could tell you that the prenatal rate in the Manchester area region is not as good as the state average. We'd like to at least, I think, look to be equal or better than the state average after going through this demonstration.

SEN. DANIELS: Okay. Thank you.

CHAIRMAN WEYLER: Senator D'Allesandro for a question.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. Thank you, Henry. Appreciate your responses. Henry, Amoskeag Health, are they involved in this project? They're the big -- they're the big provider of these services. And I know Elliot is a contributor there. So under this umbrella of treatment, is Amoskeag involved?

MR. LIPMAN: Absolutely. In fact, they were the lead agency that approached the Department originally and the fact that Elliot is lead, if you will, within the grant was something that

the medical community within Manchester elected them to be the best lead in the grant. So it wasn't that Elliot necessarily came forward first. It was actually Amoskeag and some other providers. But because Elliot's a center of -- of birthing and -- birth with complications, I think that's why they elected them to be involved, and they provide a lot of services as well.

SEN. D'ALLESANDRO: Thanks. Thank you very much. Thank you, Mr. Chairman.

CHAIRMAN WEYLER: Further questions from the Committee? I have one. If a woman who is addicted gets pregnant and goes through the treatment, at what point in the pregnancy, if she gives up the drugs can the baby then, hopefully, be born without being addicted? Do we know a point?

MR. LIPMAN: Unfortunately, Representative, it's a great question. I'm not clinical in orientation, but I know that there probably are variable levels in which that might play out. But I can ask one of our medical people when I respond to the Committee, I can add that as an answer as well.

CHAIRMAN WEYLER: Very good. Anything further? I'll entertain a motion.

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

SEN. ROSENWALD: Second.

CHAIRMAN WEYLER: Let's see. Senator D'Allesandro moved the item and the second was Senator Rosenwald. Okay. The motion is to adopt the item FIS 21-039. The Clerk will call the roll.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is ten to zero.

CHAIRMAN WEYLER: Item 21-039 is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to item 21-040, which is Department of Business and Economic Affairs, authorization to

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accept and expend \$187,500 in Federal funds through June 30th, 2021. This is the Northern Borders Project. Is there someone to answer questions? I see Hallie Pentheny. Welcome to -- there she is. Welcome to Finance.

HALLIE PENTHENY, Administrator III, Department of Business and Economic Affairs: Thank you.

CHAIRMAN WEYLER: One of the ones you wanted to question on Representative Ober.

REP. OBER: Mr. Kane actually got our question answered and e-mailed it to us last night.

CHAIRMAN WEYLER: Okay. Are there any further questions? I wondered why only six counties in New Hampshire were border counties and not the other four. But I obviously got mailed the map and understand what were included. So any further questions on Item 21-040?

** SEN. GIUDA: Move the item.

CHAIRMAN WEYLER: Okay. Senator Giuda moves the item.

SEN. D'ALLESANDRO: Second.

CHAIRMAN WEYLER: Second by Senator D'Allesandro. Sorry, Ms. Pentheny that we invited you along when we had the item, but it makes it a little easier.

MS. PENTHENY: No problem at all. Thank you.

SEN. DANIELS: Mr. Chairman.

CHAIRMAN WEYLER: Yes.

SENATOR DANIELS: Senator Daniels. I've got my hand up.

CHAIRMAN WEYLER: Oh, I'm sorry. Don't leave.

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SEN. DANIELS: I did have a question. Is this the first time this -- this program is being offered?

MS. PENTHENY: Yes. This is a -- this is a new grant. It's a one-time grant. To my knowledge we haven't had it before.

SEN. DANIELS: Okay. Follow-up. Within BEA, are there people now that are supposed to be looking for grants and things like that?

MS. PENTHENY: Hum -- yes. That's a good question. Thank you. Yes. We are applying -- there are people that are applying for grants regularly. I believe we had one here last month to support the outdoor recreation industry specialists that we're interviewing for now. That came before the Committee last month.

SEN. DANIELS: So 'cause my question is it's -- looking at it, it looks like we're spending \$187,000 to get someone who's going to tell somebody how to go for a grant. Sounds like an extra layer of bureaucracy in-between what somebody is already supposed to be doing as part of their job versus someone giving technical assistance. So maybe you could clarify what this technical assistance is for.

MS. PENTHENY: This particular grant is focused on specific areas. I'm sorry, I'm pretty new to BEA, but my understanding is that everybody's kind of specialized in what they offer, and this is a grant specifically for the North Country Region.

SEN. DANIELS: Thank you.

CHAIRMAN WEYLER: Mr. Kane sent the folks in the House a chart showing the Northern Borders counties, and it also showed a history that this is going -- been going on at least ten years. And it looked like it was a -- one of those things that you need a match. And it looked like it was probably going to have like one-fourth of it will come from the grant and three-fourths will come from your own funding. And I looked

through some of the previous projects and there were a great many. And I'll ask Mr. Kane, did you just send that to the House Members and not the Senate Members?

MR. KANE: Yes, in response to the House question; but right now I'll forward that to the Senate Members.

CHAIRMAN WEYLER: And those of us that are interested we can look up some of the previous, and it be like seven or eight or ten a year that would be approved. And so this money is going to, hopefully, go a long way in those counties. Any further questions? Seeing none. Did you have a motion yet on this?

** REP. OBER: Move to approve.

CHAIRMAN WEYLER: Representative Ober moves to approve the item.

SEN. GIUDA: Second.

REP. UMBERGER: Excuse me. We already had --

CHAIRMAN WEYLER: We had a motion.

REP. UMBERGER: Yes.

CHAIRMAN WEYLER: Thank you.

REP. UMBERGER: Senator Giuda and Senator D'Allesandro.

CHAIRMAN WEYLER: Very good. All right. Based upon that motion and second, the Clerk will call the roll to approve the item. I hope you all can look back and see the history of it. Looked like there were some many good projects that had been approved. The Clerk will call the roll.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

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REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: Uh -- the vote is ten yes, zero no.

CHAIRMAN WEYLER: Thank you.

***** {MOTION ADOPTED}**

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(7) **RSA 14:30-a, VI Fiscal Committee Approval Required
For Acceptance and Expenditure of Funds Over \$100,000
From any Non-State Source and RSA 124:15 Positions
Authorized:**

CHAIRMAN WEYLER: Moving on to Tab 7, and looking at FIS 21-042, Department of Health and Human Services, authorization through June 30th, 2021, to accept and expend \$148,290 in Federal funds and, two, establish three full-time temporary positions consisting of two Program Specialists IV, LG 25, and one Program Specialist III, LG 23. Any questions on the item? Is there a motion to adopt?

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

CHAIRMAN WEYLER: Senator D'Allesandro moves the item.

REP. EMERICK: Second Emerick.

CHAIRMAN WEYLER: And Representative Emerick seconds. Is there any further discussion? Seeing none. The Clerk will call the roll to approve item number 21-042.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is ten yes, zero no.

CHAIRMAN WEYLER: And the motion is adopted.

***** {MOTION ADOPTED}**

(8) RSA 124:15, Positions Authorized:

CHAIRMAN WEYLER: Moving on next to tab number eight, FIS 21-031, from the Department of Safety, authorization for the Division of Motor Vehicles, six temporary consultants through June 30th, 2021, to check on driver-ed. programs. Any questions on the item? Seeing none. Are you ready for the question? I'll entertain a motion to adopt.

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

CHAIRMAN WEYLER: Senator D'Allesandro moves 21-031.

SEN. GIUDA: Second.

CHAIRMAN WEYLER: Second from Senator Giuda. Any further discussion? Seeing none. The Clerk will call the roll to approve 21-031.

REP. UMBERGER: Representative Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

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SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is ten yes, zero no.

CHAIRMAN WEYLER: The item is adopted.

*** {MOTION ADOPTED}

**(9) Chapter 345, Laws of 2019, Site Evaluation Committee;
Budget Footnote:**

CHAIRMAN WEYLER: Under Tab 9, we have FIS 21-046, the Site Evaluation Committee. We have had some discussions on this with the Chairman. I've had discussions with Dianne Martin, the Chairwoman, also a member of the PUC and also the Executive Council called me and they had it before we did, which is an unusual order. Normally, we approve an item before it goes to.

In our discussion in the House Members of the Fiscal Committee, we had some discussions that I -- I believe Representative Ober said she will follow-up in the review. There was some questions of why they're still carrying on this Committee when they're not having any -- any filing fees to support it, which was the intent of the original thing. Instead, we have this money to transfer, kind of rather large budget which I don't think we assumed when this first Site Evaluation Committee was set up. But there's no further discussion and we are going to get a good look at it in the budget review, then nobody has any other questions, I'll entertain a motion to adopt.

REP. OBER: I had my hand up.

CHAIRMAN WEYLER: Uh -- sorry. Representative Ober for a question. Let's find out if we have Miss Martin here.

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REP. OBER: It's really a question for Mr. Kane.

CHAIRMAN WEYLER: Okay, for Mr. Kane.

REP. OBER: You're correct, these items are supposed to come to Fiscal before they go to the Executive Council. So I was wondering, we discussed this yesterday, I don't know if the Senate did, how we could -- how this went to Executive Council when it hadn't come to Finance yet. And I think Mr. Kane is probably (Inaudible) to answer that than the head of the agency who just submits the paperwork and hopes for the best.

MR. KANE: Yes. So sure. So there are times due to timing since the Executive Council does meet two times a month that on occasion, and it's not a regular, but on occasion there will be items submitted to the Executive Council contingent upon future action by Fiscal, and that's more timing. So they can get the paperwork in, get all the funds in the proper place and pay that bill. That usually is only used when there is a time constraint issue. It's not the regular practice.

Typically, DAS does try to wait to have G & C approve any items requiring prior approval of Fiscal to first come to this Committee. But there are instances where a motion to or a request to the Executive Council pending a future action of Fiscal is approved.

REP. OBER: Thank you, Mr. Kane.

MR. KANE: Sure.

CHAIRMAN WEYLER: Anyone else? I think we have Ms. Martin on the line if anybody has any questions. Seeing none. Does the Committee wish to adopt the item?

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

CHAIRMAN WEYLER: Senator D'Allesandro moves to approve. Is there a second?

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SEN. GIUDA: Second.

CHAIRMAN WEYLER: Senator Giuda seconds. Is there any further discussion? Seeing none. The Clerk will call the roll to approve Item 21-046.

REP. UMBERGER: Representative Ober.

REP. OBER: Excuse me. Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

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REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is ten yes, zero no.

CHAIRMAN WEYLER: The item is adopted. Thank you, Ms. Martin, for coming out.

*** {MOTION ADOPTED}

(10) Late Informational Item:

CHAIRMAN WEYLER: We had a late item, 21-048. That's the HHS, usual Dashboard. Anybody have any questions they want to ask? I see Senator Rosenwald has her hand up. Do we have any for HHS answer questions on the Dashboard? I guess it take a bit and we'll get someone up to answer questions. And I know it was a late item, but I know many of you like to look into it and see what's happening at HHS since that's a big total budget.

MR. KANE: I do see Kerrin and Commissioner Shibinette.

CHAIRMAN WEYLER: There's Kerrin Rounds.

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

CHAIRMAN WEYLER: Chief Financial Officer. Senator Rosenwald is recognized for a question.

SEN. ROSENWALD: Thank you, Mr. Chairman. I actually have a few questions, if I could.

CHAIRMAN WEYLER: Go ahead.

SEN. ROSENWALD: First, of the \$70 million lapse that the Department is projecting, how much of that is related to the

additional F-MAP that we're getting and how much of it is programmatic? And, further, of the programmatic, what percentage is related to vacancies?

MS. ROUNDS: I don't know those numbers off the top of my head, but I will certainly get that information and get it back to you.

SEN. ROSENWALD: Thank you. If I could follow-up, Mr. Chairman.

CHAIRMAN WEYLER: Further question.

SEN. ROSENWALD: Looking at the Page 11, I think it is, on the Community Mental Health Centers, I see that the number of adults served monthly continues to grow during the Pandemic, but the number of kids served by the Community Mental Health Centers is down by around 600 children per month. And so my question is why kids are not getting outpatient treatment, and I think I've asked this before, how is that related to the record number of kids that we're seeing boarded in ER's which has been as high as 50 of children waiting for an emergency inpatient psych bed?

MS. SHIBINETTE: I think that I'll take that question, Senator.

SEN. ROSENWALD: Hi.

MS. SHIBINETTE: Hi. So I don't have a great answer on why there's less kids receiving community care. I know a lot of our children's programs are the prevention programs are based in the schools. So there's -- there's that definite issue right now.

You are right that we are having a historic high number for our ER boarding for kids, not following seasonal trends at all. Typically, we see lower numbers than this, and we certainly see lower numbers over holidays and when kids are not in school and that's not the case here, which is why yesterday we commissioned

ten adult beds at New Hampshire Hospital to -- to convert back to children's beds to get those wait lists down.

