



# THE LEGISLATURE'S STATE BUDGET PROPOSAL AND SUPPORTS FOR OLDER ADULTS

PRESENTED BY PHIL SLETTEN, RESEARCH DIRECTOR

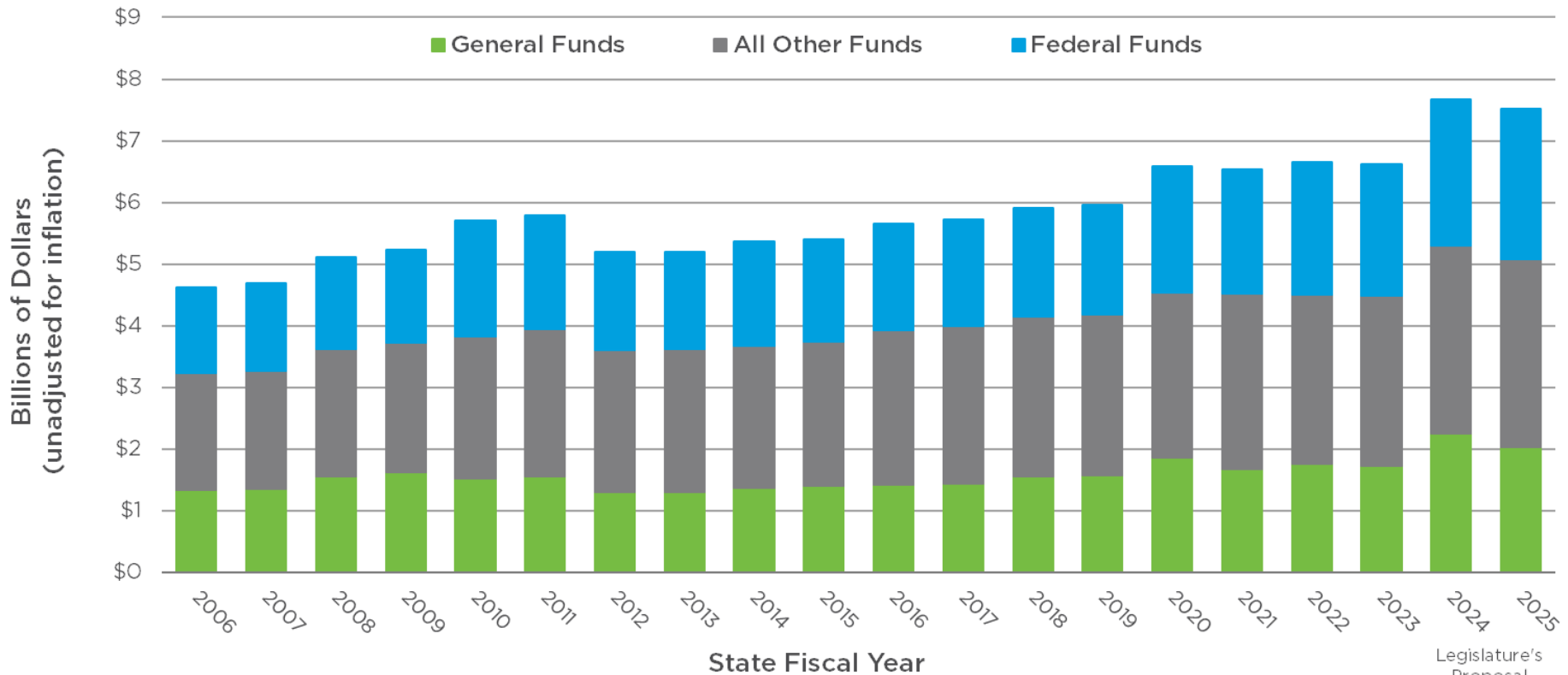
NEW HAMPSHIRE STATE COMMISSION ON AGING

JUNE 19, 2023

# OVERVIEW OF TOPLINE BUDGET TOTALS AND CHANGES

# LEGISLATURE'S BUDGET PROPOSAL TOTALS \$15.17 BILLION OVER TWO YEARS

## HISTORICAL STATE BUDGET APPROPRIATIONS AS ENACTED AND THE LEGISLATURE'S SFYS 2024-2025 BUDGET PROPOSAL

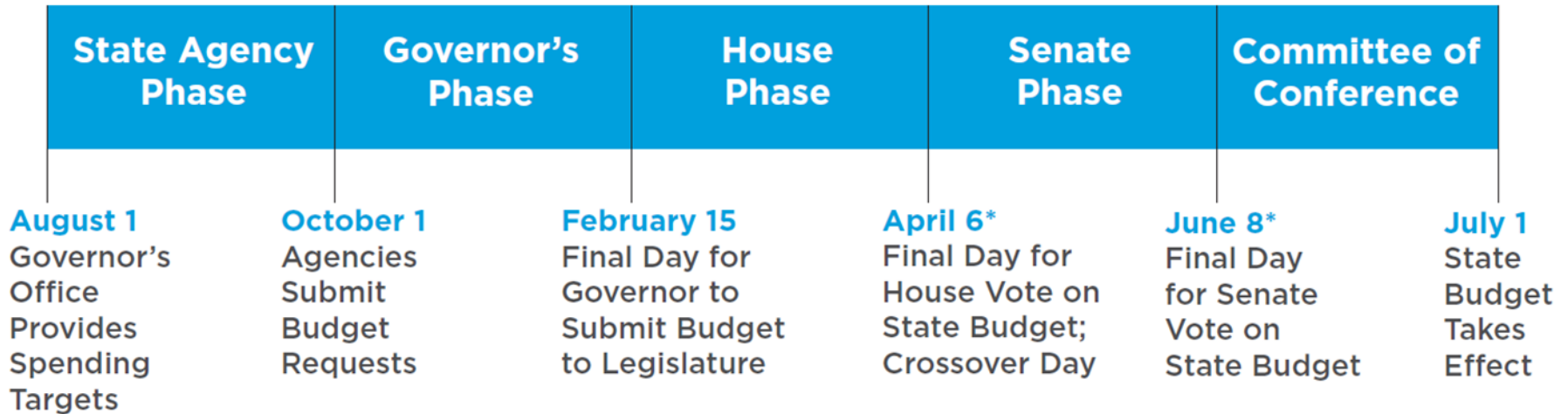


Note: Includes Trailer Bill and Back of Budget adjustments as represented in Surplus Statements, and Back of Budget reductions only for State Fiscal Years 2006 to 2009. Appropriations of surplus from prior budget biennium included in the first year of each new State Budget, not including Rainy Day Fund appropriations.

Sources: New Hampshire Office of Legislative Budget Assistant, Surplus Statements, Compare House Finance to Governor, March 28, 2023 and Briefing on Senate Finance Changes to House Passed Budget, June 6, 2023; HB 1, Section 1.07 as Approved, Sessions 2005 to 2015, 2021; HJR 9, Session 2015; HB 144, Session 2017; HB 3 as Approved, Session 2019; Governor's Budget Bill, 2023 Session; HB 2, 2023 as Introduced; 2023-1244h; 2023-1247h; 2023-1336h; 2023-1299h; 2023-2076s; 2023-2092s; 2023-2171s; 2023-2139s; 2023-2054s

# HOUSE CONCURRENCE WITH SENATE BYPASSES COMMITTEE OF CONFERENCE

## STATE BUDGET PROCESS TIMELINE



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

# TWO BILLS COMPRISE THE STATE BUDGET

## STATE BUDGET

### Operating Budget Bill (Typically House Bill 1)

#### Operating Budget Line Items

(House Bill 1, Sections 1.00 to 1.07)

Line Item 1	\$X,XXX
Line Item 2	\$XX
Line Item 3	\$XXX
Organization, Class, and Agency Notes	
Line Items Total	\$XX,XXX

#### Text Following Line Items

- Sections 1.08 Through Final Section
- Back of Budget Funding Adjustments
- Revenue Estimates
- Budget Footnotes



### Trailer Bill (Typically House Bill 2)

#### Omnibus Bill Text

Policy Language in Sentences,  
Which Can Include:

- Policy Changes Paired With Line Item Changes
- Additional Appropriations
- Allocations of Surplus Revenue from the Prior Biennium
- Policy on Other Topics

