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New Hampshire Fiscal Policy Institute Blog

House Finance Committee Budget Boosts Education and Health Funding

April 5, 2019

The [House Finance Committee](#) passed its version of the State Budget on Wednesday, April 3, recommending the full House adopt a plan to send significantly more money to local governments for education aid and add funding for State health services. The plan would fund these increases by using the current State surplus revenue in the State operating budget and expanding existing revenue sources while retaining added revenues proposed by the Governor. The Committee removed many of the Governor's recommendations for [one-time uses of surplus dollars](#) and deployed most of those funds for budgeted services throughout the biennium.

Health, Human Services, and Housing

The [House Finance Committee's plan](#) would modify the Governor's proposal by increasing funding for the Department of Health and Human Services in the operating budget during the biennium by approximately \$77.3 million. Key changes include funding of \$5 million for a Medicaid dental benefit starting in the first six months of calendar year 2021. The House Finance Committee also proposes boosting funding for the Child Development Program and shifting funding for it to General Funds and away from a reliance on federal Temporary Assistance for Needy Families resources, which both the Governor's proposal and the House Finance Committee proposal would draw from significantly over the biennium.

Housing services within the Department receive increases in funding, including those targeted at homeless individuals, in the House Finance Committee's plan. The proposal includes \$1 million over the biennium for homeless shelter case management programs to make connections between individuals and services, \$1.5 million for rapid re-housing programs, \$2 million for eviction prevention efforts with short- and medium-term rental assistance, and \$400,000 in outreach to homeless youth to aid transitions to shelters and housing. Separately, the Governor's recommendation of appropriating \$5 million to the Affordable Housing Fund was retained by the Committee, although the funds would

come entirely in State Fiscal Year (SFY) 2020 rather than being split between SFYs 2020 and 2021.

The House Finance Committee's proposal adds an additional \$2.1 million for community housing and related supports under the Community Mental Health Program. The proposal would also add \$3 million in funding for a fourth mobile crisis unit and \$2 million for children's mobile crisis teams, both of which align with a recommendation in the 10-Year Mental Health Plan.

The House Finance Committee also removed the Governor's proposal to spend \$26 million in surplus funds to build a new, 60-bed secure psychiatric hospital. The Committee's proposal would create an advisory council and require a plan to repurpose and make appropriate space at New Hampshire Hospital for those transferred from current civil commitment at the secure psychiatric unit. The Committee did, however, fund other related proposals from the Governor's recommended budget, including:

- \$5 million for an inpatient psychiatric treatment facility
- \$4 million for repurposing the children's unit at New Hampshire Hospital to support adult beds
- \$2 million for the construction of new designated receiving facility beds
- \$1 million in immediate assistance to hospitals to help with the needs of patients in hospital emergency rooms
- funding for transitional housing beds, but reducing the Governor's proposed funding level of \$5 million to \$2.5 million to fund 20, instead of 40, new beds

There are an additional \$2.5 million beyond the Governor's budget proposal to fund 25 positions at the Division of Children, Youth, and Families (DCYF), including 14 case aides and five public health nurse consultants, and another \$570,200 to fund eight new legal services positions, including six for DCYF legal work. The Committee budget would establish a Child Abuse Specialized Medical Evaluation Program. Home visiting programs for children would also see a boost of \$706,000.

The House Finance Committee reduced funding from the Governor's proposal by \$20 million for nursing home and Choices for Independence Medicaid Waiver services, in part due to concerns about increased costs to counties, which pay for a significant portion of those services. The Committee reduced grants to the Aid to the Permanently and Totally Disabled Program by about \$3.4 million due to projected reductions in caseloads. The Committee also flat-funded the Sununu Youth Services Center at the levels in the current operating budget.

Education

The House Finance Committee included significant new funding for local governments to pay for local public education and altered the Governor's proposals to fund specific projects within public higher education.

