

Committee of Conference Largely Accepts Senate Version of State Budget with Key Changes

The Committee of Conference for the State Budget accepted most of the [Senate's version of the State Budget](#) during a week of meetings, including almost all changes relative to [the House's version](#) that have a direct impact on State finances. Legislators agreed to retain key parts of the Senate proposal, including significant tax reductions with both immediate and long-term impacts on resources for State services, additional aid to school districts and for affordable housing, and a structure for parents to use public funds for private education expenses. Committee members also agreed to the Senate's proposals for a voluntary paid family medical leave program, enhanced revenue sharing with cities and towns, and restrictions on certain speech related to systemic racism and sexism. Legislators in the Committee also made substantial changes to the Senate's version of the State Budget regarding a proposed new statute modifying the Governor's emergency powers and laws that would impact family planning operations and reproductive health services.

The [two budget bills](#), House Bill 1 and House Bill 2, had separate Committees of Conference with overlapping membership. The Committee of Conference on House Bill 1, the Operating Budget Bill with line items appropriating [more than \\$13 billion](#) over two years, [accepted](#) the Senate's version of the bill without any changes. The Committee of Conference on House Bill 2 did not make changes to that bill, the omnibus Trailer Bill that includes policy language and changes to the text of existing statute, that impacted House Bill 1 or that made many significant changes to State appropriations during the biennium.

The Committee of Conference agreed to some key proposals [made by the Senate in that chamber's version](#) of House Bill 2. The retained Senate proposals included:

- a paid family medical leave plan, mandatory for State employees and voluntary for other individuals or businesses opting to join, which was originally proposed by the Governor and modified by the Senate to establish different processes and parameters for smaller businesses
- an appropriation of \$30.0 million for the forensic psychiatric hospital that was originally appropriated funds in the current State Budget and has not yet been constructed
- a reduction of \$22.6 million in General Fund appropriations to the Department of Health and Human Services to eliminate approximately 226 currently-unfilled positions and limit the Department to 3,000 full-time authorized positions during the budget biennium, which originally appeared in the [House's version](#) of the State Budget
- funding for 10 additional positions at the Department of Health and Human Services' Division of Children, Youth, and Families, with the option for the Department to request funding for 12 more positions once those 10 positions are filled

- an appropriation of \$3.3 million for the implementation of certain recommendations from the Alvarez & Marsal review of operations at the Department of Health and Human Services, which had also been included in the [House's version](#) of the State Budget
- additional targeted funding for school districts with higher percentages of students eligible for free and reduced-price school meals, with an additional \$17.5 million per year appropriated to districts with higher concentrations of students from families with low incomes
- provisions that would permit school districts to use either pre-pandemic or pandemic-level student enrollments to determine State funding levels, adding about \$29.0 million in aid for school districts that saw declines in enrollment during the pandemic
- a one-time appropriation of \$25 million to the Affordable Housing Fund, which would be in addition to the \$10 million that would be appropriated during the biennium from the Real Estate Transfer Tax
- sending 30 percent of State Meals and Rentals Tax revenues in aid to cities and towns on a per capita basis, boosting the total amount of revenue shared through this mechanism by \$50.6 million relative to the current budget biennium

The Senate's version of the State Budget included an estimated \$247.1 million in tax reductions to the General and Education Trust Funds during the budget biennium, with larger amounts in subsequent budgets due to planned phaseout of the Interest and Dividends Tax. The Committee of Conference removed a reduction in revenue of \$69.4 million planned by the Senate's budget by eliminating the provisions that removed the Business Profits Tax liability of Paycheck Protection Program grants for businesses that made a profit; that revenue reduction was passed in a separate piece of legislation and removed from the budget's Trailer Bill. The Committee of Conference agreed to maintain the rate reductions in the Business Profits Tax, the Business Enterprise Tax, and the Meals and Rentals Tax, as well as the eventual phaseout of the Interest and Dividends Tax by 2027, that were included in both the House and Senate versions of the State Budget. The House also accepted the Senate's revenue estimates, rather than forwarding updated versions of their own projections.

The establishment of Education Freedom Accounts, introduced in the Senate's version of the budget, was maintained in the Committee of Conference's proposal. This policy would allow parents who disenroll their children from local public school districts to apply for and receive the public State funds the school district would have received in aid for that child in an Education Freedom Account. This Account could be used for a wide variety of educational expenses, including tuition and fees at a private school, Internet services and computer hardware primarily used for education, non-public online learning programs, tutoring, textbooks, school uniforms, certain therapies, and other expenses approved by a recognized scholarship organization.