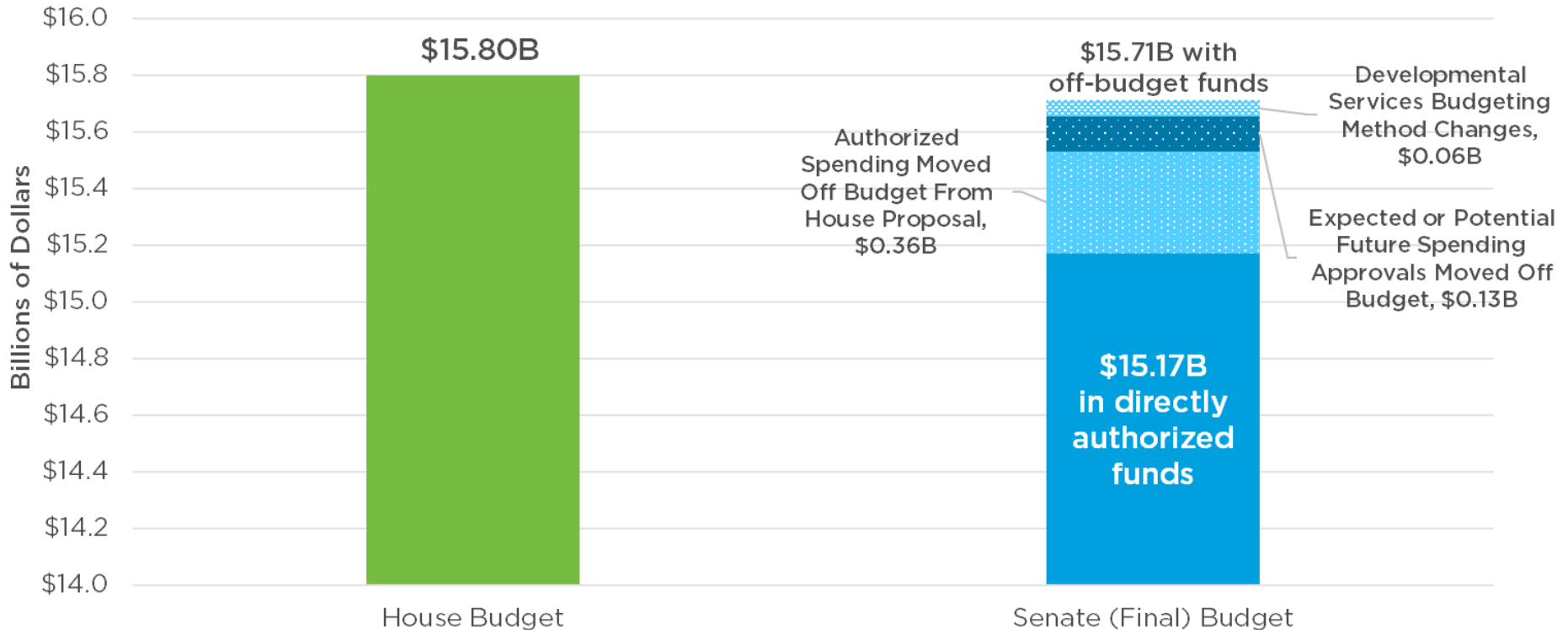
# MOST SENATE FUNDING CHANGES TO HOUSE'S BUDGET ACCOUNTING CHOICES

- Legislature's budget total appropriates \$1.90 billion (14.3 percent) over current State Budget as enacted
- Both inflation and policy changes impacted rise in total
- About \$627.2 million (4.0 percent) decrease in total expenditures in the Senate's version of the State Budget, agreed to by the House, than the House's original version
- Most differences were due to accounting decisions, including moving funds authorized in separate statutes and funds that could be accepted later through the Joint Legislative Fiscal Committee off-budget, lowering total without service changes
- Adjusting for these changes, the Senate's budget appropriates less than the House's original version, but margin declines to a \$86.3 million (0.5 percent) reduction

# SENATE SHIFTED SIGNIFICANT HOUSE-PROPOSED APPROPRIATIONS OFF-BUDGET

## DETAILED CHANGES IN APPROPRIATION LEVELS BETWEEN HOUSE AND SENATE BUDGETS

*State Fiscal Years (SFY) 2024-2025, and SFY 2023 Surplus Appropriations, for Budget Proposals*



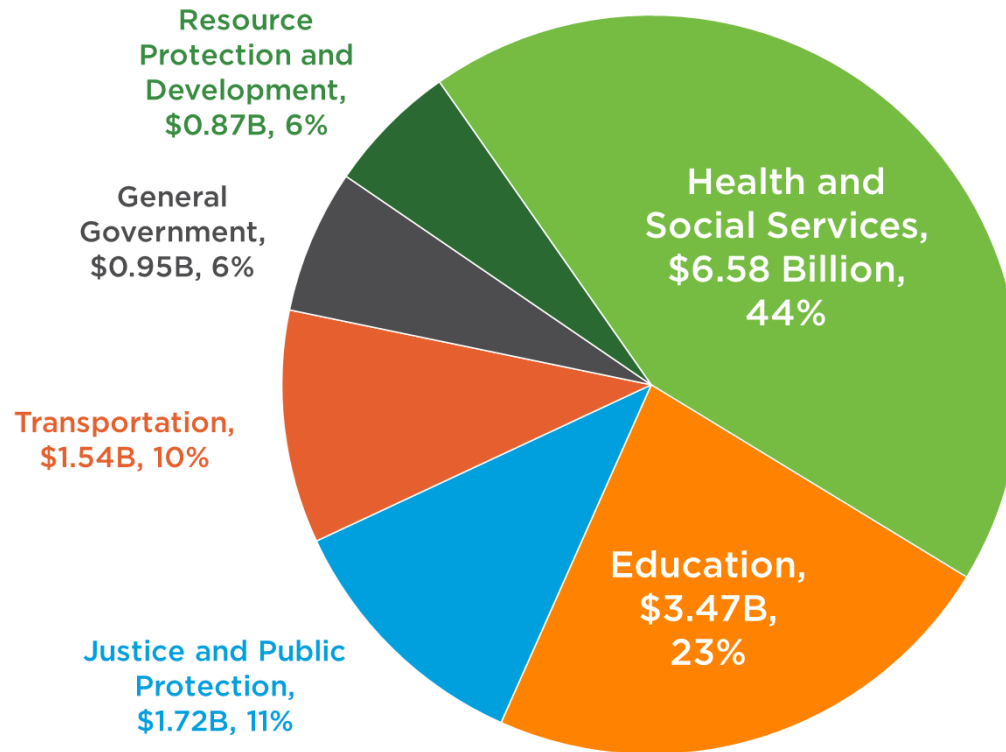
### Biennial Budget Total (Including Surplus Appropriations)

Sources: 2023-1244h; 2023-1247h; 2023-1336h; 2023-1299h; 2023-2054s; 2023-2076s; New Hampshire Office of Legislative Budget Assistant, Detail Change, Senate Finance vs. House Passed, June 1, 2023

# ABOUT TWO-THIRDS OF PROPOSAL FOR HEALTH, SOCIAL SERVICES, AND EDUCATION

## LEGISLATURE'S STATE BUDGET APPROPRIATIONS BY CATEGORY

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



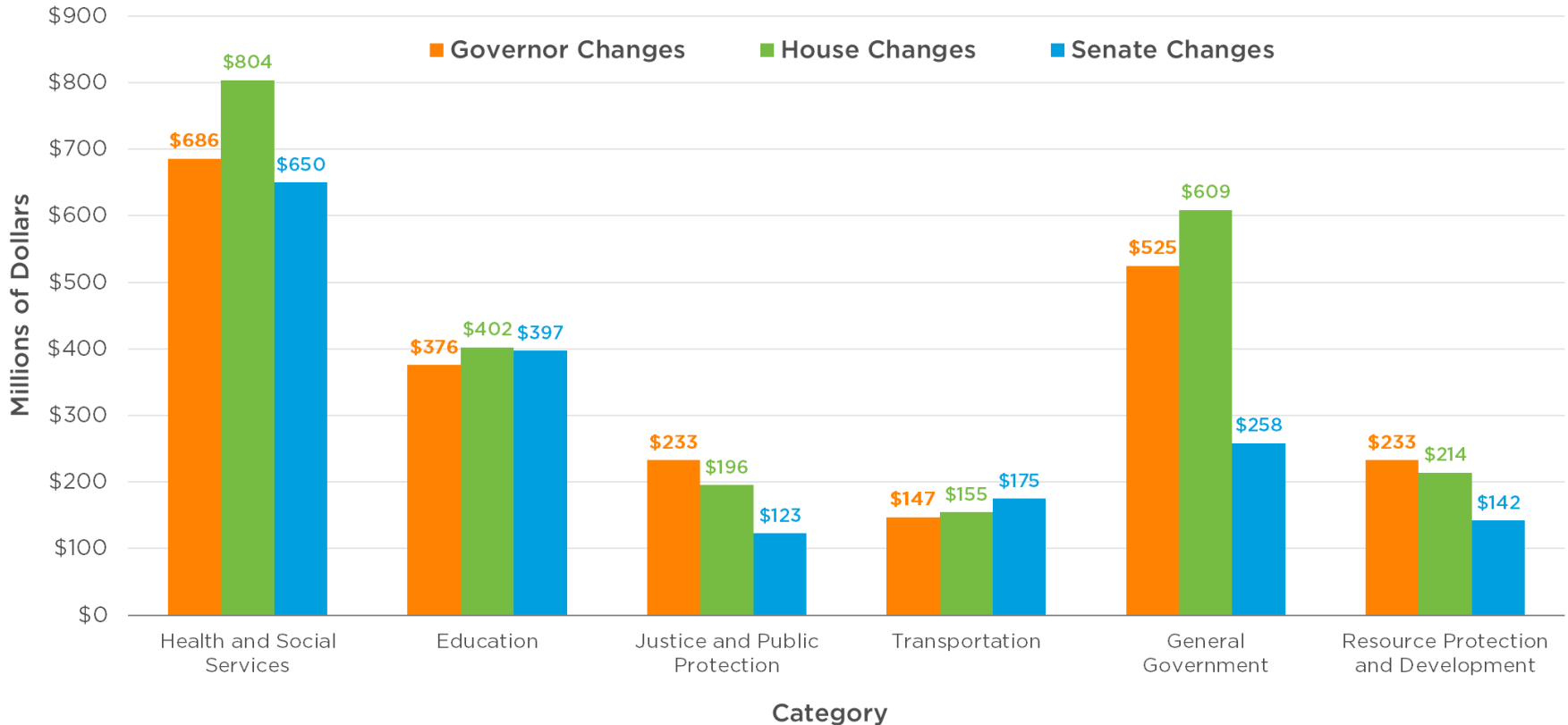
Note: General Government includes HB 2 appropriations for the Affordable Housing Fund, InvestNH, and all State employee pay raises defined by and funded through appropriations made in House Bill 2, as amended by the House.  
Sources: New Hampshire Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023, Surplus Statements, April 6 and 7, 2023, Briefing on Senate Finance Changes to House Passed Budget, June 6, 2023; ; 2023-2092s; 2023-2171s; 2023-2139s



