

JOINT LEGISLATIVE FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, February 14, 2020

MEMBERS PRESENT:

Rep. Mary Jane Wallner, Chair

Rep. Ken Weyler

Rep. Susan Ford

Rep. Lynne Ober

Rep. Peter Leishman

Rep. David Huot (Alt.)

Rep. Erin Hennessy (Alt.)

Rep. Patricia Lovejoy (Alt.)

Sen. Lou D'Allesandro

Sen. President Donna Soucy

Sen. Chuck Morse

Sen. Jay Kahn

Sen. Cindy Rosenwald

(The meeting convened at 10:03 a.m.)

(1) Acceptance of Minutes of the January 10, 2020 meeting.

MARY JANE WALLNER, State Representative, Merrimack County, District #10: Bring the Fiscal Committee to order for our February 14th - Happy Valentine's Day - meeting. And I will start with -- the first item on our agenda is the acceptance of the minutes of January 10th. Do I have a motion?

****** LOU D'ALLESANDRO, State Senator, Senate District #20: So move.

SUSAN FORD, State Representative, Grafton County, District #03: Second.

CHAIRWOMAN WALLNER: Senator D'Allesandro moved and Representative Ford seconds the acceptance of the minutes. Any discussion of the minutes, any corrections, or changes? Seeing

none. All in favor of accepting the minutes? Any opposed?
Minutes are passed.

***** {MOTION ADOPTED}**

(2) Old Business:

CHAIRWOMAN WALLNER: We have one item that is on the table. Does anyone want to remove that? I think actually the Department wanted it left on the table at this point. So seeing no motion to remove it, we'll leave it on the table.

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

CHAIRWOMAN WALLNER: Moving on to Tab 3. This is the Department of Military Affairs, a federal grant. Do I have a motion?

**** LYNNE OBER, State Representative, Hillsborough County, District #37:** Move to approve.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: Representative Ober moves to approve and Senator D'Allesandro seconds. Any discussion of this item or questions? Seeing none. All in favor? Opposed? Motion passes.

***** {MOTION ADOPTED}**

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

CHAIRWOMAN WALLNER: Moving on to Tab 4. Would any one like to take either of those items off the Consent Calendar? Seeing no motion to take them off --

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

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CHAIRWOMAN WALLNER: -- anything off? Representative Ober moves to approve Tab 4 --

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: -- Consent Calendar and Senator D'Allesandro seconds. All in favor? Opposed? Motion passes.

***** {MOTION ADOPTED}**

(5) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source and RSA 124:15 Positions Authorized:

CHAIRWOMAN WALLNER: Tab 5. I know that there is a request to take off Item 20-029. So let's move -- let's move on Item 20-027, Health and Human Services. This is to accept \$750,000 in Federal funds.

**** CINDY ROSENWALD, State Senator, Senate District #13: Move to approve.**

CHAIRWOMAN WALLNER: Representative -- Senator Rosenwald moves.

JAY KAHN, State Senator, Senate District #10: Second.

CHAIRWOMAN WALLNER: And Senator Kahn seconds. All in favor? Opposed? The motion passes.

***** {MOTION ADOPTED}**

CHAIRWOMAN WALLNER: Item 20-029. Representative Leishman.

PETER LEISHMAN, State Representative, Hillsborough County, District #24: Thank you, Madam Chair. Again, I certainly appreciate the Department of Education continuing to bring this item forward and the additional information provided. What

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struck me is that a suggestion that we had made or discussed about legislation to deal with this particular item. And as I think all of us on the Fiscal Committee learned yesterday or the day before, there has been a Senate Bill introduced, Senate Bill 747-FN, to deal and discuss this proposed acceptance of a federal grant for public charter schools.

What struck me during the process was that three months ago the suggestion was made that legislation should be brought forward to handle this matter, and now we're seeing that the legislation, and, again, I -- I'm pleased to see that, but I kind of wish it had been brought forward three months ago.

At the time, I did speak with Representative Weyler and said that I would be happy to go to the House Rules Committee to support such legislation, because we're dealing with a deadline. So with that being said, Madam Chair, I guess I have nothing else to say other than we should keep it on the table.

REP. OBER: It's not on the table.

CHAIRWOMAN WALLNER: It's not on the table.

REP. LEISHMAN: Oh, I'm sorry.

CHAIRWOMAN WALLNER: Is your motion to place this on the table?

REP. LEISHMAN: Yes. If it's already on the table --

SEN. ROSENWALD: Second.

CHAIRWOMAN WALLNER: Representative Leishman moved to place Item 20-029 --

CHUCK MORSE, State Senator, Senate District #22: Madam Chair, that's inappropriate. A tabling motion has no debate, and the Representative just spoke. I mean, I would think we get to

speak now because the challenge was the fact that we filed legislation.

REP. LEISHMAN: That's fine, Madam Chair.

CHAIRWOMAN WALLNER: Okay, fine.

SEN. MORSE: I think that the frustration on my side was I sit on this Committee, and we're basically not having a public debate about this. We're just tabling it. And that's why that legislation was filed in the Senate and that hearing is this coming Tuesday. And I think it will be well attended, because people want to know why we're not accepting this money.

CHAIRWOMAN WALLNER: Further discussion?

KENNETH WEYLER, State Representative, Rockingham County, District #13: Yes.

CHAIRWOMAN WALLNER: Yes, Representative Weyler.

REP. WEYLER: I think it should be pointed out all the millions of dollars that are saved to the taxpayers by accepting this money. Not only is this federal money that we've all paid in, and we don't get the same share back from the Federal Government that we do pay in, but this is money that would continue to save the property taxpayers' money. And for us to ignore it and delay it is costing the taxpayers money. And I think it's the wrong thing to do. Charter schools have proven themselves. We should see an expansion of them. They deserve it. And to keep delaying this is the wrong thing to do.

** SEN. D'ALLESANDRO: I move to table.

CHAIRWOMAN WALLNER: Senator D'Allesandro also moves to table and Representative Leishman seconds.

REP. WEYLER: Request a roll call.

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CHAIRWOMAN WALLNER: And Representative Weyler requests a roll call. I'll ask the clerk to call the roll.

REP. WEYLER: Representative Leishman on the motion to table.

REP. LEISHMAN: Yes.

REP. WEYLER: Representative Ford.

REP. FORD: Yes.

REP. WEYLER: Representative Weyler votes no. Representative Ober.

REP. OBER: No.

REP. WEYLER: Representative -- let's see, who's next? Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. WEYLER: Senator Soucy.

DONNA SOUCY, State Senator and Senate President, Senate District #18: Yes.

REP. WEYLER: Senator Kahn.

SEN. KAHN: Yes.

REP. WEYLER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. WEYLER: Senator Morse.

SEN. MORSE: No.

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REP. WEYLER: The vote is seven Democrats to -- okay. Let's finish this. Representative Wallner.

CHAIRWOMAN WALLNER: Yes.

REP. WEYLER: The vote is seven Democrats to three Republicans.

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

CHAIRWOMAN WALLNER: It's inappropriate to announce it by party.

SEN. D'ALLESANDRO: Totally inappropriate.

REP. WEYLER: That's the way it's been voting.

SEN. D'ALLESANDRO: It's still inappropriate.

(6) RSA 9:16-a, Transfers Authorized, and RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from any Non-State Source, and Chapter 346:223, Laws of 2019, Transfer of Funds for Operation of the Sununu Youth Services Center:

CHAIRWOMAN WALLNER: Let's continue on with our agenda. And now we're on Tab number 6. This is approval for transfer of the Department of Health and Human Services. And I know there are many questions about this item. So I'll ask Miss Rounds. Thank you.

KERRIN ROUNDS, Chief Financial Officer, Department of Health and Human Services: Good morning. Kerrin Rounds, only Chief Financial Officer with the Department of Health and Human Services.

CHAIRWOMAN WALLNER: Thank you for coming up. I know there are several questions about this item. And I'm going to call on -- start with Representative -- Senator Rosenwald.

SEN. ROSENWALD: Thank you, Madam Chair. Kerrin, my questions, a lot of them have to do -- sorry, Miss Rounds -- have to do with the fact that there hasn't been a new Dashboard for several months. I think November was the last. So as I read the narrative, my first question, and if we look at your explanation narrative, which it starts a couple pages into the item on DCYF, this is a large transfer out of DCYF. It's not clear where it's going.

MS. ROUNDS: Hm-hum.

SEN. ROSENWALD: But it is 60% of the General Funds that were appropriated in the Senate Bill 6, not delayed by the budget veto and the late enactment. So I'm wondering two things. One, where is that 3.4 million going? And of the 113 new positions funded in Senate Bill 6, how many are filled? Why are there vacancies?