What I can tell you is that we have RFP'd our children's system of care and we are in the award phase right now where we are creating a regionalized crisis system for children -- well, for all people with mental illness, but including children. We are about to award a PRTF which is a Psychiatric Resident Treatment Facility for kids. So those things are coming on board over the next couple of months. But you are right that kids receiving services, I think, some of it has to do with schools, some of it has to do with the isolation caused by the Pandemic, those types of things which are causing our lower number.

SEN. ROSENWALD: Could I follow-up, Mr. Chairman?

CHAIRMAN WEYLER: Follow-up question.

SEN. ROSENWALD: Thank you. So, Commissioner, if we take ten adult beds offline for adults, won't that just increase the number of adults who are waiting boarded in ERs?

MS. SHIBINETTE: There is a potential, yep. So there is a potential of that. I'm working with our community providers to bring on more adult capacity in a variety of forms during this period. So, for example, the Crisis Departments in Manchester which were taken offline for -- throughout a period of the Pandemic will be brought back on-line. That's four additional beds. We have a couple of hospitals that currently run DRF to see if they can increase their capacity. And as you know, we increased our capacity for adults, both at New Hampshire Hospital and through the Path Program which is transitional housing which we stood up 16 beds. So we are working right now to try to alleviate that ten bed loss of adults in the community to stand up other beds, but it is definitely a potential. Right now the higher need, though, is with kids.

SEN. ROSENWALD: One more if I could, Mr. Chairman. I've heard, but I'd like to confirm it that some of these kids who

are waiting in the ER's for a bed have insurance and are actually voluntary admissions. Do you know what percentage of those kids would be voluntary and what's the Department's plan to get them into in-patient voluntary treatment?

MS. SHIBINETTE: So the vast majority of all the kids are voluntary, because kids are voluntary by guardian which is a parent admission. It is a rare case where we have an IEA on a child because a child can be admitted by a parent on a voluntary basis. So those kids all go to the same place, which is Hampstead Hospital. They are bringing on additional capacity in May, bringing on seven additional beds. Those same kids, the voluntary and the involuntary, will come to New Hampshire Hospital, also.

SEN. ROSENWALD: In May.

MS. SHIBINETTE: New Hampshire Hospital we will start --

SEN. ROSENWALD: In May.

MS. SHIBINETTE: So Hampstead is May and New Hampshire Hospital Children Unit that we're opening we start admitting tomorrow.

SEN. ROSENWALD: Thank you. Thank you, Mr. Chairman.

SEN. D'ALLESANDRO: He's muted.

REP. EMERICK: You're muted, Ken.

CHAIRMAN WEYLER: I have noise in my house and I turned it off. Senator D'Allesandro is recognized for a question.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. Thank you, Lori. Lori, we fought hard to get the kids out of New Hampshire Hospital. By creating the ten beds, we're answering an immediate situation, but we --

MS. SHIBINETTE: Hm-hum.

SEN. D'ALLESANDRO: -- it isn't your plan to keep those kids -- to keep those ten beds for kids, is it, because that would be counterintuitive. We wanted the kids out of there. We wanted to find a better situation for those kids and, you know, I think we made a mistake ten years ago putting kids into New Hampshire Hospital. And we did correct that in the budget. So I recognize the need, but that -- that can't be the ultimate solution. That would really bother me.

MS. SHIBINETTE: No. No. So that ten beds is going to be temporary. We expect it for a couple of months until Hampstead can bring their seven beds on, and then we can also stand up the community program that we put in the budget through the Children's System of Care which includes a PRTF, which is a Psychiatric Residential Treatment Facility for kids that need longer term stay, and the crisis program, the regionalized crisis program to actually take the care of kids in the community. To be honest with you, kids that are suffering from mental illness, whether it's anxiety or depression, are better served in their community than in an inpatient stay.

Now sometimes it's -- it has to happen on an inpatient basis; but we much prefer to provide the care in the community. And we are just, like I said, at the award phase for a lot of those changes and a lot of those investments in the community-based for Children's System of Care. So I do expect to only be maybe through May that we have these ten beds or until the needs subside.

SEN. D'ALLESANDRO: Appreciate that. Thank you. Further question, Mr. Chairman.

CHAIRMAN WEYLER: Further question.

SEN. D'ALLESANDRO: Of Kerrin Rounds. Kerrin, of the 70 million you're anticipating in lapse, how many of those are

positions, you know, filled and unfilled? What's your vacancy right at this time?

MS. ROUNDS: I believe that we have around 700 vacancies right now.

SEN. D'ALLESANDRO: Seven hundred vacancies?

MS. ROUNDS: I believe that's correct. Commissioner.

MS. SHIBINETTE: Yeah. We have 760 which is about 20% of the Department.

SEN. D'ALLESANDRO: Further question of Kerrin.

CHAIRMAN WEYLER: Further question.

SEN. D'ALLESANDRO: Then the programs that we stood up in the last budget, are they -- are they being facilitated? I mean, if you don't have people, how are they -- how are the programs being initiated and carried through? We worked hard to get -- to get money for programs at HHS.

MS. ROUNDS: Commissioner, do you want to speak to that?

MS. SHIBINETTE: Yeah. I think, you know, ultimately during COVID Pandemic there was a hiring freeze and we just -- we couldn't replace the people that we saw either retire or leave for one reason or the other. The vast majority of the programs that we stood up are still operating. There were some delays, such as the Children System of Care. That was a contracting issue. You know, it's a great example of it's not just the program that needs to be fully staffed but our contracting division had a 50% vacancy rate. So, in addition to having only half the number of people, they were also contracting for hundreds of millions of dollars of COVID funds. So there was just -- there was double the amount of work and half the amount of staff. So there were delays in putting some of those programs out.

The forensic hospital is another example of that. Although it was delayed initially for during the Pandemic, we are now moving head strong into that. The hiring freeze is off. We are able to now recruit. Our programs are still operating. It's really a case of more people or less people doing more. You know, the staff are just working overtime and long hours to keep everything running right now.

SEN. D'ALLESANDRO: Just one further question, Mr. Chairman.

CHAIRMAN WEYLER: Further question.

SEN. D'ALLESANDRO: Given that set of circumstances, Lori, don't you run into the burnout rate?

MS. SHIBINETTE: Yes, yes. We absolutely run into the burnout rate. We've seen that happen throughout the Pandemic, both in Public Health, who is leading the efforts, our COVID efforts, and then also with all of our other programs that had some turnover in staff, but we're not able to recruit.

One of the great things about our Department though is we cross train a lot of people and a lot of people can take on other roles, and we've done that a lot. But we definitely need to hire more people in and we are in the process of doing that right now. People are -- people have been hanging on for this hiring freeze to lift so that we can get more -- more staff in.

SEN. D'ALLESANDRO: Thank you. Thank you, Mr. Chairman. Thank you, Lori. Thank you, Kerrin.

CHAIRMAN WEYLER: Any further questions from the Committee? I believe this was an information item and doesn't require a vote. Commissioner, Director, thank you for coming out and answering the questions.

(11) Informational Materials:

Audits:

CHAIRMAN WEYLER: All right. We next have all the audits. And there are several of them. What I have suggestion from Mr. Kane, which we've done before on multiple audits, is can Karen make the motion to accept all those reports, place them on file, and release in the usual manner. If you want to make that motion, Representative Umberger, for all the reports.

****** REP. UMBERGER: Yes. I will make that motion. Did you want me to list them or --

CHAIRMAN WEYLER: You can. Wait a minute. Senator Giuda, you had a question.

SEN. GIUDA: Yeah. I want to discuss these things. So I don't mind seconding it with the proviso we get to discuss these things?

CHAIRMAN WEYLER: No, we are not just going to run through them. We have done this in the past even when we had seen like the CAFR. The CAFR comes late but sometimes we make the motion in December, don't see the CAFR until January and sometimes even February. But just so it goes on the record that we have accepted these reports, then we'll discuss them and I assure you we will do that.

SEN. GIUDA: And I second. Thank you, Mr. Chairman.

CHAIRMAN WEYLER: And, Karen, you made the motion.

REP. UMBERGER: Yes. The audits that we are accepting report, placing on file, and release in the usual manner are the Liquor Commission, Department of Enforcement and Licensing, the Bureau of Vocational Rehabilitation. That's it.

CHAIRMAN WEYLER: Also, the Unique College Investing Plan and THE Fidelity Advisor 529 Plan.

REP. UMBERGER: Okay. I did not -- sorry. I did not have sheets on those.

CHAIRMAN WEYLER: Okay.

REP. UMBERGER: I can fix that.

CHAIRMAN WEYLER: All right. So the four items to be sure that everyone understands the motion, we are going to accept these reports, place them on file, release in the usual manner, unique College Investment Plan, Fidelity Advisor 529 Plan, State of New Hampshire Liquor Commission, Division of Enforcement and Licensing, and the fourth one is the Department of Education, Bureau of Voc Rehab. Those are the ones we're going to place on file and then we're going to discuss them. Clerk will call the roll on that motion.

REP. UMBERGER: Representative -- whoops! Representative Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

SEN. PRESIDENT MORSE: Yes.

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REP. UMBERGER: Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is ten yes, zero no.

CHAIRMAN WEYLER: The motion passes. Now we will hear from the LBA Audit Division.

CHAIRMAN WEYLER: Okay. I see we have some people available. Looks like the Treasurer, and Declan Byrne. Mike, if you want to bring them up. I see Monica.

MR. KANE: Yes, we'll ask them to unmute.

CHAIRMAN WEYLER: Okay. Good morning, Madam Treasurer.

REP. OBER: Which one are we doing first, Ken, so we can have the right one in front of us?

CHAIRMAN WEYLER: With Monica here we'll be doing the College Investments Plans, Fidelity Advisor 529 and the Unique.

MONICA MEZZAPELLE, Treasurer, Department of Treasury: Good morning. Good morning, Mr. Chairman, and Members of the Committee. For the record, State Treasurer Monica Mezzapelle, and I'm also the Trustee of the New Hampshire Fidelity 529

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College Savings Plan. With me this morning is PWC Partner Declan Byrne. And before I turn it over to him, I just want to highlight a few points.

First, I would like to thank Mr. Byrne and his team and Director Smith for the cooperation and completed these audits timely and with a clean opinion as you will hear in a few minutes. So a few highlights about the performance of the program over the last year.

The New Hampshire 529 Plan is a -- remains a very successful program in the country. It is the fourth largest in the country, with over \$20 billion in assets under Management and approximately 800,000 participant accounts. So despite the challenges that we have had over the last year with the Pandemic and, also, we spoke to you in the past about how the New Hampshire plan is what we consider a mature plan. So that means college savers have been end of plan for several years now. So now they're using the funds to pay for college.

So despite all those facts, the plan continues to grow. And -- hum -- last year between the two -- between the two plans, what we call the retail plan, the Unique College Investment Plan and the Advisor-sold which is the Fidelity Advisor 529 Plan, those two plans grew an average of 10% last year, and we can credit that partially to the performance of a couple markets but also through the work that our program manager is doing to make sure that we can increase the new accounts, and also contributions. So a great story to tell.

With regard to the revenue share that we received from the management fees, as you may recall we -- the State receives a portion of the management fees and last year we received approximately 15 million. And after paying a few administrative expenses we were able to disburse those funds to New Hampshire students who qualified for the two Unique Scholarship Programs. So we were able to benefit approximately 6,600 students in New Hampshire. And the scholarships ranged from \$800 to approximately \$7,000.

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So, again, happy to share this positive note and, with that, I would like to turn it over to Mr. Byrne for the audit presentation, and I'll be happy to answer any question -- any questions after.

CHAIRMAN WEYLER: Thank you. Before that I should have introduced first Stephen Smith, the head of the Audit Division, to introduce all the audits. So I'll go to Steve Smith for his comments and sorry I didn't see you there earlier.

STEPHEN SMITH, Director, Audit Division, Office of Legislative Budget Assistant: That's perfectly fine, Mr. Chairman, and good morning. Yeah. Just say you were on the two college savings plans and we have PWC under contract with our office to perform these audits.

With that, Declan can do the formal presentation of it. Thank you.

CHAIRMAN WEYLER: Thank you. Mr. Byrne.

DECLAN BYRNE, Partner, Price-Waterhouse Cooper, Boston MA: Perfect (Inaudible) and hope you can hear me, and nice to see you all again. So Declan Byrne, PWC Partner for Boston Office. It's my pleasure to be here to report of the results of the New Hampshire Savings Plans Trust which, of course, includes the Unique College Savings Plan, Fidelity Advisor 529 Plan. And we provided our materials in advance and please refer to Page 6. That's to be the most important page today to focus on.

As we look at today, we issued our audit opinion on December 18th, 2020, and, essentially, all of our audits -- all of our audits were done in a remote from home environment, and we were able to successfully succeed in releasing on time (Inaudible) execute our plan. No really significant changes to our audit procedures.

Yes, we were all working from home, and yes, we were able to also apply technology and collaboration tools to enable us together to seamlessly and timely support from both Fidelity when needed from Monica and team. Overall, we are delighted to say we had an unqualified opinion. No big challenges as part of the audit. Great cooperation from both Monica and team, as well as great cooperation from the service provider Fidelity who does houses and organized a lot of the underlying support that we rely on as part of the audit.