# NEW BUDGET GROWS EXPENDITURES IN ALL CATEGORIES, TRIMMED MOST FROM HOUSE

## CHANGES IN FUNDING IN 2023 SESSION STATE BUDGET 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, House, and Senate, Includes Trailer Bill Appropriations*

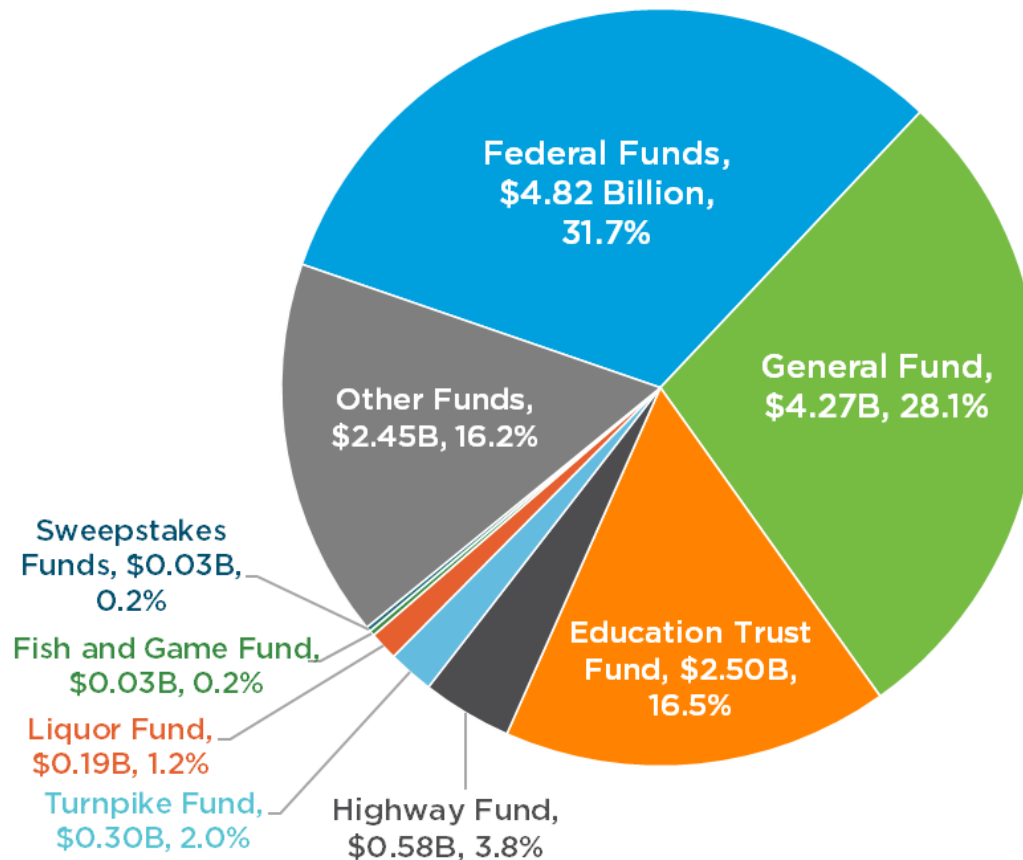


Sources: Chapters 90 and 91, Laws of 2021; Office of Legislative Budget Assistant, June 2021 and March-April 2023 Surplus Statements, Governor's Recommended Budget Trailer Bill Appropriations, February 21, 2023, Compare House Finance to Governor, March 28, 2023, Briefing on Senate Finance Changes to House Passed Budget, June 6, 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; 2023-2092s; 2023-2171s; 2023-2139s

# FEDERAL FUNDS REMAIN IMPORTANT, GENERAL FUND GROWS IN NEW BUDGET

## THE STATE BUDGET FOR FISCAL YEARS 2024 AND 2025, BY FUND

*Includes Operating Budget and Trailer Bill Appropriations*



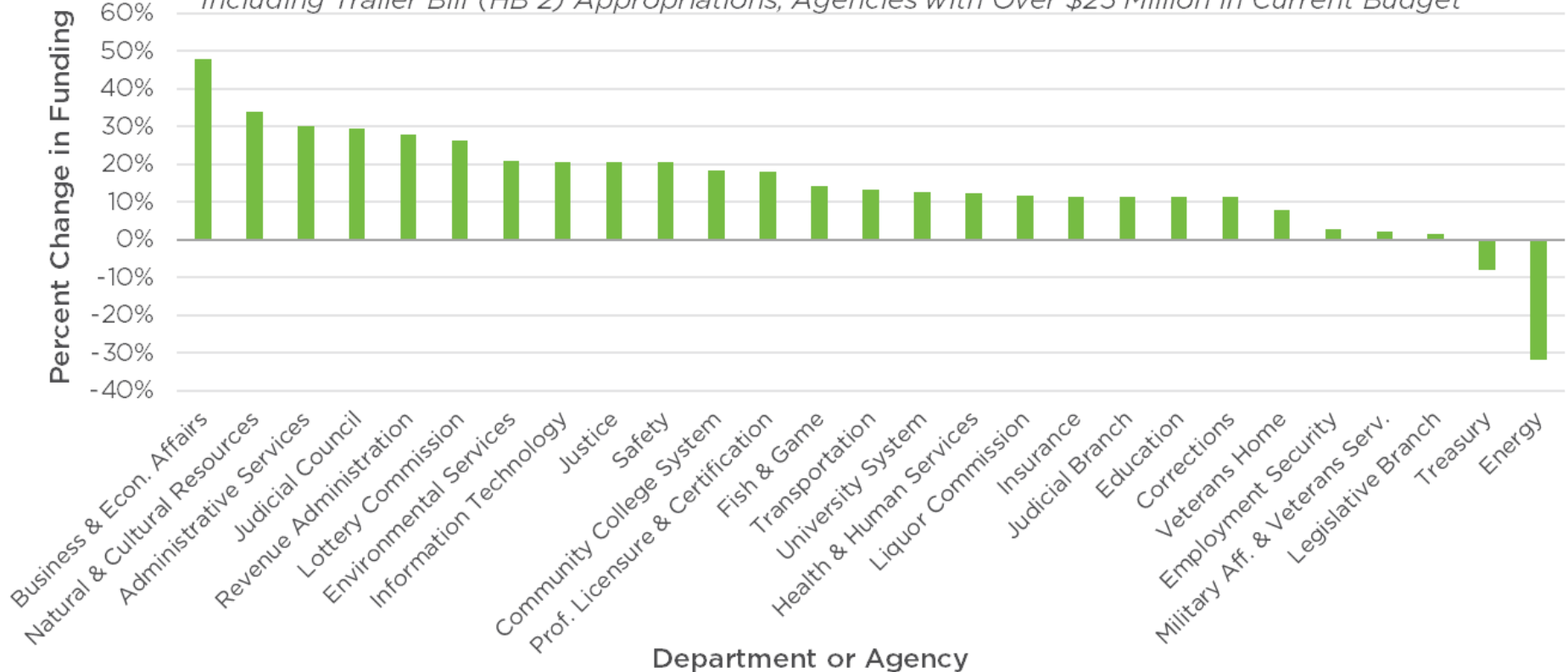
Sources: New Hampshire Office of Legislative Budget Assistant, Senate Finance Committee Surplus Statements, June 2023; 2023-2054s; 2023-2092s; 2023-2171s; 2023-2139s

