



CHECKING IN ON THE NEW HAMPSHIRE STATE BUDGET

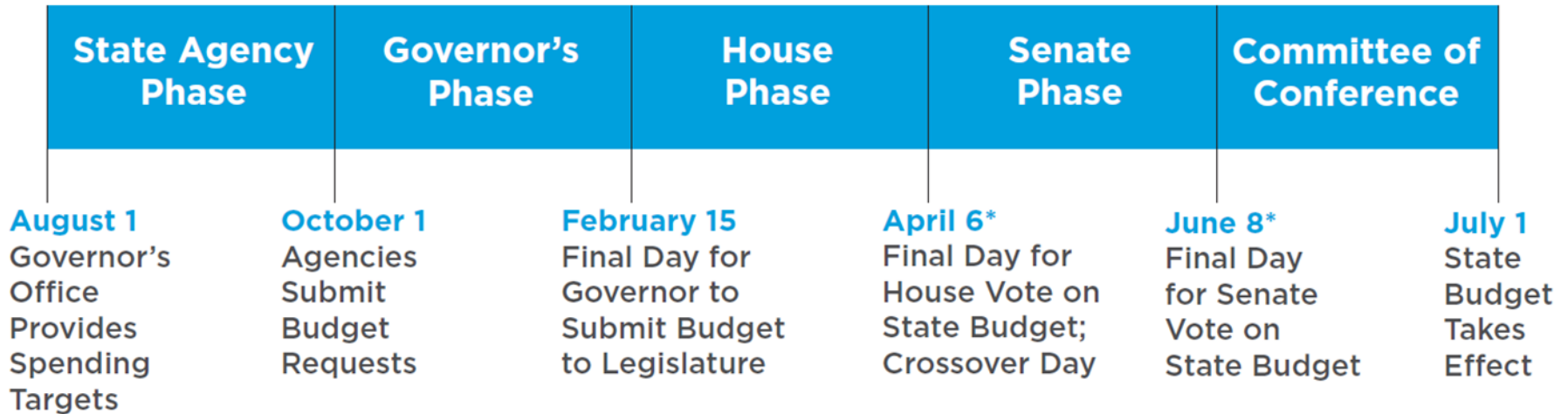
PRESENTED BY PHIL SLETTEN, RESEARCH DIRECTOR

DARTMOUTH HEALTH PROJECT ECHO

MAY 4, 2023

STATE SENATE CURRENTLY CONSIDERING THE STATE BUDGET AFTER HOUSE PASSAGE

STATE BUDGET PROCESS TIMELINE

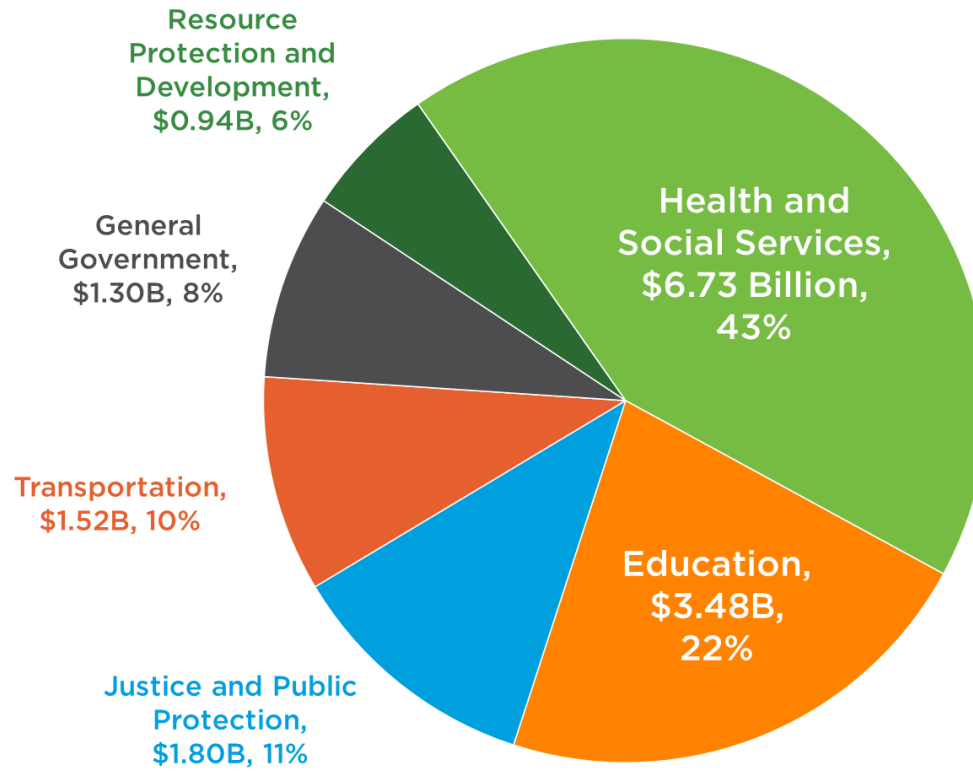


*Dates set by legislative leadership for the 2023 session; all other dates specified in statute.

NEARLY TWO-THIRDS OF PROPOSED STATE BUDGET HEALTH AND EDUCATION

