



THE FEDERAL BUDGET AND POTENTIAL FISCAL POLICY IMPACTS IN NEW HAMPSHIRE

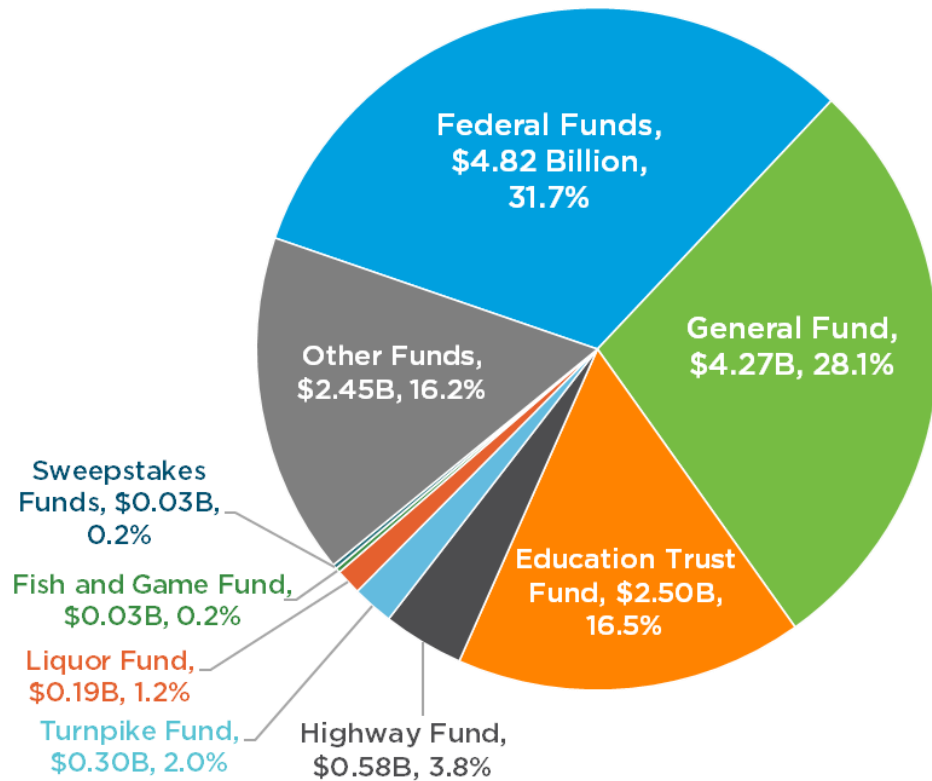
NEW HAMPSHIRE FISCAL POLICY INSTITUTE
9TH ANNUAL BUDGET AND POLICY CONFERENCE

DECEMBER 6, 2024

WHAT ARE STATE SERVICES THAT YOU KNOW ARE SUPPORTED BY FEDERAL FUNDS?