# CHANGES BY STATE AGENCY

# FUNDING CHANGES BY STATE AGENCY

## CURRENT AND LEGISLATURE'S PROPOSED STATE BUDGET CHANGES IN APPROPRIATIONS BY STATE AGENCY

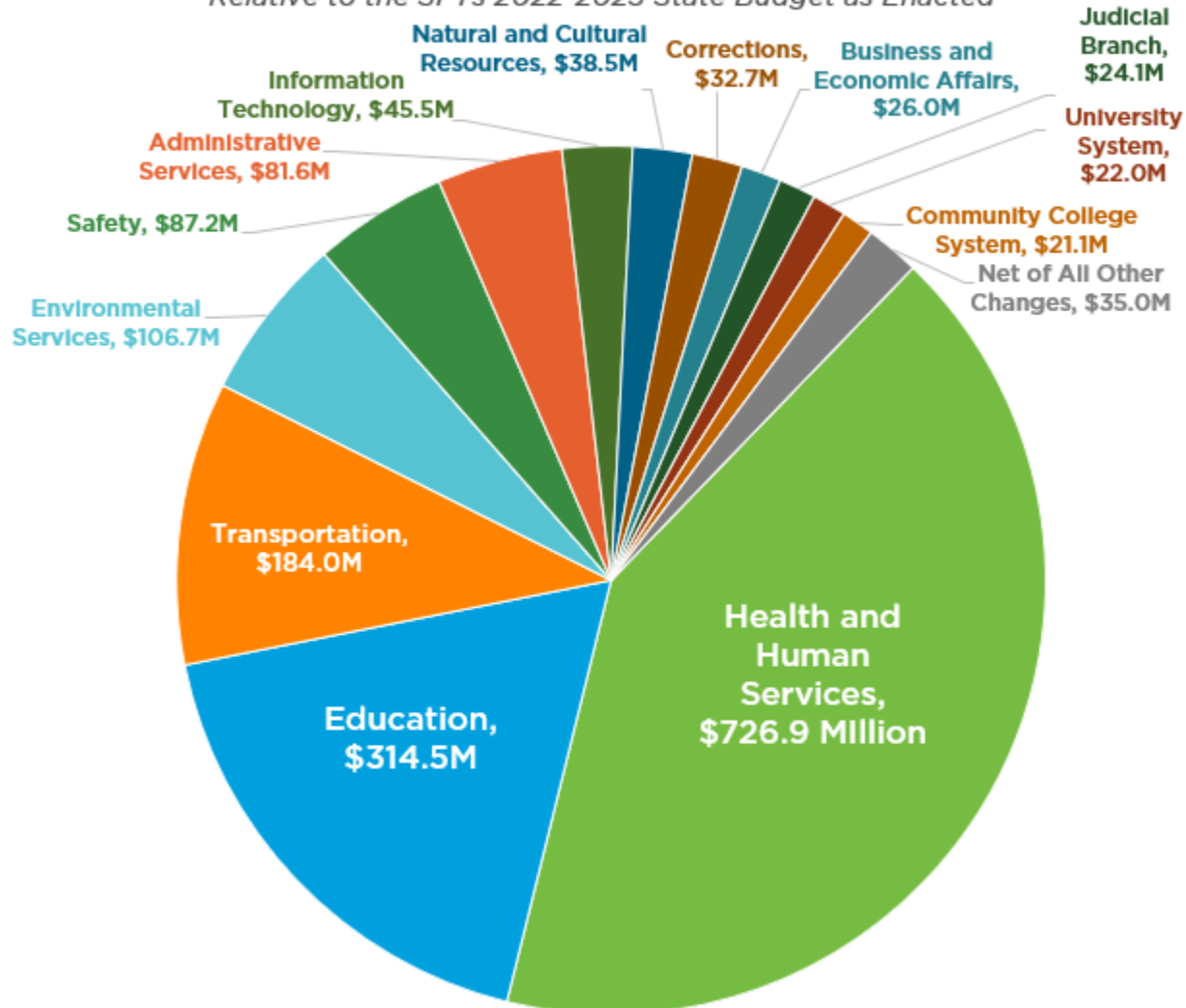
*State Fiscal Years 2022-2023 as Originally Enacted and SFYs 2024-2025 as Passed by Legislature, Including Trailer Bill (HB 2) Appropriations, Agencies with Over \$25 Million in Current Budget*



Sources: New Hampshire Office of Legislative Budget Assistant, Senate Finance Committee - Biennial Budget Comparison by Department, June 1, 2021, and Comparative Statements of Undesignated Surplus, Combined General and Education Trust Funds (June 17, 2021 and June 8, 2023), Highway Fund (June 3, 2021), and Fish and Game Fund (June 3, 2021); 2021-1885s; Chapters 90 and 91, Laws of 2021; HB 1 as amended by the Senate, 2023 Session; HB 2 as adopted by both bodies, 2023 Session

# CHANGE FROM THE CURRENT STATE BUDGET TO THE BUDGET PROPOSED BY THE LEGISLATURE, DOLLAR CHANGES BY DEPARTMENT

*Appropriations Proposed for State Fiscal Years 2024-2025 Relative to the SFYs 2022-2023 State Budget as Enacted*



Sources: New Hampshire Office of Legislative Budget Assistant, Senate Finance Committee - Biennial Budget Comparison by Department, June 1, 2021, and Comparative Statements of Undesignated Surplus, Combined General and Education Trust Funds (June 17, 2021 and June 8, 2023), Highway Fund (June 3, 2021), and Fish and Game Fund (June 3, 2021); 2021-1885s; Chapters 90 and 91, Laws of 2021; HB 1 as amended by the Senate, 2023 Session; HB 2 as adopted by both bodies, 2023 Session

# KEY CHANGES OUTSIDE THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

# EDUCATION FUNDING FORMULA REVISION

State Fiscal Year 2024 Formula Aid Type	Current Law	Legislature's Proposal
Base Per Pupil	\$3,866.18	\$4,100
Free and Reduced-Price Meal Eligibility	\$1,933.08	\$2,300
Special Education	\$2,079.89	\$2,100
English Language Learner	\$756.43	\$800
Third Grade Reading Proficiency	\$756.43	Eliminated
Relief Aid based on concentration of Free and Reduced-Price Meal Eligibility	Between \$150 and \$600 per student	Eliminated
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 rises to \$8,500, \$11,500 in SFY 2025, adjusts upward 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)	Eliminated
Stabilization Grants based on historical change to formula	Total of \$157 million to communities that would have faced shortfall in SFY 2012	Eliminated
Hold Harmless Grants	None	Ensures no funding reduction, reduced by 20 percent of original value in each subsequent biennium
<b>Estimated Total Aid</b>	<b>\$962 million</b>	<b>\$1,041 million</b>

Sources: New Hampshire Office of Legislative Budget Assistant, Comparison – Adequacy Grants, April 6, 2023, and Town-by-Town Compare 2030s, May 26, 2023

