

***VITAL RECORDS IMPROVEMENT FUND
ADVISORY COMMITTEE***

To The New Hampshire Department of State

-MINUTES-

***Thursday
September 20, 2007***

Approved Minutes

-MINUTES-

Vital Records Improvement Fund Advisory Committee Meeting

September 20, 2007

Archives Building
Conference Room
71 South Fruit Street
Concord, New Hampshire 03301

COMMITTEE MEMBERS PRESENT:

William R. Bolton, Jr., State Registrar
Nelson Allan, Public Member Appointment
Jill Hadaway, Bow Town Clerk, Town Clerk Appointment
Dr. David Laflamme, DHHS Appointment
Carol Johnson, Manchester Deputy Town Clerk, Town Clerk Appointment
Peter Croteau, OIT, OIT Appointment
Patricia Little, Keene City Clerk, City Clerk Appointment – **Via Telephone**
Doug Hall, Vital Records User, DHHS Appointment
Kimberly Johnson, Henniker Town Clerk, Town Clerk Appointment
Dr. Frank Mevers, State Archivist Appointment
David Scanlan, Deputy Secretary of State, SOS Appointment
David Pollard, Funeral Director Appointment

COMMITTEE MEMBERS EXCUSED:

David Kruger, Public Member Appointment
Thomas A. Andrew, MD, Physician Appointment
Debbie Augustine, NH Hospital Association

GUESTS:

Melanie A. Orman, Vital Records, SOS
Barbara Kostka, Vital Records, SOS
Jackie Goonan, OIT
Steve Wurtz, Vital Records, SOS
Chris Bentzler, OIT
Teschner, Doug, SOS

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Vital Records Improvement Fund Advisory Committee Meeting

1. Meeting Called to Order:

Ms. Hadaway called the meeting to order at 10:03 a.m. She explained that there would be several deviations from the agenda. Ms. Little had another meeting that she had to attend and could not make it to this meeting. Instead, she had asked to join the committee via conference call. She added that Dr. Teschner would also be joining the meeting a little late.

2. Approval of Minutes:

Ms. Hadaway stated that the first item on the agenda was the approval of the minutes from the July 22, 2007 meeting. She asked if members had any corrections or additions to the minutes. A committee member made a motion to approve the minutes as written. Dr. Mevers seconded that motion. The committee voted to accept the minutes as written. Two members abstained as they had not attended the meeting.

3. NHVRIN Update:

Ms. Goonan reported that her team continued to work on the civil union and dissolution modules that need to be in place by January 1, 2008. They were also working on another legislatively driven change, which was electronic death certification. This change enables physicians and ARNPs to certify deaths, electronically. She anticipated having at least a test version in November for training purpose use. That version would be very close to what would eventually go into production. That module would go into production at the same time as the civil union and dissolution modules. That project was consuming all of her resources at this time.

Ms. Goonan's team was also working on a few other things like the NHVRINWeb application and out-of-state births. She reminded the committee that this time around she only has two full-time employees. Mr. Bryer, the technical lead for the team, had moved on to another position within OIT. They were in the process of recruiting to fill his position. In terms of activity on the NHVRIN team, for the last two months, Ms. Goonan reported that the previously mentioned items just about covered it.

Ms. Goonan advised the committee that she didn't bring her usual report. Instead, she had spent most of her time between meetings crafting responses for budget questions requested by committee members. She offered that she could go over those responses whenever the committee was ready. Mr. Pollard, asked what part Ms. Goonan's team would play in training physicians and nurse practitioners to certify deaths. He explained that he is asked about it quite frequently. Ms. Goonan replied that her team first had to verify that the software was operating the way in which it was originally designed to but never had. She explained that when a physician was notified that the death needed to be certified they need to be able to login to NHVRIN, locate the death record and certain screens needed to be available to them so they could then continue to complete the record.

Her team needed to verify that this part of the application was working correctly. She understood that part of it was working correctly and part of it was not. The second thing

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that they needed to do was implement the notification piece of the application. That piece allows the funeral director or other person completing a death record to click a button and send an email or fax to the physician to advise them that a record was ready to be certified. That component, as far as Ms. Goonan knew, had never worked correctly. Furthermore, network changes and security changes within OIT itself required them to change the way an e-mail or fax was sent from the application. That was a fairly substantial piece for her staff to investigate and correct.

Mr. Pollard replied that funeral directors were also unsure regarding how it would work for them. He reiterated that the funeral director would be able to complete their portion of the record and then press a button to send an email or fax to the certifying physician. Ms. Goonan replied that a notification or message would be sent to the physician or ARNP. Mr. Wurtz explained to Mr. Pollard that he was correct and that option was supposed to have been available all along. When funeral directors enter records today there is a button on that page that says “notify” and it had been there all along. Mr. Pollard replied that he'd never noticed it because he had never had the opportunity to use it.

Mr. Wurtz added that in the future when the funeral director hit that *notify* button all of the things that Ms. Goonan had described would happen. Mr. Pollard replied that that was exciting and the funeral directors were looking forward to that day. Dr. Laflamme asked Ms. Goonan if she had any news to report on the status of the out-of-state birth module and NHVRINWeb application. He had noticed those in the minutes of the past meeting and was hoping that she could give a quick update on how they were progressing.

Ms. Goonan replied that the out-of-state birth module was in the User Acceptance Testing (UAT) phase at that point. Mr. Bryer, who was no longer on her team, was continuing to work on the project on a part-time basis. From what she could tell, by looking at the bug list, he was expected to wrap up the out-of-state births in the next week. NHVRINWeb was also in production, but there were some issues with the database behind it. A member of her team was working on that issue that day.

There were also issues with the NHVRINWeb registration process and the original developer, Constella, had been working very well with her team to resolve them. She advised that she couldn't really give an accurate timeline for when the data issue would be resolved. Dr. Laflamme asked if Ms. Goonan was suggesting by stating that it was “in production,” that the application was on the Internet; just lacking the divorce data? Ms. Goonan replied that it was. Dr. Laflamme asked for a URL so he could take a look. He had looked at the Vital Records site and had not noticed a link.

Mr. Bolton replied that NHVRINweb was an outside website, and, that Dr. Laflamme would not be able to login if he had the URL, and if he were able to, he would not be able to pull any data because of numerous database errors. If he did login he would be able to see just general information about the information contained on the site. He gave the address as <https://nhvrinweb@sos.nh.gov>. Ms. Goonan agreed with Mr. Bolton about the database errors and explained that this was the registration piece in which they were having difficulty. Mr. Bolton added that when the site was fully functional Vital Records would promote it and would add a link to it to the DVRA website.

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Ms. Hadaway asked Mr. Wurtz if there would be training on civil unions for clerks prior to January 1, and how was he planning to accomplish that? Mr. Wurtz replied that they were in the process of testing it now and all indications were that it was pretty much identical to the marriage registration. He did not feel that training would really be necessary. However, once they have a working application he intended to include that in the on-going scheduled training.

Ms. C. Johnson asked if there would be any test module the clerks could access for viewing. Mr. Wurtz replied that when the module is available for training anyone could come in for a demonstration. Ms. C. Johnson stated that it would be an easier transition for Manchester if they could view it in advance. Mr. Wurtz stated that once Ms. Goonan's team gave them a training environment he would be happy to share the external address with Ms. C. Johnson.

Mr. Wurtz explained that all the functionality would be there, but the color schemes would be different. This is done in a training environment so a user does not get into it by accident later and try to register an event mistaking the training environment for the actual application. Ms. C. Johnson reiterated that she thought it would be a good idea for clerks to have outside access. This was especially important because many of the larger cities do not send people to training, instead, they handle training internally. Mr. Wurtz agreed. Ms. Hadaway asked if there are any additional questions of Ms. Goonan and there were not.