I'll refer you to the reportable acts, which are under the bottom side of Slide 6, and that's the most important area of our presentation. And, hopefully, we to report no significant deficiencies, material weaknesses. During the course of our audit, we were able to review controls that are part of the Fidelity environment, perform some grounded testing, align the disclosures with the U.S. government requirements. We didn't find any significant deficiencies or material weaknesses. But independence at that point we have a rigorous process of reviewing our own independence, both New Hampshire, Fidelity, and that was no issues. And no old corrected misstatements or, indeed, misstatements that were identified by Management but also incorrect by Management.

As part of our audit we did not find instances of fraud or illegal acts or, indeed, any non-compliance with laws and regulations. So, hopefully, in December we were able to sign off with an unqualified opinion.

And the next areas I'll probably just refer to is Slide 7, which is really just our standard required communications under professional standards. And they include areas such as our view on the quality of financial statements, quality of the communication, and in all instances on Slide 7, 8, and 9, you know, no concerns from PWCs perspective. No disagreements with Management. No major difficulties in the audit. Yes, it was a work from home situation, but I think both sides and everybody has managed through. That's thankfully true with collaboration, communication, and the technology tools as we look to continue

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for the foreseeable future executing our audits in a remote work from home environment.

I'll just refer to the other sections of our deck. Really our Slide 12 onwards is more informational. As we look to audit technology, we're excited to continue the journey of more efficient and effective and high quality audits through the use of our automation and focus on data in these 529 audits. So, really, we just include those for pure informational purposes; but absolutely, as always, happy to answer any questions.

And so that really summarized our year and I would say very successful. I know it's our first time working with Monica directly as lead role, and just a pleasure to work with. So and we're delighted to finish the audit. Maybe I'll stop if there are questions.

(Chairman is talking but is muted.)

MR. BYRNE: You might be on mute.

SEN. D'ALLESANDRO: If I might, Mr. Chairman.

REP. OBER: Ken, you're still muted.

CHAIRMAN WEYLER: Sorry, the phone rang and I muted myself. Congratulations to you all. Excellent audit. We expected Miss Mezzapelle having worked with her on the 529 Program, both myself and Representative Leishman and Senator D'Allesandro, we know how accurate she is. So we're not surprised that it's a perfect audit. Senator D'Allesandro.

SEN. D'ALLESANDRO: Just a quickie, again. Congratulations, Monica, on your ascendancy from Commissioner to actual Treasurer. And, Declan, I enjoy your Irish brogue. It comes across beautifully. And I get this on an annual basis. So it enlightens me and makes me feel good about world cooperation. So thank you so much.

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And just one question. The maturity of our program, when is -- when do you perceive of a situation where there's more going out than is coming in and that affects our -- that affects our negative in terms of the money that we get? We are a mature program at this point.

MS. MEZZAPELLE: That is a great question, and thank you for the remarks. That is a great question. I think, you know, our program manager, Fidelity Investments, they have been dealing with this issue for a few years. So the plan has been around, the Unique Plan has been around since 1998. We've had investors that, obviously, some of the children reached the age of 18 when they start attending college. The benefit of this plan, obviously, was to save for college and withdraw those funds to pay for those expenses. That is working remarkably.

So the challenge now is to make sure that those withdrawals are -- are, I guess we put enough contributions to -- to make sure that those withdrawals are not going to affect the plan.

So, with that, our program manager continues to do a terrific job increasing new accounts and we see that every quarter when they report to us on the account growth. It really is pretty remarkable, I will say, and -- and the contributions continue to increase.

So at this moment we haven't seen any concerns regarding the account growth and how the plan continues to grow. What I just heard recently is even the Pandemic allowed for additional accounts to be opened. Perhaps some of the stimulus money for folks that didn't lose their employment, additional savings were realized for this account. So, again, 2020 was an unusual year for a lot of reasons, but we saw some of the benefits for this plan. So it is a concern that we will have to continue monitoring. But at this point -- hum -- no concerns.

SEN. D'ALLESANDRO: Thank you. Thank you very much.

CHAIRMAN WEYLER: Thank you very much. For anybody that's curious as to why there's a 529 and a Unique, excuse me, 529 Plan is an advisory plan. It is sold through Fidelity to their clients, whereas the Unique Plan you can go on-line and sign up for that. So there's no extra payment to the -- to the Advisor. You get all the money. Both work well. You contribute a lot of money to scholarships for people in New Hampshire.

We have recently, excuse me, changed the way the money was distributed. Used to go 80% went to endowments for the colleges that were then expected to spend more than that in -- excuse me -- more than that in scholarships, and 20% went direct to scholarships. Now we reversed it. 80% direct to scholarships and 20% to endowments and I think -- I think those of us on the Committee think that's a much better distribution plan. So great. Thank you all and appreciate the success of this program. All right. Mr. Smith.

MS. MEZZAPELLE: Thank you.

MR. BYRNE: Thank you.

CHAIRMAN WEYLER: Appreciate you being here.

SEN. D'ALLESANDRO: Thank you, guys.

CHAIRMAN WEYLER: I hope we're not establishing a pattern of having 300-page audits for me to read two at a time. (Inaudible) the process it took days.

REP. LEISHMAN: He's going to have a chat with Mr. Chairman.

MR. SMITH: Mr. Chairman, I think these are, hopefully, just outliers in terms of the volume and size, certainly not our objective. But given the nature of the two audits and the issues that we found that we didn't anticipate, as well as a lot of past -- past issues that have been identified in previous audits required more work as well.

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So, moving on, I would like to introduce Steve Grady. He was our Senior Audit Manager on this audit of the Liquor Enforcement Licensing Performance Audit. And joining us also on the line, I believe, is Chairman Mollica and his staff, too, with any comments or questions that are fielded by the Committee.

So, with that, I'll turn it over to Steve Grady and he will present the report.

STEVE GRADY, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Thank you. Good morning. For the record --

CHAIRMAN WEYLER: Good morning.

MR. GRADY: -- Steve Grady. I was the in-charge auditor for the Division of Enforcement and Licensing Performance Audit.

CHAIRMAN WEYLER: Steve --

SEN. GIUDA: Chairman, I'm having a hard time hearing him.

CHAIRMAN WEYLER: Little more volume, Steve.

MR. GRADY: I'll try to adjust. Can you hear me better now?

CHAIRMAN WEYLER: Not much better.

MR. GRADY: Can you hear me now?

SEN. D'ALLESANDRO: Yeah, that's good.

MR. GRADY: We'll go with Plan B then.

CHAIRMAN WEYLER: All right.

SEN. GIUDA: Thank you.

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MR. GRADY: Absolutely. As was noted, due to the report's length, I will be summarizing Observations and Chapters. Our Executive Summary captures main themes and the most significant concerns. It is there that we conclude that the Commission lacked adequate management controls to ensure the Division achieved expected outcomes.

Our Recommendation Summary follows. Our recommendations typically focus on commission and Division Management improving controls to help achieve expected outcomes, increasing commission oversight of division performance, and complying with laws and rules. Of the 47 recommendations, Management concurred with 44 and concurred, in part, with three. Eleven contained elements that may require legislative action.

Chapter 1 addressed systemic management control deficiencies. Management control's a process that if well designed, properly implemented, monitored, and refined, can help Management efficiently and effectively comply with laws and rules, achieve objectives and protect resources. However, at times controls were absent, ineffectively designed, inconsistently implemented, unmonitored, and unrefined. Some long-standing, unresolved deficiencies resulted in abuse and waste. Some controls and corresponding actions were unauditable because they were poorly documented and relevant records were unreliable. We were compelled to qualify our use of and our conclusions resting on division records.

The operating environment and organizational culture were not conducive to the development, implementation, monitoring and refinement of effective controls. There was no apparent design to Division Management controls. Neither the Commission nor the division strategically planned or managed internal operations. There were no complementary strategies or plans designed to achieve outcomes supporting statewide strategies, such as those related to public health and highway safety.

Management lacked a coordinated systematic approach to risk management leading to qualitative intuition based practices. Without a formal objective risk assessment, there was no way to determine what risks division practices were designed to mitigate. Without any cost benefit or similar analyses, there was no way to determine whether practices efficiently mitigated risks.

External evaluations, such as audits, can help identify and manage risks. However, unresolved, untimely resolved and temporarily resolved defects contributed to ongoing and in some cases worsening Management controls deficiencies. We evaluated 21 relevant Observations from seven prior audits and found one was fully resolved. We repeated 20 prior Observations in this report. Some topics were previously addressed as many as seven times, and some were initially identified as far back as 1989. Here we suggest the Legislature consider increasing its oversight of Commission efforts to address the conditions leading to audit observations.

Compliance with laws and rules was a basic expectation, but Management lacked controls to ensure the statutory framework was optimized. Statutes were complex and Commission rules amplified statutory complexity. To fill in gaps within the statutory and regulatory framework, the Division undertook broad ad hoc rulemaking, some knowingly and some unknowingly. Ad hoc rulemaking is an extra legal practice of enforcing requirements on the public without underpinning statute or properly adopted rule. Ad hoc rules affected each Division function. Controls to ensure Division compliance with laws and rules were absent and controls over internal procedures in the Division's organizational structure were inadequate.

Statute established four expected outcomes. To optimize profitability, ensure proper control, operate efficiently and effectively, and provide customer service. In practice, performance management centered on quantifying how many times certain tasks were accomplished, not on whether the right task

was accomplished, how well a task was accomplished, or whether expected.

Performance management controls were inadequate. Division practices were neither objectively shown to be capable of producing expected outcomes or able to demonstrate what outcomes were actually produced. There were no analyses to objectively allocate personnel and allocations skewed towards use of sworn law enforcement personnel, including for numerous administrative tasks. Overall, 61% involved Division positions were allocated to sworn employees.

Knowledge management is the control system over collecting, recording, and analyzing quality data and producing and using knowledge. However, knowledge management practices were inadequate, controls were fragmented, and improvised practices produced inaccurate, incomplete, and unreliable records.

Chapter 2 addresses licensing. We found licensing controls lacked discernible design and were reliant upon ad hoc rules. Practices were inconsistent with statute, rules and SOP's. Licensing was complex to the point where a pre- application form and process had to be used before an applicant should begin the actual license application process. Simplifying licensing has received attention in the past, but that objective was unrealized. While there were over 100 license types and subtypes, they all fit into three basic categories. Our recommendations here include the Commission seeking risk-based licensing reforms to simplify the licensing framework.

Chapter 3 addresses the Direct Shipper Program. The program was created to enable citizens and licensees to buy hard to find alcoholic beverages from out-of-state suppliers; but the program's controls lacked discernible design. The program's statutory purpose was exceeded, statutory non-compliance was long-standing, ad hoc rulemaking was common, rules were inconsistently followed, and prior audit findings were unresolved. The Division inconsistently enforced compliance and sanctioned non-compliance. Ultimately, the Commission did not

know what was being directly shipped into the state or whether the correct amount of taxes and fees were received.

Chapter 4 addresses the examination function. We found examination processes lacked a discernible design. The Division could not demonstrate expected examination-related outcomes were achieved with 92 percent of licensees not receiving an examination during our two-year audit period. Rules and SOPs were inadequate. Practices were reliant upon broad ad hoc rulemaking and were non-compliant with statute. Examination processes were known to rely on outmoded, inefficient practices.

Chapter 5 addresses enforcement. We found controls to ensure licensee compliance with laws and rules were inadequate and lacked a discernible design. Prior audit findings were not addressed and long-standing deficiencies and waste persisted. Some enforcement activities were unrelated to a licensee or a permittee or were without a connection to statutes for which the Commission was responsible. This "scope creep" was a long-standing unresolved concern. Scope creep was not due to changes in statute or rules but was instead a Management choice. It undermined the achievement of expected outcomes.

The subject of extra-jurisdictional activities we've already had the most significant disagreements with the Commission, and it is more fully discussed in Observation number 38 and in Appendix C. Additionally, elective training, education, and outreach were not shown to achieve expected outcomes. Controls to prevent unlicensed or unpermitted possession or transfer of alcoholic beverages and controls over adulteration and misbranding were inadequate. Premises inspection practices were inconsistently effective with more than 41 percent of licensees not receiving their regulatory visit during our two-year audit period.

Nearly 32 percent of the inspections that were conducted were excessive. For example, one licensee received 35 inspections from six different investigators over two years without a recorded liquor law violation. Compliance check

operations did not efficiently and effectively ensure proper control and were not risk based. Controls over complaints, investigations, and sanctions were inadequate.

Our recommendations here include migrating extra- jurisdictional activities to a law enforcement agency and constraining Division activities to its role as a regulatory agency.

Current Division Management in place since 2017 did not create the defective controls we identified. Many defects were longstanding. Nonetheless, Management was responsible for effective and efficient operation and reported undertaking a review of internal practices identifying some of the same issues we identified.

The holistic approach to management control could help ensure the issues we identified will fully be remediated and remain effectively controlled. Developing such controls, including a risk-based data informed strategy and supporting plans with detailed implementing procedures will likely take a substantial amount of time. Without these underpinnings, Division efforts to manage change run the risk of occurring in isolation without obtaining measurable improvements and achieving expected outcomes.