# CHANGES TO EDUCATION FUNDING

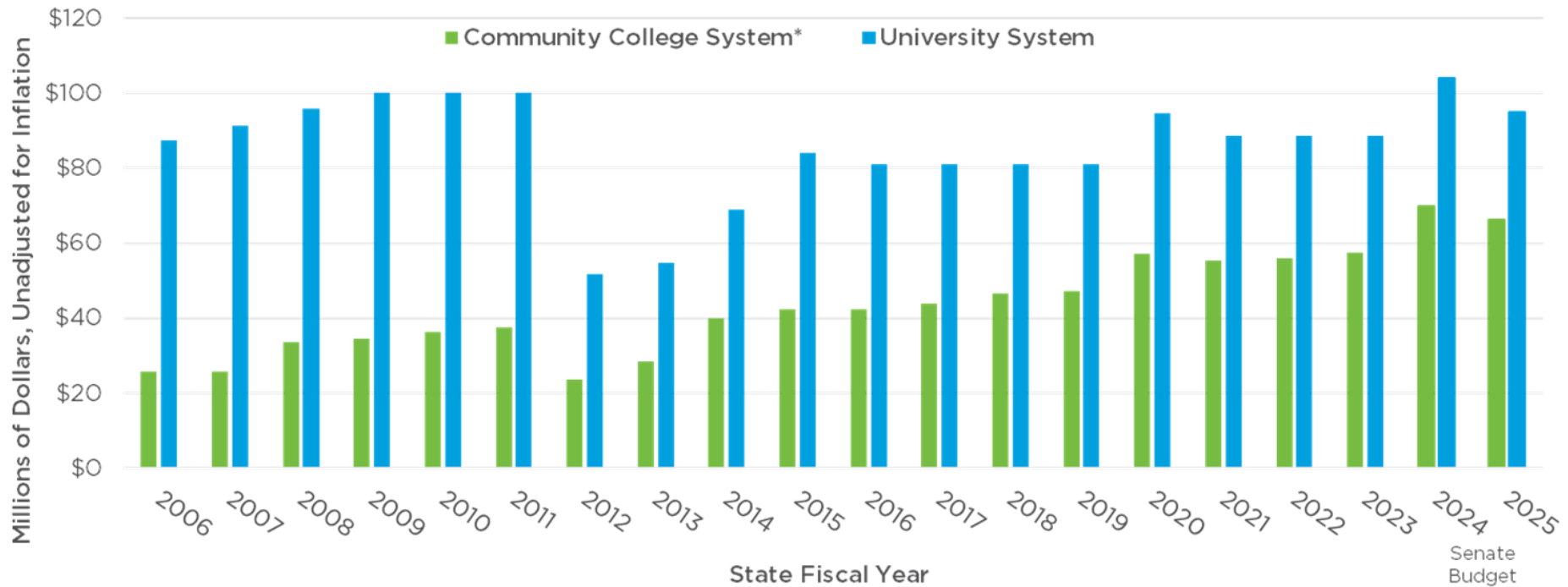
- Formula changes target more aid at communities with a combination of low taxable property values and high concentrations of free or reduced-price meal eligible students
- Hold Harmless Grants keep funding levels higher than current biennium for all communities, but will decline starting in the next State Budget under the Legislature's proposal
- Changes method for distributing funding between General Fund and Education Trust Fund
- Additional funding for public charter schools on per pupil basis, increased funding beyond formula to \$4,900 per student
- \$10 million for public school infrastructure, security upgrades
- Increase in operating funding for both University System and the Community College System, as well as funding targeted to special projects and to Plymouth State and Keene State



# HIGHER EDUCATION FUNDING RECOVERING FROM GREAT RECESSION REDUCTIONS

## NEW HAMPSHIRE PUBLIC HIGHER EDUCATION FUNDING IN THE STATE BUDGET

*Includes Certain One-Time Appropriations for Certain Projects or Initiatives*



\*Note: Prior to SFY 2012, the Community College System was organized differently, and its entire structure was included in the State Budget. In this graph, only General Fund line item and one-time Trailer Bill appropriations are included in the historical data.

Sources: New Hampshire State Operating Budgets and Trailer Bills as Enacted; New Hampshire Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023, Combined General and Education Trust Funds Surplus Statement, March 29, 2023, Senate Finance Changes to House Budget, June 2, 2023; HB 2, 2023 Session as approved by the House and by both bodies

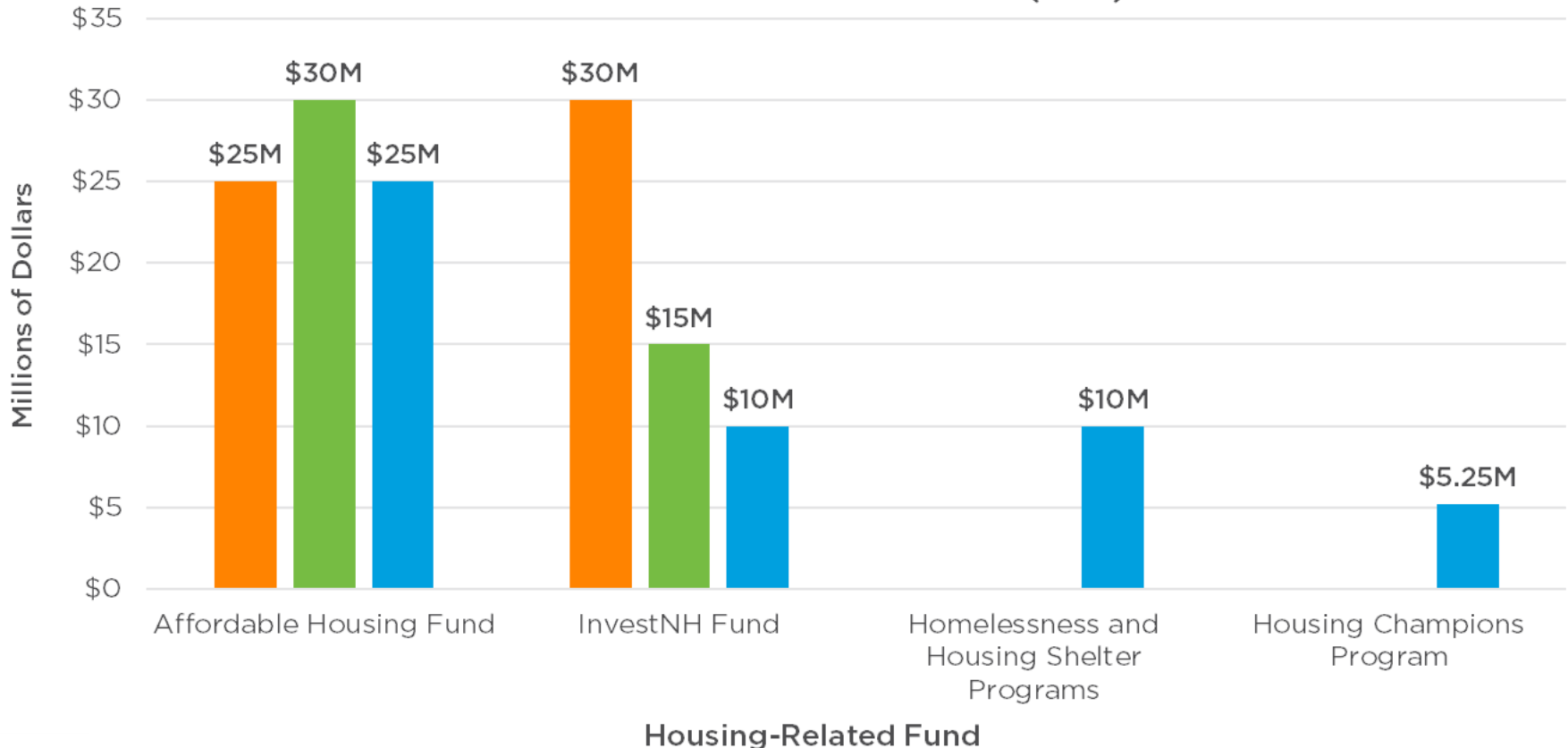
# HOUSING-RELATED FUNDING IN BUDGET

- **Affordable Housing Fund:** administered by the New Hampshire Housing Finance Authority, provides grants and low-interest loans for building or acquiring housing affordable to people with low-to-moderate incomes
- **InvestNH Fund:** created originally by executive branch to use flexible funds from American Rescue Plan Act to support developers creating multifamily rental housing and incentivize municipalities to add units and update zoning regulations
- **Housing Champion Designation and Grant Program:** provides incentives for municipalities to make certain land use and zoning changes, perform water and sewer upgrades, and support walkability and transportation infrastructure to promote workforce housing; originally a \$29 million Senate bill
- **Homelessness and Housing Shelter Programs:** increases to rates paid to shelter programs and helps pay for cold weather shelter, hotel stays, and other shelter alternatives

# ONE-TIME FUNDING FOR HOUSING TOTALS \$50.25 MILLION IN BUDGET PROPOSAL

**HOUSING APPROPRIATIONS IN EACH STATE BUDGET PROPOSAL**  
*State Fiscal Years 2024-2025 Budget Legislation, Including SFY 2023 Surplus Funding*

■ Governor ■ House ■ Senate (Final)