MS. ROUNDS: Sure. So, first -- that's a lot of questions. I'm going to start with Senate Bill 6. So Senate Bill 6, those funds were appropriated into the Accounting Unit 3482. There is a transfer in Accounting Unit 3482 represented in this Department-wide transfer. It is a transfer only between the salary line to the overtime line.

If you remember, there is some language in Senate Bill 4 -- House Bill 4, excuse me, that restricts us from using those funds for any other purpose. So the only purpose we use them for is within that Accounting Unit if we need it and overtime or some other purpose to support those employees.

All the positions that were appropriated in Senate Bill 6 have been filled. So the transfer that you're seeing in this document is a transfer from 2957, which is our Administrative Accounting Unit for DCYF. It's where a majority of the CPSWs and

other staff in DCYF are that were previously existing, a majority of them were previously existing prior to the 20-21 budget passing.

We transferred funds from that Accounting Unit, like I said, which is 2957 into 2958. 2958 is our service account for services provided by DCYF. So that's placement services and like foster care, that type of thing. So the reason that we're transferring funds -- so, first, let me start at 2957. So funds exist or available in that Accounting Unit because of turnover in positions. Those, like I said, are positions that have already existed and have a turnover rate that allows us to transfer some of those funds.

So the reason that we're transferring them into 2958 is primarily, and some of you are on House Division III, are in Senate Finance, one of the things that I presented on and Director Ribsam presented on is that the DCYF budget had about \$10 million of TANF funds in 18-19. And those, as many of you remember, the TANF balance is of concern to the Department. So when we budgeted DCYF for '20 and '21, we did not include any TANF funds in 2958.

We put forward requests in the Governor's phase, the House phase, and the Senate phase to -- to fulfill the need that the TANF funds were filling with General Funds. So we requested about \$10.1 million in General Funds. And I went back and reviewed the documents that I provided to both the House and the Senate, and those were represented on the document which Kevin Ripple could provide those again or I can provide them again that were the needs of the Department. They were also presented in Director Ribsam's PowerPoint presentation on the final slide in the challenges the Department faced in DCYF.

So that -- that request was not fulfilled. So we do have a -- a need in 2958 for an area the TANF funds had previously filled.

Now, I'm sure that brings up a question as to regards to the TANF funds and where we are with the TANF funds. So we -- Mary Calise and I have been reviewing that regularly. Our next quarterly report is actually due on Monday so we're finalizing this quarter. We're somewhere in the neighborhood of about \$35 million right now. We are still projecting to be, I think -- I think I testified last time that we were projecting to be around 10 million or so by the end of the Fiscal Year. I think we're still projecting around that. However, we did discuss just this morning that we do want to reanalyze that and see if there would be any comfort in perhaps putting some of those TANF funds into the DCYF budget.

I'm not totally comfortable with it, but depending on the needs and the impact of our other larger Department-wide requirements for reductions it, may be something we need to consider. So that's the reason why we're moving things from 2957 to 2958.

The other thing I would mention is this item is scheduled to be on the G & C agenda for next week because at least one of the class lines, I need the funds to be able to start -- to continue to pay providers in about two weeks. So I don't have a lot of time between now and then. I would have liked to have brought this transfer forward sooner, but it took us some time to clean up after the Continuing Resolution to know where we were landing for the year.

SEN. ROSENWALD: May I continue?

CHAIRWOMAN WALLNER: Yes.

SEN. ROSENWALD: Thank you. I do have a different question about TANF; but could -- given your explanation on the DCYF funds, could you then tell us, please, how many new additional DCYF child protection workers and supervisors have been filled at the Department, if you filled all new ones, but you've lost some of the current employees. What is our net add --

MS. ROUNDS: I'm trying to remember --

SEN. ROSENWALD: -- if there is one.

MS. ROUNDS: I don't want to misstate. So I'd rather get that information to you. My recollection is that -- is that the vacancies or the turnover, that the percentage is similar, which means we have more positions filled; but the number of vacancy percentage has stayed the same. So, you know, if we had 100 positions, and it was 10% vacant, we had ten positions vacant. Now we have 200 positions and 10% are still vacant. You know, we have 20. So I think that's -- the percentage is still similar, but I'll get that information for you.

SEN. ROSENWALD: Thank you. So if I could ask now?

CHAIRWOMAN WALLNER: Yes.

SEN. ROSENWALD: I read further on on Page 6 of the Appendix B that TANF caseloads are up. As I recall, when we received the Governor's Budget in February, it basically had a \$17 million deficit in TANF which we worked really hard to -- to close.

MS. ROUNDS: Yes.

SEN. ROSENWALD: And the Department was really helpful, 'cause we all understood we can't have a deficit --

MS. ROUNDS: Yes.

SEN. ROSENWALD: -- in TANF. But I don't understand why the caseloads are up. I mean, even just yesterday I heard that not only is the economy booming but more people are working in New Hampshire than ever before. The change we made to eligibility for TANF was two budgets ago.

MS. ROUNDS: Hm-hum.

SEN. ROSENWALD: So why -- why are the TANF caseloads up and how up are they?

MS. ROUNDS: So what I can tell you, I mean, I don't think I can speak to why. I don't -- I'm not, you know, well-versed in that enough to say why they might be up. What I can say is although they are up, they are up less than what we budgeted. So that was what I was speaking to earlier that Mary and I spoke this morning and said, you know, maybe we can look at this and see if we have more -- more TANF than we think -- than we thought we would. Because although we're continuing to see an increase, I think the increase is less than what we saw last year or the year before.

SEN. ROSENWALD: And my last kind of two specific questions. You said that the APTD caseloads are not declining as quickly as the budget anticipated, but because we don't have a Dashboard, we can't see those numbers.

MS. ROUNDS: Understood.

SEN. ROSENWALD: But you've also said that the nursing home costs are up, but we can't see what's happening with Choices for Independence. Are those caseloads down?

MS. ROUNDS: Hm-hum.

SEN. ROSENWALD: Are more people being sent to nursing homes? So I feel like we don't necessarily have enough information. And I also don't understand how this transfer will work alongside of the Department's \$25 million back-of-the-budget cut. I'm sure we're all curious about where the Department is on that and, also, on the lapse. So my final question is would there be any problems if we tabled this item for a month?

MS. ROUNDS: Okay. So I think you asked three questions there. So I will start with the Dashboard. No problem.

So the Dashboard -- that's one of the things that I'm working with the new Commissioner on to determine, you know, if she wants to make any changes to it. I think we have some small updates that we definitely wanted to make and perhaps some new information or a different way of presenting the information. So that's something I am working with her on. I will talk with her about submitting it sort of the old way for the next meeting so that you can have that update. I agree, I think that is important and -- and I will make sure that happens. And, actually, in the meantime, if you'd like, I can provide where -- something through the LBA so you can see where we are now rather than having to wait another month to see something if you'd like. Okay. So I will do that.

The back-of-the-budget cuts. So today is the completion of the Commissioner's second week. So that's pretty exciting. I'm pretty thrilled about that. So we actually started meeting on the back-of-the-budget cut earlier this week and are meeting again the beginning of next week. So we do anticipate providing update for the March Fiscal meeting of at least a portion of items that we have determined to be for the back-of-the-budget cut.

Similarly, the lapse, that's also been part of these discussions, because you really can't talk about one without the other. So we are looking at that the beginning of next week as well. And is -- as the universe tends to work, right, the timeliness Department of Administrative Services, Commissioner Arlinghaus, sent out an e-mail this morning requesting an update on where we are with lapse. So the timeliness is there. So I do expect that for the March Fiscal meeting I can also provide an update on that as well.

REP. OBER: Madam Chairman.

SEN. ROSENWALD: And my last question was -- sorry.

MS. ROUNDS: Oh, there was four. I missed one.

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SEN. ROSENWALD: Would there be issues or -- what problems if we tabled this item to get answers to these questions until the March Fiscal meeting?

MS. ROUNDS: Yes. Yes, there definitely would be. As I spoke to, there is a section of the DCYF budget that there's some providers I would not be able to pay as soon as two weeks from now. So there would be some concerns if that were to happen, significant concerns.

CHAIRWOMAN WALLNER: Representative Ober.

REP. OBER: Thank you, Madam Chairman. Miss Rounds, when you get information to Mr. Kane, could you also include that staffing question that the Senator asked about?

MS. ROUNDS: Yes.

REP. OBER: So we all get the answer.