I'd like to thank the Commission staff and numerous stakeholders for their assistance during this audit. Unless there are any questions of me, I will turn it over to the Commission's Chair, Joe Mollica.

CHAIRMAN WEYLER: I see no questions. We'll welcome the remarks of the Commission. Oh, wait a minute, wait a minute. I have a couple of questions for you, Mr. Grady. Representative Ober and then Representative Leishman. Representative Ober for a question.

REP. OBER: Thank you, Mr. Chairman. Mr. Grady, thank you for your presentation. Could you talk a little bit more about ad

hoc rulemaking and what you saw, how you saw it, how that is different from their administrative rules?

MR. GRADY: Sure. As I noted, ad hoc rulemaking is a requirement imposed upon the public that lacks an underpinning statute or duly adopted rules. So while there was a statutory framework and Commission rules were in place, additional requirements were imposed upon the public by Division staff in all of the functions that we examined. So whether it was licensing, the direct shipper program, examinations, or enforcement, there were features of Division operations that were not underpinned by a statute or duly promulgated administrative rule.

REP. OBER: Ken. Follow-up, Mr. Chair.

CHAIRMAN WEYLER: Follow-up.

REP. OBER: Thank you, Mr. Grady. Now, and I've read your report. I was appalled by this report, but I thank you for the time and effort you've put into it. I'm not sure I understood in every area where you wrote exactly what was in ad hoc rule and exactly what was not. How do I track those down so we can try to bring some continuity, get this agency back on track?

MR. GRADY: Well, the report does not enumerate every instance of ad hoc rulemaking that we identified. What we tried -- because there were so many of them, we tried to identify processes and functions that were underpinned by ad hoc rulemaking. So the report will not enumerate for you every instance of ad hoc rulemaking that we identified.

REP. OBER: Thank you, Mr. Grady.

CHAIRMAN WEYLER: Thank you. Representative Leishman for a question.

REP. LEISHMAN: Yeah. Thanks, Mr. Chairman. First off, excellent report. I agree with the Chair that quite long but

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very good. And I, like Representative Ober, was appalled and very troubled by some of the things that you found; but a couple specific questions. I don't know whether this would be questions that the Chairman could answer better or you could. But on Page 257 of the report, it mentioned the compliance checks and you talked about this briefly where some establishments were checked so many times and others were not. And you go to, for instance, Manchester where there was a lot of inspection apparently going on, 56%. But then you go down to other communities where it absolutely nothing happened or Merrimack for some reason there was a real concentration there of nearly 70% of compliance checks. Do you have any idea why there's such a variant between one town and another?

MR. GRADY: Some of the variants was, perhaps, due to the ad hoc nature of the process itself. There was no strategy, as we've noted throughout the report, underpinning Division operations. And as a consequence, combined with a lack of a risk assessment to understand where the risks the Division faced were located, compliance check and other operations simply occurred where maybe somebody asked for it. Maybe an investigator that was local to the area opted to do it. So it was -- it was less structured and more random by happenstance that they occurred.

REP. LEISHMAN: Yeah, just seems like Plymouth, you would think that that would be a concentration of inspections just because it's known as one of the drinking capitols of the college world and yet nothing occurred. Didn't you go to Plymouth, Lou?

SEN. D'ALLESANDRO: My grandson went to Plymouth.

REP. LEISHMAN: Your grandson. That's right. But the other thing is was mentioned in here as far as a compliance officer because of the ongoing issues. On Tab B, a letter was sent by the Chairman to Steve Smith mentioning that they would hope to hire a compliance unit, an internal compliance unit. Do you know if that's been done or is there any movement towards that?

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MR. GRADY: I would have to defer to the Commission on that.

REP. LEISHMAN: Okay. Thanks.

MR. GRADY: Absolutely.

REP. LEISHMAN: I guess I have nothing else. Thanks again, Ken.

CHAIRMAN WEYLER: Thank you. Senator Giuda for a question.

SEN. GIUDA: Thank you, Mr. Chairman. Steve, is there something good that can be said about the operation of the Liquor Commission? This is an indictment.

MR. GRADY: Well, this is -- Senator, this is the Division of Enforcement and Licensing, right. So the whole Commission, we didn't audit the whole Commission.

SEN. GIUDA: Right. Okay. Specific to the audit. I'm sorry.

MR. GRADY: Right, sure. And I just want to make sure that I constrain my comments to what I know. I know what I audited and I don't know what I didn't audit. Performance auditing by its nature is a negative process. There are doubtless many things, positive things that the Division did and does, but we focused on those control weaknesses to help the Division -- to try to help the Division to improve its operations. And that's where we spend our time when we do our you performance audits. And as a consequence, we illustrate the negatives, and that's -- and that's pretty much it.

So it does -- we do provide ample opportunity for agents to provide us input so that we understand the context that these Observations occur within. So, for example, when I mentioned that Division has identified some of the same issues we've identified, they had a process in place where they've been

looking at their internal operations and trying to identify defects and trying to develop remedies to them, which is a good thing.

So that as far as a good thing is concerned would be one thing I could point to. I think you can also look at the response to the audit overall and the specific responses to the various observations that the Commission generally gets it, if you will. They understand that there are control defects in place. They have conceptualized a internal audit unit and a chief compliance officer. Again, I don't know how far along the development of that is, but those are good things, so moving in the right direction. I would say those are positive. Beyond that, again, we've focused on where the problems lie.

SEN. GIUDA: Follow-up.

CHAIRMAN WEYLER: Follow-up question, Senator Giuda.

SEN. GIUDA: Thank you, Mr. Chairman. I turn to Page G-1 in Appendix G. I see that there are a total of 21 problems of which one has been resolved, seven are in process and 13 remain unresolved from prior audits.

MR. GRADY: Right.

SEN. GIUDA: I presume that's a list of audits is above that table.

MR. GRADY: Right. Those -- those audits that are listed above the table, bulleted above the table are the ones we examined, and then the individual examinations follow on the subsequent pages.

SEN. GIUDA: Can you state how many of those are repeated throughout those subsequent audits or the preceding audits?

MR. GRADY: Well, of the 21, as you noted, one was resolved. The other 20 were repeated in some way, shape, or form in our

current report. So all 20 showed up again in some way, shape, or form.

SEN. GIUDA: Thank you.

CHAIRMAN WEYLER: Any further questions for Mr. Grady? Mr. Grady, thank you for your thoroughness.

MR. GRADY: Absolutely. Thank you.

CHAIRMAN WEYLER: We enjoy reading these audits.

MR. GRADY: About as much as I enjoy writing them, I suppose.

CHAIRMAN WEYLER: Thank you.

SEN. D'ALLESANDRO: Ouch.

REP. LEISHMAN: Yeah, ouch.

SEN. D'ALLESANDRO: Ouch, that hurts.

CHAIRMAN WEYLER: Hopefully, we'll hear from Commissioner Mollica.

SEN. D'ALLESANDRO: Right.

MR. KANE: We do have Tina Demers, if she could unmute, and I believe another member from the Liquor Commission on as well. If they could unmute. Press star six if you're calling in. Star six should unmute those phone lines. All right. I'll e-mail them on the side.

And then if there is anyone else in the attendees list from the Liquor Commission, if they could raise their hands by pressing star nine. Looks like we have someone coming in. Mickey will bring in. Just ask to unmute. There you go.

JOSEPH MOLLICA, Chairman, New Hampshire Liquor Commission:
We all set? Can you hear me, Mr. Chairman?

CHAIRMAN WEYLER: Yes, please go ahead.

MR. MOLLICA: Thank you very much. Good morning, Mr. Chairman, Members of the Committee. Joseph Mollica, Chairman of the Liquor Commission. Rose Wiant, our COO is with us, and Mark Armaganian, Chief of Enforcement Education.

First and foremost, I'd like to thank Director Smith and his team for their thoroughness in the audit. I'd like you to know the Commission continually seeks to improve its operations and, therefore, appreciates the insights afforded by the audit staff.

I'll turn this over to our COO Rose Wiant to describe the plan of the Liquor Commission and how we intend to move forward. As I've said in Section B-1 is my letter that has already been referred to. And we'd be happy to answer any questions that you may have. Rose.

CHAIRMAN WEYLER: Thank you, Commissioner.

MR. MOLLICA: Thank you, Mr. Chairman.

ROSEMARY WIANT, Chief Operating Officer, New Hampshire Liquor Commission: Good morning. Rosemary Wiant, COO for the Liquor Commission. Hum -- as the Chairman said, there's a lot of excellent information in this report. And as apparent from our response, the Commission by and large agrees with the Observations in the report. And, in fact, in many cases the Chief -- Chief Armaganian will speak to this. In many cases, the Division had identified many of the same issues and brought those issues to the attention of auditors when they were doing their work. I would just think it's important for the Committee to know that.

Also, what I really -- what's important for the Committee to know and I really want to talk about is that the Commission

is looking at this in a much broader sense, definitely with respect to enforcement but also is looking at this as an opportunity for the Commission agency-wide, and that's -- that's where this internal audit unit comes into play.

This -- this unit will be looking at, again, agency-wide processes. It will be making a systematic review of all of the program areas over time to, one, make sure that each program area has objectives that are measurable, and then we'll assess the program areas and the processes for performance, for effectiveness, and for efficiency.

At the same time, a significant percentage or initial focus, at least, will be directly to work to help lead the effort for the Division of Enforcement to address the findings in this report. And the other component of this -- this unit will be to ensure periodic reporting in accordance with executive orders and with legislative requirements.

One additional point, and I'll turn this over to Chief Armaganian. There has been a question about where we are so far in developing this unit. I'm in the process of finalizing the supplemental job description for what will be the first position to lead this. That position will work with me. I'm initially redesigning and putting this together and working directly on this project and have been -- begun putting together a Corrective Action Plan to prioritize the Observations for the Division of Enforcement.

The next steps will be and the plan I'm putting together is to review our strategic plan to make sure that we have objectives that are clear and that are measurable so that we can do the review and -- and, you know, make the improvements that we want to make.

CHAIRMAN WEYLER: Thank you.

MS. WIANT: Thank you. And I'll turn this over to Chief Armaganian, unless you have any immediate questions for me.

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SEN. GIUDA: I do.

CHAIRMAN WEYLER: Yes, Senator Giuda.

SEN. GIUDA: Thank you, Mr. Chairman. Miss Wiant, how long have you been the Chief Operating Officer for the Commission.

MS. WIANT: About two years.

SEN. GIUDA: Thank you. Were you -- follow-up.

CHAIRMAN WEYLER: Follow-up.

SEN. GIUDA: Thank you. Were you aware of these problems when you came on the job?

MS. WIANT: No. It's through this audit that really this came to my attention and I say to our attention. But I also want to reiterate that when Chief Armaganian came into this position and to his role, he began reviewing the Division of Enforcement. So for him and his group they -- they had been collecting some of -- much of this information on their own. It's not something I was aware of. But I just want you to understand and the Chief may speak to this, but the Division had been working on this.

SEN. GIUDA: Thank you very much.

MS. WIANT: Thank you.

CHAIRMAN WEYLER: Anything further? All right. We'll hear from the Chief.

MARK ARMAGANIAN, Chief of Enforcement, Division of Enforcement, New Hampshire Liquor Commission: Thank you, Mr. Chairman, and great to see everybody healthy and well.

First of all, my name is Mark Armaganian. I'm the Chief of Enforcement and Licensing for the Division. And prior to this

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position I worked 28 years with the Division of State Police at various Management roles.

As I look around, I say the room, but through virtual means, a lot of you I spoke to when I first came into this role. There were concerns. Those concerns were validated through an assessment that myself and the Deputy Chief did our first year, year and a half together. And -- and without -- I'd be remiss if I didn't say and that was the reason why the Chairman put this administration together. It is a whole new administration, whole new Management staff, except for one or two people. And what this audit has done for us, it had validated what our concerns were when we walked in the door, and we did our own assessment. And we're working diligently -- on top of managing the daily operations of this Division, we're working diligently to resolve these shortfalls in processes and outcomes.

CHAIRMAN WEYLER: Thank you very much, Chief. I hope that you will assign every one of your sworn officers to read this audit, read the problems that have arisen and realize that they're not there to be police but to be inspectors and to license them and that's their important role. I get the impression that they want to say I'm a real policeman and, you know, run out and stop cars and other things. And, obviously, there's things of long-standing, which is why I think this -- this audit is so lengthy, because these things have been ongoing for so long that the auditor wanted to emphasize and bring them to your attention and, obviously, you've cooperated well.

I don't think this distracts from what we see as the Commissioner's fine job in retail and running the Liquor Commission and, you know, bringing into profitability and increasing its profitability. We all appreciate that. But I'm hopeful that you'll work on this. There are mentions that need legislative changes. We'll expect a report in six months of what your progress has been, and we would be happy to sponsor any legislation required, and I'm sure other members would join me.