# ADDS TRANSPORTATION, INFRASTRUCTURE, AND ENVIRONMENTAL FUNDING

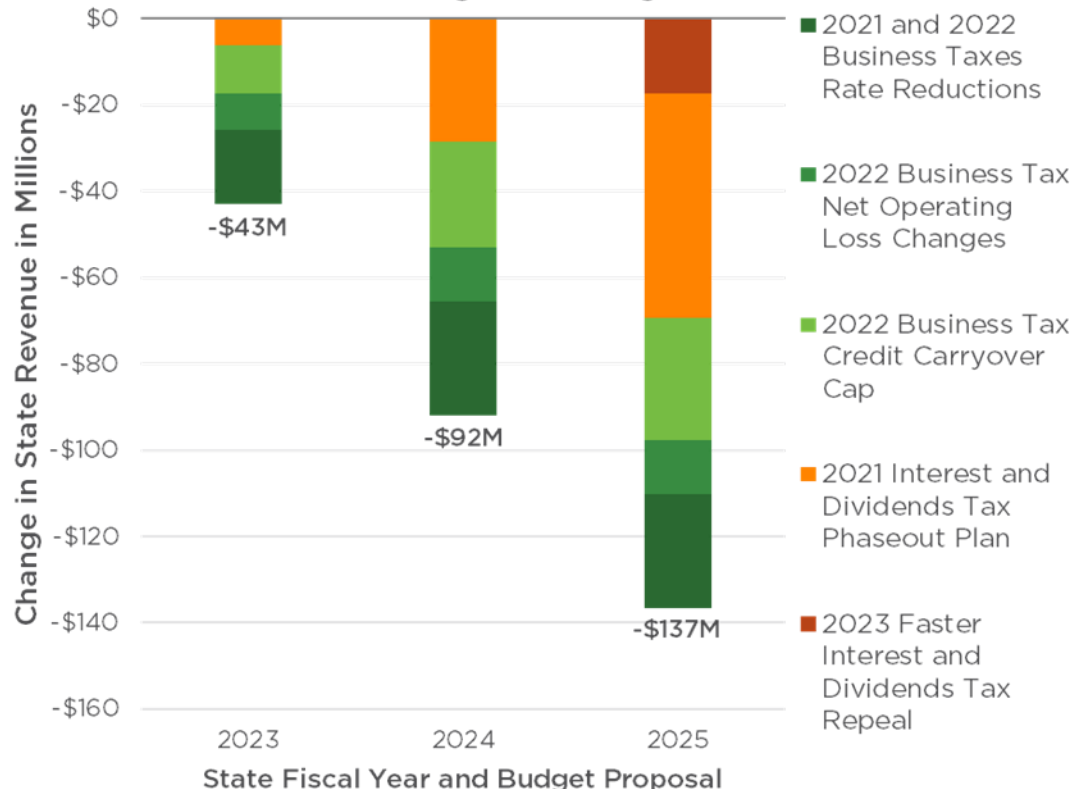
- \$10.0 million to municipalities for bridge construction or maintenance based on bridge deck area and population
- \$10.0 million to municipalities in road maintenance and construction funds through usual apportionment formula
- \$4.8 million for new Transportation Dept. vehicles, equipment
- \$1.9 million for state operating match for rural and urban transit under federal Infrastructure Investment and Jobs Act
- \$18.0 million for Cannon Mountain Tramway work
- \$27.9 million for municipal wastewater infrastructure costs
- \$9.7 million for new drinking water Nashua-Litchfield line
- \$2.0 million for PFAS Response Fund
- \$1.0 million for Cyanobacteria Mitigation Loan and Grant Fund
- \$1.0 million for Solid Waste Management Fund

# KEY CHANGES TO STATE FINANCES

- 10 percent raise for all State employees in SFY 2024, another 2 percent raise in SFY 2025, may help address vacancies
- Projected to add \$66.0 million to Rainy Day Fund by SFY 2026
- Faster elimination of the Interest and Dividends Tax estimated to cost \$82 million during SFYs 2026-2027 budget biennium

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

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



Sources: New Hampshire Department of Revenue Administration, Revenue Estimates, February 16, 2023; Office of Legislative Budget Assistant, Comparative Statement of Undesignated Surplus, May 31, 2023

# KEY FUNDING AND SERVICE CHANGES AT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

# CHILD CARE SUBSIDY PROGRAM CHANGES

- Lifts cap on income eligibility for child care scholarships to 85 percent of State Median Income, significant expansion relative to 220 percent FPG entry limit and 250 percent FPG phaseout
- Increases reimbursement for child care providers serving scholarship children to 75<sup>th</sup> percentile of market rate survey, up from 55<sup>th</sup> or 60<sup>th</sup> percentile depending on child age

## ANNUAL INCOME ELIGIBILITY THRESHOLDS FOR CHILD CARE SCHOLARSHIPS

*Current Two-Tiered Eligibility by Federal Poverty Guidelines (FPG) and House Proposal in State Median Income, July 2022*

Family Size	220% FPG	250% FPG	85% State Median Income
1	\$29,898	\$33,975	\$53,403
2	\$40,282	\$45,775	\$69,835
3	\$50,666	\$57,575	\$86,266
4	\$61,050	\$69,375	\$102,698
5	\$71,434	\$81,175	\$119,130
6	\$81,818	\$92,975	\$135,561
7	\$92,202	\$104,775	\$138,642
8	\$102,586	\$116,575	\$141,723

Source: New Hampshire Department of Health and Human Services Family Assistance Manual, July 2022

# OTHER CHILD CARE AND WELL-BEING CHANGES AND INVESTMENTS

- Eliminates child care cost share for families below 100 percent FPG, and limited cost to \$5 per week for families under 138 percent FPG
- Adds \$15 million for recruitment and retention of child care workforce through grants for employee costs such as training and education, paid time off, and health coverage
- Appropriates \$67 million for residential provider reimbursement rates for system of care for children to support behavioral health
- Provides \$1 million to Early Childhood Mental Health Consultation pilot program
- Funds Family Resource Centers with \$4.0 million, plus \$450,000 for maternal home visiting programs and \$50,000 for family support providers

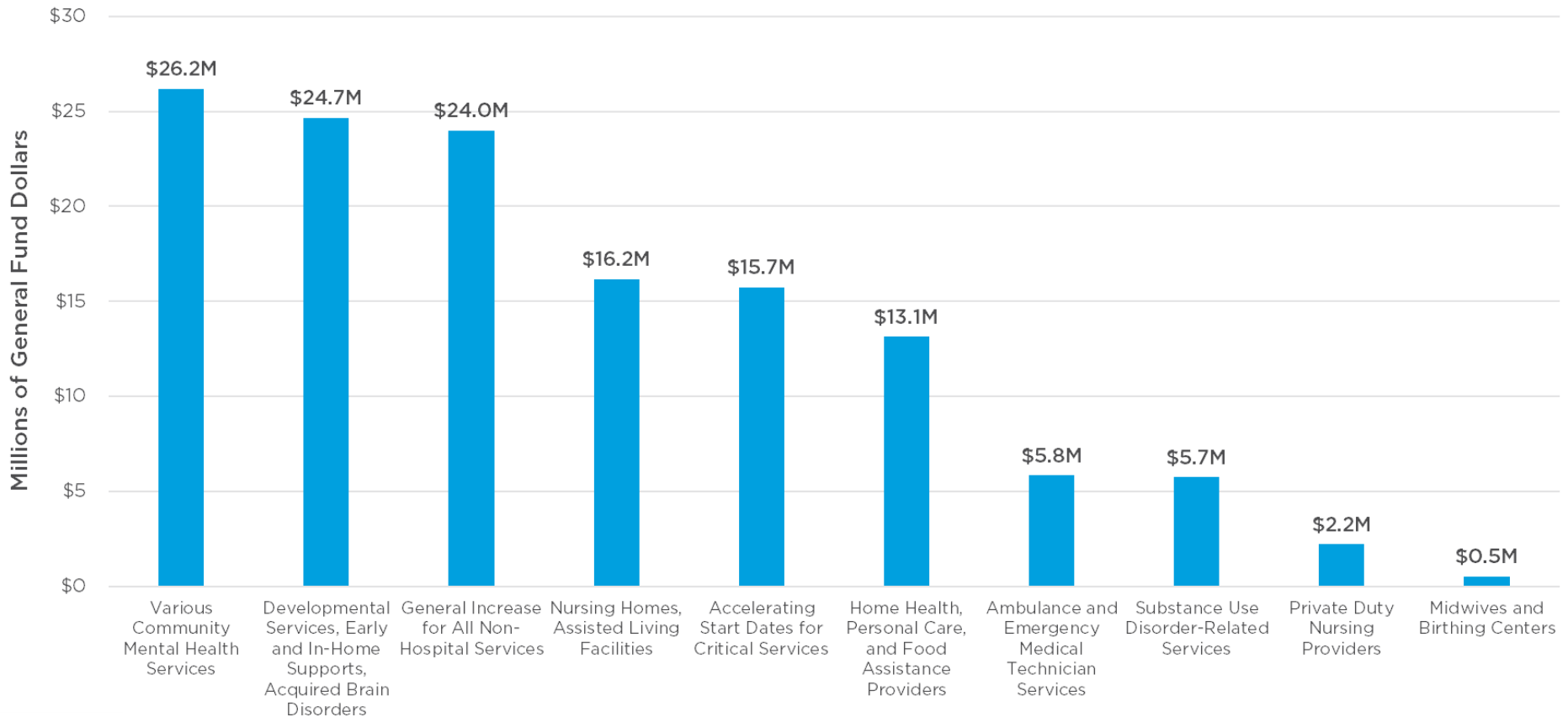


# MEDICAID COVERAGE, BENEFITS CHANGES

- Reauthorizes Medicaid Expansion program for adults with low incomes, also known as Granite Advantage, through 2030, and removed Alcohol Abuse Prevention and Treatment Fund as a revenue source with funding directly from Liquor Commission
- Extends Medicaid coverage to a full year postpartum and additional coverage and assistance for families with infants, and new coverage for certain immigrant women and children
- Establishes and funds System of Care for Healthy Aging, designed to support comprehensive long-term services and supports, including seeking federal waivers for presumptive Medicaid eligibility, easing access to and coordination of services, and increasing resource limit for home and community-based services eligibility and shorten asset lookback period, with \$1.7 million appropriation for changes during biennium, potentially more funding in future