MS. ROUNDS: Absolutely.

REP. OBER: Thank you.

MS. ROUNDS: You're welcome.

CHAIRWOMAN WALLNER: Senator Soucy.

SEN. PRESIDENT SOUCY: Going back to Senator Rosenwald's question though, what portion of this goes to providers and what's a transfer within the agency? You said salary to overtime. I understand there's a portion of it, but it's not the entire item that would be a problem, is it?

MS. ROUNDS: So -- so there's two things about that. So, yes, there are certainly areas like moving something from salary to overtime that would still create some challenges. I would either need to have employees use comp time, which can be difficult or -- I really can't ask CPSWs to not work

overtime -- to not to go out in the field extra time, right? That would be a significant problem for our DCYF area of our Department.

The other issue, and I did speak with Department of Administrative Services about this morning, and they could speak to it as well, is that when it comes to a large transfer like this, when certain things start to get pulled out and it gets unbalanced, it creates issues for us to be able to do any of it. Because if it's not a balanced transfer, then there's no place to pull the money from, or there's money that doesn't know where it goes and so there's also administrative and technical issues with only approving a portion of this transfer.

CHAIRWOMAN WALLNER: Yes, Senator D'Allesandro.

SEN. D'ALLESANDRO: Are you finished?

SEN. PRESIDENT SOUCY: Yes.

SEN. D'ALLESANDRO: Karen, always good to see you.

MS. ROUNDS: Thank you, Senator. You as well.

SEN. D'ALLESANDRO: I love your answers. Sometimes they're a little disheartening. The money that we lose, the federal match, how does that affect us as we move forward?

MS. ROUNDS: Sure. So there's a couple of areas where we're reducing the Federal funds, and there's a couple of areas where we're increasing the Federal funds, but the net is a decrease in Federal funds in this transfer.

So there's a couple of things that are happening. On the -- essentially, the third page of the transfer is where it shows that net of the \$2.9 million that includes Other Funds, too, but the Other Funds were only a couple \$100,000. The largest reduction in Federal funds you see there is actually within DCYF. And the reason for that is that the positions do

have a federal match to them. And when we are moving the money from the -- from the salary line into the provider lines, as I mentioned before, some of those do not have a federal match. So that's the issue there.

What I would say is that say I did not need funds in 2958, which would be wonderful but I do; but if I didn't and I did not need to move these salary lines, these Federal funds wouldn't come into the state at the end of the year. We only earn the Federal funds when we spend the General Fund. So these Federal funds are budgeted, but they do not exist in our coffers, if you will, until we spend the General Fund dollar. So although it's a reduction in Federal funds, it's not -- it's not as though I'm going to receive less Federal funds. I wasn't going to spend that anyway.

SEN. D'ALLESANDRO: So one more.

CHAIRWOMAN WALLNER: Yes.

SEN. D'ALLESANDRO: So in terms of when you reconcile at the end of the Fiscal Year.

MS. ROUNDS: Yes.

SEN. D'ALLESANDRO: If, indeed, these weren't ever expected --

MS. ROUNDS: Yes.

SEN. D'ALLESANDRO: -- how does that all figure in the process?

MS. ROUNDS: Sure. So I will probably get a little too technical. And perhaps my friends at the Department of Administrative Services can make it a little simpler. But what we do is we -- something called close to control. So when we have General Funds that we don't spend, those get closed to last, right? When we close Federal funds those get closed to

control. So they basically get closed and they do not exist. So they don't lapse.

SEN. D'ALLESANDRO: Right.

MS. ROUNDS: They don't affect the financial statements at the end of the year. They don't exist.

SEN. D'ALLESANDRO: So it's like it never happened.

MS. ROUNDS: Correct.

SEN. D'ALLESANDRO: Thank you.

CHAIRWOMAN WALLNER: Further questions. Senator Kahn.

SEN. KAHN: Thank you, Madam Chair. Thank you, Miss Rounds. So the -- I think the questions really are around then the staffing levels. Because if we're -- just backing to that how many are filled, and are we using the dollars that we allocated for caseload reductions and improved services, then the Federal funds would be spent. I mean, they would be received because we'd be matching --

MS. ROUNDS: Hm-hum.

SEN. KAHN: -- the plan.

MS. ROUNDS: Yes.

SEN. KAHN: And because the projection seems to be significant amount of dollars not expected from federal sources plan to actual, then there must be lapsing in the State fund, State funded personnel lines and the vacancies. So it's -- it's why I -- I think we're concerned what the status is. I get it about outplacement. I mean, that -- that's -- I would be concerned that we've got families or kids in foster care and families taking that responsibility and us not paying them in a timely way.

MS. ROUNDS: Right.

SEN. KAHN: That's a problem.

MS. ROUNDS: It would be.

SEN. KAHN: But authorizing the extent of the transfer here not knowing where we stand on the position filled figures, I think, is a problem.

MS. ROUNDS: So one thing that I didn't state earlier and I had it in my notes to state, so I apologize for that, is that I will tell you that none of these salary -- none of the salary that we're moving will affect being able to fill any vacant positions. So we're not holding any DCYF positions open to create lapse or to have funds to transfer to the providers. These are the funds we have calculated that through to date or to December when we calculated it that were for salary and that for positions that were not filled. So it will not affect our ability to fill positions going forward. And, I mean, I wish that we could, you know, find more workers and go back in time and fill those positions and this lapse, you know, these funds to be able to move to the providers wouldn't exist but it does. And I have a problem with our provider area, and I need to pay the providers.

CHAIRWOMAN WALLNER: Yes. Senator Morse.

SEN. MORSE: Thank you for coming today. The -- the 10% that you talked about in labor, is that Department-wide that basically could use that as a vacancy rate problem wide?

MS. ROUNDS: So, I would need to look at -- I mean, we certainly have a vacancy rate Department-wide. Last I knew I think we had, you know, over 200 or 300 positions posted and vacant looking for applicants. But I can provide those vacancy numbers Department-wide as well as at a DCYF level if that would be helpful.

SEN. MORSE: But if we had a number of 250, if we average that, and we multiply that out times some number, like a hundred thousand, I'm not sure what it would be. I mean, I know what that number equals, but are we close to 25 million just with that lapse?

MS. ROUNDS: Oh, no. No, definitely not. So it takes -- it takes like a hundred -- because of Federal funding, right, and every position has a different amount of federal funding. So, you know, I have positions that are 100% General Funds, like positions at New Hampshire Hospital, and then we have positions that are 100% Federal funds, like positions at Public Health. So, on average, it's about 150 positions to be vacant for an entire year to create \$5 million in General Funds. So it take a significant number of positions vacant for an entire year to create the 25 million. So I'm not -- I think that position -- vacant positions and the lapse created for that are more likely to be considered for lapse than they are for the 25 million.

CHAIRWOMAN WALLNER: Senator Rosenwald.

SEN. ROSENWALD: Thank you. If you were not -- had not been able to transfer from 2957 --

MS. ROUNDS: Hm-hum.

SEN. ROSENWALD: -- into 2958 to fix the TANF problem, or part of it, where would you have gotten that money?

MS. ROUNDS: I probably would have first looked for salary lapse in other areas of the budget. But I will tell you, as CFO, one of the things that I worked really hard at is to make every area of our Department accountable for their own budget. So every director is involved in their budget submission, and I think it's really important that they're involved in it and accountable for it. So when we do these Department-wide transfers, it's not an exact science; but when you go through

that list on Page 1, you'll notice that it -- it's pretty close through every division. There are some that it's not as close and it could be because they have, you know, more -- hum -- facilities type projects that we're moving funds out of their divisional budget into Office of the Commissioner to cover facility type things. But I work really hard to make that happen. So I force -- first ask Division Directors to look within their own budget to see what areas we can balance there first before I look to other areas. So what I would have had to have done is to look to other areas of the budget to do that.

REP. OBER: Madam Chairman.

CHAIRWOMAN WALLNER: Yes, Representative Ober.

REP. OBER: It's always good to see you, Karen.

MS. ROUNDS: You as well, Representative.

REP. OBER: I'm going to ask you to take another message back to your new Commissioner, if you would.

MS. ROUNDS: Yes.

REP. OBER: And I think that message is we understand you can answer all of the financial questions. But, clearly, we are asking some questions that somebody not dealing with just the finances, like how many people are staffed, et cetera. And I would ask you to ask her when she sends something big like this that she sends the appropriate support people so that you have really somebody to turn to. You know, how many staff have we filled? What's this? What's that? We don't really expect you to have that at your fingertips. We think you're doing a wonderful job financially, and we really appreciate it, but it's a little frustrating when we can't get answers. So if you could just convey that message nicely, we'd appreciate it.