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So you've got a task ahead of you and, like I said, let everybody read this audit so they'll know where their sworn officers have gone astray. And Senator Giuda would like to comment.

SEN. GIUDA: Thank you, Mr. Chairman. Chief, how long have you been on the job at the Commission?

MR. ARMAGANIAN: Approximately four years.

SEN. GIUDA: Okay. You said that you had an assessment that you had developed of the problems over four years. Can you provide the Committee with a copy of -- a written copy of something that you put together?

MR. ARMAGANIAN: Absolutely.

SEN. GIUDA: Okay.

CHAIRMAN WEYLER: All right. I have got next would be Senator Daniels, and then Representative Ober, and then Senator D'Allesandro.

SEN. DANIELS: Mr. Chair, I will defer to Representative Ober, because she has had her hand up much longer than me.

CHAIRMAN WEYLER: Okay. Thank you. I didn't realize that.

SEN. D'ALLESANDRO: A true gentleman.

CHAIRMAN WEYLER: He is.

REP. OBER: Absolutely, he is.

SEN. D'ALLESANDRO: He is perfectly.

REP. OBER: Mark, it's good to see you, but I can't tell you how disappointed I am with this audit. You and I had extensive discussions when you came on four years ago. As far as I can

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tell nothing has been corrected, not one thing. We talked about the previous audits with all the things open, so you had older audits from LBA with unresolved issues. Those remain unresolved. In four years you've done an assessment of what we already knew was there when you were hired, but you haven't made any changes. So I really, when I read this, I was like how can this still be four years later. And I'd like to know why, if you did the assessment four years ago when you came on when we discussed it and you were going to, we have these same open, unresolved issues from at least the old audit. You might not have been able to clean everything up they found this time, but we have at least 21 issues from the old audits that you guys knew about and have known about for four years.

MR. ARMAGANIAN: Thank you for your comments, Representative. And going back -- hum -- I will say that the audit period that was done by Mr. Grady was a year into my time, my four years. Might have even been at the six-month placement. So what we are doing today in 2021 is not what we were doing four years ago when we did the assessment of this Division.

So yes, there -- there were disagreements between myself and Mr. Grady on certain issues, which are outlined in some of the points; but at the same time in its totality those issues that you and I spoke about probably the first week that I walked in as far as scope creep or mission creep had been taken care of that week. Some of the things that were brought up are old things that do not happen today.

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

CHAIRMAN WEYLER: Thank you. Follow-up.

REP. OBER: I'd like Chairman Mollica to respond to this question. If you do not have people who are able to monitor and comply with your existing job descriptions now on staff, why not look at hiring the appropriate people rather than starting yet another unit? Because your organization is supposed to be funding much of the general fund. Every dollar you spend takes

away from maybe a disabled person, maybe an elderly person, maybe one -- we had a lengthy discussion earlier about beds for kids for -- who are having mental issues, and those dollars are desperately needed across the state. Why not hire people who can do the job now rather than start a new unit?

MR. MOLLICA: Well, Representative, thank you for the question. We are -- we are in the process of starting this and hiring one person to start it and to work under Rose as far as that's concerned. Our --

REP. OBER: But that's not the question. The question is why not get staff in the existing jobs? I mean, when I worked with you guys to change your Chief of Enforcement to a Director, to go from three Commissioners to two Commissioners, you were looking at more accountability, bringing in the people who could do the jobs. That's been a number of years. You had an enforcement chief, Mr. Wilson, prior to Mark even. So we are going back like ten years, and we're still having the same problems. I think we need to get the right people staffed in those positions to go back to your dream of a decade ago.

MR. MOLLICA: Well, my dream of a decade ago, Representative, successfully was to grow the business of the Liquor Commission, which I am statutorily responsible to do. And we have, in fact, increased revenue by 54 percent since 2009. So I have been working with the Chief for less than two years and prior to that there was other individuals in charge of the Enforcement Division. So I have been working closely with the Chief and the Deputy Chief to look at what we have and to work our way through it.

We do not have people on staff, Representative, with this type of expertise. And that is somebody that needs to be hired and that explains the reason why, because there is not that expertise within the Commission, that someone needs to be hired with that type of -- of -- of schema, in order to clear up these issues once and for all.

CHAIRMAN WEYLER: Further questions, Representative Ober. Next will be Senator Daniels, and then I think Senator D'Allesandro was next, and then Senator Giuda. Senator Daniels, you're recognized for a question.

SEN. DANIELS: Thank you, Mr. Chairman. You had mentioned a review in six months on this. I think what I would request is since there are 47 outstanding deficiencies that a timeline be given at our next Fiscal meeting that has a date, a target date of resolving those issues and that each month that the Department would come before Fiscal to give an update on their progress on meeting those targets.

MR. MOLLICA: I would say, Senator, that CO Wiant has a timeline that she's begun and is in place, and we'd be happy to bring in front of you next month that timeline and how we intend to move forward with it.

SEN. DANIELS: Thank you, Commissioner.

MR. MOLLICA: Thank you.

CHAIRMAN WEYLER: Thank you. Okay. We'll get Senator D'Allesandro, and then Senator Giuda, and then Representative Leishman.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman. I want to say that Mark Armaganian is a quality guy and has done an outstanding job of trying to straighten that place out. Now, granted, it -- the audit is the audit. The audit is what the audit is, but I think substantial movement has been made. And we asked the Commission to do an impossible job. We say more money all the time, make more money all the time, and at the same time don't let any negative things happen that would affect that. It's an impossible situation. And, yet, I think we've done -- we've done an outstanding -- they have done an outstanding job. And I think Mark is a super quality person who does a terrific job of enforcement. And you talk about an impossible job. I can tell you the kinds of calls I get from

people who are in -- who are in the business that are constantly -- constantly on my back about what's being done in terms of the enforcement.

So, as I say, I think we've got an audit. We know what has to be done. Mark says they're working on it. I believe that. I believe that the Commissioner is following his legislative mandate and that's produce revenue. We have accept it. You know, we used to be called a control state. That meant you controlled the sale and -- of beverages. Well, we're not in that control state original statement any more. This is an enterprise. We've made this an enterprise. We demand, we the Legislature demand more money every biennium, increase the sales, and on the one hand and on the other hand we also want magnificent enforcement and that's pretty tough to come by.

So I think we're on the right track. I think we have good people there. And I think reacting to this audit is really what we want. We talk about these audits all the time. And I don't know how many times, Ken, I've said we send these -- we send these audits to the Committees and we never get any reports back. That's -- the purpose of an audit is to show deficiencies and to make improvement and that's what we should be looking for.

CHAIRMAN WEYLER: We once had a Committee in the House that specialized in horse racing and dog racing and (Inaudible) and all those things and it was eliminated. So, right, we are not looking at them at the same way.

SEN. D'ALLESANDRO: If we're looking at these to improve performance and to improve accountability, let's do it. You know, let's do it.

CHAIRMAN WEYLER: Very good.

SEN. D'ALLESANDRO: And we take a portion of our Committee meeting to talk about audits. Now, unfortunately, we got some large audits this time. But I've always -- I've always said

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to -- to the Chair and to the LBA, we should have a special meeting of the Fiscal Committee that deals with audits and how audits -- how audits are being received and what are the results of these audits. We should be following this stuff. It's very important for our credibility, the credibility of the state.

CHAIRMAN WEYLER: That is the plan we will be following.

SEN. D'ALLESANDRO: Thank you, Mr. Chairman.

CHAIRMAN WEYLER: Representative Leishman for a question.

REP. LEISHMAN: Thanks, Mr. Chairman. I would just like to add to Representative Ober's concerns. Representative Ober and I, as you know, have been on Division I for more than a decade, and some of these things have been festering for more than a decade. And I certainly support your suggestion and Representative Daniels that we bring the Liquor Commission back in and all this work doesn't go for naught, and we stop making excuses and try to get something done. Thanks, Ken.

CHAIRMAN WEYLER: Thank you. Senator Giuda, did you have your hand up?

SEN. GIUDA: I did. Thank you, Mr. Chairman. A couple questions. First, I'd like to know who required the Attorney General to rule that personnel records were accessible to the auditors?

CHAIRMAN WEYLER: Anyone know the answer? Mr. Grady or Mr. Smith.

REP. LEISHMAN: I might, Ken. It was probably close to five or six years ago that Representative Ober, myself, Senator Morse, and others, filed legislation giving that authority to the LBA.

CHAIRMAN WEYLER: Thank you.

SEN. GIUDA: I want to know who in the Liquor Commission.

REP. OBER: Well, it wasn't a person. It was a bill the House and Senate passed on, not a person.

SEN. GIUDA: Yeah. Again, my question, if I may, Mr. Chairman, is to the Liquor Commission personnel. Who required action by the Attorney General to gain access to the personnel records? I want an answer that who's specifically responsible for that?

REP. OBER: That was not the legislation. I misunderstood and I think Representative Leishman did as well.

SEN. GIUDA: There's nobody here from the Commission?

MR. MOLLICA: We're here represented, but I'm not quite sure we understand the question.

SEN. GIUDA: In the body of the report, okay, I won't take the Committee's time to find the specific pages. I'm reading through it. The auditors requested access to personnel records that was denied. And then it would require legal action, okay, to provide redacted records of personnel since they could assess effectiveness, competencies, evaluation, and so forth. Who made the decision not to permit those records to be accessed?

MR. MOLLICA: I don't know if we can answer that for you right now, Senator. We may have to get back to you. I'm not 100% sure.

SEN. GIUDA: Thank you. I'd like an answer to that in writing.

MR. MOLLICA: No problem, absolutely.

SEN. GIUDA: Follow-up.

CHAIRMAN WEYLER: Follow-up.

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SEN. GIUDA: Thank you, Mr. Chairman. At the risk of being irate, consistently this body gets report after report, and I cite over 500-page report of DES, and we allow Commissioners and we allow operatives and officers in those agency to say yes, sir, three bags full. And five or six or ten years later we come back with another audit and nothing's been fixed or not all the things have been fixed. I would like this body today to require the Commissioner, the highest official in the agency, to report back to Fiscal every time we meet as long as there is an unattended item in the audit that was latest issued. Until we start establishing accountability and having people come up and explain why they have failed to perform, we will never get accountability and the performance audits might as well be a waste of time. So I'm going to move that as a motion.

CHAIRMAN WEYLER: You want to make a formal motion?

** SEN. GIUDA: I do. I would move that this body requires the highest official in the organization to report before Fiscal Committee so long as there's an outstanding item in any audit report -- in the latest audit report that they have received.

CHAIRMAN WEYLER: Is there a second?

REP. OBER: I'll second that.

CHAIRMAN WEYLER: Representative Ober seconds it. The Clerk will call the roll on the --

REP. OBER: Don't you want to discuss?

CHAIRMAN WEYLER: All right. For discussion. Senator Rosenwald.

SEN. ROSENWALD: Thank you. I mean, would this be starting now and going forward or would it be every audit that we've done ever because that would be every Commissioner. I just think --

CHAIRMAN WEYLER: I don't see it as being, you know, reactive but proactive going forward.

SEN. ROSENWALD: Okay.

SEN. GIUDA: Starting with this audit.

CHAIRMAN WEYLER: Senator Giuda is nodding his head that this is the question --

SEN. ROSENWALD: I'm relieved. Otherwise, all we'll do is meet in Fiscal.

SEN. D'ALLESANDRO: Right, that was a good point.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Thank you for pointing that out. Senator Giuda.

SEN. GIUDA: I would wonder if it's within the power of the Chair to designate a audit subcommittee ad hoc, okay, that can meet with these individuals or to meet and follow-up and see what's happening with respect to getting compliance. I know that's potentially a lot of work. It's something I'd like you to think about and maybe the Committee should think about it as well.

CHAIRMAN WEYLER: After we get done with this, I'll ask for the hands of volunteers who'd like to serve on a subcommittee.

REP. UMBERGER: Mr. Chairman, can I tell you what I wrote down and make sure that it's the --

CHAIRMAN WEYLER: Yes, see what you have for a motion.

REP. UMBERGER: -- it's the motion. Requires officials to provide monthly reports on compliance with audits. Is that correct?

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CHAIRMAN WEYLER: Senator Giuda's shaking his head.

SEN. GIUDA: I think the specific wording I'm asking that the Commissioner or the highest official in the Department --

REP. UMBERGER: Okay.

SEN. GIUDA: -- report to every Fiscal meeting in person on the progress on remedying the deficiencies found in the audit, starting from this Liquor Commission Enforcement Audit and going forward.

REP. UMBERGER: So you're looking for the Commissioner to come in every month; is that correct?

SEN. GIUDA: Until the audit's completed, yes, ma'am. Until the remedies are completed.

REP. UMBERGER: Okay.

CHAIRMAN WEYLER: All right.

REP. UMBERGER: Pam, I hope you got that correct.

MR. KANE: Yes, and we're recording it as well.

REP. UMBERGER: Okay. Because --

CHAIRMAN WEYLER: Further discussion? Senator Rosenwald, you still have your hand up.

SEN. ROSENWALD: No, I'm -- I had another question on the audit but not on this motion.