# MEDICAID REIMBURSEMENT RATE INCREASES, TO BE FEDERALLY MATCHED

## TARGETED MEDICAID REIMBURSEMENT RATE GENERAL FUND APPROPRIATIONS IN THE LEGISLATURE'S PROPOSED BUDGET



General Service Area (Broadly Defined)

Source: HB 2 as adopted by both bodies, 2023 Session

# MEDICAID FUNDING AND RATE CHANGES

- \$110.2 million in targeted rate increases, including \$15.7 million to accelerate start dates to before January 1, 2024
- State Department of Health and Human Services has flexibility to prioritize targeted funds with goals of parity across service areas, avoiding impacts to established contracts, and avoiding reductions in federal match levels
- \$24.0 million for rate increases to all providers except hospitals
- Caps county contributions to Medicaid long-term services and supports at SFY 2023 level, limiting county finances impacts
- Additional funding targeted at Choices for Independence Medicaid Waiver Program (CFI) in Trailer Bill of \$15.1 million in General Funds, not specified whether intended for rate increases or enrollment changes

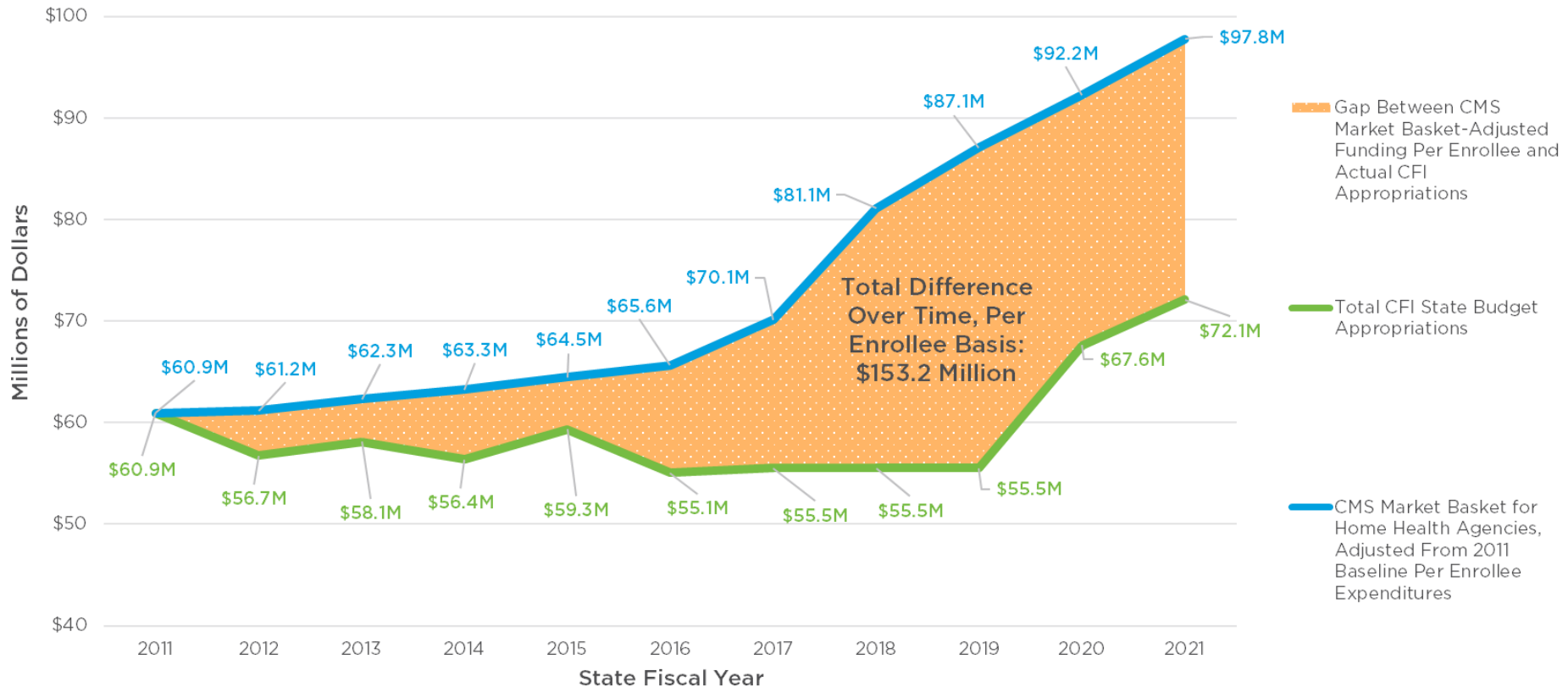
# FUNDING FOR MEDICAID LONG-TERM SERVICES AND SUPPORTS FOR OLDER ADULTS AND ADULTS WITH PHYSICAL DISABILITIES

# NURSING HOMES AND CFI BOTH BOOSTED

- House Bill 1 budget lines include increase of \$13.0 million (1.7 percent) in proposed SFYs 2024-2025 biennium over current budget for nursing facility (payments, ProShare, and Medicaid Quality Incentive Payments), biennial total of \$770.3 million
- House Bill 1 also includes \$36.2 million (23.1 percent) increase for CFI services, bringing biennium total to \$192.7 million
- House Bill 2 includes additional CFI funding and specific rate increases for nursing facilities and general CFI funding; assuming 50 percent federal match, total (HB 1 + 2) increases:
  - Nursing home increase: \$41.1 million (5.4 percent)
  - CFI increase: \$79.3 million (50.7 percent)
- Separate rate increases that do not specify CFI for:
  - Assisted living facilities (\$4.3 million with federal 50 percent match)
  - Home health aides (\$2.9 million with federal 50 percent match)
  - 1915(c) Waiver Case Management Services (\$1.0 million with match)

# CFI FUNDING FELL BELOW INFLATION, ENROLLMENT CHANGES SINCE SFY 2011

TOTAL FUNDING FOR CHOICES FOR INDEPENDENCE RELATIVE TO FEDERAL INFLATION  
MEASURE ON A PER ENROLLEE EXPENDITURE BASIS SINCE 2011  
*Total New Hampshire State Budget Appropriations, Not Net of County Contributions*