4. RFP Report:

Mr. Bolton reported that he had released the RFP on September 13, 2007. He sent it out via e-mail to a list of over 220 software vendors from a list provided to OIT. He reported that he had already received several replies from recipients. The document he released was basically the same document that committee members saw and discussed at the last meeting. The only change was that some of the comments received at the last meeting were incorporated into the final RFP. Ms. Hadaway asked committee members if they all received a copy of the RFP.

Mr. Allan replied that he thought that he received a copy of the RFP along with his agenda. Ms. Hadaway replied that she had also thought it had gone out with the agenda. Ms. C. Johnson replied that she had not seen it. She added that it may have been there, but she had not seen it. It was determined that Mr. Bolton had probably just sent it out to the RFP subcommittee members and not the full committee. Mr. Bolton said that he would e-mail the RFP out to all committee members.

Mr. Hall reminded the committee that this RFP discussion had begun as a result of the presentation made by MRI. He asked Mr. Bolton if they had been included in the mailing and Mr. Bolton replied that they had. Mr. Bolton reported that the "work start" date would probably be December 3, 2007. All bidders are required to have their bids into the division by October 26, 2007. Ms. Hadaway asked if anyone had any questions about the RFP. She asked if Mr. Bolton had incorporated all the comments he received at the last meeting. He replied that he had.

Dr. Mevers disputed this section of the minutes, but in one interaction the words "some of the comments" was used while later the words "all of the comments" were used. Again, I can only include what is said during the meeting.

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5. OIT Budget Discussion:

Ms. Goonan distributed a handout to the committee. She asked the committee if there were specific questions that they had, or if they would like her to speak about the questions that she culled from the minutes of the last meeting. Ms. Hadaway replied that she had several questions. She recalled that the committee had asked for a splitting of costs by shared and direct, a report on change requests versus maintenance, and a breakdown of expenses. Ms. Goonan replied that she thought that she could pretty much cover those issues, plus, she had also included some responses to questions raised by Mr. Hall's report at the last meeting. Ms. Hadaway and Ms. C. Johnson both complimented Mr. Hall on his report. Mr. Hall reported that he had an updated version of his report and asked if someone could make some copies so each committee member could have one. Copies were made and distributed.

Ms. Goonan explained that the first sheet that she had distributed was simply a screenshot of the agency intranet by which OIT operates. Her purpose for showing this was to show the amount of detail that is available on the intranet budget and cost allocation. The next page from the agency intranet was a summary budget for the Secretary of State's office. The budget summary showed the breakout of the budget via direct expense, shared services, and shared operations. She felt that everyone was familiar with direct expenses. Shared services are services performed by OIT for all the agencies for which they work; items such as network and data center operations helpdesk etc., infrastructure services that are needed to support not only your application, but also the people that support your application.

The shared operations are in finance, human resources, and a group called logistics that deals with contracts and other legal things with Governor and Council and so forth. Those are categories that you can combine, shared services and shared operations to equal your total shared expense. Mr. Hall stated that to link what Ms. Goonan had just discussed to his report committee members should go to the last page where they would see his summary of exactly what was on the page to which Ms. Goonan was referring.

The direct costs for 2008 were expected to be \$467,999 and the shared services and operations costs were the sum of those next two columns, and similarly for 2009. Ms. Goonan explained that the largest number was under the agency's software division and direct expense. These included the cost for the software developers, Ms. Goonan, her boss, Mr. Croteau, his staff, as well as hardware and software. She reported that the next sheet gave the detail of those numbers. That page showed in even greater detail how shared and direct costs were budgeted and for what, specifically, they were budgeted.

Ms. Goonan felt that this document showed in greater detail how shared and direct costs are divided. She advised committee members to turn to page 57 of the report and go to the agency software division, which is the largest part of the budget. The largest part of agency software division budget is payroll and benefits. That reflects four full-time equivalents on the project. Her group has, all along, been operating with three full-time staff, rather than four. Occasionally there was some slight overlap where they had four, but usually just three. It reflected four so they could hire a fourth person in the future, if necessary. Without it there would be no way to add anything or anyone even if they were needed. On the other hand, if that position were not needed, the money would not be spent or billed. She felt that that answered in part, one of Mr. Hall's questions about why

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direct costs appear to go up so much. That was one answer. Mr. Allan asked if the money that was budgeted and not spent reverted back to the general fund. Ms. Goonan replied that the money is not officially transferred until it is needed and if it is not needed it just goes away. If the money is not spent it is never billed to the fund.

Committee members wondered if funding that was not spent in one year carried over to the next year's budget. Mr. Bolton replied that the funding for each year lapses at the end of that year and is not carried over. Mr. Croteau replied that that was standard operating procedure but was unsure regarding whether or not vital records had permission to carry over their funding. Ms. C. Johnson said that that this is important information, because when the subcommittee looked at it they had wondered the same thing. It was presumed that something that was budgeted and not spent was not carried over unless it was encumbered.

Mr. Croteau asked if that money went to the general fund. Several members replied that it did not. Mr. Croteau stated that it was not a detriment to not spend it. It remained in the fund. Mr. Allan stated that that had been his question. VRIFAC is not lapsing and losing this money by not using it. Mr. Bolton replied that it was a non-lapsing interest-bearing account. Ms. Hadaway asked if anyone else had any further questions. Ms. Hadaway asked Mr. Hall if Ms. Goonan's report had answered any of the questions he'd raised with his earlier report. Mr. Hall replied that he'd used the same data Ms. Goonan referenced in his report as well as three months of billing; March, April, and May, which was information she had provided at the last meeting. The information was familiar but one of the issues he felt that the committee had been trying to confront from the beginning had been finding a way to summarize the data so they could figure out how shared costs were being allocated, and, did the method used make sense. That is what he had tried to accomplish with his summary. Mr. Bolton had provided Mr. Hall with the July invoice earlier that week and he had updated his report. He distributed a copy of the updated report to the committee. He asked if Ms. Goonan wanted to explain more from her report before he began discussing the July invoice.

Ms. Goonan replied that she would, and directed committee members to the next report on page 71. The report showed other direct costs that were budgeted in FY08 and 09. They also account for why the direct budget has increased since FY06-07. Ms. Hadaway asked if these were all direct costs. Ms. Goonan replied that they were. She explained that the bulk of it was for training and hardware. The NHVRIN servers are nearly six years old and were scheduled to be replaced in the next biennium. The budget subcommittee, instead of placing that cost in one year, had spread it out over two years.

Ms. Goonan had also budgeted software licensing costs, should it be necessary to re-license for continued software support. Software maintenance support will expire and will need to be re-licensed. With the exception of hardware, none of the funds are obligated. One exception to that was USSL certificates. They are what make NHVRIN secure. The USSL certificates should not be removed. Mr. Allan asked if OIT had a standard policy on licensing. Ms. Goonan replied that she was not familiar with one. When they need a license they just request it or request one be renewed. The request for a license would then go through the OIT purchasing approval process. All of the individuals in finance, technical support, agency representation, all have to approve the purchase. Whether their decisions are based on a specific policy or not, Ms. Goonan was not aware. Mr. Croteau asked Mr. Allan if he was referring to upgrades, how often they upgrade and when. Mr. Allan replied it was more of a maintenance question. Just to

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maintain a license and not all the automatic upgrades that come with it is not a good policy, in his opinion. Mr. Croteau replied that they prefer, in OIT, to stay away from the latest version of any software, particularly operating systems. They prefer to wait until others have worked out all the bugs before bringing new applications into the state system.