CHAIRMAN WEYLER: Okay. Seeing no further discussion on this, the Clerk will call the roll on the motion to have monthly reports from the Commissioner on progress in fulfilling the findings in the audits.

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SEN. GIUDA: In person.

CHAIRMAN WEYLER: In person until the findings are all corrected. Everyone understand it? The Clerk will call the roll on the motion.

REP. UMBERGER: Senator Ober.

REP. OBER: Yes.

REP. UMBERGER: Representative Leishman.

REP. LEISHMAN: Yes.

REP. UMBERGER: Representative Emerick.

REP. EMERICK: Yes.

REP. UMBERGER: Representative Umberger. Yes. Senator Daniels.

SEN. DANIELS: Yes.

REP. UMBERGER: Senator Morse.

(No response.)

REP. UMBERGER: I think he left; is that correct?

CHAIRMAN WEYLER: I don't see his picture up here or his name.

REP. UMBERGER: Okay. Uh -- Senator Giuda.

SEN. GIUDA: Yes.

REP. UMBERGER: Senator Rosenwald.

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SEN. ROSENWALD: Yes.

REP. UMBERGER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. UMBERGER: Representative Weyler.

CHAIRMAN WEYLER: Yes.

REP. UMBERGER: The vote is nine yes, zero no.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: All right. The motion passes and Representative Mollica heard the -- heard the requirement. And I know that judging from his fine work increasing the liquor sales he will devote the same effort to this that we see him devote in the past to retail brand. So we're hearing good things about the Chief, so we expect progress every month in dealing with these 21 items that haven't been fully closed. Anything else to complete the -- yes, now Senator Rosenwald has another question.

SEN. ROSENWALD: Thank you, Mr. Chairman. Just quickly, Commissioner, I'm wondering the new unit that you were discussing, is that funding in the Governor's proposed budget?

MR. MOLLICA: The current time, Senator, no (Inaudible).

SEN. ROSENWALD: I'm sorry.

MR. MOLLICA: We have a vacant position that we were intending to use to start that's in our budget already.

SEN. ROSENWALD: So yes? I'm having a little trouble hearing.

MR. MOLLICA: I'm sorry, I'll take my mask off. Yes, we got -- yes.

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SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: There is a position already which he intends to use for this purpose.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Which is within his authority. Anything else? All right. I've accepted the report. We placed it on file and released it in the usual manner, and we'll look forward to seeing the progress reports from the Liquor Commission because we know that progress will be made. And once all the officers start reading these audits, they'll realize where things have gone astray.

So thank you very much. Appreciate your folks, and I know you cooperated mostly in this audit, and Mr. Grady was very thorough. So, hopefully, this will result in what we always hope, and I know the Commissioner hopes as well, that this will improve the operations. So thank you very much on this audit.

MR. MOLLICA: Thank you, Mr. Chairman, Members of the Committee. Greatly appreciate it. Thank you. Have a great day!

CHAIRMAN WEYLER: You, too.

MR. MOLLICA: Thank you.

CHAIRMAN WEYLER: All right. We'll go back to Steve Smith for the next audit.

MR. SMITH: Thank you. Thank you, Mr. Chairman. The last audit today is, again, a performance audit that we did under Bureau -- from the Bureau of Vocational Rehabilitation over at Department of Education. The Senior Manager on that was Vilay Skidds, and she will present our report and I believe our Commissioner Edelblut and his staff will be on-line and available for questions and comments. So, Vilay, take it over.

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VILAY SKIDDS, MPA, CIA, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Mr. Chairman, and Members of the Committee. Can everyone hear me okay?

CHAIRMAN WEYLER: Yes, we can hear you. Thank you.

MS. SKIDDS: Great! My name is Vilay Skidds and this morning or, actually, it's afternoon, I'll be presenting the New Hampshire Bureau of Vocational Rehabilitation or NHVR Performance Audit.

The purpose of our audit was to determine whether NHVR operated efficiently and effectively during State Fiscal Years 2017 through 2019.

Our Executive Summary starts on Page 1. Our Audit found NHVR did not have effective internal control systems which affected many aspects of its operation. While it put some controls in place immediately before and during the order of selection, these changes did not mitigate all existing weaknesses, and some controls could be bypassed, which undermined organizational accountability. Compounding these issues was Management's assertion that scrutinizing individual case costs was not a primary focus which weakened fiscal controls.

Our Recommendation Summary starts on Page 5. Our audit resulted in 46 Observations. NHVR concurred with four of the Observations and concurred, in part, with the remaining 42. Two Observations may require legislative action.

Starting in Chapter 1, we provide a brief background on federal vocational rehabilitation laws and how it's implemented in New Hampshire.

Chapter 2 on governance contains one Observation. It discusses NHVR's internal control structure. This chapter

incorporates deficiencies discussed in more detail in the chapters that follow it. We found deficiencies in all five internal control components. As a result, our Observations in our report are aimed at -- all recommendations in our report are aimed at enhancing NHVR's internal controls.

Chapter 3 on fiscal management contains one Observation. NHVR is funded through a complex mix of federal funds, state funds, and program income which needed to be monitored on both a state and federal Fiscal Year basis. Despite these complexities, there were few internal controls over NHVR's finances until the Fall of 2017. Prior to this, NHVR's financial systems operated with little oversight and contained problems that were not easily identified. Specifically, until the 2020-2021 biennium, NHVR's past budget request inflated federal revenue estimates by millions of dollars making it appear that more federal funds were available than they actually were. Inadequate oversight also resulted in significant errors in tracking federal funds carried over from one federal Fiscal Year to the next.

For years, NHVR's internal records showed it was carrying over more in funds than it actually did. These errors culminated in a \$3.8 million discrepancy which was not detected until the early months of 2018. NHVR's projected spending for State Fiscal Year 2018 relied on \$3.5 million of that carryover, which would have significantly depleted that balance.

After discovering this discrepancy, NHVR determined it was overstaffed and was spending too much on services for its customers. This, coupled with a slight decline in its federal grant -- in its federal grant and additional restrictions on how the award could be spent, led NHVR to determine its spending rate at the time could not be sustained, resulting in its decision to implement an order of selection and creating a waitlist for the first time in May 2018.

While the additional controls implemented in Fall 2017 corrected these two issues, we recommend NHVR formally document the process it uses to compile, track, and monitor its budget.

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Chapter 4 on eligibility contains 11 Observations. Eligibility is the first step in determining whether an individual can receive services and in establishing a plan to help them obtain employment. We found controls over the eligibility process needed strengthening. Specifically, NHVR's monitoring processes did not always detect issues for eligibility determinations and were sometimes conducted after these determinations were already made, allowing no time to correct deficiencies. Some eligibility determinations -- excuse me, sorry. Some eligibility determinations were not compliant with federal time limits or other requirements, were back dated which at times allowed them to appear compliant with federal time limits when they were not, or some were made by counselors who were not considered qualified to make them according to NHVR standards.

When operating under an order of selection, NHVR must place eligible individuals in an appropriate disability priority category and serve those with the most significant disabilities first. In some cases, NHVR did not have adequate documentation to support the categories they assigned customers to.

Chapter 5 on Individualized Plans for Employment and Services contains 14 Observations. An Individualized Plan for Employment or IPE is a document describing the customer's employment role and the services necessary to achieve that goal. We found inactive -- inefficient controls -- ineffective controls over IPE development. Monitoring activities did not always detect IPEs that were not compliant with federal time limits. Those that did not contained altered required federal elements or those that were back dated. Some IPEs extensions and amendments which should not have been effective until signed did not always contain signatures.

Some cases that could have benefited from supervisory review were not required to be reviewed. These cases included those that exceeded cost estimates by as much as 30 times the original estimate, lengthy cases, some of which were opened for

20 years or more, and cases with no communication between the customer and the counselor for years.

Some controls over case costs could be bypassed by creating multiple IPEs below a certain threshold by not including cost estimates for some services or by deleting services that had already been paid for. We found customers' employment goals did not always align with their strengths, abilities, or capabilities. And some services provided to customers did not appear to support their most current employment goal.

NHVR did not consistently retain required documentation, such as Management approvals, for some goods and services and at times processes were implemented inconsistently. These included cases where NHVR provided college tuition, made technology purchases, or purchased vehicle modifications which could cost upwards of \$100,000.

Finally, case monitoring efforts needed to be improved. Required annual reviews were not always conducted and controls intended to ensure cases were addressed appropriately were not effectively monitored and could be bypassed.

Chapter 6 on authorizations and payments for services contain six Observations. To ensure payments were made only for goods and services that customers needed, NHVR's case management system required the good or service to be approved on an IPE before it could be authorized. However, these controls at times were ineffective. If a customer had multiple IPEs, staff could authorize items from any IPE, regardless of whether it was connected to the customer's current employment goal.

NHVR also did not have adequate controls over vendors. We found some vendors did not have signed agreements with NHVR but could still provide services. And some services that vendors could provide did not reflect those that were in their agreement.

Finally, NHVR did not consistently apply processes when determining if customers could contribute financially towards their rehabilitation costs, and there were few controls over transferring goods to customers and payments made directly to customers.

Chapter 7 on case closure contains five Observations. Keeping inactive cases open inflates caseloads. So counselors were not -- were required to review their caseloads for cases that could be closed. However, cases were not always closed timely. Some cases where customers were not contacting their counselors, not actively engaged in services, or refused to participate in services remained open, sometimes for years.

Additionally, some cases where customers had successfully obtained employment were not closed until months after they should have been. We found case closure reasons were not always accurate which affected rehabilitation rates reported to NHVR's federal oversight agency.

Some cases were closed citing the customer achieved an employment outcome when they did not meet all federal requirements. Some cases closed as non-rehabilitated were miscategorized, while others did not comply with all federal requirements.

Chapter 8 on Program Management contains eight Observations. We found NHVR's rules, policies, procedures, and training needed to be improved. Some NHVR practices were not consistent with its rules. Rules did not reflect all federal requirements and some practices binding on customers and vendors were not adopted in rules.

Some internal policies and procedures were not consistent with each other, and were inconsistently applied. Authority delegated to individual counselors was not tracked or comprehensibly reviewed. Additionally, counselor performance focused mainly on output measures and was not adequately monitored. And despite NHVR's requirements for counselors

without a Master's degree to obtain one, this requirement was not enforced.

Finally, back dating, incomplete cost estimates, miscategorized information and illogical dates made some data unreliable, hindering Management's ability to adequately plan or to assess agency performance.

In Chapter 9, we present four other issues and concerns NHVR Management may want to consider. The remaining -- the remainder of our report contains our appendices, including surveys of NHVR counselors and other state programs and status of our prior audit findings. As can you see from Appendix D, many prior -- prior findings are included as current Observations in this report.

This concludes my presentation. We'd like to thank NHVR staff for their cooperation during the audit. We'd be happy to answer any questions you may have. And I'll turn it back over to Steve Smith.

CHAIRMAN WEYLER: Thank you for your fine work. Representative Ober has a question.

REP. OBER: Thank you, Mr. Chairman. Thank you for that good report. If I look at Page 17 and Page 20, which is your summary, you have two recommendations that say legislation may be needed, and you put a yes. On Page 20 it's very clear about what you think we should do. On Page 17 it's not as clear. And then if I turn to Page 228, where you discuss this as the verbiage, it says statutory authority to recover costs was narrowly confined. And you go onto say you may need some legislation. I understand that. But that paragraph ends with a very strange sentence that says, consequently, NHVR may have risked state funds by offering interest free loans for services to customers outside of NHVR's jurisdiction.

In fairness to the agency, and in fairness to the legislation that we might craft, are you expecting the

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Legislature or are you recommending that the Legislature address not only what you address prior in the paragraph with that last sentence about the interest free loans because that's just not clear to me. And I'm not sure what the recommendation was, and I'd appreciate a clarification. Thank you.

MS. SKIDDS: Oh, no problem. So as we say in our audit report, it doesn't seem that statute allowed NHVR to cover costs based on customers receiving a settlement or award. NHVR appeared to recover costs by allowing customers who must contribute to the cost of their rehabilitation to make payments over extended period of time. So we didn't see anything in statute that allowed repayment plans. So that was a point of clarification for us is that we saw these repayment plans, and we didn't see anything in statute that seemed to allow it.

So, basically, they were -- so NHVR was paying for the service beforehand, and then asking the customer to repay them back, to repay the agency back in installments. We didn't see anything in statute that allowed for that. So, basically, was fronting the money for customers without -- where they should have been paying for those services ahead of time.

CHAIRMAN WEYLER: Senator Daniels for a question.

SEN. DANIELS: Yes, thank you. On Table 13 in Section D-1, you note that there are three in progress for resolution and nine unresolved for a total of 11. I'm just wondering if that's the new math or is it one of those numbers wrong?

MS. SKIDDS: Oh, my goodness. I'm sorry, one of those numbers is wrong. Hum -- nine are unresolved and three are in remediation so that total should be 12.

SEN. DANIELS: Okay. Thank you.

CHAIRMAN WEYLER: Proof that we read these things thoroughly.