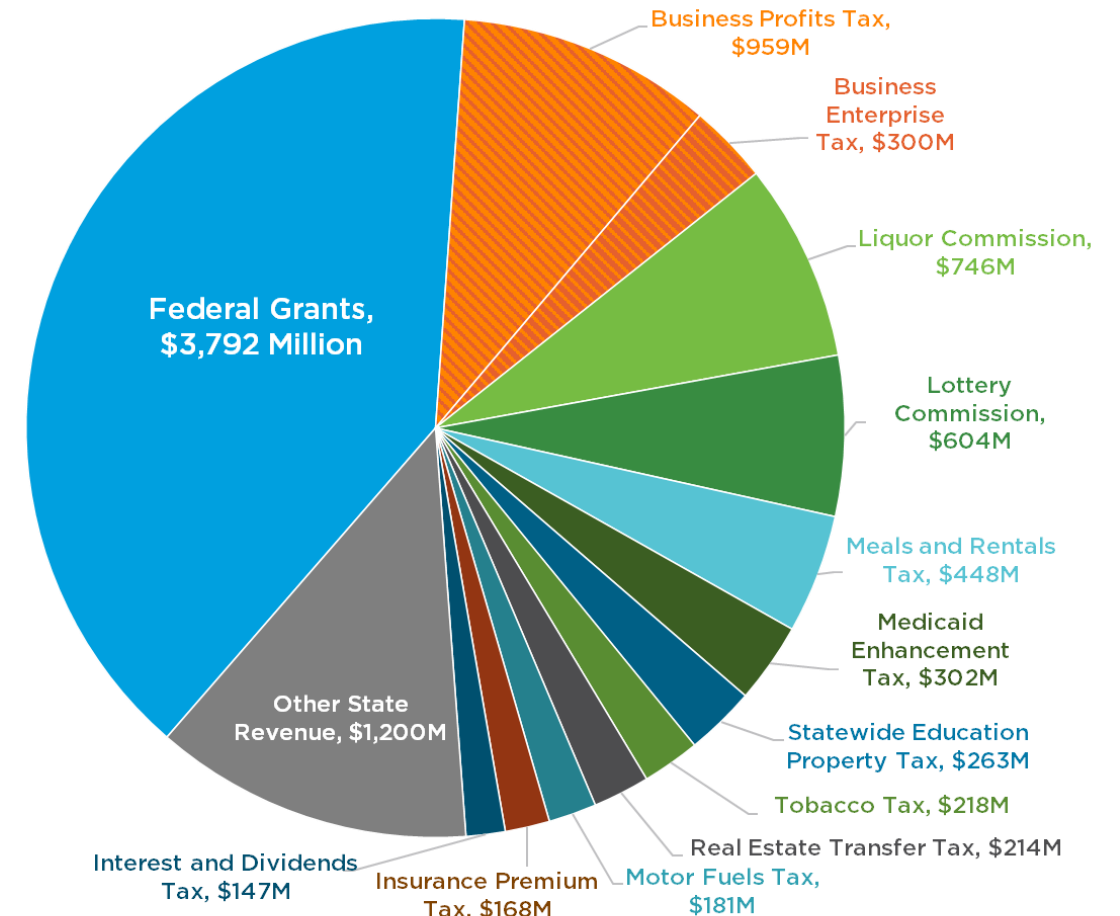
FEDERAL TRANSFERS FUND NEARLY A THIRD OF STATE BUDGET-FUNDED SERVICES

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

STATE REVENUE SOURCES, GOVERNMENTAL AND ENTERPRISE FUNDS, STATE FISCAL YEAR 2023



Sources: New Hampshire Annual Comprehensive Financial Report, SFY 2023; NH Department of Revenue Administration, 2023 Annual Report; NH Department of Health and Human Services

KEY FEDERAL PROGRAMS SUPPORT NEW HAMPSHIRE SERVICES

Medicaid

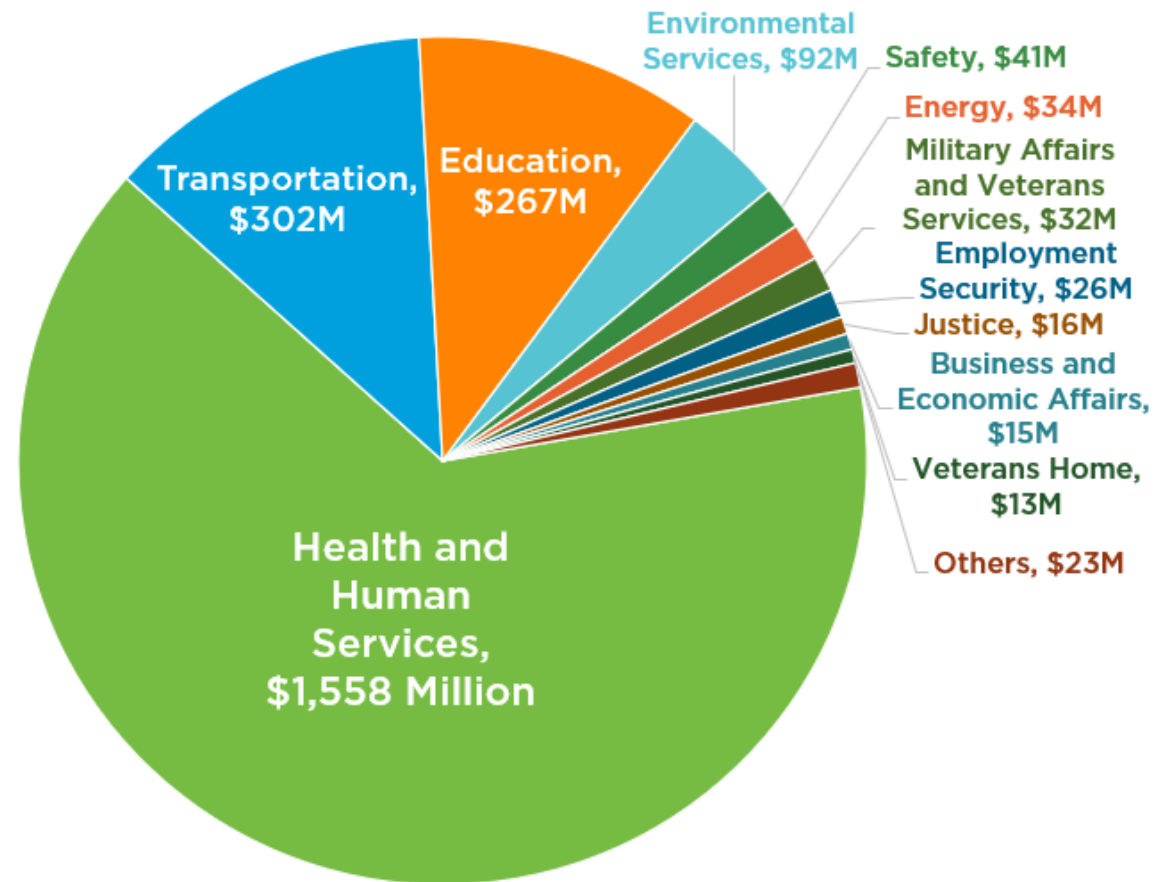
- Approximately \$2.464 billion expenditure in SFY 2024 from all sources, with \$1.393 billion (56.5 percent) of that total coming from the federal government, including federal “waiver” programs
- About \$427.45 million (30.7 percent) of those federal funds supported Granite Advantage
- About 184,000 Granite Staters had access to health care through the program at the end of October 2024, decrease from pandemic highs, yet still higher than 2019

