



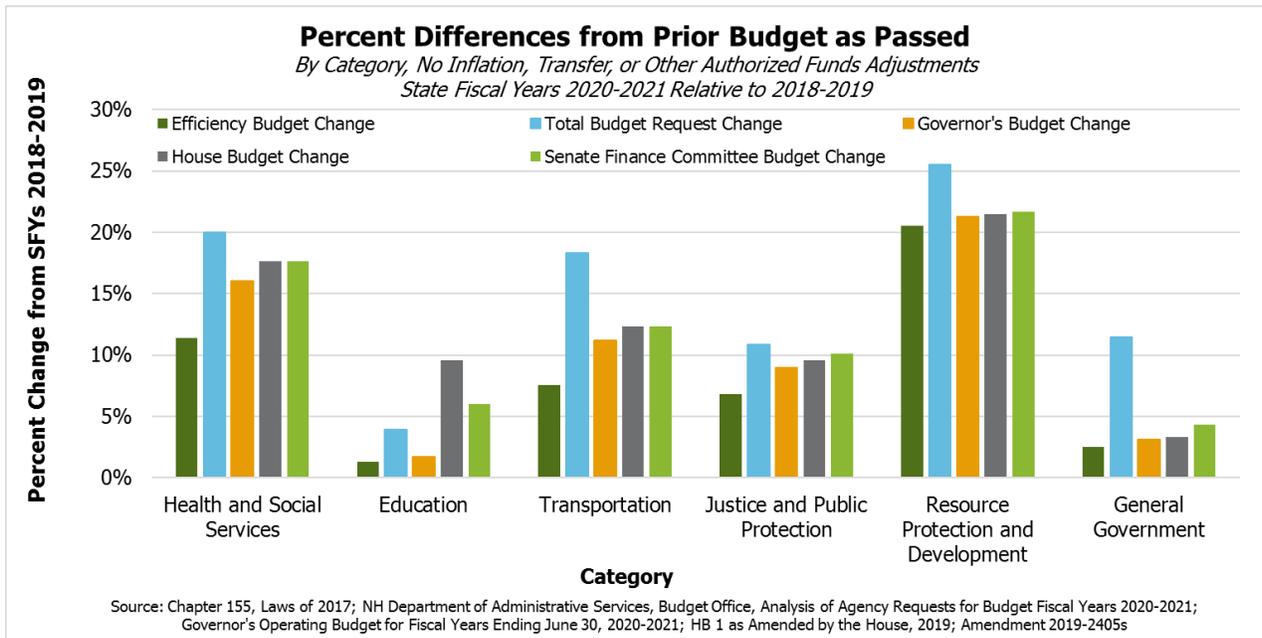
# Common Cents

New Hampshire Fiscal Policy Institute Blog

## Senate Finance Committee Budget Restores Stabilization Grants, Boosts Medicaid Rates, and Sends One-Time Aid to Local Governments

June 3, 2019

The [Senate Finance Committee](#) completed work on its version of the [State Budget](#) Friday, May 31, proposing to send unrestricted aid to local governments in a one-time fashion and restore the original stabilization grant amounts to communities for public education. The Senate Finance Committee modified [the House Budget proposal](#) to increase Medicaid reimbursement rates, while reducing the amount of local public education funding proposed by the House and adding funding for a secure psychiatric facility. The Committee's budget also includes substantial policy changes based upon bills previously passed by the Senate and included or modified in a form contingent on those bills being signed into law independently.



The Senate Finance Committee budget appropriated similar amounts to the House in all categories except for Education, where it proposes a [different structure](#) for disbursing a smaller amount of funds to local governments. The Committee would increase State education aid to local governments by restoring stabilization grants back to the original amounts provided to communities between State fiscal years (SFY) 2012 and 2016. The Senate Finance Committee budget would incorporate a version of [the House Budget's fiscal disparity aid](#), which adds appropriations per student based on the taxable property value of a student's hometown for communities with less than \$900,000 of valuation per student, increasing to an additional \$675 per student in aid for communities with below \$350,000 in property value per student. The proposal increases full-day kindergarten grants to the same adequate education aid levels as other students. In total, education aid to school districts through the Adequate Education Grants is boosted by [approximately \\$93.8 million](#) relative to current law, but is [approximately \\$71.6 million less](#) than in the proposed House Budget. It also reduces appropriations for school building aid relative to the House Budget by \$12.3 million during the biennium, but matches the House Budget in fully funding special education aid. The Office of Legislative Budget Assistant has calculated municipal-level estimates of funding changes for both the [House Budget](#) and the [Senate Finance Committee budget proposal](#).