They (OIT) are careful not to let software go out of maintenance support. It does happen occasionally for various reasons, but it is not standard practice. OIT wants to be somewhere in the middle of the application's lifespan. Relative to upgrades, they do like to stay current but there are a lot of factors involved: cost, what server the application is running on, and what customers might be affected. If underlying operating system software is changed, sometimes you have to get the other entity in line with you to change at the same time. Upgrading software sounds easy but there is a tremendous amount of testing involved, particularly if it is database software or operating system software.

It is not simply like a PC at home where you get a new operating system and everything tends to work okay. You can run into compatibility issues with other levels of software. Fundamentally OIT agreed with Mr. Allan's theory that staying current or close to current was good policy. Ms. C. Johnson asked if there is any oversight by the SOS or VRIFAC on the OIT budget as it relates to NHVRIN before it is submitted to the legislature. Ms. Goonan replied that there was a review process that began one year earlier. Various contributors put together a draft budget and a notification is sent to all interested parties that it was available for their inspection at a specified location on the intranet.

Ms. C. Johnson stated that as she understood it, SOS could then go to look at what they would be charged the following year. Ms. Goonan replied that they would see the recommended budget, not what would be charged. It would show what they could potentially be charged. Ms. C. Johnson asked if once the budget had been accepted the agency could not decline to spend a specified amount. Mr. Croteau agreed that he did not believe they could. Once the money was included in the budget it would be spent at OIT's discretion.

Mr. Croteau added that they get agency approval as they purchase things. Ms. C. Johnson asked which agency to which he was referring. Mr. Croteau stated that the SOS approves purchases. Mr. Bolton replied that they do approve things such as servers and replacement equipment for the clerks, but in the past SOS had purchased those items directly. This next budget would be the first time they would be handing that process over directly to OIT. Mr. Hall said that as OIT prepares the expenditure side of the budget there is also a revenue side. He asked if the revenue side was set to offset the expenditure side, which, in this case, is other agencies.

OIT submits their budget to the legislature expecting that this revenue stream will be available from the SOS. Ms. C. Johnson stated that when the subcommittee went through this the understanding was nobody (VRIFAC or SOS) had looked at any detail in terms of what was going into this and that was the reason why she was trying to find out what the process was supposed to be, or should be. Mr. Scanlan replied that he didn't know if the SOS had gone into it in great detail but that Mr. Bolton discussed with OIT his division's needs and wish lists in the coming year. Ms. C. Johnson asked if Mr. Bolton

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was looking at them. Mr. Scanlan replied that this probably happened before the numbers actually came out.

After, SOS sees the number submitted by OIT that reflects those discussions. He recalled one instance when they replied that the number requested was just too high and they pared it back by eliminating some things from the wish list. Once the wish list has been established, and the items on the list are things that NHVRIN or Vital Records needs to move forward, they take the number that is provided by OIT to accomplish those goals. Mr. Hall stated that this comes to one of the basic policy questions with which the committee was still faced. He suggested the committee take the FY08 budget number of \$765,751. This amount is anticipated as coming from the SOS in OIT's budget. He felt the question for the committee was how much of that should the VRIF expect to shoulder. How much of that was improvement versus maintenance?

Mr. Hall stated that he could quickly argue that all of the shared costs are maintenance. If there were no further changes made to the system the direct costs would go to zero, but the shared costs would remain. The ultimate question was how much of the \$765,751 was for improvement and would legitimately come from the VRIF? Ms. C. Johnson replied that one thing about the fund, when it was initially established, was that it was there not just for improvements. It was intended that the fund was going to maintain the support of the system as well. That is a clear distinction, but the distinction that has been made all along was that if it was a cost that would be there regardless of whether there was an automated system or not, then that should not be covered by this fund.

The whole idea of the improvement fund was to have a place to pay for the maintenance of the hardware and software necessary and to provide for improvements as time went on. The primary goal was to allow citizens access to their records across the state and not force them to travel out of their way to obtain them, to make things easier for funeral homes, and to provide timely statistical data to DHHS. The legislature was not going to budget for an automated system unless there was a way to pay for a system. Whether or not that is still realistic today, when everything is automated, is another question. She felt it was a serious question. Is it realistic to expect this fund to maintain and provide for improvements of the system or are we hitting a point of automation where the committee should limit its portion to improvements only?

Ms. C. Johnson added that she did not have an answer but that it was something that the committee was going to have to consider. The cost of doing business has gone up and they need to find a way to bring revenues up to match those increases. It had already been established that the current system was nearing the end of its lifespan and needed to be improved. We certainly did not want to get into the position of no longer receiving the health data it provides and there is always the backlog (older records) that everyone wants to put into the system. She felt it was more important to separate out the operational expenses rather than improvement and maintenance. Those costs were never intended to be covered by this fund.

Ms. Hadaway asked if Ms. Goonan's report had clarified anything for Mr. Hall and if he had anything else he wanted to cover from his report. Mr. Hall replied that he wanted to just walk the committee through his report and explain the implications from his point of view. With the three months of data March, April, May 07 that Ms. Goonan provided, he took the direct expenses (500 different items each month) and did a set of subtotals from those 500 items. If the committee looked at the total at the bottom of the page, the total

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amount billed in March was \$63,000+, in April \$42,000+, and in May \$38,000+, and that was simply the total amount billed for those months. The direct expenses are essentially the software development staff salaries and benefits. The other numbers are small in comparison.

In March there was \$24,000+ of direct expenses, almost entirely employee and software development costs. In April, the cost was \$19,000+ and in May, \$18,000+. Then below that figure were the shared expenses that were billed in those months: \$39,000 billed in March, \$24,000 in April, and almost \$20,000 in May. Over those three months, 57% of the total billed was for shared expenses and 42% for direct expenses. These numbers did not reflect a full year and there were variations from month to month. Mr. Hall felt it would be useful to the committee to have this information for a full fiscal year. It would be easy enough to do the analysis if he had all the figures.

Since there was variation from month to month, Mr. Hall did not feel comfortable saying that any of the numbers necessarily applied to the full 12-month period, though they did provide a good window. He explained that the next table was his attempt to reconcile how costs were allocated to the Secretary of State's office. There were about 90 different ways in which some of the OIT expenses were allocated out to different agencies. Some of it was based on staff time, some on server time. Different expenses used different bases to allocate them between the Department of Safety, Health & Human Services, and the SOS.

It turned out that for the SOS the ones listed on the second table were the ones that were used and provided the allocation of shared costs. The first one, PC Counts for Supported Agencies, was based on the total number of PCs being supported (1.5 – 1.8% of OIT total allocated to SOS). The total amount billed that is allocated on that basis was as follows: \$13,500 in March, \$9,900 in April and \$11,100 in May. Mr. Hall explained that he did not understand "office allocation" and why it varied so much from month to month. It was \$15,000 in March and \$1,000 in May. Ms. Goonan replied that she could address that when Mr. Hall finished his presentation. The statewide PC and position count is another basis for allocating costs. Mr. Hall reported that he assumed the "Nash building tenants" formula was allocation of the rent, utilities, etc. for the Nash building based on the square footage or number of employees utilized.

Many of the numbers were small, for instance "disc utilization." The largest number was the PC count number. It was \$34,595 of the total shared expenses of \$83,698. What that implied was, if the SOS had under this system, twice as many PCs in the field being supported, the \$34,000 would have been \$68,000. It was simply proportional to the number being supported. If it had half that number, the number would be \$17,000. All of the other pieces that make up the bill were directly affected by other things, but not the PC count. His pie chart demonstrated that PC counts accounted for more than one-third, but less than one-half of the total number.