HOUSE'S PROPOSED STATE BUDGET APPROPRIATIONS

*State Fiscal Years 2024-25 and Surplus Appropriations,
Includes Trailer Bill Appropriations*

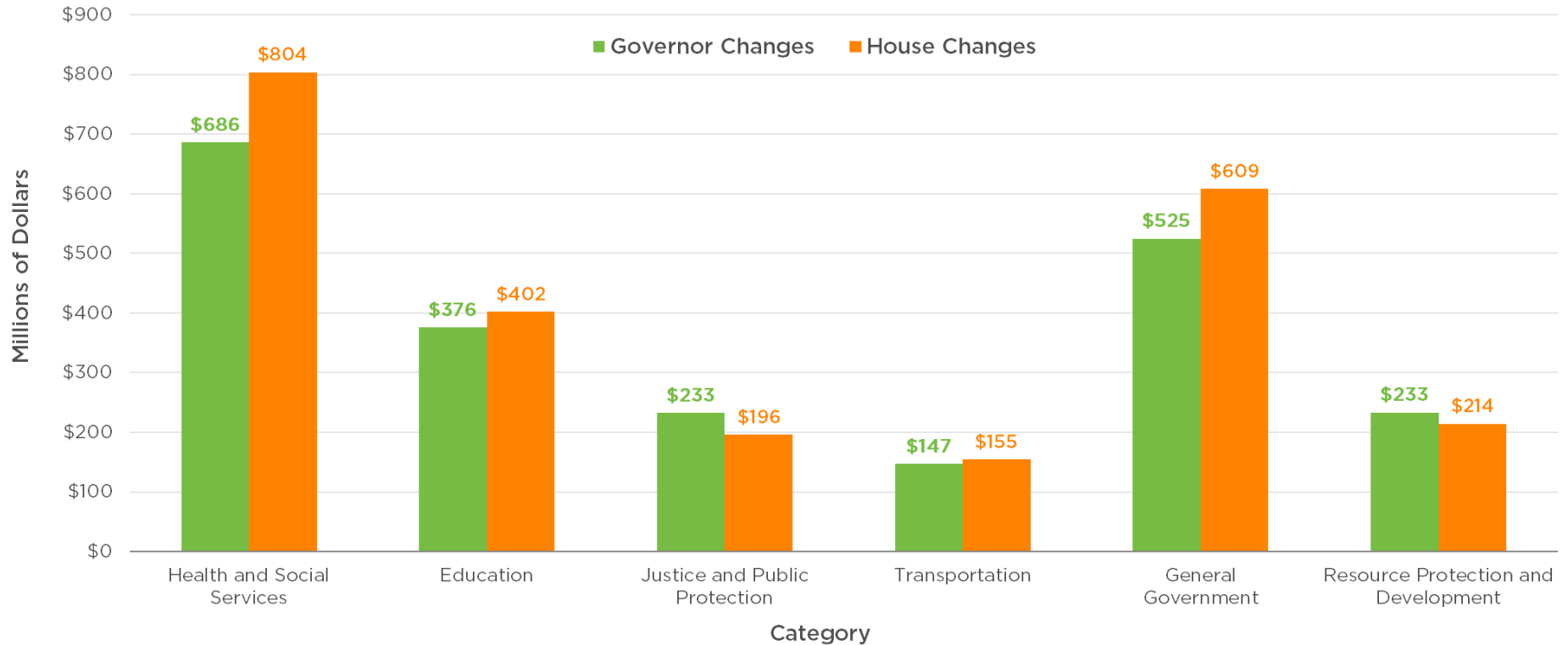


Note: General Government includes HB 2 appropriations for the Affordable Housing Fund, InvestNH, and all State employee pay raises defined by and funded through appropriations made in House Bill 2, as amended by the House.
Sources: Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023 and Surplus Statements, April 6 and 7, 2023