MS. ROUNDS: Will do. Thank you.

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REP. OBER: Thank you.

CHAIRWOMAN WALLNER: Further questions on this item? Do we -- we do not have a motion at this point, do we?

SEN. D'ALLESANDRO: A motion? Just an inquiry, if I might?

CHAIRWOMAN WALLNER: Yes.

SEN. D'ALLESANDRO: Clearly -- clearly, Karen, what you have said to us is that if this isn't passed, you would have difficulty making payments.

MS. ROUNDS: Correct.

SEN. D'ALLESANDRO: I want that to be very clear to people. That people who are providing services would suffer if this was not passed.

MS. ROUNDS: Correct.

SEN. D'ALLESANDRO: And there's a Governor and Council meeting that this has to go to in order to make that happen.

MS. ROUNDS: Correct. It is on the Governor and Council agenda for next Wednesday.

CHAIRWOMAN WALLNER: I have a question for Mr. Kane. Is there any way of moving part of this forward or does it -- do we really need to move the whole item forward?

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Well, I think that Karen would be able to answer that. I don't know if there's areas that are internal, like nursing services or Glencliff, that are kind of stand-alone that could be held and wouldn't have an impact; but all the other stuff move forward. Just so if it's the intent of the Committee to receive information before approving the whole thing, I don't know if Karen knows if a certain area of this

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transfer that's kind of within itself that wouldn't impact the whole transfer that could be held until the next meeting; but I'd have to defer to Karen on that.

CHAIRWOMAN WALLNER: Thank you. Senator Rosenwald.

SEN. ROSENWALD: Thank you. I guess I'm curious to know exactly how much money would be needed to pay the providers in DCYF before next month?

MS. ROUNDS: I'm not going to be able to get you that answer quick enough. And I would be nervous to sit here and calculate that and be correct. Because one of the things that's very difficult in DCYF and why you will continue to see us come forward with transfers in DCYF, if you look at the Accounting Unit for 2958, there's a dozen different very specific to DCYF class lines. And we do that to better track what type of funding we're using. So some of them say 4-E and General Funds and are for different services. And we cannot predict the -- what a child coming through our door will qualify for.

So although I could on a trend line, like I said, I know one of my -- one of the class lines is down to \$400. You know, certainly that class line is a major issue for me in the next couple of weeks. You know, could I look at trend lines? Yes. But then it very easily could shift that we have more kids needing that funding come in and -- so I would just be nervous to say, you know, how much do I need before the next Fiscal Committee meeting. I'd be very uncomfortable giving a number for that. I know that's not the answer you want to hear. And I would like to be able to -- to be accommodating and, you know, help you feel more comfortable, but I just -- I'm not going to be able to feel comfortable without approving this.

CHAIRWOMAN WALLNER: Senator Morse.

** SEN. MORSE: I'd like to move the item and I'd like to speak to my motion.

CHAIRWOMAN WALLNER: Senator Morse moves ought to pass on this item. Speak to the motion.

REP. WEYLER: Second.

SEN. MORSE: Is there a second?

REP. WEYLER: Second.

SEN. D'ALLESANDRO: I would second it.

SEN. MORSE: I sense the frustration and not sitting on Finance and I can't overemphasize that because I'm not the expert I used to be. I certainly studied it like everyone that's passionately asking questions. In a budget this large and the sincerity that we're hearing from Karen, I just think it's important to pass this item and direct the messages that you've made very clear here today to the right person, and that would be the Commissioner in my opinion. And I think they should be here next month to answer these questions.

CHAIRWOMAN WALLNER: Further discussion.

SEN. D'ALLESANDRO: Just like -- if I might, Madam Chair? I posed the question directly to Karen because our concern should be for the payment of the providers. And I think the questions posed need answers. And we need the Commissioner to give the answers. We haven't looked at the Dashboard so we don't know really what's going on and that's -- that's problematic. We are all concerned about the back-of-the-budget cut. What's happening with that as a result of that? What's the planning that's going into that? And I've posed a series of questions to you basically on a monthly basis as to how we're progressing with items that we designated cash for in the budget so that we could address these, get those needs addressed, and, again, in our efforts to service the public and accommodate the need.

But the thing that I find very, very troubling and one of the reasons why I'll support this is you're telling me people will not be paid for their services.

MS. ROUNDS: Yes.

SEN. D'ALLESANDRO: To me, that's -- that's out of -- out of my realm. That can't happen. People are depending on that. How critical -- how critical it is -- is that or appears to be that critical at this point in time. That, to me, that's a very, very troublesome situation, Karen. Very troublesome situation. And I'm reticent to do something that I think we all need more information on; but on the other hand, I can't let -- I can't let an opportunity go by where we're paying people. I mean, that's -- that, to me, is very, very problematic in my position as a public servant. Thank you, Madam Chair.

CHAIRWOMAN WALLNER: Yes. Further discussion? Senator Rosenwald has called for a recess.

REP. OBER: Could I ask a question before we do that?

CHAIRWOMAN WALLNER: Yes, sure.

REP. OBER: Because my question is financial. In case she doesn't have it, she can get it before she comes back. Senator, would you yield? Thank you.

SEN. ROSENWALD: Of course.

REP. OBER: This is a purely financial question. What is the total amount you need to pay these providers that won't get paid?

MS. ROUNDS: So --

REP. OBER: But she can get that while we're recessing.

MS. ROUNDS: I can try. But, like I said, I want to -- I want to accommodate that. And I think that my record shows that I do try to accommodate that. I did it many times during the Continuing Resolution and with this I'm just a little nervous. But if you are taking a recess, I did get a message here. I will take a look at it. I will consult with my staff, they're here, and give Mary Calise a call and let you know, but I am nervous to do that.

REP. OBER: Well, that's okay. We'll get -- Thank you, Madam Chair. Thank you, Senator Rosenwald.

CHAIRWOMAN WALLNER: Good, and thank you for the question. We'll take a recess and come back in 15 minutes, that give you time?

MS. ROUNDS: Yes.

CHAIRWOMAN WALLNER: Okay. Thank you. We are in recess.

(A recess was taken at 10:44 a.m.)

(Reconvened at 11:02 a.m.)

CHAIRWOMAN WALLNER: Call us back -- call us back to order. And yes, Senator Soucy.

****** SEN. PRESIDENT SOUCY: Could I request that we special order this item to the end of the calendar today to allow for a little more time to gather information?

CHAIRWOMAN WALLNER: Senator Soucy moves that we move this to the end of the calendar and give ourselves and the Department more time to gather information, and we'll move it to actually the end of the audits.

REP. OBER: May I ask a question?

CHAIRWOMAN WALLNER: Yes, of course.

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REP. OBER: I think we should ask the CFO if she's going to have information in that time or if this is, as she said, she doubts she could get that information for us today. The CFO has been very trustworthy, has given us all the information for months and weeks, and I trust her financially when she says I can't give you that for a variety of reasons. So I don't know if we're going to put it off for no reason. Let's just vote on it. We have it on the floor and she either can give us that or not. She has the right to say yes or no.

CHAIRWOMAN WALLNER: Miss Rounds, if you'd like to -- I need a second.

REP. LEISHMAN: Second.

CHAIRWOMAN WALLNER: Representative Leishman seconds the motion.

MS. ROUNDS: Thank you. So I did take some time to speak with my finance person who's here, as well as connect with Mary Calise back at the office. I am truly uncomfortable with -- with approving a portion of this transfer. I am trying to fiscally manage this Department appropriately. I understand that there are programmatic` questions and I -- I want to get you those answers. I think it's important for you to have those answers. But I also think it's important that I continue to manage the Department in a fiscally responsible way, which includes this entire transfer.

CHAIRWOMAN WALLNER: Questions. Representative Ober.

REP. OBER: And there won't be -- I'm sorry, I wasn't clear, Karen. It won't be any difference. If we put this off for an hour, half an hour, ten minutes, you've given us what you can. You've told us what you can. Is that what you're telling me?

MS. ROUNDS: I have given you what -- I am telling you what I am comfortable with and I would be very uncomfortable. Could

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I do more research? Yes. But I'm not going to come back with an answer that I -- I am going to be comfortable with. It's not a good fiscal way for me to manage the Department.

REP. OBER: Thank you. Let me say again, I've always trusted your numbers. You've been very honest with us.

MS. ROUNDS: Thank you, Representative.

CHAIRWOMAN WALLNER: Further -- further discussion? Hearing none. Yes, Senator Kahn.