Mr. Hall felt that an important question was, within each of the methods, what was being "shared out", and, for that, he directed members to the larger table in his handout. He selected PC counts and explained that it included TSS regional support services (\$14,900) and Groupware support services. Mr. Hall stated that he assumed these were sections within OIT that were being billed out on this basis. He explained that as you go down the line they are allocated by office allocation, office expenditures, daily time

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reports, etc. He noted that a couple of things occurred that made him think that there might also be some places where someone on the OIT staff coded something wrong, it got into the system and was then billed to us.

They are small amounts but they raise a question mark. He pointed out “ASDHHSBRG Bridges Specialization” which accounted for only \$32, but he wondered aloud why something to do with Bridges had anything to do with the Secretary of State. He mentioned another item and pointed out that the amounts were very small, but it raised the question of “who is watching this?” Why would the “PUC Specialization” have \$1.86 charged to the SOS?

Mr. Hall reported that his hunch was that someone put the wrong code in and it ended up allocated to the SOS instead of the PUC. He wondered who was watching as each invoice came in, to ensure that the billing was correct. Committee members were directed to look at the new update where the July invoice had been added. The July invoice was for a total of \$44, 185. For that month a little higher percentage of the total was for direct costs than shared expenses than in the three prior. The amount for employee salaries remained about the same.

The average from March through July was about \$14,000, so he assumed that the staffing was the same and the fourth position that had been budgeted had not yet been filled. The shared expenses of \$22,000 for July were in the same ballpark as April & May. Mr. Hall reported that there appeared to be a new allocation method or term called “Partner Agency PC Counts” as opposed to “PC Counts For Supported Agencies” which was the top line listed on the report. Because that number was reduced drastically in July Mr. Hall felt that it was replacing the former PC count method. \$17,000 of the \$22,000 in shared costs for July was allocated on the count of PCs.

Coming from a small town, Mr. Hall was concerned that the PC provided to his town was probably used only twenty minutes per year. He explained that he personally uses the state websites much more than that, but the SOS is being billed the same amount for that computer as it is for much larger cities and towns. He asked who had the list of the PCs that were being used in this count and which of those should we remove from the list. He felt that there should be a way to determine which users were not making a huge demand on the system.

Ms. C. Johnson asked if she could ask a follow-up question. She asked if the charges for the PC on Mr. Scanlan’s desk were the same as the ones charged for computers given to clerks. She then stated that the only support that she was aware of that clerks received for those state owned PCs was in relation to vital records. She did not think that they were receiving assistance for anything not related to NHVRIN. Mr. Bolton replied that it would be the same charge, but Vital Records staff computers were not included in the PC count. They were included in the SOS budget.

Mr. Scanlan explained that SOS had its own IT staff and they were responsible for SOS PCs, which included Vital Records staff. The PCs in question were in the field in clerk’s offices. Ms. C. Johnson asked if clerks that did have state owned computers called Vital Records when they encountered difficulty. Mr. Bolton replied that they call an 800 number that connects them with Seneca, our helpdesk contractor. That is a totally separate cost. Mr. Wurtz added that there were two types of calls received by Vital

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Records staff, and they were: business (application issues) and technical (hardware issues).

Clerks do not call our tech support when they cannot access their dog licensing software or other application not related to vital records. Ms. C. Johnson replied that this was what she had been asking. She then asked, if she were a state employee and encountered any difficulty would she not call OIT. Mr. Wurtz replied that she would. Mr. Croteau replied that by and large she was correct. He added that there were exceptions, like strange software packages that they do not support would not be something they could address. Ms. C. Johnson asked if Mr. Croteau could see the point she was trying to make. He replied that he did.

Mr. Hall reported that Ms. Goonan did have the list of computers that make up the PC count and the total number of PCs being used in the count was 155, at one point 4% of the state's total. The Department of Safety has almost ten times the number of PCs (1,430) so they would be billed ten times the amount of SOS. The amount averages about \$110 per month per PC. He suggested that if the committee could cut that number down from 155 to 50 we would be billed only one-third the amount we are currently being billed. It (PC count) is the biggest component of the shared costs. Mr. Wurtz replied that it was an interesting thought and asked if Mr. Hall was suggesting the state gift the computers to cities and towns.

Mr. Hall replied that it was one possibility. Mr. Wurtz suggested that if we were to do that, and the towns took on the responsibility of maintaining and upgrading them, many would not be able to, as they do not have IT staff. If towns were expected to maintain computers themselves, their odds of encountering difficulty when trying to logon to the NHVRIN system would increase a great deal. They would then have to contact tech support because NHVRIN will be perceived as the problem. Not the fact that people that may not have the skills necessary, have been "maintaining" the system or something as simple as the latest Google tool bar being downloaded. NHVRIN is not compatible with the Google tool bar.

While we may remove the PC from the list, we may increase the perception that NHVRIN is not working and lead to a higher call volume. Mr. Hall replied that there were other ways. An example would be, instead of allocating the cost on the number of PCs, allocate it on the actual amount of CPU time used. That way, a community that is not using the PC much is charged a lower amount. How to handle these great differences is an open question. \$1200 per PC per year is a big chunk of what we are paying.

Ms. Hadaway agreed with Mr. Hall. She stated that when you look at the fact that some of the towns process only one record every six months, yet are being billed for monthly service. Mr. Hall added that there was no question about the legitimacy of the shared costs. It is a question of their allocation and he felt that they should be allocated on a basis that is more proportional to the demand they place on the system. Ms. C. Johnson replied that the vast majority of those towns are not utilizing the PCs, certainly not \$110 per month's worth. Ms. Hadaway replied that they were certainly not bringing in \$110 per month in revenue. Ms. C. Johnson agreed, stating that it was more likely \$8 per month.

Mr. Allan stated that in years past when they were using central processing units they could track that information easily. He was not aware if that was as easy to do today.

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Ms. C. Johnson replied that she did not think it would be that difficult to track if you think of it in terms of records. Every record that is produced is recorded in three different ways. If she did only one record in six months time she could not have used more than 30 minutes time on the system. She did not feel it made sense to pay \$1200 per year to only have \$16 in revenue.

The other side is voter registration. In those small communities often the Supervisor of the Checklist works from their home computer. Mr. Wurtz replied that it would be really easy to check the use for vital records because they logon to the system and there is a timeline. Mr. Hall stated that this was just the summary of what he had done. He explained that he felt it would be useful to get copies of the full invoices for the previous year. With the expense fluctuation from month to month he did not feel comfortable making assumptions based on three months worth of invoices. Mr. Bolton replied that he was aware that Ms. Goonan was very busy and he would try to help Mr. Hall with his request.

Ms. Hadaway asked if this issue wasn't what we were asking vendors to explore in our RFP. Mr. Bolton replied that they would request this same information from us, look over the figures and present their conclusions. Ms. Hadaway stated that hopefully they would give us some sort of guidelines as to what would be helpful for us to do to consolidate costs. Mr. Hall replied that this was one of the reasons he had done this analysis. He believed that the contractor would want this type of information as a starting point and it had literally only taken him five minutes to complete. It would be about the same to do a whole year, or monthly, as the bills come in. Ms. Hadaway replied that Mr. Hall had done a fantastic job on the analysis and confirmed with Mr. Bolton that he would be able to provide Mr. Hall with the entire year's invoices. Mr. Bolton replied that he would be happy to assist Mr. Hall with his request.