PROPOSED INCREASES IN ALL CATEGORIES LED BY HEALTH AND SOCIAL SERVICES

CHANGES IN FUNDING IN THE GOVERNOR'S AND HOUSE'S PROPOSALS RELATIVE TO THE CURRENT STATE BUDGET BY EXPENDITURE CATEGORY

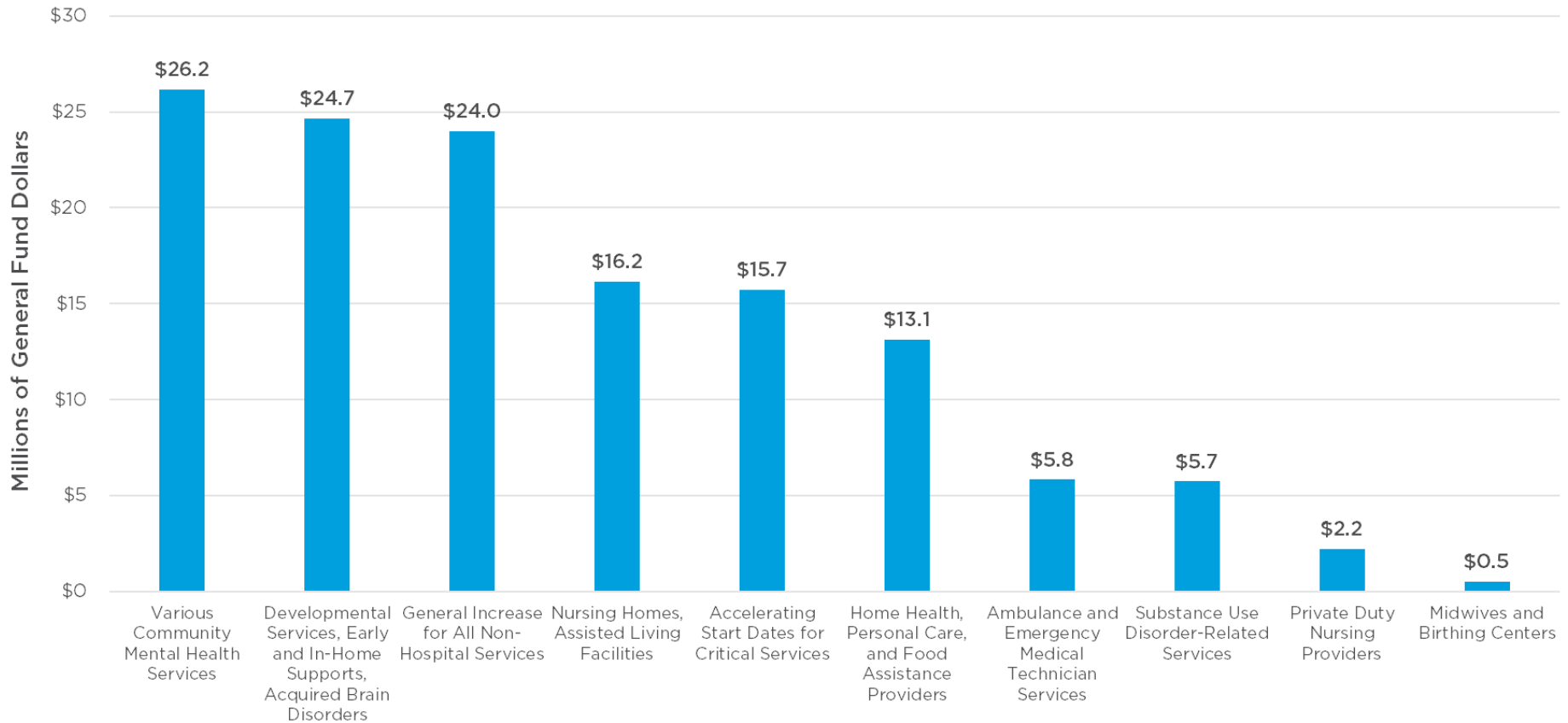
Enacted State Fiscal Years 2022-23 Compared to State Fiscal Years 2024-25 as Proposed by the Governor and the House, Includes Trailer Bill Appropriations