SEN. KAHN: Thank you, Madam Chair. It just seems that there is some step over the next four months that ought to be achievable. And I understand we've got a -- this is a 12-month view here with six months or seven months of history already available to you. There's got to be some way of us to step this -- a couple of months forward without committing ourselves -- without the information that some people feel is important for their vote on this. So I think there's a way to get to a positive vote, but I don't think that the all or none approach is the way.

REP. LEISHMAN: Madam Chair.

CHAIRWOMAN WALLNER: Yes, Representative Leishman.

REP. LEISHMAN: I'm concerned, just as I think we all are, my friends from Manchester and Salem had spoke earlier and others, that we don't want to be out there not providing providers with compensation. I think that sends --

REP. OBER: Absolutely.

REP. LEISHMAN: -- a very dangerous message. So I'm concerned about that. And we've already heard, I guess, and again, I will echo others that have said you've been marvelous as far as your honesty and candor since you've been with the Department.

MS. ROUNDS: Thank you.

REP. LEISHMAN: I certainly think by saying perhaps no, it sends a terrible message back. And so we've asked for the additional time, but apparently that additional time is not going to help you and give us an answer; is that correct?

MS. ROUNDS: Yes.

CHAIRWOMAN WALLNER: Further? Yes, Senator Soucy.

SEN. PRESIDENT SOUCY: Madam Chair, I have no issue with trust of anyone of the information being provided. The struggle I have is that this is -- this is verging on crisis management, like literally not being able to pay people. And this is just being presented to us in this agenda. I -- I -- without even a dollar amount of exactly what is owed to those providers. I don't understand how that's possible and that's the issue I'm currently struggling with.

Now, would I -- I would certainly be happy to move a portion of this. But in being told it's all or nothing and I just don't feel comfortable with an all or nothing approach without some additional information about who the providers are and how to qualify it. I'm struggling with that. I, too, like Representative Leishman, don't want providers to go without. I mean, that's the reason we passed the budget we did. That's the reason we had Senate Bill 6 to create additional positions. We all recognize there are needs that have to be met. But I don't even know exactly what they are. And I just do not feel comfortable with this all or nothing approach on this item.

MS. ROUNDS: And I think, with all due respect, Senator, if there was not a Continuing Resolution this would be less of an emergency situation. With the Continuing Resolution, and only being able to clean-up from that a month ago, this is the soonest we could get information to Fiscal Committee to do a department-wide transfer.

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CHAIRWOMAN WALLNER: Senator Rosenwald.

SEN. ROSENWALD: Thank you. I really share Senator Soucy's concerns because, first of all, Senate Bill 6 was not subject to the Continuing Resolution. So we released those --

MS. ROUNDS: Hm-hum.

SEN. ROSENWALD: -- \$6 million of General Funds in the spring; and, yet, we don't even know how -- what the net change in positions are. And we haven't seen a Dashboard since November. It's now February. I'm just uncomfortable making this giant transfer when we don't have the information on what the trends are. And I understand that it's a small part of the Department's budget, but I can't help but think the Department doesn't know what monies are owed to what providers that are due when, and that's my struggle on this.

So I'd be happy to approve the money that is needed to pay providers before the next Fiscal, which we managed to do during the Continuing Resolution for months -- for several months. I guess I just don't understand why we can't get that information now. Thank you.

CHAIRWOMAN WALLNER: Representative Ober.

REP. OBER: Thank you, Madam Chairman. On the motion on the floor to special order, I will be a no vote and these are the reasons why I'm going to be a no vote.

Number one, there's no reason to special order when you know you have all the information you're going to get today.

Number two, I believe we're trying to mix apples and oranges here. And the CFO is taking kind of the brunt of that. There is a new Commissioner. The new Commissioner chose not to bring forward a Dashboard. Why? I don't know; but I think this is not the CFO's problem, yet I understand why people are upset

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they haven't seen one. I read it like you do, but that's apples and oranges. We're talking about the need to pay people.

We had talked to former Commissioner Meyers throughout the time of the Continuing Resolution that we were concerned at the rate he was asking for some adjustments. And I know I specifically spoke to him about that in this room, that it would be harder to reconcile the books when we finally got a budget. And as the CFO said, she'd been working on that. She'd done that. This is the department-wide transfer. It really, according to their budget, is a small drop in the budget. If this were my budget, it would be a huge amount. But according to this, she's done a good job.

I am going to vote to approve this and let her move forward. I think we've sent the message. We want a Dashboard. That's not her problem. That's the apples and oranges again. That's somebody else's problem, and we need to move forward and pay providers, and we knew we were going to have to make adjustments with the Continuing Resolution and the way the former Commissioner was doing things.

So we have a new Commissioner who's been on the job two weeks, paddling to catchup. We appreciate that. We have a CFO who's always given us honest information. We appreciate that. I'm supporting this item. I will not be voting in support of putting this off till the end of the meeting. Thank you, Madam Chairman.

CHAIRWOMAN WALLNER: Thank you. Further discussion of placing this as a special order to the end of the -- of today's agenda? Seeing none. All those --

REP. OBER: Roll call.

CHAIRWOMAN WALLNER: Okay. Representative Ober would like a roll call on the motion of putting this item to special order to the end of the agenda. Ask the clerk to call the roll.

REP. WEYLER: Representative Leishman.

REP. LEISHMAN: No.

REP. WEYLER: Representative Ford.

REP. FORD: No.

REP. WEYLER: Representative Weyler votes no. Representative Ober.

REP. OBER: No.

REP. WEYLER: Senator D'Allesandro.

SEN. D'ALLESANDRO: No.

REP. WEYLER: Senator Soucy.

SEN. PRESIDENT SOUCY: Yes.

REP. WEYLER: Senator Kahn.

SEN. KAHN: Yes.

REP. WEYLER: Senator Rosenwald.

SEN. ROSENWALD: Yes.

REP. WEYLER: Senator Morse.

SEN. MORSE: No.

REP. WEYLER: Representative Wallner.

CHAIRWOMAN WALLNER: No.

REP. WEYLER: Seven to -- three to seven.

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CHAIRWOMAN WALLNER: The motion fails. Three yes and seven no.

***** {MOTION FAILED}**

CHAIRWOMAN WALLNER: And we do have a motion on the floor for -- was motioned by Senator Morse and seconded by Representative Weyler to approve the item. Do we have further discussion on that? Yes, Senator Morse.

SEN. MORSE: When we took our little recess, I couldn't remember a name and I think it's coming back to me. I think it was Fredyma.

SEN. D'ALLESANDRO: Right. Jimmy.

SEN. MORSE: So I've been around here awhile. You know, when you're talking about this many billions, and we are transferring 11 million, I know there's a principle here. I get the principle. I think it's very clear. And this Committee's always demanded that kind of attention and I think that message has been sent. But the reality of this transfer, it was stated earlier, we may be going back and looking at TANF and having money that she could be coming back in a month or two and saying, look, I'm going to move this money back and I'm putting TANF dollars in place. We don't have an answer to that right now. But I -- I think that kind of movement, when Fredyma was here he'd bring in two or three items at the end of the session that there wasn't a person that could keep up with the man when he came in here, but we believed in him, and he was making money for the State of New Hampshire by moving State dollars to get federal dollars for the State. I think there has to be a level of trust here but verify. If that's what we have to put in the motion, I'm fine with that.

CHAIRWOMAN WALLNER: Thank you. Represent -- Senator Rosenwald and then Senator D'Allesandro.

SEN. ROSENWALD: Thank you. I wish I could vote for this. Hum -- but we've a child protection crisis in this state. And this motion will cut 60% of the money that we worked altogether, all of us, to approve outside of the budget because it was so urgent. And -- hum -- I -- I just can't bring myself to vote to cut those child protection funds.

CHAIRWOMAN WALLNER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Thank you, Madam Chair. Along with Senator Morse, I remember Jim Fredyma. I remember Jim Fredyma when he worked in the Governor's Office when Mel Thomson was Governor. So that's how far back I go. So I think two things. We have to take into consideration and all of us have our own individual thoughts.

We ask our -- our State Employees to come before us and give us information. We either accept or don't accept that information. In Miss Rounds' case, I've had many conversations with her. I respect the information that she brings forward. When she tells me it's a dire need, I believe it. I will support this. I'll support it based on the fact that you've got to believe in your State Employees, and you've got to believe in the information they're bringing forward.

Now, I realize that there's some, you know, some doubt here by people; but, indeed, when someone tells me it has to be done, I believe it. It really has to be done. I think that's -- I think that's very important. We put these people on the spot all the time. And it's their character and reputation that we need to support or we don't. Thank you, Madam Chair.