Mr. Allan asked if there was any type of audit done to look at potential billing errors. Mr. Bolton replied that there was an OIT audit the previous year and that audit was available on the Legislative Budget Assistant (LBA) website. He asked Mr. Croteau if the auditors had looked at the allocation methods. Mr. Croteau replied that he had been involved in the financial side of the audit. He suspected that they had but could not be sure. Mr. Bolton suggested that the audit might have prompted the "Partner Agency PC Counts" change. Ms. Goonan replied that she was under the impression that was just a renaming of the method.

Ms. C. Johnson offered that auditors usually do random sampling and would probably not pay a lot of attention to the small amounts unless they were part of the sample. Mr. Bolton stated that he would like to see the process Mr. Hall used in his analysis automated so that he or someone from his staff could look at it monthly to watch for irregularities. Ms. Hadaway added that this was the most detail the committee had ever been provided and she wanted to thank Ms. Goonan and Mr. Hall for their work.

Ms. Goonan asked if Ms. Hadaway wanted to discuss change requests or the office allocation. Ms. Hadaway replied that office allocation would be great. Ms. Goonan distributed a handout to the committee. She explained that there are agencies within OIT such as The Agency Software Division, Technical Support Services, Web Services Division, etc. All of the groups have a Director level position reporting to the CIO. All of the different agencies within OIT have operating costs. The expense (office allocation) is

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allocated by identifying filled positions reporting to a division and creating a frequency chart by job number.

Management level staff do not do time distribution. They do not say “I spent five minutes on NHVRIN and five minutes on Safety.” Their staff does do that, and using a frequency chart by job number, they are able to come up with an amount of their office expense that should be allocated to each of the partner agencies. She explained that if Mr. Croteau’s staff spent 100% of their time working for NHVRIN all of that cost would be billed to the NHVRIN project job number. If they only spent 1% of their time on NHVRIN, SOS would only be billed for 1% of their office expense. That is also true of Technical Support Services, which does all of the help desk, network desktop PC support, email, operations (data centers, servers, WAN, etc.), as well as other services.

Another way to think of it would be as “overhead.” It is all the services that occur within the Office of Information Technology that are allocated to everyone based on the amount of time a job number is billed to a particular agency. Ms. Goonan admitted she wasn’t sure, or not if that clarified anything to committee members. Mr. Wurtz asked what happened if the agency did not have the funds to pay for it. How did OIT reallocate those expenses? Ms. Goonan replied that she was unsure. That was part of the budget process and Ms. Hoover would be better equipped to answer that question. She offered to bring the question to Ms. Hoover and report back to the committee.

Mr. Wurtz continued that Mr. Hall’s observations that those other charges, that at first glance appeared to have been put there in error. Could they be legitimate charges, and were put there because those agencies could not pay, and they had been reallocated. Mr. Croteau replied that he believed they were legitimate charges. Ms. Goonan added that those charges were in the “direct” expense one that was a time distribution report and it was not uncommon for someone on one project to do work that supports another project. That cost would be allocated to this project through time distribution or what they call daily time sheets. Ms. Goonan explained that what she was referring to was office allocation.

It would not be possible for the Directors to allocate their time to every single project so it is allocated by the way their staff time is allocated. That is what office allocation means. She admitted that human error does happen and it is possible someone could make a mistake in allocating their time. The process is, each staff member submits their time distribution report and it is reviewed by their supervisor and signed. It then goes to their IT leader and is signed and entered into the system. There are two checks there. Mr. Croteau asked to go back to Mr. Wurtz’ prior question. He stated that he was 99% sure that if you do not pay your bill another agency would not be expected to pay it. That would become an issue between the agency and he thought, the LBA. The SOS would not be charged if another agency did not pay.

Mr. Allan stated that he had a question about the maturity of the system. He assumed they (OIT) had been using this system for some time. That is was not a new allocation process. Ms. Goonan replied that cost allocation was done long before the advent of OIT by (Office of Information Systems for DHHS) OIS where she worked before coming to OIT. It was a process that had been going on for quite some time. Mr. Croteau added that it was used significantly by the federal government as well.

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Ms. Goonan stated that she thought there had been some discussion about allocation by the auditors. There was some discussion about cost allocation because it was created using an existing system when OIT was formed. It becomes a whole different ballgame when you are talking about multiple state agencies versus all the expenses of one agency. Many of the agencies tie their expenses back to a revenue source like a federal grant. That is why it had to be allocated in an even more granular detail. She believed they were up to 155 methods at this point. Mr. Allan asked if it would be unusual for us to request or suggest a new method. Ms. Goonan replied that she was unsure but would find out for him. Mr. Croteau replied that there had been some suggestions made, about the invoices in particular, that would be addressed in the next budget cycle.

Ms. Goonan reported that she wanted to go into a little more detail about allocation, as there had been a question in Mr. Hall's report about why the March invoice for office allocation was \$15,000 and it dropped to \$5,000 in April. She explained that what she did was to take March and drilled it down to what was all of method code 02, which was the bulk of the additional cost. It was post retirement reimbursement, which was allocated as \$8,755. The total cost billed to OIT by Administrative Services was \$411,000 for an item called "Post Retirement Reimbursement." Based on the office allocation method \$8,755 was allocated to this project.

Post Retirement Reimbursement is billed quarterly so that is why there was a spike in the costs for March. Ms. Goonan reported that she had asked Ms. Hoover what exactly this represents and Ms. Hoover was trying to get that information from Administrative Services. Ms. Goonan offered that as soon as she had that information she would provide it to the committee. Mr. Hall stated that it was probably the General Fund contribution to the healthcare for retirees. He went on to say that what Ms. Goonan was explaining made sense to him. The SOS was being charged their 2.13%. His question was, did that percentage change from month to month, based on time sheets or did it remain constant?

His reasoning behind the question was that an agency could get "whacked" if their percentage was high the month that large amount was billed by Administrative Services. Ms. Goonan replied that she would get an answer for him as the method was described as a frequency distribution based on job number but she was unsure if that frequency distribution was being calculated monthly or annually. Ms. Hadaway asked if there were any additional questions for Ms. Goonan. Ms. Goonan stated that she wanted to reply to one question from Mr. Hall's report.

On the first page of his report he mentioned "NHVRIN only" and she wanted to clarify what NHVRIN represented to OIT. NHVRIN to the committee might only represent the application that the clerks and Vital Records uses. NHVRIN is actually the application, NHVRINWeb (new web-based reporting tool), NHVRINFiles (Windows application that extracts data for federal agencies), and the out-of-state records module. Mr. Hall replied that the only reason he put that there was because it was listed as SOS and he wasn't sure if there was something to do with voting being allocated as well and he wanted to differentiate. It was anything that pertained to Vital Records.

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6. Grants Program Budget Discussion:

Ms. Hadaway explained that she now wanted to discuss the expenditures item that was tabled at the previous meeting. She asked Dr. Teschner to provide the committee with an update on the grants program. Dr. Teschner provided two handouts to the committee. Ms. Little asked that copies of those handouts be faxed to her. Ms. Orman took the documents and faxed them to Ms. Little. Dr. Teschner explained that the first handout was the status of the fund. It was based on the information he received from Ms. Penney, the Finance Manager for the SOS. He explained that when he put it together he was a little surprised to see how strong the fund was. It still had over \$3 million. It was almost the same as it was at the end of fiscal year 06.

Despite this new activity the fund was holding its own. We know that over time there is going to be a lot of pressure on the fund. He felt one of the major reasons for that had to do with the lag effect in the grant program. He added that he did have the revenue and expenditures on the first part of the report and if committee members had any questions he would be happy to answer them. The program was still at 158 applications. There were seven late applications. He reminded the committee that they had decided to accept late applications and put them on hold to see if at the end, if there would be funds available to them. There were 146 requesting assessments and 122 had already been completed (84%). He anticipated that all assessments would be complete by the end of the calendar year.