In addition to increasing aid to local governments through State education aid, the Senate Finance Committee budget proposal would also send \$40 million, or \$20 million in each year of the biennium, to cities, towns, and unincorporated places for unrestricted use. The amount of revenue directed to each municipality would be determined in part by the total number of students living in the municipality as a portion of the total State student population, and in part by the number of students found eligible for the Free and Reduced-Price School Lunch Program as a percentage of total statewide enrollees. This is an increase from the \$12.5 million proposed by the House, which would have been deployed through the prior revenue-sharing formula.

The Senate Finance Committee voted to appropriate \$60 million in State funds to increase [Medicaid reimbursement rates](#) for nearly all Medicaid providers and services by 3.1 percent in SFY 2020 and an additional 3.1 percent in SFY 2021. An additional \$5 million would be appropriated for providing enhanced rates for mental health and substance use disorder inpatient and outpatient services. This builds on the selective and smaller rate increases in the House Budget and the [Governor's Budget Proposal](#). The proposal would also permit funding for New Hampshire's [expanded Medicaid program](#), known as Granite Advantage, to draw on General Fund revenues as needed, as the current funding structure may not support the additional funding needed following Medicaid provider rate increases.

The Senate Finance Committee proposal retains the version of the Family and Medical Leave Insurance program included in the [House Budget](#). This program would be administered by the State and funded by a 0.5 percent payroll premium, with opt-outs for employers that offer an equivalent benefit authorized by the State.

The Committee proposal would keep the Business Profits Tax and Business Enterprise Tax rates at 2018 levels, halting the [planned rate reductions in current law](#) for 2019 and 2021. The Senate Finance Committee removed the House proposal to [expand the Interest and Dividends Tax base](#) to include capital gains, but projected additional increases in revenue from conforming, in large part, to the federal tax code after the [December 2017 tax overhaul](#) and from shifting the manner in which [interstate business tax apportionment](#) is calculated.

The Senate Finance Committee proposal includes significant amendments directly related to facilities and supports for mental health-related and substance use disorder services and supports, including appropriating:

- \$17.5 million to construct a new, 25-bed secure psychiatric unit facility on the grounds of New Hampshire Hospital, with an order that Department of Health and Human Services prioritize this project and issue quarterly reports on progress
- \$11.5 million to obtain, renovate, and operate a new inpatient psychiatric treatment facility for children and an additional \$4 million to repurpose the children's unit at New Hampshire Hospital to be suitable for up to 48 adult beds
- \$5 million for 40 new transitional housing beds for forensic patients or those with complex behavior health conditions
- \$4 million, including \$1 million from New Hampshire Hospital trust funds, to repurpose the children's unit of New Hampshire Hospital for up to 48 adult beds
- \$1 million for upgrading and creating new substance use disorder treatment and recovery facilities
- \$500,000 for assistance to hospitals for involuntary emergency inpatient admissions
- up to \$500,000, carried forward from SFY 2019, for supported housing for those with serious mental illness

The Senate Finance Committee also voted to include \$19.2 million for new requirements to expand home and community-based behavioral health services for children. These services would include statewide mobile crisis unit services, shift more children's behavioral health service funding to evidence-based practices, and create both a family support information clearinghouse and a system of care advisory committee.

Contingent upon the passage of [Senate Bill 6](#), the Senate Finance Committee Budget would appropriate \$6.1 million to hire 57 more child protective services workers and \$2.5 million more to hire 20 child protective supervisors by the end of the biennium.

Other key changes from prior State Budget proposals include:

- Updating references to federal law related to the Free and Reduced-Price School Lunch Program and adding an additional 27 cents per breakfast meal to help ensure students eligible for reduced price meals are offered a free breakfast meal
- Allocating \$6 million to study, investigate, and test for contamination caused by perfluorinated chemicals, and the preliminary design for a treatment system
- Requiring that a plan be prepared to implement an adult dental benefit in Medicaid starting July 2021
- Adding a one-time appropriation to the Community College System of New Hampshire of \$3.2 million and reducing operating funding relative to the House Budget by \$4.1 million over the biennium
- Appropriating additional funds to substance use disorder-related law enforcement activities, including \$2.4 million to local law enforcement departments
- Adding approximately \$7.4 million for local public water and wastewater infrastructure projects
- Requiring that \$5 million each year, starting in SFY 2021, collected by the [Real Estate Transfer Tax](#) be appropriated to the Affordable Housing Fund
- Establishing a Housing Appeals Board comprised of three members appointed by the Supreme Court who would hear appealed disputes and have the authority to affirm, modify, or reverse decisions of municipal boards, committees, or commissions related to housing and housing development

The full Senate will consider the Senate Finance Committee's budget proposal on June 6. If the Senate passes a budget and the House does not concur with the Senate's amendments, the two chambers must form a Committee of Conference by June 13. The current State Budget expires June 30, 2019, and new funding authorization must be in place by July 1.

Visit NHFPI's [NH State Budget](#) web page to view the [House](#) and [Governor's](#) budget proposals and other budget-related resources.

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