CHAIRWOMAN WALLNER: Thank you. Any other comments, discussion? Seeing none. I'll ask the clerk to call the roll. The motion is to approve the item.

REP. WEYLER: Representative Leishman.

REP. LEISHMAN: Yes.

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REP. WEYLER: Representative Ford.

REP. FORD: Yes.

REP. WEYLER: Representative Weyler votes yes.
Representative Ober.

REP. OBER: Yes.

REP. WEYLER: Senator D'Allesandro.

SEN. D'ALLESANDRO: Yes.

REP. WEYLER: Senator Soucy.

SEN. PRESIDENT SOUCY: No.

REP. WEYLER: Senator Kahn.

SEN. KAHN: No.

REP. WEYLER: Senator Rosenwald.

SEN. ROSENWALD: No.

REP. WEYLER: Senator Morse.

SEN. MORSE: Yes.

REP. WEYLER: Representative Wallner.

CHAIRWOMAN WALLNER: No.

REP. WEYLER: The vote on the motion to approve the vote is
1, 2, 3, 4 -- 6 to 4.

CHAIRWOMAN WALLNER: The motion passes. The item was
approved.

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*** {MOTION ADOPTED}

CHAIRWOMAN WALLNER: Moving on now to --

SEN. KAHN: Madam Chair.

CHAIRWOMAN WALLNER: Yes, Senator Kahn.

SEN. KAHN: The request for the additional information, can that be brought forward and scheduled to the next meeting?

CHAIRWOMAN WALLNER: Yes.

REP. LEISHMAN: Absolutely.

CHAIRWOMAN WALLNER: We will make sure that the Department --

MS. ROUNDS: Yeah.

CHAIRWOMAN WALLNER: -- that we have additional information at the next meeting.

MS. ROUNDS: Absolutely. And I will provide information prior to that as well.

CHAIRWOMAN WALLNER: Thank you. We appreciate that.

REP. LEISHMAN: Madam Chair, before Miss Rounds goes, Madam Chair, it would be nice to see the Commissioner so you're not on the spot at the next meeting.

MS. ROUNDS: Yes, I will ask that she come to the next meeting. I don't mind being on the spot, but I will ask her to come to the next meeting.

CHAIRWOMAN WALLNER: That be great. Thank you. Thank you for this morning.

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

CHAIRWOMAN WALLNER: Next is we are now down to Tab 7, and this is a Fish and Game item. Are there questions on this item?

** REP. OBER: Move to approve.

REP. FORD: Second.

CHAIRWOMAN WALLNER: Representative Ober moves to approve the item. Representative Ford seconds. Any questions of the Department? No. I think I'll take the vote and we'll see how it works. Okay. All those in favor? Any opposed? Item passes. You're off the hot seat.

REP. WEYLER: Thank you for coming.

CHAIRWOMAN WALLNER: Sorry we kept you so long.

*** {MOTION ADOPTED}

(8) **RSA 228:12 Transfers from Highway Surplus Account:**

CHAIRWOMAN WALLNER: Going now to Department of Transportation. This is Tab 8. This is a transfer. And any discussion of this item?

SEN. KAHN: Yes.

CHAIRWOMAN WALLNER: Yes, would you like someone from the Department to come up?

SEN. KAHN: I would.

CHAIRWOMAN WALLNER: If there's someone from the Department of Transportation.

VICTORIA SHEEHAN, Commissioner, Department of Transportation: Good morning, Madam Chair, Members of the Committee. For the record, Victoria Sheehan, Commissioner of Department of Transportation. And with me today is Marie Mullen, our Director of Finance.

CHAIRWOMAN WALLNER: Thank you. Senator Kahn had some questions.

SEN. KAHN: Thank you, Madam Chair. Thank you, Commissioner. So my question isn't so much about the basis for the \$7 million transfer, and I think you provided us information that I could understand. The question is that during the budget process, and it's on the last page, the anticipated amount of lapse is significantly less and it's affecting in the projection for the biennium the undesignated fund balance at the end of the two-year period. So it's around that. That here we are a quarter of the way through the biennium, and can you -- can you help us get a little bit more comfortable in the course of this biennium we're going to end up better than the projection was?

MS. SHEEHAN: So I believe you're referring to the Surplus Statement that was attached with this item.

SEN. KAHN: That's correct.

MS. SHEEHAN: The Surplus Statement was developed in partnership with Administrative Services and the Comptroller.

REP. LOVEJOY: Microphone is not on. Push the red one. Red one.

MS. SHEEHAN: Can you hear me now?

CHAIRWOMAN WALLNER: Yes.

MS. SHEEHAN: I'm sorry, I also have a cold. So I apologize. The Surplus Statement was developed in partnership with the Department of Safety, who collects the revenue, the

Comptroller's Office, as well as the budget office in Administrative Services. We have just been asked, as of this morning, to update our lapse projections. We are fairly comfortable and we'll be able to absorb this particular transfer. Predicting what Mother Nature is going to deal us in terms of future storms between now and the end of the season is challenging. Of course, if the storms do not occur, then we will not spend all of these funds and we would lapse funds associated with this item if the winter weather does not materialize. And then further to that we can -- we believe over the biennium manage our lapse to ensure that we can fund this year's winter transfer.

We do have concerns for next winter if we have an above average winter. We'll have to wait and see what our actual lapse balance is worth for this year and what the actual revenue was to understand what position we'll be in this time in 2021.

CHAIRWOMAN WALLNER: Further question.

SEN. KAHN: Well, sounds like that lapse report might be of some value for us to see what your projection is; but it doesn't -- shouldn't inhibit our moving on this motion today.

CHAIRWOMAN WALLNER: All right. Representative Ober moved and --

REP. WEYLER: Wait a minute. We didn't have --

** SEN. D'ALLESANDRO: I move.

CHAIRWOMAN WALLNER: So, no, I'm sorry. Senator D'Allesandro moves --

REP. FORD: Second.

CHAIRWOMAN WALLNER: And Representative Ford seconds we approve the item. Any other discussion on it? Seeing none. All in favor? Opposed? Item passes. Thank you.

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MS. SHEEHAN: Thank you.

*** {MOTION ADOPTED}

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

CHAIRWOMAN WALLNER: Moving on to Tab 9, and this is the Judicial Council, \$850,000 additional.

** REP. LEISHMAN: Move to approve.

REP. OBER: Second.

CHAIRWOMAN WALLNER: Representative Leishman moves.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WALLNER: And Senator D'Allesandro seconds the item. Any questions? No. Seeing none. All in favor? Opposed? None. The item passes.

*** {MOTION ADOPTED}

(10) Chapter 346:45, Laws of 2019, Judicial Branch, Transfer Among Accounts and Classes:

CHAIRWOMAN WALLNER: Moving on to Tab 10. This is Administrative Office of the Courts, transfer of accounts. Do we have a motion?

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

REP. WEYLER: Second.

CHAIRWOMAN WALLNER: Senator D'Allesandro moves and Representative Weyler seconds. Any discussion of it?

SEN. KAHN: I --

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CHAIRWOMAN WALLNER: Yes, Senator Kahn.

SEN. KAHN: Thanks, Madam Chair. This has to do with the Voice Over IP and I'm just trying to understand where you are in that implementation and expense cycle. Because I -- I assume you're projecting -- there must be some installation, implementation period here and the -- when you're -- maybe tell us when you're past that point and you actually start to see some savings?

DONNA RAYMOND, Fiscal Manager, Administrative Office of the Courts, Judicial Branch: Yes. For the record, my name is Donna Raymond. I'm the Fiscal Manager. Oh, I'm sorry. Sorry. My name is Donna Raymond. I'm the Fiscal Manager for the Judicial Branch. Director Keating sends his apologies. He was not able to be with us today. So with us is Justice Gary Hicks of the Supreme Court in case you didn't notice.

SEN. KAHN: I'm glad that you can report that you were under fire.

HON. GARY HICKS, Supreme Court Justice, New Hampshire Supreme Court, Judicial Branch: I'll let you know when it happens.

SEN. KAHN: Thanks.

MS. RAYMOND: But thank you for the question. Yes, this has been an ongoing project for, I think, a few years now. I'm not the IT expert, but I did consult with IT, our IT Department about what is going on with this. And it kind of was a series of events that caused the delays. Our IT Department, I think, is primarily handling this. From the little I understand, some of our IT staff go out physically to a court and they turn off switches as part of this, and then they notify our current carrier that switch has been turned off. Then they no longer bill us for switches, and data, and voice, whatever, is in that

court. So it is an iterative process as they go through court to court.