MS. SKIDDS: Yes, apparently. That's good to hear though.

CHAIRMAN WEYLER: Yes, very interesting.

MR. SMITH: We sneak one in every now and then just to check.

CHAIRMAN WEYLER: Just to check on it. Good for you, Steve. Any further questions before we move on to the Commissioner of Education? Okay. Welcome, Commissioner Edelblut.

FRANK EDELBLUT, Commissioner, Department of Education: Thank you. I would ask whoever is monitoring the room, we have some other staff members that I'd like to invite in to be able to respond to questions. Those include Beth Durant, Ella McAllister, Chris Semonelli, and Dan Frye. And Tammy Vaillancourt, our CFO, may also be in the waiting room. If you could add them, that would be great.

CHAIRMAN WEYLER: All right. I think Mr. Kane is in the process.

MR. KANE: Yes, we will track them down and bring them over.

MR. EDELBLUT: Okay. Great! If you need any of those names again just let me know, but it looks like you're grabbing them all.

MR. KANE: Thank you.

MR. EDELBLUT: First of all, I just want to thank the LBA for the audit. We appreciated the work that they did and the time that spent with us. It was a -- having quite a bit of experience in audit myself, I can tell you it was a very comprehensive and extended look at the operations of Vocational Rehabilitation. It confirmed many of the control deficiencies that the Bureau had identified, but also identified additional areas for improvement. And, really, I would say that they have provided for us a good road map that I want to address as we

kind of go forward here, in terms of trying to ensure that we do have a strong system of internal control.

Just to set some context for the Members on the Fiscal Committee, this came about as a result of specific internal controls that were implemented in 2017 at the Department of Education. Those included quarterly financial reviews of all of our bureaus to understand where they stood with respect to their budgets and their actual spending that was taking place.

Vocational Rehabilitation was under the supervision and management of the then Deputy Commissioner of Education, and was one of the last bureaus that was actually cycled into that quarterly internal control process, having for many years existed outside of the system of control, even to the extent that budgets were being submitted on behalf of Vocational Rehabilitation that were done outside of the purview of the Chief Financial Officer of the Department of Education. So the Department of Education CFO did not even have access to some of those budget submissions that were coming to the Legislature and through the Governor's Office.

And so, really, what you found as we began to implement that is, quite frankly, we discovered that there was a, as Vilay has described, a shortfall in terms of the funding. There was an anticipation of certain funds that were not there. And so we immediately took steps to try and make sure that we had a stable financial footing for the Bureau, and that we were going to be able to continue to provide services to clients, and we were not going to run out of the grant funding that we had. And that resulted, as Vilay described, in moving into an order of selection in May of 2018.

Under the RSA regulations, if an agency is unable to guarantee the ability to deliver services to all customers who come into that Bureau, we are required to prioritize our clients and serve the most needy first and so that is what an order of selection did for us in May of 2018.

We then immediately began to transform in terms of how we were working as an agency, again, initially starting with the financial operations, but then moving into the operational aspects as well. I believe that this audit came at the request of Senator D'Allesandro who, obviously, was a shock to all of us to have to enter into an order of selection. That limited our ability to service our customers, which is our number one priority. And so we are, you know, we appreciate that because it's really you got to get to the bottom of these things to figure out what in the world happened here that we ended up in this particular circumstance.

The audit, in my mind, confirmed what we believed was happening, although really got down even into the weeds, you know, some of the weeds that we got down into, and then dug down into areas that we may not have immediately highlighted so we appreciate that, whether it's financial deficiencies or operational deficiencies that we saw.

What I would characterize this as is that for decades the Bureau had been run in a very laissez-faire type of an approach, very much hands off, not a lot of management oversight in terms of what was going on in terms of the finances or even in terms of the operation in the day-to-day activities that were taking place. For those of you who are unfamiliar, we actually deliver our services through our field offices to our vocational rehabilitation clients. And those are staffed by office managers, and they supervise a team of client counselors and rehabilitation technicians that are supporting the customers out in the field.

I think what we can say is that, again, there were a number of problems in the operations, as well as the finances that we have been working to address. But I think that this audit report, in particular, it provides us a road map for how to address these.

So, for example, you know, we -- as I discovered things and as you've discovered things and as the auditors have reported,

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Representative Ober pointed out the loan business that we were in as how I sometimes refer to it. When I discovered that we were actually setting customers up on payment plans, immediately I said we're not allowed to do that. We can't. You know, we can't make -- we can't extend credit to people when we don't even have any of the lending. You know, there's all kinds of laws around lending funds to people. You can't just do that because you think it's a good idea.

I think that everybody had a good heart and they imagined they were somehow benefitting their customers by putting them on payment plans for their required contribution to provide or to attain -- obtain services. And just to give you kind of context for what that might look like. You know, you may have a client who needs a special type of hearing aid, and that may cost \$5,000. Because of their income status, they may be required to contribute to the purchase of those \$5,000 hearing aids, but they don't have the cash available to make their payment, even though they fit the requirements, the federally mandated requirements for the contribution they're supposed to make.

So, I assume, you know, client service managers imagine that they're doing a service to that client by allowing them to go on some type of a payment plan to make a contribution, but we are not legally authorized to do anything of the kind and need to not do that.

And so you can imagine that as an organization there is a culture that needs to be shifted, not just internal controls. Because we can put procedures in place, we can put controls in place, and we have done many of those already. But you also are changing a culture that says you really have a compliance obligation, not only to our federal partners but to our customers as well, because those compliance regulations are set up to help us provide the kind of services that the programs are looking for.

And so towards that end, we have already crafted and we -- so -- actually, let me just backup. We are working to

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implement all of these controls on an ongoing basis now, including trainings with our staff. But I do think, again, after what I would refer to as decades of, you know, putting in place some of these habits that need to be changed, we may need some expertise. We may need some outside support to do that.

So we have already crafted an RFP that we are going to put out to bring in some internal control experts, not necessarily an expertise of the Bureau of Vocational Rehabilitation. And we intend to attach -- append the audit report to the RFP as it goes out, because we basically want someone to have, you know, complete transparency in terms of what it is that we're trying to respond to so we can, you know, work as a team with some control experts, as well as our vocational rehabilitation experts, to be able to make sure that this stuff gets implemented and gets implemented thoroughly and in a timely manner.

And I sent a letter to the Fiscal Committee last night. And to -- and I think it's important, it was interesting as I was listening to the Liquor, you know, audit results as well. You know, first of all, I want to make sure it's clear. Internal control is my responsibility. Nobody else's responsibility. Management has responsibility for the internal control, you know, in an organization.

We have to make sure that when these audits take place that they're getting followed up on and that they're not out there. I mean, we had, you know, sort of the same problem that -- that I saw in my own organization I saw in the Liquor organization which, you know, when we are finding audits that have or audit Observations that are decades old, and we're still dealing with them, you know, we're not -- we're not improving the operations.

So we really need to find a mechanism, and I'm happy to work with the LBA and with Steve to work towards a process that can make it easier, perhaps, and more nimble and more responsive for the agencies to be able to tackle these things as they're happening. And I even just -- I say that in the context of this

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audit. And I appreciated the audit and all of the various things that are taking place. But we have find a way to allow some of this audit activity to be more contemporary in terms of what it's looking at.

It -- it's not as helpful to me as an agency if we look at transactions that transpired in 2015 or 2016 or something like that, years ago, as opposed to what's happening today. What can I respond to today. I need to know what's happening on the ground, because some of that stuff might have already been addressed.

So I think maybe we can work towards an objective of, you know, trying to perhaps shorten up the audit cycle. If an audit takes a year, 18-month period, you know, by the time we get those results, you know, a lot of stuff has happened. And I'd rather -- I'd rather have a process where I can be much more nimble working with the auditors and we can collaborate and work as a team to try and be responsive. So -- but that is where we are. We have every intention of making sure that all of these audit responses and audit observations are responded to.

And then I'd like to also, you know, turn over the floor for a moment to Lisa Hinson-Hatz who is the Bureau Chief for the Bureau of Vocational Rehabilitation, and let her reflect and comment on the audit, and then take questions that you may have for us.

CHAIRMAN WEYLER: Thank you. You're muted.

LISA HINSON-HATZ, Bureau Chief, Bureau of Vocational Rehabilitation, Department of Education: Of course, I am, right? That's like the tee-shirt everybody should have this year.

Representative Weyler, and the Finance Committee, I truly appreciate the opportunity to share a few remarks with you. And I thank you, Commissioner Edelblut, for that summary for us.

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I've had the great opportunity to work in nearly every role in our VR agency since 2003, and I really understand our system and the inner workings very well. And I have a real -- I just have a passion for what we do to help individuals with disabilities obtain employment, as well as help our business partners obtain a workforce for themselves.

Providing high quality services has always been critical to me. I think that one of our great challenges, it's an opportunity and a challenge is that we work with individuals. Every individual that comes to us has their own disability, their own strengths, their own weaknesses, as well as do our staff. And so whenever you're working with individuals and they're making decisions, it always gets a little trickier. But I'm really pleased that we're able to bring in some outside experts to help us with that.

Commissioner Edelblut and Commissioner Brennan when they came to the Department in 2017, they had new eyes and new skill sets to really look at our organization, which was incredibly supportive to me and to my staff. And they helped us to really discover how we could rectify our financial situation at the time and move forward in a positive way.

We developed a Dashboard with all of our critical elements. Commissioner was instrumental in us developing that resource. And we also look at our financial and program operations on a weekly basis.

Hum -- you know, we had to make difficult decisions during that time, as the Commissioner mentioned. And we, you know, and all of those decisions impacted our customers, our partners, and our staff, of course.

So this audit report and the Observations are really important to me, as they signify work that needs to be done to improve our agency's operations and internal controls. We've already begun efforts to address staff turnover, strategic training plan, case file documentation, and many other areas,

and so I'm really looking forward to that RFP release and to bring in some outside efforts.

Over this last month I felt it was really important as the audit wound down to meet with some of our major stakeholders. I met with executive directors from the Governor's Commission on Disability, the State Rehabilitation Council, Granite State Independent Living, Bureau of Developmental Services, Our Client Assistance Program and the Disability Rights Center. And I provided them just a high level overview of our audit so that they were really aware of the efforts that we were encountering and that we were going to be working on in the next several months and year. And I really want to thank my team, especially the Commissioners and my support staff that are on the line as well, Ella McAllister, Chris Semonelli, Beth Durant and Dan Frye. We are all really committed to our customers. We want -- we want to address each and every one of these Observations and bring them to completion just as Representative Giuda had mentioned. And so I just thank everyone for this opportunity. It is a great -- great road map for us, and we appreciate the efforts.

CHAIRMAN WEYLER: Thank you. And you'll take questions from the Committee. I have a question from Senator Rosenwald.

SEN. ROSENWALD: Thank you, Mr. Chairman. Commissioner, I think three or four years ago you closed the office in Nashua. And I just wondered if could you briefly tell us the number of clients you're still able to serve versus when you could do it more locally? How it's going?

MR. EDELBLUT: So just to be clear, we didn't close the office. What we actually did is we closed our physical location where we were and we moved our operations into one of our client partners. And, Lisa, you may have to tell me the name of that organization again. But, basically, what we we're trying to figure out a way to do things is make it easier for our customers to access services. And so what we discovered is our customers who come to our set VR sometimes are also involved in

other community support structures. And so rather than create a circumstance where rather than them having to make two or three stops to connect to all of their community resources, would it make sense for them to be able to connect to one and go to one building and be able to hit all of their service support providers during that process.

We did attempt to do that, and I can tell we experiment with things and you see how they work. I think we've discovered it wasn't as effective as we thought it might be. And so we are moving in a direction of trying to make sure that we have that other office up and running again. Because it didn't improve our ability, Senator, to be able to provide services as we had hoped that it would. So we have kind of the independent office model again.

SEN. ROSENWALD: If I could quickly follow-up.

CHAIRMAN WEYLER: Follow-up.

SEN. ROSENWALD: Is there funding in the Governor's proposed budget to be able to do that?

MR. EDELBLUT: There is.

SEN. ROSENWALD: Thank you.

MR. EDELBLUT: But, again, and I appreciate your patience with us as we try to find better ways to support our customers. And I think sometimes you got to try stuff and you can hope that you can provide better customer service. But if it doesn't work, we need to be nimble enough to say like it's a good try, but it didn't work, and we're going to just pivot again.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Representative Leishman for a question.

REP. LEISHMAN: Thanks, Mr. Chairman. And just to the audit folks, another great job. And, Commissioner, I'm glad you mentioned your February 18th letter that we received last night. I was a little curious where in the first page you mentioned a more collaborative relationship with the LBA but also went on to say a less combative approach. I've never heard the LBA audit team characterized, I guess, as combative. So could you explain that? 'Cause I know everyone on the Fiscal Committee just has always spoken so highly about the work that our great people do. So what did you mean by a combative approach?

MR. EDELBLUT: Yeah. So, no pejorative connotation associated with that. But what we really want to do is we want to set up an opportunity where both the auditee and the auditor are after that same outcome. And so it almost becomes combative in the sense that if the auditors are making a recommendation and then we're responding, and then they have to come back and make that same recommendation again, and then we're responding, we're not really working collaboratively in terms of trying to solve the problem.