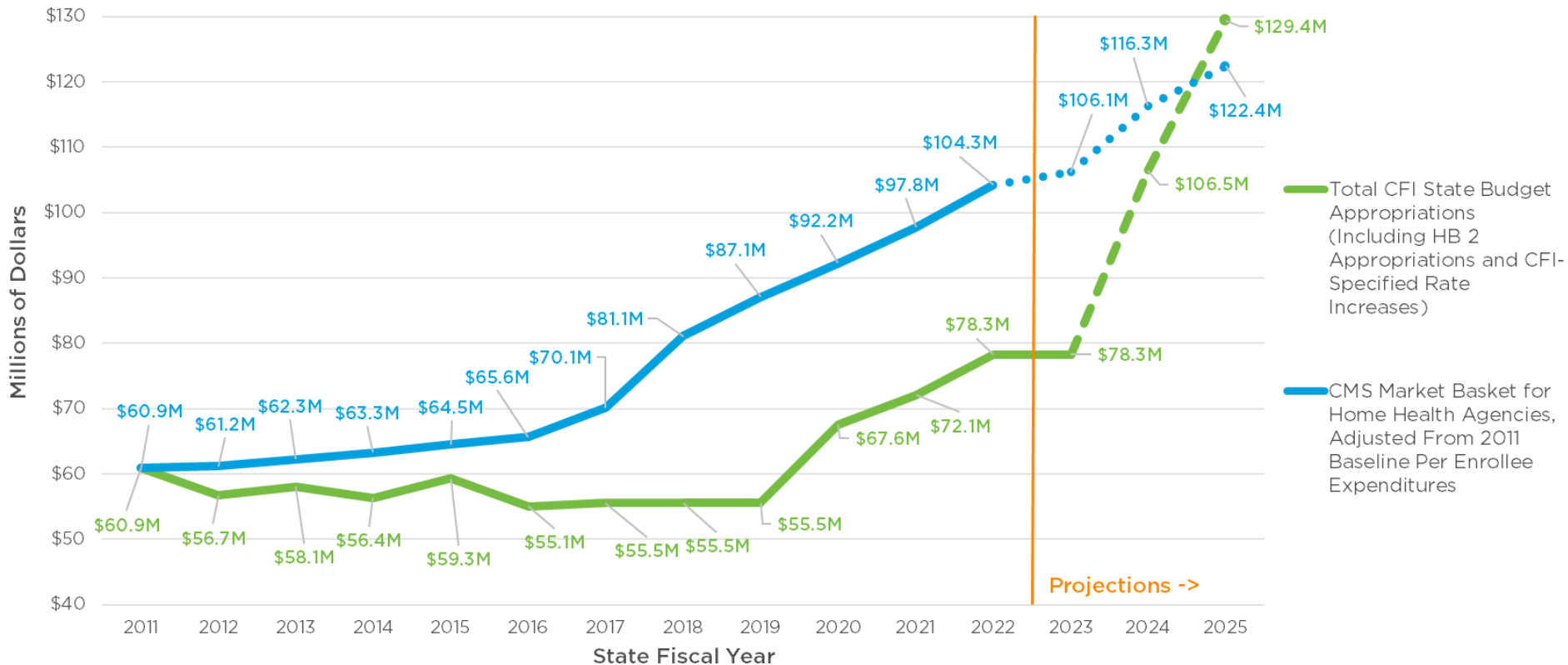


Sources: New Hampshire Office of Legislative Budget Assistant; U.S. Centers for Medicare and Medicaid Services

# PROPOSED APPROPRIATIONS MAY CLOSE GAP, DEPENDING ON FUTURE ENROLLMENT

TOTAL FUNDING FOR CHOICES FOR INDEPENDENCE RELATIVE TO FEDERAL INFLATION MEASURE, PER ENROLLEE EXPENDITURE BASIS SINCE 2011, WITH 2025 PROJECTIONS

*Total New Hampshire State Budget Appropriations, Not Net of County Contributions*



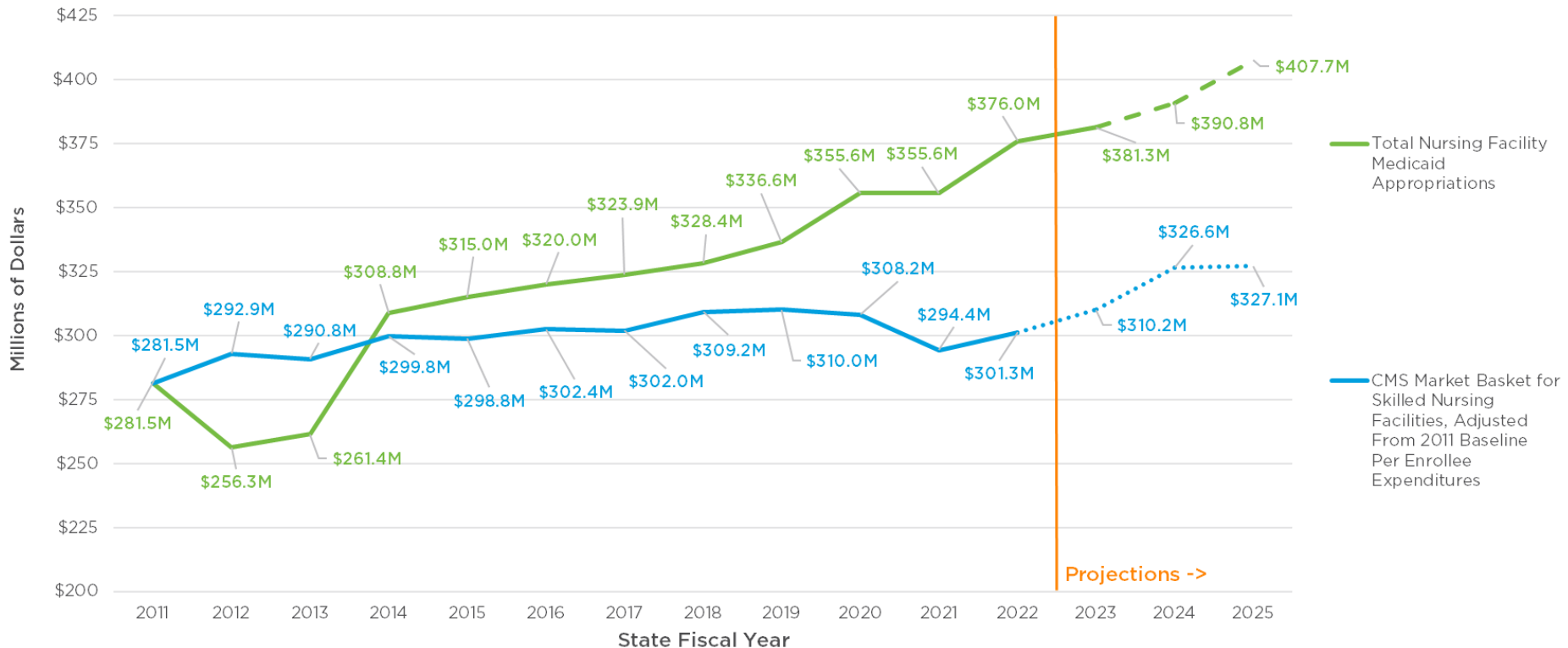
Notes: Projections constructed using Centers for Medicare and Medicaid Services projected Market Basket values for home health agencies and ordinary least squares trendlines for enrollment in CFI home health and midlevel care based on enrollment from State Fiscal Years 2011 through April 2023. SFY average through April 2023 used for SFY 2023 value.

Sources: New Hampshire Office of Legislative Budget Assistant and Department of Health and Human Services; U.S. Centers for Medicare and Medicaid Services

# NURSING FACILITY COSTS PROJECTED TO INCREASE, TRACK NEAR APPROPRIATIONS

FUNDING FOR NURSING FACILITY MEDICAID SERVICES, ACTUAL AND RELATIVE TO FEDERAL INFLATION MEASURE, PER ENROLLEE EXPENDITURE SINCE 2011, WITH 2025 PROJECTIONS

*Total New Hampshire State Budget Appropriations, Not Net of MQIP or County Payments*



Note: Latest U.S. Centers for Medicare and Medicaid Services figures downloaded June 2023. Projections constructed using Centers for Medicare and Medicaid Services projected Market Basket values for skilled nursing facilities and ordinary least squares trendlines for enrollment based on enrollment from State Fiscal Years 2011 through April 2023. SFY average through April 2023 used for SFY 2023 value. Sources: New Hampshire Office of Legislative Budget Assistant; New Hampshire Department of Health and Human Services; U.S. Centers for Medicare and Medicaid Services



# KEY TAKEAWAYS

- Legislature's proposed State Budget grows from current State Budget, due to both inflation and policy choices
- Significant investments in education, Medicaid, children's behavioral health, and public employee compensation
- Housing and child care investments may help ease workforce shortage, reduce costs for families
- Medicaid reimbursement rate increases could help providers, enhance access to care for residents
- New funding for CFI may close overall funding gap relative to 2011 baseline changes, with at least some for reimbursements
- Nursing facility funding levels may continue to keep pace with costs, suggesting systematic methods for reporting costs may help inform budgeting process

# ADDITIONAL RESOURCES

- Webinar: Examining the State Budget: Reviewing the Senate's Proposal – June 12, 2023:  
<https://nhfpi.org/events/reviewing-the-senates-proposal/>
- Blog: Senate Modifies State Budget Proposal, House Concurs with Senate Changes and Sends Budget to Governor – June 9, 2023: <https://nhfpi.org/blog/senate-modifies-state-budget-proposal-house-concurs-with-senate-changes-and-sends-budget-to-governor/>
- Issue Brief: The House of Representatives Budget Proposal for State Fiscal Years 2024 and 2025 – May 9, 2023:  
<https://nhfpi.org/resource/the-house-of-representatives-budget-proposal-for-state-fiscal-years-2024-and-2025/>
- Resource Pages: Budget, Revenue & Tax  
<https://nhfpi.org/topic/budget/>  
<https://nhfpi.org/topic/revenue-tax/>



**NEW HAMPSHIRE  
FISCAL  
POLICY  
INSTITUTE**

**ADDRESS:** 100 North Main Street, Suite 400, Concord, NH 03301

**PHONE:** 603.856.8337

**WEBSITE:** [www.nhfpi.org](http://www.nhfpi.org)

**EMAIL:** [info@nhfpi.org](mailto:info@nhfpi.org)

**TWITTER:** @NHFPI

**FACEBOOK:** NewHampshireFiscalPolicyInstitute