Now, a couple years ago -- excuse me -- I think the plan was to have this all done by now. One -- the person at the time who was our LAN IV who was primarily responsible for this got injured. He ended up having two surgeries. He was out for six months. It put us -- it just was not anticipated. It caused a significant delay within IT.

During that time, also, other things have happened within the court system that have been priorities for the IT Department. We have had a few new courts relocated. We've had family divisions added. All of these things require IT to keep -- to help ensure that staff are able to be up and running and continue to provide services in the courts. So it's just sort of a confluence of things that have happened to continue to cause delays for this.

I can tell you we get e-mails now probably once a week saying this court is going to be down with phones, because I know they're going up there and they're changing the phone system now. The anticipation of when this will be done is by July of this year everything should be done. So the carrier that we have now providing some level of VoIP service, those charges should cease. The new carrier that we have contracted with to provide enhanced VoIP services at a better cost will then -- we're starting to pay them now as we put our courts on-line with this new vendor. So we should see it end by July of this year.

CHAIRWOMAN WALLNER: Further questions? Seeing none. Thank you for coming up to answer the questions. And the motion is to approve the item. And the motion was made by Senator D'Allesandro, and seconded by Representative Weyler. Any further discussion? All in favor? Opposed? Seeing none opposed, the item passes. Thank you.

MS. RAYMOND: Thank you.

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JUSTICE HICKS: Thank you very much.

***** {MOTION ADOPTED}**

AUDITS:

CHAIRWOMAN WALLNER: Next we have the audits. We are going to move right into the audits today because we know that we need to. We're actually going to do the Unique College Investment Plan first.

STEPHEN C. SMITH, MS, CPA, Director, Audit Division, Office of Legislative Budget Assistant: Good morning, Madam Chair, Members of the Committee. For the record, Steve Smith, LBA Director of Audits, and the -- we're here to present the New Hampshire Higher Education Savings Plan Trust, the audit of that for September 30th, 2019. We have a contract with PWC to perform the audit of the Trust. And Declan Byrne is to my right here. He's the PWC partner. And joining us from the Department of Treasury, Deputy Treasurer Monica Mezzapelle. So I'll turn it over to Declan to present the audit.

DECLAN BYRNE, Partner, Assurance, PricewaterhouseCoopers, LLP: Madam Chair, everyone, good morning, nice to be back here again, and look forward to presenting the results of our audit. I understand you all have already a copy of our presentation and might refer you to Page 5 just to our Executive Summary.

In terms of status of the audit, we completed our audit on December 20th, 2019, and we're pleased to say that was in line with what we expected. Great cooperation from Fidelity as the accounting service provider, as well as the State Treasury. And we're glad to say we executed in line with our expectations for the timing and in line with the types of procedures we were expecting to perform. No -- as such, no significant changes were applied.

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The last point on this page is really around identifying statements recorded or unrecorded. Based on our substantial audit procedures, analytics, review financial statements, we did not note any issues during the course of this audit and we're pleased to mention that to the Committee today.

We'll do a deep dive. On Page 7 just highlight some of the more specifics as relates to the audit. And the primary area is the audit risk and results section of the page. We highlight one area under definition of professional standards at a significant risk. That is management override control. That is standard for all audits, and it represents the risk of misstatement that requires special audit attention. At the risk of management intentionally misstating financial statements is always inherent in all audits. I'm pleased to say as a result of our review the internal controls, substantial testing, and analysis of segregation of control type duties, no issues from a fraud, error, or illegal acts that were intentionally formed in management were found during the course of our audit.

As a result, our audit opinion was unqualified, and we have that in the audit appendix, and we were able to sign off with -- without much stress.

We have a required communication on Page 8 and 9. I won't highlight every one. I'll just note that PWC reaffirms its independence of the plan, as well as we did not note any fraud or illegal acts as mentioned earlier.

Slide 9 talks about the quality of financial reporting. We didn't have any adjustments to the financial reports. We do believe all the reports were issued in line with U.S. GAAP. Thankfully, there was not many significant updates this year in the professional standards, and we were able to execute in accordance with plan. Fidelity as service provider did a nice job generating financial statements, reviewing them, and providing timing for us to enable us to do an efficient review on our end.

And, finally, in the appendices we highlight our audit reports as well as management representation letters, both of which are substantially similar to prior year and, of course, the audit reports were issue unqualified or clean.

So we're happy to say to be here today and no major issues during the audit and, again, we thank both Fidelity and the State Treasury and for their assistance during this audit. Happy to take questions.

CHAIRWOMAN WALLNER: Do we have questions about the audit? Yes, Senator Kahn.

SEN. KAHN: Thank you, Madam Chair. And thank you for that quick overview. I'm sure everyone appreciated it, and so I'll try to be quick, too.

I guess I'm -- not having seen one of these come before a Fiscal Committee before, but the -- what is it that your firm has audited for us; the dollars that flow from the Fidelity account that is New Hampshire designated and what is received by our New Hampshire Treasurer that it's -- it's that flow of dollars and to make sure that it has been properly accounted for and we've received the proper amount of money?

MR. BYRNE: I would say from a financial reporting perspective, we look at the money that comes into the plan from plan participants, that it gets allocated to individual investments, and that at end of year the balance are accurate. The -- during the year the accounts were -- were -- the transactions were properly accounted for. And then, finally, from a presentation disclosure perspective, that everything aligns with what's required under the U.S. GAAP, as these financial statements then get issued to the individual participants of the plan. So it's both the numbers and the presentation, both at year end and during the year.

SEN. KAHN: Madam Chair, may I follow-up?

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CHAIRWOMAN WALLNER: Yes.

SEN. KAHN: So this is a quality statement to all of those investors in a New Hampshire Savings Plan that their accounts have been tested and that the proper allocations to their funds have been entered and -- is that correct?

MR. BYRNE: Yeah, I think that's a good characterization. We looked at it. Again, we current term reasonable assurance that that is a good quality statement that the investor can feel that these numbers are accurate and it's presented fairly.

SEN. KAHN: Madam Chair.

CHAIRWOMAN WALLNER: Yes.

SEN. KAHN: And the total number of investors that we have in the New Hampshire Plan is how many?

MR. BYRNE: Monica answer that one. I can't remember off the top of my head.

MONICA MEZZAPELLE, Deputy Treasurer, Department of Treasury: We have about 700,000 participant accounts for now and \$18 billion in assets under management.

SEN. KAHN: Billion. 700,000 people should be glad that we've received this report. Thank you, Madam Chair.

CHAIRWOMAN WALLNER: Thank you. Further questions? Seeing none. Thank you for coming up and giving us the report.

MR. BYRNE: Thank you very much.

CHAIRWOMAN WALLNER: I think we can -- am I correct that these have already been released?

MR. KANE: That's correct.

MR. SMITH: Yes.

CHAIRWOMAN WALLNER: So we don't need a motion?

SEN. D'ALLESANDRO: Going to get 700,000 responses at least.

MS. MEZZAPELLE: Thank you.

REP. WEYLER: The Unique and 529.

CHAIRWOMAN WALLNER: They're covered.

MR. KANE: Yes, they're covered.

CHAIRWOMAN WALLNER: And now the Human Rights Commission.

MR. SMITH: This next audit was performed by our office. It was a nine-month Financial Audit Report ending March 31st, 2019. From our office is the Financial Audit Supervisor Jean Mitchell. She will present our work. And also joining us from the Commission is Ahni Malachi.

JEAN MITCHELL, Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: Good morning, Madam Chair, Members of the Committee. For the record, my name is Jean Mitchell. We're here this morning to present our financial audit of the New Hampshire Human Rights Commission for the nine months ended March 31st, 2019.

This report is presented in two sections. The Management Letter section is the auditor prepared section of the report. It contains our independent auditor's report on internal control over financial reporting and compliance and other matters, along with 12 Observation comments. It also includes an Appendix reporting the current status of findings from our audit of the Commission for the six months ended December 31, 2008.

The second section, the financial section, contains our independent auditor's reports, followed by the Department prepared financial statements, notes, and budgetary information.

The focus of my presentation this morning will be on the Observations and Recommendations that are contained in the Management Letter section of the report; but we'd be happy to answer any questions you have on any part of the report.

If you turn to the Table of Contents in the Management Letter section of the report, which is back at the front of the book, you will see this report contains eight internal control comments. Two are deemed material weaknesses and there's four State Compliance Comments. The Commission concurs with all of the comments, and none of the comments suggest that legislative action is required.