A seminar on disaster planning was held at the clerk's conference with 74 participants. It was a follow up to the earlier workshops. Dr. Teschner felt it was very successful and got a lot of clerks thinking about preparing ahead for the possibility of floods and other crises. The grant program expenditures to date were \$712,000. He directed committee members to the next page of the handout. The next page was broken down by fiscal year because he understood that members wanted a better understanding of how this was moving. For fiscal year (FY) 07, he spent \$501,000.

Dr. Teschner reminded committee members that in March he had produced documentation for the budget subcommittee where he predicted that the program would spend \$700,000. At that time he had not fully anticipated the lag effect. He explained that the next item was the amount the program had spent so far this year. He used those numbers to project costs for the rest of this fiscal year. The amount he arrived at was \$892,000. If the two numbers are added that equals \$1.4 million. In his earlier analysis he had projected \$1.6 million. The tricky part was forecasting the grants. He knew what to expect to pay for the assessments, but the timing of the follow-up grants was difficult to predict..

Once an assessment is done he sends an email to the clerk. Because the clerks are very busy they do not always get right back to him so he sends another email within a month or two prodding them to move forward. They are doing a fair amount of book conservation and once they establish that this is their goal it can take the vendor time to go out to the site to look at the books. It can be months before he receives a bill for the work. His assumption was that they would finish up this round of grants by the end of this fiscal year. He had plugged in the number of \$735,000 for the year. It could vary a

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little, but we made a commitment to the towns to spend up to \$10,000 each, but not all are following up or using the whole \$10,000.

Dr. Teschner stated that he was assuming this would complete the grant round by next June. It may be that there could be more of a lag effect and it could extend beyond that time. It was possible that the figure could vary a little. He understood that there was some concern about the money being spread out, but felt it was happening naturally. Ms. Hadaway asked if the \$892,000 was the towns that were currently outstanding. Dr. Teschner replied that it was. Ms. C. Johnson told Dr. Teschner that she had just done some quick math and wanted to confirm that for the two-year cycle he was at \$1.393 million. Dr. Teschner agreed, stating that he had rounded to \$1.4 million.

Ms. C. Johnson stated that the subcommittee had anticipated and budgeted \$1.5 million so there really wasn't a lag at all. She didn't feel it was a good idea to chase the clerks that were not approaching him for the grant money. Mr. Scanlan asked Dr. Teschner how much of the \$892,000 would show up in FY09. Dr. Teschner replied that he did not know. He felt that the success of the program had been the follow up and the momentum that had been created. He added that New Hampshire has one of the most successful grant programs in the northeast if not in the country. Dr. Teschner and some of the project consultants had been receiving calls from other states. He explained that his sense was that this was a commitment the committee made.

He suggested that the committee could zero out grants in future years after this round is completed as there was no commitment to do anything after this. If we put this on the backburner or tell people they have to wait six months for their grants we would lose the momentum we have established that has made it so successful. Ms. Hadaway replied that in talking with clerks about the program a lot of them are still trying to work through their selectmen. Trying to figure out what they are going to allow them to do. They have their assessments and they are happy with that knowledge. They are trying to work out those plans now and that may take them six months or more until they have it together to where they know what they want. When her town was involved, Ms. Hadaway already knew what she wanted to do with it, but not everyone does. She suggested cutting it back a little, and those towns that are ready to go and know what they want could be accommodated, but not chase those towns that are not actively pursuing it. Those towns that need more time to digest and think about their assessment could probably wait until FY09 with no problem.

Ms. C. Johnson admitted that she was not sure what Dr. Teschner did or if he did this in his daily routine and did not mean to imply he was not doing his job or was not doing it well. She had not been on the committee throughout the whole process. Dr. Teschner replied that when Inlook initially envisioned the grants program they were looking at \$50,000 to \$100,000 in grants. He explained that when he started there was a lot of discussion about how many towns we could get to apply. The committee wanted to make it easy for clerks to take advantage of the program. He quickly added that they are still expected to do a lot of work, but the application process was made as easy as possible.

It was initially thought that the grant administrator would do three to five assessments per year. When Dr. Teschner became the grant administrator the feeling was that we really wanted to accelerate this thing and get it going. Now we have completed 122 assessments. We have far surpassed that initial plan. He has a lot of discussions with clerks. Part of the acquiring of the information is discussing how they are planning to use

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it. He had visited some of the sites but the majority he handled over the phone. Dr. Teschner did think some of the clerks would need follow up help, but the fact that it has been coupled with the grants has reinforced doing the work.

The clerks see that they have been able to get the material benefit and his feeling was that it would hurt the program if they attempted to slow it down. Dr. Teschner understood that the committee was concerned about money, but they could elect to not offer grants in the future. He explained that he would rather see us work on finishing the current grant round and put in a zero budget for grant funds in future years. He felt this would be more appropriate than trying to “crank” down the current program. Ms. C. Johnson replied that you could not just zero out preservation because obviously you still need someone coordinating, which is what Dr. Teschner was doing.

The other issue she had when looking at the budget in future years was that you would still want to offer training because of turnover, etc. It is not like you would need the strong training that you had in the beginning, but you need to facilitate some training process in there. The assessments are pretty much finished so they will not be necessary in future years. It was her understanding in talking with clerks, in the beginning, that this was going to be a five-year process before we had a major chunk of them were complete. She was not sure what had happened in later discussions.

Ms. Hadaway replied that she felt that one of the problems was that when this project began the committee was not truly aware of where they were with NHVRIN or OIT. They did not fully understand that NHVRIN needed to be overhauled and the implications of the spiraling costs associated with OIT. They were just focused on this huge chunk of money that was sitting in the fund. If they had known then what they know now they might have taken a more conservative approach, but they did not. Ms. C. Johnson replied that the preservation grants program was a good use of the funds. Mr. Hall asked Dr. Teschner if he was correct that most of the cities and towns were landing more in the \$8,000 range rather than \$10,000.

Dr. Teschner replied that it was a little tricky. Mr. Hall stated that he was questioning the \$10,000 projecting forward estimate rather than the historical average of \$8,000. Dr. Teschner replied that when the program was started there were four categories of grants. There was assessment (category 1), storage (category 2), conservation (category 3), and emergencies (category 4). In reality, as the assessments come in and move forward they tend to be a mix of storage and conservation. There are a few emergencies as well. Occasionally you will see money allocated to category 4 for Boscawen.

To get an accurate assessment of this you have to add the cost of the assessment plus the cost of the items purchased. They are not all coming in at \$10,000 and sometimes he goes back to the clerk to say, we have another \$500. Dr. Teschner reported that there were some things he could do to slow it down a little. He was not necessarily in favor of that, but if that was what the committee wanted, it could be done. Mr. Hall replied that he appreciated that but that was not his question. His question was regarding Dr. Teschner’s projection. Dr. Teschner offered to explain the methodology he used in projecting the grants.

The grants were the critical ones and Dr. Teschner explained that he projected them at \$735,000. He stated that he struggled with different methodologies because the last time he did it he used \$9,000 as an average. Right now the program is very mature. It is

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moving along so he took what had been spent in the last two and one-half months, which was \$153,000 as an indicator of a really moving program and projected that out one year. He explained that if you projected out what had been committed to every town it would be higher, but based on the activity he was seeing and the assumption of completing the process in June, he did not feel it would reach his projected level.