Sources: Chapters 90 and 91, Laws of 2021; Office of Legislative Budget Assistant, June 2021 and March-April 2023 Surplus Statements, Governor's Recommended Budget Trailer Bill Appropriations, February 21, 2023, Compare House Finance to Governor, March 28, 2023; New Hampshire Department of Administrative Services, Governor's Operating Budget, Fiscal Years 2024-2025; House Bill 2 of the 2023 Session, as introduced; HB 2, 2023 as introduced; 2023-1244h; 2023-1247h; 2023-1336h; 2023-1299h

HOUSE ADDED FUNDS FOR TARGETED MEDICAID REIMBURSEMENT RATE INCREASES

TARGETED MEDICAID REIMBURSEMENT RATE GENERAL FUND APPROPRIATIONS IN THE HOUSE OF REPRESENTATIVES BUDGET



General Service Area (Broadly Defined)

Source: 2023-1336h

SIGNIFICANT CHANGES TO MEDICAID, BOOSTS TO REIMBURSEMENT RATES

- Expands Medicaid coverage to 12 months postpartum
- Expands to certain immigrant women, children lawfully in NH
- Extends the Granite Advantage program, Medicaid Expansion under the Affordable Care Act, for two more years through the end of 2025, and changes funding structure to rely more on Liquor Commission profits, not on Alcohol Fund
- Total increase to Medicaid reimbursement rates supported by \$134.2 million in General Funds appropriated via Trailer Bill, not including matching Federal Funds (at least doubles funding)
 - \$24 million for all providers except hospitals
 - \$110.2 million for targeted increases
- Rolls forward \$28.6 million in developmental services expected lapse to fund similar services in next State Budget