By amending the funding formula for the [Adequate Education Grants](#) from the State, the House Finance Committee appropriated approximately \$164.7 million more to local education, with the increase phased in and totaling \$130 million in SFY 2021 alone. The increases would be driven by increases in assistance to school districts with higher levels of free- and reduced-price school lunch eligible students at a sliding scale between 12 percent and 48 percent eligibility, and a fixed amount of an additional \$3,708 per pupil for districts with more than 48 percent of students eligible. Fiscal capacity aid would be distributed based on tiered measurements of a school district's property value per pupil, reflecting the importance of local property taxes in funding school districts. These increases include restoring the full [stabilization grants](#) to their original amounts in SFY 2020 before eliminating them in favor of the new formula in SFY 2021, and funding kindergarten students at the full Adequate Education Grant amounts, rather than the lower amounts required in current law. Draft calculations of [the impact by city and town](#) are available from the Office of Legislative Budget Assistant.

Approximately \$19.3 million over the biennium would be devoted to school building aid, and \$4.6 million would be used to fund tuition and transportation aid to school districts. An additional \$9 million would be appropriated to add funding for anticipated special education aid requests for the biennium.

The House Finance Committee funded these items through the Education Trust Fund, which it opted to retain; the Governor had proposed to eliminate the Education Trust Fund and combine supporting revenues with the General Fund. These new education expenditures would be funded in part by extending the [Interest and Dividends Tax](#) to include capital gains, keeping the [Business Profits Tax](#) and the [Business Enterprise Tax](#) at 2018 rates, and retaining the Governor's proposals to extend the [Tobacco Tax](#) to include certain nicotine and electronic cigarette products and to establish sports wagering.

The Committee budget would establish a Commission to Study School Funding, with a \$500,000 appropriation to fund staffing and the utilization of independent school finance experts.

The Governor's proposal included \$24 million more for specific, workforce-related initiatives at the University System of New Hampshire, with an additional \$8 million for capital projects contingent upon surplus revenues. The House Finance Committee

removed those provisions, replacing them with an additional \$12 million to the unrestricted General Fund grant. The Community College System would receive an additional \$14.1 million over the Governor's proposal during the biennium to support operations and information technology investments; the Governor had appropriated \$7.75 million in one-time funds to the Community College System contingent on available surplus funds in addition to an operating budget increase of approximately \$5.9 million.

Other Key Programs and Policies

The House Finance Committee replaced the Governor's proposed Twin State Voluntary Leave Plan with the Family and Medical Leave Insurance plan forwarded by the House in a separate bill. The House Finance plan would require State and nongovernmental employers in New Hampshire, with the exception of those who have been certified by the State as offering an equivalent or superior benefit plan internally, to pay a 0.5 percent premium on per employee per week wages into an insurance pool to fund up to 12 weeks of income support based on a formula including prior wages and average weekly wages in New Hampshire.

The Committee added \$500,000 for the public defender program and \$1.7 million to the Civil Legal Services Fund. The Committee also called for a plan to calculate and prepare a plan to reduce the "cliff effect" in an effort to better coordinate poverty reduction strategies between State agencies and with employers; this effort was provided funding, but only a nominal amount, presumably giving the opportunity to increase funding in the final State Budget if more revenue is available.

Although the House Finance Committee continued suspension of the revenue sharing program with municipalities and the suspension of the planned increases in [Meals and Rentals Tax](#) formula distribution to cities and towns, the Committee did appropriate \$12.5 million in general revenue sharing to cities and towns, based on the suspended formula for the revenue sharing program, in SFY 2021. The Committee also appropriated about \$5.7 million in State aid to substantially completed wastewater treatment projects.

The House Finance Committee dedicated \$5 million from SFY 2019 to the Rainy Day Fund, which was less than the Governor's proposed \$15 million for SFY 2019.

The House is scheduled to vote on the House Finance Committee's amendment to the budget on April 11. For more on the Governor's budget proposal, which was used as a baseline for House Finance Committee changes, see NHFPI's Issue Brief [The Governor's Budget Proposal, State Fiscal Years 2020-2021](#). To see all NHFPI's resources about the State Budget, visit the [NH State Budget](#) web page.