Dr. Teschner reiterated that the most important point to him was that the committee had made a commitment to these towns and needed to see it through in some fashion without losing momentum. If the committee did not want him to follow up with clerks that did not respond after receiving their assessment, that could be done. Dr. Teschner felt that many of them do not know what to do and rely on his encouragement to follow through. When they see what we are doing then they get excited. He did not feel that not reaching out was the best way to go, but would abide by the committee's decisions. In terms of Ms. C. Johnson's comments, Dr. Teschner felt that some money could be spent on training but the budget could be cut way down in future years. He reminded the committee that one of the discussions he remembered from when he first came on board centered on the fact that there was fear that the legislature was going to raid the fund because its balance had grown too large.

There was a real urgency to spend some of the money. In his opinion, despite the expenditures the fund was actually doing quite well. Ms. Little stated that her concern was that we were using the surplus to fund the grant program. She asked if that was an accurate assessment. Several members replied that it was. She did not feel it was responsible of the committee to spend down the surplus for a one time activity knowing that we have major issues in terms of our platform and IT support. She would much rather see this program spread out over four to five years as it had to come from surplus funds as the expenses are currently keeping pace with revenue for the fund.

Ms. Little stated that she was not sure how the commitment of \$1.5 million was made, but she agreed that it was made in a vacuum of not accurate information in terms of where the application stood. She felt that application should be the number one priority and felt that the clerk's association would wholeheartedly agree with her and would support slowing down the grant program. Ms. Little explained that she was very concerned with eliminating our surplus in order to fund the grants program.

Mr. Scanlan asked if he could make an observation. He was looking at the numbers from FY05-FY07 and the fund balance really hadn't changed over those years, despite the fact that in FY07 we spent \$500,000 on the NHVRIN application. The fund is holding its own despite the application and maybe the advice to Dr. Teschner would be to not go out and encourage towns to go beyond the assessments. Just let them take their own time and this issue may take care of itself without having to make a decision to cut back. The committee could just monitor it and come back in two months to see if there had been any significant change.

Mr. Scanlan reported that the SOS had just been through an audit and there was a chance that there may be some additional funds coming to the fund because the allocation may have been done incorrectly from the collections that have been made. He was not 100% sure of that, but the additional funds may help this situation too. That way we can continue a good program and are not suppressing the clerks that are trying to take care of their own records. He felt the committee was still in good shape to carry forward with

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the concerns about the budget. He suggested that the committee come back in two months and reassess the situation.

Dr. Mevers reminded the committee that they had waited a long time to do this project and it was a marvelous success. It had created a lot of goodwill toward the entire Department of State, especially the fund and the committee. It probably wouldn't hurt to pull the throttle back just a little bit and let it take just a little longer. He thought that it would go into FY09 before it was all done anyway. He reiterated that we had waited so long to do this and it had been done so well. He urged the committee not to think about stopping it. Ms. K. Johnson stated that she agreed with Ms. Little on the subject of depleting the fund, but she did not want to cut the program back.

She had received her assessment and now had to go through the selectmen and it did take time. She did not want to discourage the clerks that had already started the program, and, they are excited. Maybe if the clerk is excited about it the towns will start doing some conservation also. She did not think it would be fair to tell towns that had already signed up that they now have to wait two years to do this. Ms. C. Johnson stated that she did not think we should be saying "no" to people that had already begun the process. She just did not think we should be chasing clerks that have expressed no interest in going beyond the assessment.

If someone is not ready and wants to sit back for six months we should not discourage that, but we also do not want to lose those people and have them never come back and finish the process. That being said she felt it was important that the committee, as a whole, and the SOS, understand that we have some serious costs coming up because we have to find a way to do the improvements that are needed. That is huge and will be a huge cost that the fund will not be able to absorb entirely. Because of that Ms. C. Johnson stated that she agreed with Ms. Little that the committee should not spend down the entire surplus.

We need to keep as much as we can and start building on it. The subcommittee's point was that there was nothing for capital reserve for what you need to do for the future. Dr. Teschner replied that he had received comments from clerks that they needed more time and how long could they have. At that time he was under the impression that the committee did not want to drag it out and told them Christmas as a deadline. He offered that he could offer more time, but wondered if the committee wanted to say "indefinite." He felt that we risk losing momentum when we do that.

Ms. Hadaway suggested that if he hadn't heard from a clerk in six months, to give them a call to see if they had given any more thought to it or needed to discuss it further. Not to give them deadlines. Mr. Hall stated that on June 30 there was a \$3 million balance in the fund. In FY08 there will be about \$1 million in revenue. By the following June there should be another million. What are we planning to spend in FY08? Dr. Teschner's estimate of \$800,000 by the end of the fiscal year and we are committed to paying \$750,000 to OIT. OIT was spending down, though not as rapidly as that would imply so say \$650,000 and another \$100,000 in the SOS's office.

Adding up those figures comes up with \$1.6 million. That would leave \$2.4 remaining in the fund and he did not think that was so bad. We have actually drawn down on it more this year than in FY07 and it is still good. This project would not draw the fund down to where we had nothing left for future capital. He felt that if the committee was going to

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get to the point of discussing a new system, he suggested that the committee and SOS look to the capital budget. Then what you end up paying is the debt service on the capital budget for fifteen years and not having to upfront that money right out of the fund.

Mr. Bolton replied that that was how they had funded the CNSI contract. With \$1 million in capital monies, \$500,000 in Social Security monies and \$51,000 of Vital Records Improvement Funds. Mr. Bolton continued that it was not assured. Mr. Hall agreed that it was not, but felt it was a capital type expenditure with a life expectancy beyond one year and spreading that cost out in terms of drawing down from this fund over eight or ten years in paying the debt service. Dr. Laflamme asked if there was any reason to believe the revenue to the fund might be going up. He asked if there were any projections about civil unions.

Mr. Bolton replied that business had increased 20% over the last year alone. Sales had doubled over the past four years. He was sure that clerks had seen that increase as well. Just doing the day-to-day business we are getting an increase in workload. With civil unions coming down the pike, it will increase it as well. Ms. C. Johnson asked if Mr. Bolton had any estimates on what he thought they might be doing with civil unions. Mr. Bolton asked if she meant in terms of revenue. Mr. Bolton explained that he had put together a fiscal note but could not recall the actual numbers.

Ms. Hadaway asked Mr. Scanlan if he had any timeframe on when the committee would know if the fund would be receiving any funds that might have been misdirected. Mr. Scanlan replied that it would hopefully be by the end of the year. Dr. Teschner stated that it was interesting that the funds in the fund seemed to be going up even without civil unions. He was unsure as to why that was. Mr. Bolton replied that revenue had been up. Ms. C. Johnson suggested that the rush for passports probably helped that increase. Ms. Hadaway agreed.

Mr. Croteau stated that he was aware from working on MAP what it was like getting momentum with clerks. There are so many and they are very diverse. He offered that he had a great deal of respect for what the committee had already accomplished and continued to accomplish. There has been much discussion on re-architecting the NHVRIN system and he wanted to say a few words about that. That project is coming down the line and will cost a lot of money.

While that is true, Mr. Croteau stated that both he and Ms. Goonan have stated several times they do not feel they are adequately staffed now. He wanted to be sure the committee understood that they have three positions and they can barely keep up with bugs enough to keep the list at 80-120. Mr. Croteau explained that they need another programmer to help them beat that number down. They just activated NHVRINWeb and they have said all along that they have no maintenance staff to take care of that application. That will be a problem because they will have to assign someone to it as it is a production system and will probably increase the number of bugs over time.

Additionally, he has spoken with Mr. Bolton about other systems on the table. There are systems that connect the state to federal systems that will take additional resources as well. They may be temporary programs where we may want to put out RFP to bring in consultants for short periods of time, but then they must make time to manage those people and the whole re-architecting project that, quite frankly, he felt would take two to four years and cost several million dollars to implement.