Observation No. 1, a material weakness begins on Page 3. Significant vacancies in employee positions at the Commission described in detail in the second paragraph of the Observation, combined with a lack of policies and procedures supporting accounting and financial reporting activities resulted in a weak control environment affecting many areas of the Commission's activities. The bulleted items listed in the Observation describe areas where the Commission should develop formal policies and procedures and strengthen its control environment. And these items are described in more detail in the following internal control comments.

Observation No. 2 is on Page 4. It described an error in the Commission's initial recording of the June 30, 2018, federal accounts receivable. It indicates a lack of clarity and process in the Commission's recording of the transaction. This resulted in material audit adjustment, that is reflected in the Commission's financial statement.

Observation No. 3 is located on Page 6. The bulleted items listed in the Observation describe areas where the Commission has not prepared and implemented certain internal control

processes and plans. These items are generally regarded as fundamental to efficient and effective internal controls.

Observation No. 4 on Page 7 recommends the Commission establish a formal and documented risk assessment process for recognizing and responding to risks, including but not limited to risks associated with operational compliance and financial reporting objectives.

Observation Numbers 5 and 6 are located on Pages 8 and 9. And the first describes the need to improve payroll process by implementing an effective review and approval control and to gain an understanding of and implement policies and procedures to ensure that part-time employee accrued leave is paid as required by statute.

Observation Numbers 7 and 8 begin on Page 10. They are related to the contract between the Commission and the Federal Equal Employment Opportunity Commission known as EEOC for the State's processing of charges of discrimination.

Observation No. 7 recommends the Commission ensure current copies of contract documents are on file, and periodically review policies and procedures to ensure contract compliance.

Observation No. 8 recommends the Commission review its current paper-based case management file system to determine if it is effectively meeting its needs. It also recommends the Commission implement policies and procedures to perform required quarterly reconciliations of the EEOC database to Commission records, including an effective review and approval control.

Moving on to the State Compliance Comments with Observation No. 9 on Page 13, outlines instances where the Commission has not been in strict compliance with contract and other guidance. It is explained in detail in items number one through four of the Observation.

Observation No. 10 on Page 14 speaks to the need to adopt administrative rules for fees charged and to do an analysis to determine the reasonableness of the fees.

Continuing on to Observation No. 11 on Page 15, which recommends the Commission file the statutorily required biennial report.

The final Observation is number 12 on Page 16. It recommends the Commission readopt expired administrative rules that appear necessary to carry out the Commission's duties and responsibilities.

Behind the first tab, the Appendix on Page 18, is the current status of the Observations contained in the financial audit of the Commission for the six months ended December 31, 2008. The report identified eight comments. Three comments are fully resolved and remediation is in process for the remaining five.

The financial section of the report follows with the auditor's opinion which was modified as a complete set of financial statements is not presented. The statement of revenues and expenditures for the General Fund for the nine months ended March 31st, 2019, is on Page 7, and this is followed by the notes to the financial statements and the budget to actual information.

As noted in Observation No. 2, one material adjustment to the accounting records was proposed and recorded as a result of our audit.

This concludes my presentation, and I'd like to thank the Commission management and staff for their assistance during the audit. And we can now turn the presentation over to the Commission for any comments.

CHAIRWOMAN WALLNER: Thank you.

AHNI MALACHI, Executive Director, Human Rights Commission:
Good morning, Madam Chair, and Members of the Committee. As the presentation by Jean Mitchell establishes, there's a lot of work to be done, which is precisely why after coming on board as the Executive Director in April of 2018, there was a request made to have an audit take place so that legacy issues could be looked at and things could be addressed so to have a very clear guide as to where the problems are, and sound recommendations on how to move forward with those issues, matching that with our work share agreement and contracts that we have with the EEOC and all of that to make sure that we stay in compliance with our statute; and to certainly make sure that we are serving the people of New Hampshire.

So that -- and, of course, I would also like to thank my staff as well, Assistant Director Sarah Burke Cohen is here. She was very instrumental in getting information in terms of investigations and those processes to the auditors so that they would have a full picture of what we do. It's a little complex and we're dealing with federal Fiscal Years, as well as the State Fiscal Year. So things can get a little wonky. But she was very instrumental in making sure that information was given and that clear explanations on how we do what we do has also -- was also shared. And the Assistant Director has been with the Commission for approximately five years. So there is some information that she would have historical knowledge that could be shared.

So, with that, I conclude my statements and if there are any additional questions for me, I'd be happy to take those.

REP. WEYLER: Question.

CHAIRWOMAN WALLNER: Yes, Representative Weyler.

REP. WEYLER: Thank you, Madam Chair. So the effect on the employees of the Human Rights Commission, it seems like the Department of Justice has taken over most of your administrative

role. So has that reduced your employees and what's the effect on the Department of Justice? Have they needed to add people?

MS. MALACHI: So I am going to step in to that one there. So at this point, we started unofficially in July because we were dealing with a Continuing Resolution. But prior to that, knowing that this was moving forward, we began conversations. Kathy Carr and her staff in the management office have been invaluable in making sure that there's a smooth transition in terms of the back of house items that they've taken over for us.

So is there a need at this point to add staff? Kathy would certainly be instrumental in answering that question. However, just with what I know from our position as the Commission, I don't think so. For us in our office, it has been helpful because of the guidance and the information that the management office of the Department of Justice holds. So if there's staff turnover, we won't have any issues. We can order supplies as needed. We can onboard staff. We can pay for any and everything and making sure all of our bills and all of the accounting is done properly.

One of the audit notes spoke to a part-timer not being paid appropriately, and that is something that was a legacy issue that just had not been done. And so in the DOJ, obviously, the laws of the State will be followed and any new information that the Department of Personnel or DAS puts forth, they will have to make sure that those things are in place, which means we get the technical assistance that we need to make sure that we are in full compliance with everything.

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

CHAIRWOMAN WALLNER: Further questions? Representative Leishman.

REP. LEISHMAN: Thanks, Madam Chair. As always, great audit. You guys do an awesome job as far as our audit and things; but I had a question on Page 3. Acknowledge that there were five

employees terminated and of those five, four were investigators. That kind of stood out. Is there -- can you tell us why these people were terminated? Seems like a large number for such a small Commission.

MS. MALACHI: So the -- I believe it was four people that have departed. I'd have to -- excuse me just a moment.

REP. LEISHMAN: It's on Page 3, the second paragraph.

MS. MALACHI: So in '18 I came on board in April. So anything that happened prior to that I'm not clear on who those individuals might be. But what I can speak to is that there would have been performance issues, meaning the person was either not completely performing their job well or not performing up to the standard that was necessary in order to process cases and move things forward and that would be my answer for that.

And, yes, it is a small agency. So that if there's any turnover -- if there's any turnover, we do feel that. So there's a seismic effect because there are nine of us, including myself. However, there has to be a balance in that. If the person is not performing, to keep them on does a disservice to the remaining staff.

So there were -- since April there were two investigators that were released, and those persons did have appropriate opportunities to make changes. They were made -- clearly made aware of what those issues were. And any terminations that have taken place have done so with the assistance of the AG's Office. I call often to our General Counsel who it's been two different people; but there have been issues. So some of the issues have been spoken to in the LBA audit, and we want to make sure that we have the right staff to take care of all the needs that we have.

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

CHAIRWOMAN WALLNER: Thank you. Further questions? Seeing none. Any further comments? Okay. Ask Representative Weyler to make a motion.

****** REP. WEYLER: Madam Chair, I move we accept the report, place it on file, and release in the usual manner.

CHAIRWOMAN WALLNER: Seeing no further --

SEN. PRESIDENT SOUCY: Second.

CHAIRWOMAN WALLNER: -- discussion. All in favor? Any opposed? Motion passes.

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

CHAIRWOMAN WALLNER: And I do want to say that I did go -- I did skip over, and I'm sorry, I did skip over the informational items, because I knew we needed to get right into the audits. Is there any -- Thank you.

MS. MITCHELL: Thank you.

CHAIRWOMAN WALLNER: Is there any informational items anyone wants to have discussion about? Seeing none. And our next meeting you have a date?

MR. KANE: March 13th.

CHAIRWOMAN WALLNER: Friday, March 13th.

DAVID HUOT, State Representative, Belknap County, District #03: Friday the 13th.

CHAIRWOMAN WALLNER: Can't wait to see that agenda. Okay. Seeing no other business to come before the Fiscal Committee, we are adjourned.

(Adjourned at 11:52 a.m.)

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CERTIFICATION

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

Cecelia A. Trask
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