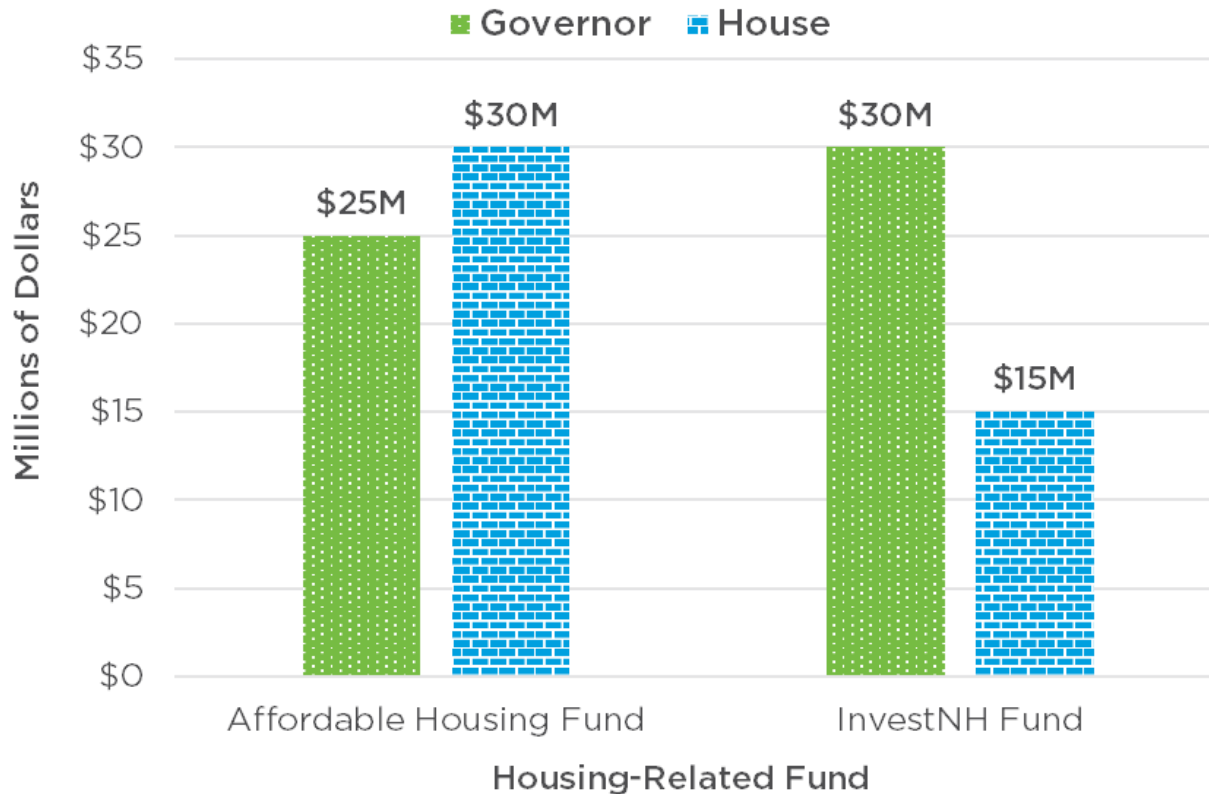
CHILD CARE ASSISTANCE TO FAMILIES, CARE PROVIDERS INCREASED

- Child care assistance eligibility set to 85 percent of median income, potentially significant increase in access to aid
- Child care provider reimbursement rates to 75th percentile of market rate or “true cost of care” mechanism
- Temporary Assistance for Needy Family funds can be used for new reimbursements, eligibility, to avoid child care waitlists
- Funding of \$2 million proposed for Family Resource Centers
- Behavioral Health increases of \$28.1 million to support children’s residential rates and boost provider capacity
- Funds for construction of successor to Sununu Youth Services Center funding removed, any funds used required to be drawn from flexible federal dollars from American Rescue Plan Act

NEW, ONE-TIME INVESTMENTS IN HOUSING

HOUSING APPROPRIATIONS IN EACH STATE BUDGET PROPOSAL

State Fiscal Years 2024-2025 Budget Legislation



Sources: Office of Legislative Budget Assistant, Surplus Statement for Combined General and Education Trust Funds Schedule 2, April 7, 2023

- Both Governor and House proposed one-time surplus appropriations to support housing construction
- Governor more focused on supporting investors through new fund, while House directs more aid to municipalities for housing purposes and incentives

KEY EDUCATION FUNDING CHANGES

- Both Governor and House proposed funding formula changes for local public education