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Mr. Croteau stated that it would require a great deal of planning and those dollar figures were just off the top of his head and just a ballpark. He did not want anyone to take those numbers as a true estimate of the cost. He wanted the committee to understand that the OIT staff is already understaffed before they take on even more. Ms. Hadaway asked Mr. Croteau if what he was saying was that the OIT costs were only going to go up, not down. Mr. Croteau replied that if this committee and Mr. Bolton want what he has been told they want (bug list to virtually zero, the NHVRIN system re-architected because it takes too long to fix bugs, connections to federal systems, and maintenance for NHVRINWeb) then the direct costs would absolutely be going up.

Mr. Hall stated that it seemed to him that increasing staffing for the direct operation is something that needs to happen. He asked what needed to happen for OIT to go ahead and fill that fourth position, let alone the third. Was some action from this committee required or were the positions just sitting vacant at OIT. He asked why, if the committee had approved the budget for \$900,000 and the OIT budget is for only \$700,000 and some, then why was the fourth position not filled? Mr. Bolton suggested that maybe OIT was holding back because of the upcoming RFP to review costs or they just may be having difficulty finding someone with the right skills.

Mr. Croteau replied that other agencies are having a difficult time finding skilled people to hire. He offered that he would know more in a few weeks when they got this position posted. Mr. Croteau added that OIT encourages this RFP process as we are running a business, in effect, and should be able to compare costs between OIT and the private sector. He thought it would be very interesting to see the results of the RFP.

Ms. Hadaway asked that in consideration of the time, did anyone want to make any type of motion on the grants program. Did the committee just want to leave it and monitor it as has been suggested? Did someone want to make a motion that we cut it back? Mr. Hall replied that the committee had tabled it at the last meeting so they needed to put an amount in. Mr. Hall suggested that the committee allocate \$850,000 for the grants for the entire FY08. That is a little less than what Dr. Teschner was projecting. Ms. C. Johnson replied that there was already \$700,000 in the budget so this motion would be increasing it \$150,000 from where it began. Mr. Hall replied that he only put that number in to start the discussion.

Ms. Little asked if someone would please repeat that motion. Ms. Hadaway explained Mr. Hall's motion of \$850,000 for FY08. Dr. Mevers seconded Mr. Hall's motion. Ms. Little asked if that included the money that was coming forward from the previous fiscal year. Dr. Teschner replied that it was not, that this was a clarification. At the last meeting he was given \$700,000, but he also had \$200,000 that the committee was allowing to carry over into the new year, so this really was a reduction. There was no encumbering here. Mr. Allan stated that he thought the intent here, with the upcoming RFP, was to put this on hold and reduce it slightly to get some more flexibility in the future.

Mr. Allan explained that he was not convinced that with the current fiscal difficulties the fund was experiencing, that the preservation grants program should be going forward with such a large amount of money allocated. He certainly did not want to discourage clerks that were taking advantage of the grant monies, but he was concerned about having the funds to bring NHVRIN forward. Ms. Little asked how much of the surplus would

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remain after this funding for the grants program was allocated. Mr. Hall replied that the rough numbers he was using (including an additional \$1 million in revenue) would leave the fund with \$2.4 million at the end of the next fiscal year.

Ms. Little then asked how close this brought the committee to the \$1.5 million commitment to the membership the committee had made. Dr. Teschner replied that he thought it would bring us within \$100,000 of that total. Mr. Croteau stated that he was not sure if he understood all the figures so he would be more generic. His concern was how much pressure would his staff be under with three positions over the next ten or twelve months. People are working considerable amounts of overtime just to put in three-month implementations. It gets to the point where people get burned-out. He asked if there was an expectation that OIT was going to work at the same pace, develop new systems that they do not have staff to support. He asked how he could get a sense of what would be expected of them.

Mr. Scanlan replied Mr. Hall had included that fourth programmer position in all of his figures so they (OIT) had the fourth position that they could fill. Mr. Hall added that he had inquired about where they were with the fourth position. What he heard Mr. Croteau saying was "Could this group please give me some type of permission to hire the fourth position?" Mr. Bolton suggested that OIT might have been holding off hiring another staff member because they were expecting a vendor to evaluate the value the committee was receiving for their money. Mr. Croteau replied that Mr. Hall's perception was part of it. Ms. Hadaway added that the committee has been figuring that fourth position into the budget and just assumed that OIT would be actively recruiting someone.

Mr. Croteau asked if he could ask for clarification on the re-architecting of NHVRIN. He asked if it was the general consensus of the group that we would be asking for capital budget funds to re-engineer the system. Ms. Little replied that she thought that was a great idea. Committee members all agreed that it was a good idea, worth pursuing. Mr. Croteau stated that this would take a lot of pressure off. Mr. Hall stated that he would be happy to make a motion that OIT should begin the process of hiring the fourth programmer, but first the committee needed to address the grants program issue.

Ms. Hadaway asked if the committee was ready for a vote on allocating \$850,000 for the preservation grants program. All but two committee members in attendance voted in favor of allocating \$850,000 for the grants preservation program. The motion carried. Mr. Hall made a motion that the committee requesting OIT proceed to fill the fourth programmer position that is already budgeted for. Mr. Allan seconded Mr. Hall's motion. Mr. Allan asked if Mr. Bolton was suggesting that the state was going to staff an additional position that may be impacted by the results of that study.

Mr. Bolton replied that he was. Mr. Allan stated that he did not know what type of a motion it would be to do that because if the committee votes to go ahead, then they go ahead no matter what happens. Ms. C. Johnson added that Mr. Croteau spoke of bug fixes. She asked if he was talking about taking bugs out that we have been living with all along. Ms. Little stated that she had to leave to attend another meeting. She thanked the committee for accommodating her telephoning in. Mr. Bolton reported that two other committee members had also left the meeting.

7. Additional Budget Discussion:

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Ms. Hadaway stated that she did not really feel they needed a motion to recommend OIT hire the fourth programmer. They are working within a budget and she believed OIT already had the authority to do that. She did not feel they needed the committee's approval. Mr. Croteau agreed and added that when a position has been open a long time they generally ask the agencies approval as a courtesy. Mr. Scanlan told the committee that he thought it was a great policy and thanked Mr. Croteau for bringing it to the committee. Ms. C. Johnson stated that she wondered what kind of pressure was being put on them. If they are being asked to work on bugs that we have been living with for five years, when we are planning on possibly replacing the system anyway, that did not make sense.

Mr. Croteau replied that it is not uncommon to review bug lists annually as needs change. Ms. C. Johnson added that there may be things we do want but can live without for a little longer. She could not comment specifically because she had not looked at the bug list. Ms. Goonan had included a bug list in her handout. Mr. Hall stated that there was one other thing he was hoping that OIT could provide. He wanted to see their budget for the SOS broken out with direct costs in one column and the shared costs in two columns.

Mr. Hall wanted to see something that showed, across state agencies, what that agency is being charged as direct cost and what they are being charged in shared costs. His suspicion was that this project was being charged a much higher percentage of shared costs. Mr. Croteau asked if Mr. Hall wanted the dollar amount or percentage. Mr. Hall replied that he could derive the percentage from the dollar amount. Ms. Hadaway agreed that this information would be very helpful. Mr. Bolton asked if Mr. Croteau was offering to do that for Mr. Hall. Mr. Croteau replied that he was offering to either do that or assign the task to someone else.

8. Other Business:

Ms. Hadaway asked if there was any additional business. Hearing none, she asked for a motion to adjourn. Mr. Allan provided that motion and another committee member provided a second. Remaining committee members voted to adjourn the meeting at 12:32 p.m.