So I think just an opportunity for us to work together to respond to these Observations as best as we can, rather than kind of a ping pong. You know, they audit, we do something or don't do something, and then they've got to come back and find it again, and then we have to respond to it. Like, I'd rather just like find these problems that we have in our agency and respond to them and resolve them and put them behind us so that this Fiscal Committee, you know, decades later is not looking at the same types of internal control problems again and again. So that's what I'm referring to.

REP. LEISHMAN: Thanks. Thanks, Mr. Chairman.

CHAIRMAN WEYLER: Thank you. Any further questions from the Committee? Commissioner, you heard us make a motion and adopt a policy earlier on about having monthly reports until all these findings have been dealt with. And that's -- and you're aware of that, that we expect to see you every month until we can say,

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okay, all the -- all the things have been completed. If you need any legislation as a result of this audit that says you need legislation, I'd be happy to sponsor it and have other Members of the Committee join me. And so keep that in mind, and probably we have to have it by September to get it to next year.

MR. EDELBLUT: I will tell you that we have already had -- I don't know, I forget who the legislator is, but we do have legislation in already to correct some of the deficiencies that were identified in this report. So that I believe is moving forward as well.

I might also -- I know that you all made a motion for us to come before you on a monthly basis and talk about the status of the audit reports. I might, if I may, may I take an indulgence? I know we're way over time here. But, I mean, if I were to put on kind of my commercial hat, generally, what you'd find is you have an audit committee and reporting to that audit committee is the audit -- the internal audit function like you have here with Fiscal and the internal auditor's reporting. And then, generally, there's a very close relationship with the operational folks and the internal audit teams to provide, maybe even quarterly updates working with the auditors to make sure here's where we are on responding to all of these, you know, Observations that we found. Because one of the things that you want to be careful of is that I don't respond to an audit point, but the auditor's like, well, that kind of gets to the point, but it doesn't really address everything that we're after.

So, again, I just think if we can collaborate as much as possible so that our responses satisfy both the business needs, as well as the internal control needs, and the auditors can bring those internal control expertise to our responses to the Observations, I think that that would be helpful for the Fiscal Committee. And I see I have another question as well.

CHAIRMAN WEYLER: Yes, Representative Ober.

REP. OBER: Thank you, Mr. Chairman. And, Commissioner, thank you. And I read your memo last night, and I thought to myself, well, in addition we need to get some legislation filed for you. Your idea (Inaudible) that needs to have legislation so that LBA has the statutory authority to do what you're suggesting, plus has the staff to do what you're suggesting. So every time we work on something, we do learn and we do see needs for legislation. And I think we'll take that under advisement with LBA as well. And so it's a good idea you pointed it out, but please understand you weren't the only one who needed legislation filed in order to get something done.

REP. EDELBLUT: There it goes, right.

REP. OBER: (Inaudible).

CHAIRMAN WEYLER: Thank you. Senator Giuda for a question and then we'll come to Steve Smith.

SEN. GIUDA: More of a comment, Mr. Chairman, and Commissioner, Frank, friend, I would agree with your assessment, except that you have a turnover in the Legislature every two years. And so when you require a Commissioner to come before the Fiscal Committee, the newly established Fiscal Committee is going to then have some continuity in ensuring that the mandates, or I should say that the remedies that are -- that are delineated are, in fact, continually monitored until they're done. And, yes, it's an inconvenience. It's intended to be. So that, again, we see the same results year -- decade after decade literally. And so the only way, I think, is to get the head of the agency in front of the Fiscal Committee to explain why it's not been fixed yet and what you're doing to fix it until it's done.

MR. EDELBLUT: Fair enough.

SEN. GIUDA: That's just my point. Thank you.

CHAIRMAN WEYLER: Steve Smith.

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MR. SMITH: Yeah, just for the benefit of the Committee, and also just addressing a point that Commissioner Edelblut made in his letter. I -- I don't think we should be -- the LBA Audit Division should not be looked at as internal auditors. Our whole per statute and as well as our practice is you almost view us like a PWC or a external accounting outfit. We do all of our audits not only with Generally Accepted Auditing Standards, but as a government entity, Generally Accepted Government Auditing Standards or some people refer to that has the Yellow Book.

One of the requirements is that we remain independent of the agencies or departments that we audit. So, you know, we have to comply with a peer review every three years. We seek requirements, all those types of things. I think it's important just to make that distinction because it's not our responsibility to help -- we can't audit something that we have a high degree of input on. We come in, we look and opine, and report on what we find, and then we back away. And then it's up to the agency, any internal audit function that they may want to create themselves as an extension of management for monitoring activities.

So I just want to be careful that we need to maintain our independence of our organization for the State of New Hampshire.

MR. EDELBLUT: Steve, I think that that's a really important point. I thank you for making it. And, again, having worked at PWC myself for many years, I do appreciate that independence; but I would be happy to -- to work with you and see if we can't find a way to make sure you maintain your independence, and we don't have to look at these audit findings again and again. So, I think we can figure that out.

CHAIRMAN WEYLER: Appreciate you making that point. Before we -- any other questions of the Department of Ed? Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you. Thank you very much, Mr. Chairman. Just a quick comment. It's the last -- the last graph in Commissioner Edelblut's letter to us. I would encourage the Fiscal Committee and the LBA audit team to reexamine its practices to ensure that they can be as effective as possible in the course of their work, including a monitoring role to help ensure the internal control observations are effectively and timely implemented. Commissioner, what are we doing wrong that we need a lecture from you to correct?

REP. EDELBLUT: No lecture at all, Senator, and I apologize if that's how it came across.

SEN. D'ALLESANDRO: That's how it came across to me.

MR. EDELBLUT: Just what I observed, both at the Liquor -- in the Liquor Audit, as well as in this audit, is that we've got audit recommendations that are -- have been recurring for decades that haven't been dealt with. And so just trying to find a solution to that so that we can all say focused on the main mission and not have to deal with the old stuff.

CHAIRMAN WEYLER: Thank you. And Senator Daniels for a question.

SEN. DANIELS: Thank you. Just a comment, Mr. Chairman. To that point, I think one of the things that I recognized that we have done today is re-examined the practice, and I think you brought up a six-month review. And through our discussions we have decided would be more effective to have a monthly review so that we could follow that progress. So I think to that point that is one of the things that we have actually taken on that the Commissioner has recommended. Thank you.

MR. EDELBLUT: I think that's great. Thank you.

CHAIRMAN WEYLER: Now, there was discussion earlier about having a subcommittee for audits. Now, we already have a Committee of Performance Audit Oversight Committee that suggests

the topics for us to approve. I believe I'm the Chair of that as well now. But if the members of the Fiscal Committee want to form a subcommittee for audits, maybe get together with Steve Smith and discuss the way you carry that out. I see Representative Emerick has his hand up.

REP. EMERICK: Mr. Chairman I just -- if you're looking for volunteers, I was raising my hand.

CHAIRMAN WEYLER: That's what I'm looking for.

REP. OBER: Me, too.

CHAIRMAN WEYLER: Representative Emerick, Representative Ober. Representative Umberger, are you a volunteer? You're muted.

REP. UMBERGER: As you know, I always volunteer.

SEN. D'ALLESANDRO: Senator Giuda. Senator Giuda.

REP. LEISHMAN: Senator Giuda wants to be on there.

SEN. GIUDA: Senator Giuda wants to make a comment, if that's okay, Mr. Chairman.

CHAIRMAN WEYLER: You're not volunteering?

SEN. GIUDA: Well, I don't mind, but -- but we want to make sure the mission of this thing is clear. This is not in any way, shape, or form something to tell the LBA audit folks. Those guys are ranked in the top several of the nation for the efficacy of the work they perform. This subcommittee would have authority to start calling Commissioners before it and they're underlings with when they fail to perform. Yes, the Fiscal Committee can and maybe we should work to define what this subcommittee would do. But I'm sick and tired. I'm in my fifth year now and I keep watching the same things happen audit, after audit, after audit. Until we put some teeth into what we're

doing. I've had some suggestions made this morning that I'll present to the Committee as well, such as conditionalizing appropriations on the completion of items in the audit. That's accountability. We can't get people fired, we're legislators, and nor maybe should we; but we certainly need a means to compel them for the benefit of the organizations that they lead to do the right thing. That is, to fix those audit findings that, in some cases, go back 19 years.

CHAIRMAN WEYLER: Senator Daniels, you had your hand up.

SEN. DANIELS: Yes, Mr. Chairman. Not volunteering but only questioning what this subcommittee would be doing that the Fiscal Committee isn't already set up to do now. I mean, personally, if it's just to go out and track what's being done, I would personally prefer to hear directly from the Commissioners, rather than the subcommittee, as to what's being done.

REP. OBER: Works for me.

CHAIRMAN WEYLER: What I'm going to request that the subcommittee do is look at the way we deal with audits and to come up with some, perhaps, different mechanisms for dealing with them as we have just evolved in this meeting today to have them report monthly. And, perhaps, the subcommittee will have some other suggestions on how to proceed. Not saying at this time they would meet separately with the Commissioners, but I would be interested if that's what they came up with. And then whatever suggestion they have, we'd have to rule on as a full Fiscal Committee. But I think it's inherent that we do have a subcommittee look at this and so would you like to serve on it for the first few meetings and see if there was something going on? Senator Giuda.

SEN. GIUDA: I'll do it.

CHAIRMAN WEYLER: All right. Since Representative Emerick was the first volunteer, I'll appoint him to call the first

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meeting of himself, Representative Ober, Representative Umberger, and Representative Giuda. And if you, at your convenience of the meeting of the four of you, want to come back with some suggestions as to how Fiscal Committee could change its procedures. And if we can do it within the policy within the Committee, otherwise, we may have to change legislation. But, either way, hearing a lot of dissatisfaction with lack of follow-up, I guess, you would say, and some way to make things work a little better. Like to meet with you as well and he might have some suggestions. So, Representative Emerick, it's all yours.

SEN. DANIELS: Mr. Chairman, I see that Representative Jess Edwards has his hand up as a participant.

CHAIRMAN WEYLER: All right. Let me see.

SEN. DANIELS: As an attendee.

CHAIRMAN WEYLER: Oh, all right. So he's an alternate this time. All right. Representative Edwards will also be on your list, Representative Emerick. Okay. I can give you that list later if you didn't get to write it down.

Is there anything further? We've got to schedule next month's meeting, and we'll bring Michael Kane up. I guess if we went one month away, we'd be on the 19th again.

MR. KANE: Yes, that would be March 19th.

CHAIRMAN WEYLER: Yep. So be the third Friday again. And so if there's any problem with the 19th. I know the Finance Committee will be busy, but we'll manage to fit it in. So as of now, unless you hear a change, the next meeting of this Fiscal Committee will be on March 19th. You'll be getting reports from two commissioners, and maybe even the new subcommittee of the Fiscal Committee on Finance, so.

MR. KANE: Just to note, if I may, Representative, for Representative Emerick and the other members on the Committee on that subcommittee. Feel free to reach out to our staff. And, also, if you want us to reach out to any other commissioners the comptroller, or anything that you think would assist you in coming up with a recommendation, just let us know.

CHAIRMAN WEYLER: Tracy might even get Mike Kane to come. All right.

REP. EMERICK: Valid thought.

SEN. D'ALLESANDRO: Great thought. Wonderful suggestion by Michael Kane. The man is superb.

CHAIRMAN WEYLER: He's the dean. He's trained most of the financial people that work in the state.

SEN. D'ALLESANDRO: He has.

CHAIRMAN WEYLER: They keep stealing them away from him; but it's a good thing he's there training them.

SEN. D'ALLESANDRO: For sure.

CHAIRMAN WEYLER: They all get used to being confronted by legislators when they move on from the LBA.

I believe I can adjourn the meeting, if that's the wish, without having a roll call, if we've established that. Unless there's any objection. You can raise your hand if you have further discussion. Otherwise, we are adjourned. I appreciate all of you reading all these lengthy audits and to the Audit Division, they were very interesting. And you made your points very forcefully and that's why we're acting on them more than we have in the past. So thank you for the thoroughness and thank you for all the work you put in. Thank you for the members for reading all these wonderful performance audits.

SEN. D'ALLESANDRO: Thank you, Kenny. Nice job.

REP. LEISHMAN: Thank you.

SEN. D'ALLESANDRO: Congratulations! And you're looking good, Kenny, I'm telling you that. You're looking good. I like that blue sky behind you. Flying at 30,000 feet.

CHAIRMAN WEYLER: That's where I'm happy to be. All right. We are adjourned. Thank you all.

SEN. D'ALLESANDRO: Thank you.

(The meeting adjourned at 12:45 p.m.)

C E R T I F I C A T I O N

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcription from the audio recording from a Zoom Remote Public Hearing of the Joint Legislative Fiscal Committee on February 19, 2021, to the best of my ability, skill, knowledge and judgment.

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State of New Hampshire-LSR #47

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