- More resources from both, House would be more targeted
- Separately, State higher education funding increases in budget proposal

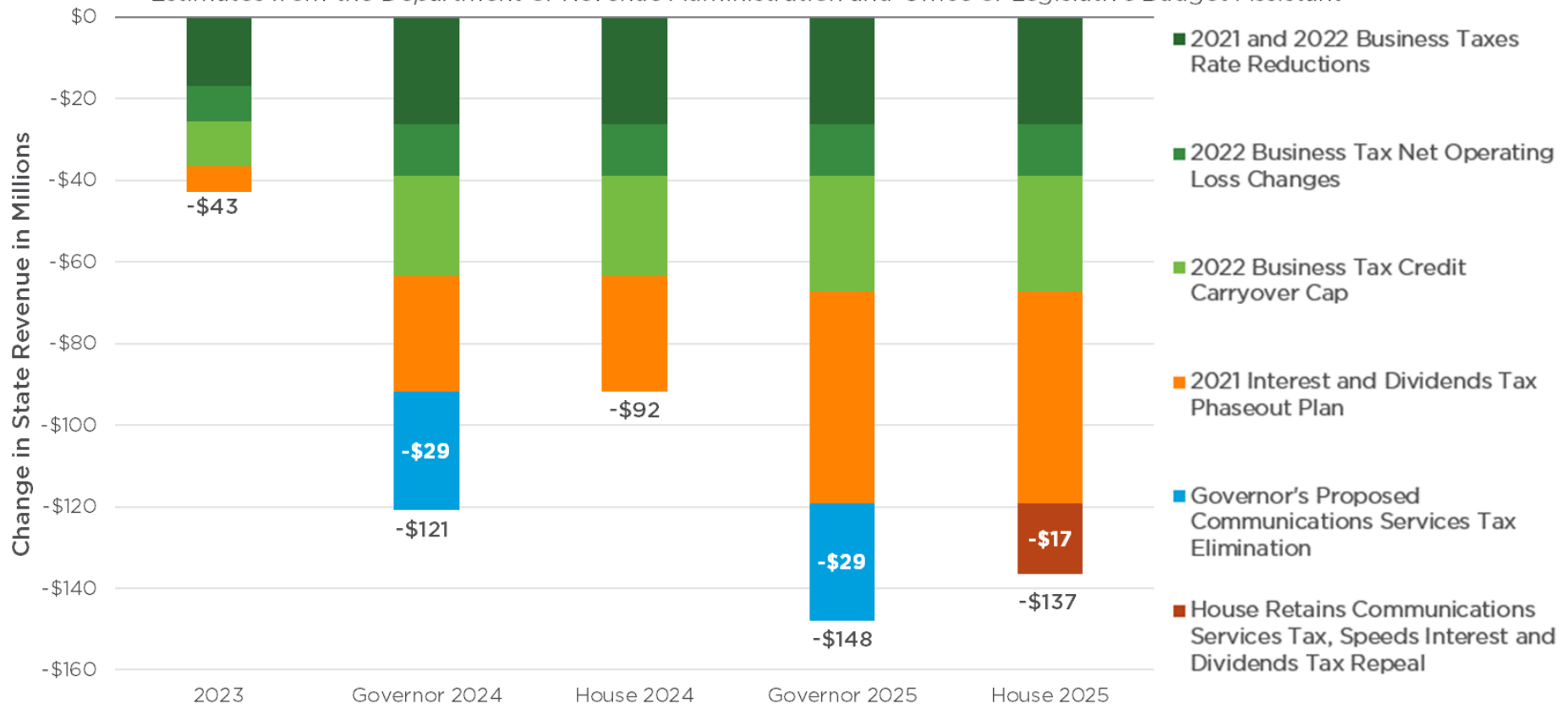
State Fiscal Year 2024 Formula Aid Type	Current Law	House Budget
Base Per Pupil	\$3,866.18	\$4,000
Free and Reduced-Price Meal Eligibility	\$1,933.08	\$2,100
Special Education	\$2,079.89	\$2,100
English Language Learner	\$756.43	\$1,000
Third Grade Reading Proficiency	\$756.43	None
Relief Aid based on concentration of Free and Reduced-Price Meal Eligibility	Between \$150 and \$600 per student	Up to \$400 per student for districts with at least 12 percent of students Eligible
Extraordinary Needs Grant based on Property Value per Free and Reduced-Price Meal Eligible Pupil	Up to \$650 per eligible student, based on taxable property value	Maximum grant boosted to \$3,000, adjusted up 2 percent annually with other key formula components
Fiscal Capacity Disparity Aid based on local property values per pupil	None (existed in prior iterations of formula)	Grants up to \$1,000 per student for communities with under \$1.6 million value per pupil
Stabilization Grants based on historical change to formula	Total of \$157 million to communities that would have faced shortfall in SFY 2012	85 percent of original amount of each community, excludes property-wealthy communities, \$133.8 million total
Hold Harmless Grants	None	Ensures no funding reduction, offsetting relatively small shortfalls
Estimated Total Aid	\$962 million	\$1,031 million