The Committee of Conference proposal also retained the Senate's proposed language limiting certain types of speech in public programs related to systemic racism and sexism. The proposed language would prohibit public employers, including the state government, municipal governments, and school districts and administrative units, from instructing or training that any person or group is inherently superior or inferior to another based on their age, sex, gender identity, sexual orientation, race, creed, color, marital status, familial status, mental or physical disability, religion, or national origin. These public employers would also be forbidden from teaching that anyone, by virtue of these characteristics, is consciously or unconsciously inherently racist, sexist, or oppressive, and from teaching that people cannot or should not treat each other equally or without regard to these characteristics. Public

employees would be protected from discipline for refusing to participate in trainings that teach these ideas, and students would not be taught these ideas in public school. Educators who engage in these types of teachings would be considered in violation of the Educator Code of Conduct and potentially face disciplinary sanction by the State Board of Education.

The Committee of Conference removed provisions that would have required the State to explore or initiate a merger between the University System and the Community College System of New Hampshire. Both the [Governor's version](#) and the [House's version](#) of the State Budget had proposed a merger or exploration thereof, but no higher education merger is envisioned in the Committee of Conference version of the State Budget.

The Committee of Conference also agreed to several changes to the Senate's proposal, including:

- the removal of the proposed Medicaid dental benefit for adults aged 21 years and older, which had been first included in the Senate's version
- the continuation of the Liquor Commission's existing law enforcement authority and funding for 20 law enforcement provisions at the Commission, which had been altered and removed by the House's budget
- removing funding, proposed originally by the Governor and included in the Senate's budget proposal, for centers for older adults focused on addressing social isolation
- eliminating a provision incorporated in the Senate's version of the budget that would have prevented appropriations enabled to avoid a waitlist for employment-related child care supports from being drawn from the General Fund; the Committee of Conference agreed to remove the explicit prohibition on potentially using General Funds for these child care supports

In several key areas, the Committee of Conference crafted new, compromise amendments that altered language from both the House and Senate versions of the State Budget.

Members of the Committee agreed to the closure of the Sununu Youth Services Center (SYSC), which both the House and Senate versions of the budget proposed, but with different timelines and frameworks. The proposed budget language would establish a committee to develop a plan for the closure and replacement of SYSC, and empowered the committee to consider the repurposing of the existing SYSC. The committee would have to develop cost estimates for the construction and operation of a new facility to house up to 18 youths at a time, with three separate residential spaces that would accommodate different genders, treatment needs, and levels of security. The SYSC would have to be closed by March 1, 2023, and any replacement facility would have to be open by that date. The committee would have to issue its final report by November 1, 2021 and prepare legislation for the 2022 legislative session.

The Committee of Conference also drafted a new version of the proposed limitations on the Governor's emergency powers. Under these limitations, the Governor would retain the existing authority to declare and renew a 21-day State of Emergency, but would be required to inform the Speaker of the House and the President of the Senate about the impending issuance of Emergency Orders under the State of Emergency. The new language would explicitly empower the Legislature to terminate a State of Emergency with a majority vote of both chambers, requiring a majority of legislators be present in each. The Governor would be required to call and address a joint session of the Legislature to convene 90 days after the declaration of State of Emergency, and every 90 days thereafter; at this meeting, both chambers of the Legislature would be required to independently vote on a resolution that would end

the State of Emergency. Members of the Legislature would also be exempt from any Emergency Orders that would infringe on their ability to travel and conduct their legislative business. The Joint Legislative Fiscal Committee would be required to approve any federal, private, or other non-state gift, grant, or loan for the purposes of the State of Emergency over \$100,000, but the Governor would have the authority to accept and expend the funds if the Committee did not accept or reject the items within five days, and certain immediate authorities in situations requiring emergency action.

The budget proposal produced by the Committee of Conference also included the Senate's proposal to restrict access to reproductive health services by making abortions illegal after 23 weeks of pregnancy, outside of serious, emergent risk of death or physical harm to the mother. This language had replaced restrictions on family planning facilities that required physical and financial separation from entities that perform abortions included in the House's version of the State Budget. The Committee of Conference agreed to compromise language that reintroduced the physical and financial separation requirement, but made it contingent upon the outcome of an annual state inspection of facility finances. Under the proposed language, if an entity is found to be using state funds to directly or indirectly subsidize abortions, they would either forfeit all right to receive further funding or would have to suspend all operations until the family planning project is physically and financially separate from the reproductive health facility.

The Committee of Conference version of the State Budget is expected to go before both the House and the Senate for a vote, without any additional amendments, on Thursday, June 24, 2021. If it passes both chambers, the two State Budget bills will go to the Governor's desk for signature, veto, or inaction before the beginning of the new State fiscal year on July 1, 2021.

- *Phil Sletten, Senior Policy Analyst*