

## Senate Modifies State Budget Proposal, House Concurs with Senate Changes and Sends Budget to Governor

The New Hampshire House of Representatives concurred with the Senate's version of the State Budget on June 8, 2023, finalizing the Legislature's amendments to the next two-year operating budget. The two-year, \$15.17 billion State Budget will go through the enrollment process and be submitted to the Governor for consideration.

The House's concurrence with the Senate's version of the State Budget came after the Senate made modifications to the [Senate Finance Committee's proposed amendments](#) on June 7. The Senate's additional changes included:

- establishing a [competitive grant program for schools](#) seeking more transportation funding for students participating in the regionally-based Career and Technical Education Program. The Senate Finance Committee had reduced appropriations for tuition and transportation assistance for this program relative to the House's version of the State Budget to avoid potentially triggering a federal requirement that may have obligated the State to continue higher funding levels at later dates. This new program will reduce that risk and have a \$4 million appropriation.
- appropriating \$900,000 for the New Hampshire Department of Education's [efforts](#) to support the [Multi-Tiered System of Support for Behavioral Health and Wellness Model](#) in public schools to help address the behavioral health and wellness of students.
- modifying [a requirement](#) that any local, county, or state law enforcement agency in New Hampshire must provide public notification on its website of any known future federal immigration checkpoint in New Hampshire at least 24 hours in advance or as soon as is practical. The [House's version](#) of the State Budget required that publishing to include various media, such as web posting, social media, use of press conferences, press releases, radio and television coverage, posters, and flyers. The Senate reduced those requirements to only posting the information on a law enforcement agency's website.
- adding another [\\$5 million in appropriations](#) to the Affordable Housing Fund, bringing the total one-time appropriation to \$25 million. The Senate also added \$250,000 for the administrative costs associated with implementing the Housing Champion Designation and Grant Program Fund, which the Senate Finance Committee incorporated and partially funded in its State Budget proposal.

With these changes, the Senate sent the House its final State Budget proposal. Rather than [asking for a Committee of Conference](#), the House concurred with the Senate's changes. The key [changes that the Senate made](#) to the [House version](#) that the House concurred to include:

- a seven-year reauthorization to [Medicaid Expansion](#), also known as the New Hampshire Granite Advantage Health Care Program. The House reauthorized this program for only two years in its budget proposal.
- adding flexibility for the New Hampshire Department of Health and Human Services to deploy funds dedicated to targeted Medicaid reimbursement rates to address impacts to established contracts, cost-based rate methodologies and separate rate methodologies actively under development, parity among provider reimbursement rates, and rates paid to out-of-state providers.
- changes to the funding formula for local public education that boost the Extraordinary Needs Grants, which target aid based on a combination of lower local property values and higher numbers of school children from households with low incomes. The Senate stripped away some of the other forms of targeted aid proposed by the House.
- removing certain House-proposed investments in the New Hampshire Retirement System, including \$50 million to expand benefits for certain police and firefighter employees and another \$50 million to decrease the System's unfunded liability, while modifying and reducing the one-time payment made to State retirees proposed by the House.
- trimming operating funding for the University System and reducing funds targeted at certain projects to be administered by the Community College System relative to the House. Despite this reduction relative to the House, the final budget still increases funding for both Systems relative to the current State Budget.
- eliminating proposed expansions to food security for children. The House had proposed expanding enrollment through the direct certification of free and reduced-price school meal eligibility by using information already submitted to the Medicaid program to determine which children were already eligible. The House also proposed substantially raising the income threshold for eligibility for free meals at school. The Senate removed these provisions.
- adding \$15 million to support the child care workforce.
- appropriating \$20 million for municipal bridge and highway maintenance costs.
- devoting \$18 million to the replacement infrastructure for the current Cannon Mountain Aerial Tramway.
- boosting provider payment rates as part of a system of care targeted at children by raising appropriations for rates by \$11.5 million relative to the House, to a total of \$16.5 million.
- establishing a system of care for older adults and adults with disabilities with a \$1.7 million appropriation, in part to bolster access to home and community-based services.
- creating the Northern Border Alliance Fund to support State, county, and local law enforcement activities near the Canadian border, including a \$1.4 million appropriation, which had been removed from the Governor's budget proposal by the House.

In total, the State Budget passed by the Legislature makes key changes relative to current policy. These new investments and policies, which were in both the [House](#) and Senate versions of the State Budget, include:

- increased Medicaid reimbursement rates, supported with \$134.2 million in State funds that will be matched at least dollar-for-dollar by federal Medicaid funding.

- more funding for local public education through the education funding formula, with the final increase totaling [approximately \\$169.1 million](#) during the biennium relative to current policy.
- a 10 percent raise for all State employees in State Fiscal Year 2024, and another 2 percent raise in 2025, to help address worker shortages and vacant positions in State service.
- expansions of subsidies for child care, including both scholarships to help families afford child care by increasing income eligibility thresholds, and boosted reimbursements for providers caring for children with scholarships.
- expanded eligibility to make 12 months of postpartum Medicaid coverage available to anyone who received Medicaid-funded services for all pregnancy-related care, as well as a separate expansion of coverage for certain immigrant children and pregnant women who are lawfully in the United States and are otherwise eligible for Medicaid.
- accelerated repeal of the Interest and Dividends Tax, which will eliminate a key General Fund revenue source in 2025, rather than the phaseout by 2027 planned in prior policy. This tax collects public funds from a portion of [income generated by wealth ownership](#), such as of corporate stock or debt that pays interest, primarily from high-income individuals and households.

This State Budget proposal, which will go to the Governor for a signature, will fund most State operations from July 1, 2023 to June 30, 2025. While changes will be made to the budget during its implementation, and other pieces of legislation will make separate appropriations, key State services will operate on this budget plan until policymakers consider a new biennial State Budget in early 2025.

- *Phil Sletten, Research Director*