Source: New Hampshire Office of Legislative Budget Assistant, Comparison – Adequacy Grants, April 6, 2023

HOUSE AND GOVERNOR WOULD BOTH REDUCE REVENUE WITH TAX CHANGES

ESTIMATED CHANGES IN REVENUE ASSOCIATED WITH RECENT AND PROPOSED TAX POLICY CHANGES DURING NEXT BUDGET

Estimates from the Department of Revenue Administration and Office of Legislative Budget Assistant



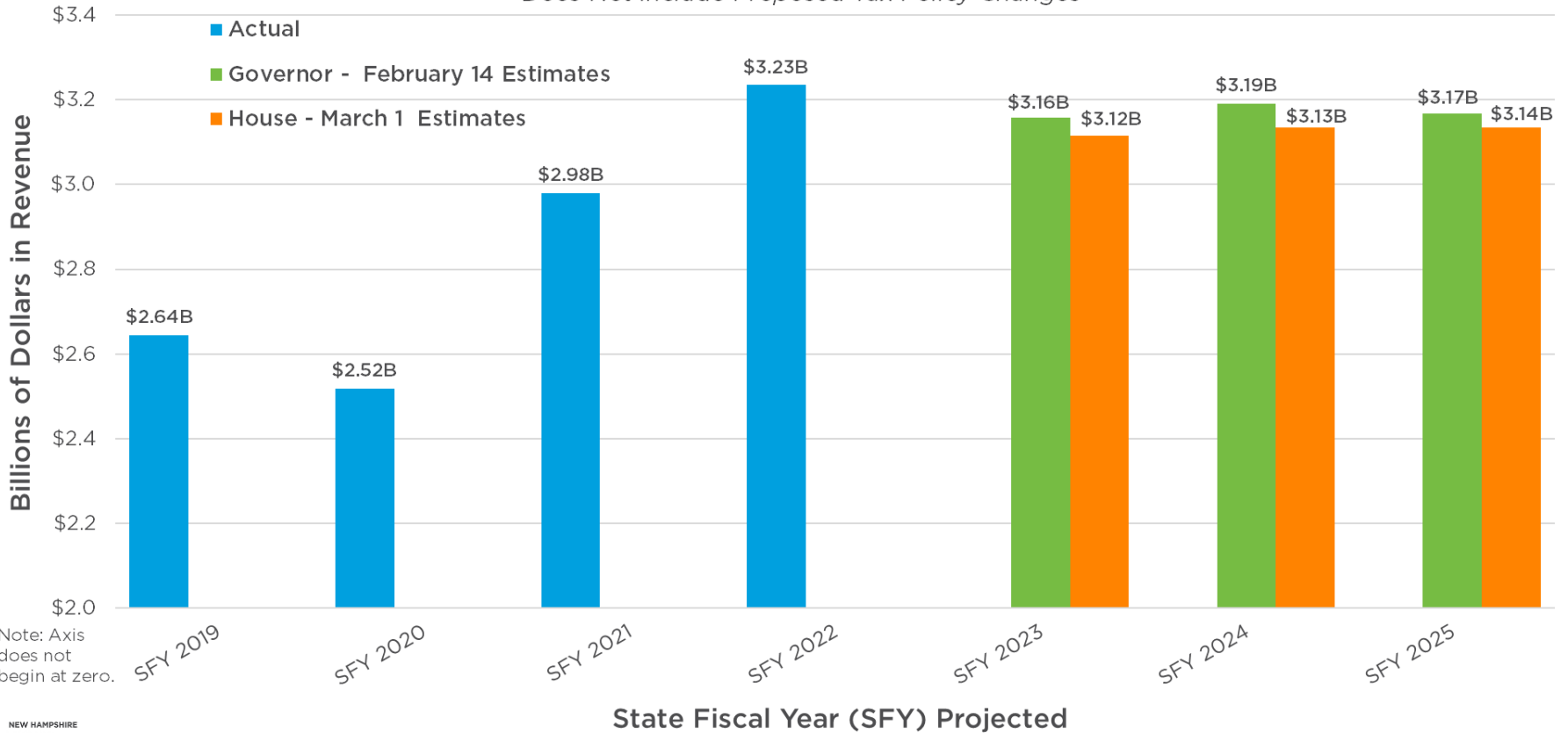
State Fiscal Year and Budget Proposal

Sources: New Hampshire Department of Revenue Administration, Revenue Estimates, February 16, 2023; Office of Legislative Budget Assistant, Comparative Statement of Undesignated Surplus, March 29, 2023

HOUSE REVENUE PROJECTIONS BELOW GOVERNOR, SENATE PROJECTIONS NEXT

NEW HAMPSHIRE STATE REVENUE PROJECTIONS FROM THE GOVERNOR AND THE HOUSE WAYS AND MEANS COMMITTEE

General and Education Trust Funds Revenue Projections Based on Current Law, Does Not Include Proposed Tax Policy Changes



FINAL TAKEAWAYS

- Governor introduced a State Budget, modified and passed by House, process now in the State Senate
- State Budget proposals make significant investments in Medicaid, particularly House proposal
- Education funding changes significant, result in more funding but well below total cost of education, with House budget targeting more State aid to communities with fewer resources
- Investments in child care, housing could provide aid targeted at helping ease workforce shortage, reduce costs for families
- Next steps in Senate will be informed by revenue estimates, as well as bills passed and tabled by Senate earlier in process for inclusion in the State Budget
- After Senate completes work, Committee of Conference will create a final version out of House and Senate proposals

ADDITIONAL RESOURCES

- Issue Brief: The Governor's Budget Proposal for State Fiscal Years 2024 and 2025 – March 27, 2023
<https://nhfpi.org/resource/the-governors-budget-proposal-for-state-fiscal-years-2024-and-2025/>
- Webinar: Examining the State Budget: Understanding the House Finance Committee's Proposal – April 4, 2023
<https://nhfpi.org/resource/examining-the-state-budget-understanding-the-house-finance-committees-proposal/>
- Blog: Ten Facts About the New Hampshire State Budget – February 1, 2023
<https://nhfpi.org/blog/ten-facts-about-the-new-hampshire-state-budget/>
- Resource Pages: Budget, Revenue & Tax
<https://nhfpi.org/topic/budget/>
<https://nhfpi.org/topic/revenue-tax/>



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