



# Common Cents

New Hampshire Fiscal Policy Institute Blog

## Senate Passes Budget, Approves Funding Increases for Local Education Aid and Medicaid Rates

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After considering a [series of amendments to House Bill 2](#), the Senate accepted the [Senate Finance Committee's proposal](#) for the State Budget without changes on Thursday, June 6. The House is expected to vote on Thursday, June 13 on whether to form a Committee of Conference or accept the Senate's changes. A Committee of Conference appears likely, given some of the differences between the House and Senate versions of the State Budget.

The Senate's version of the [State Budget](#) modifies the [House Budget](#) proposal by reducing the amount of aid to local governments for public education, although both proposals would be [a significant increase relative to current law](#) or the [Governor's Budget](#). The Senate Budget would appropriate [approximately \\$93.8 million more](#) for [Adequate Education Aid](#), including the incorporation of full Adequate Education Aid payments for full-day [kindergarten](#) students, by funding [stabilization grants](#) at their full original levels in both years and adding fiscal disparity aid based on the taxable property value per pupil in a municipality in the second year of the biennium. The Senate budget also increases grant aid to public charter schools by [about \\$2.5 million](#) over the biennium.

These changes amount to a significant reduction from the [local education aid funding levels proposed in the House Budget](#). The House would increase stabilization grants in the first year of the budget to the original full amount of stabilization aid, but eliminate them in the second year of the budget and replace them with significant additional fiscal disparity aid, substantially more than in the Senate's proposal, and add additional per pupil aid for free- and reduced-price school meal eligible students in school districts with higher concentrations of eligible students. In total, the House proposed an [additional \\$165.3 million](#) in Adequate Education Aid, including for full-day kindergarten adequacy, compared to current law, which is [approximately \\$71.6 million more](#) than appropriated by the Senate. The House also appropriated \$3.8 million more than the Senate in tuition and transportation aid, and \$12.3 million more in school building aid than the Senate. The House and Senate Budgets both fund Special Education Aid at the same levels, which were expected to cover the State's obligations under current law when the House added those appropriations.

Offsetting some of the reduction in aid to local governments through education relative to the House, the Senate Budget 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 free and reduced-price school meals 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 voted to increase Medicaid reimbursement rates for all providers. Nearly all providers would receive a 3.1 percent increase in the first year of the budget biennium, followed by an additional 3.1 percent increase in the second year. A \$60 million appropriation in State funds would be set aside for these rate increases. An additional \$5 million would be appropriated for providing enhanced rates for mental health and substance use disorder inpatient and outpatient services. The House Budget and the Governor's Budget proposal had smaller rate increases in certain areas rather than across the board increases. [Medicaid reimbursement rates for key services](#) have not kept up with inflation, and higher reimbursement rates may help mitigate health care workforce shortages. The Senate also added an appropriation of \$17.5 million for a new secure psychiatric unit facility, and an additional \$2.5 million above the House's proposal to fund 20 more transitional housing beds for certain patients.

Many other key differences between the two versions of the budget stem from the Senate's inclusion of several bills that had previously passed through the full Senate chamber, contingent on those bills not becoming law independently. One of those included bills was the Senate's proposed housing appeals board, which would be comprised of three members appointed by the Supreme Court who would hear land disputes as an alternative to superior court challenges. The board would have the authority to affirm, modify, or reverse decisions of municipal boards, committees, or commissions related to housing and housing development. The House voted down a [similar board](#), but with some differences, in a separate bill earlier in the session.

If a Committee of Conference is formed, the current schedule would require the Committee of Conference to finish its work by June 20, with the deadline for the full Legislature acting on the State Budget falling on June 27. The current State Budget expires June 30, and the State must have new spending authority in place on July 1 to fund continued services.

Visit NHFPI's [NH State Budget](#) web page to view the [House](#) and [Governor's](#) budget proposals and other budget-related resources, including a short summary of the [Senate Finance Committee's budget proposal](#) adopted by the full Senate.