Other Program Areas (Not a Comprehensive List)

- Federal transportation aid, through a wide variety of programs
- Education aid – special education, school meals, professional development
- Water pollution and infrastructure funds, clean and drinking water programs
- Supplemental Nutrition Assistance Program (SNAP)
- Women, Infants, and Children Nutrition Program (WIC)
- Temporary Assistance for Needy Families (TANF)
- Low Income Home Energy Assistance Program (State Fuel Assistance Program)
- Veterans’ care aid

FEDERAL FUNDS FLOW TO MOST STATE AGENCIES TO SUPPORT SERVICES

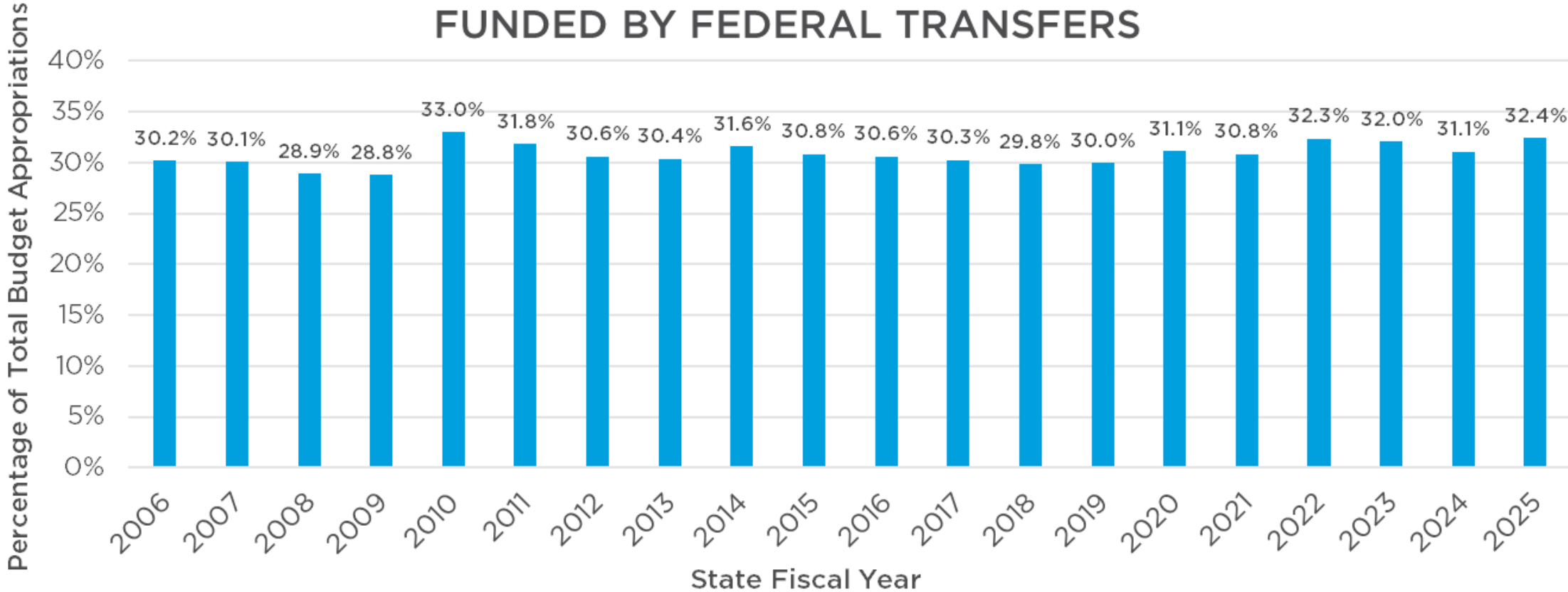
FEDERAL FUNDS IN THE NEW HAMPSHIRE STATE BUDGET BY STATE AGENCY, SFY 2025



Source: Chapter 106, Laws of 2023

RELIANCE ON FEDERAL FUNDS IS NOT NEW OR UNIQUE TO NEW HAMPSHIRE'S BUDGET

PERCENTAGE OF THE NEW HAMPSHIRE STATE BUDGET FUNDED BY FEDERAL TRANSFERS



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.

Source: New Hampshire Office of Legislative Budget Assistant

SERVES AS LOCAL ECONOMIC STIMULUS

RETURNS ON INVESTMENT FROM CERTAIN POLICIES

Fiscal Stimulus Multipliers, 2021

Estimates of Change in Size of the Economy (Gross Domestic Product) in the Fourth Quarter of 2021 for Each \$1.00 Change in Selected Federal Expenditure or Tax Changes in the First Quarter of 2021	
Policy Change Analyzed	Economic Growth Per \$1 Invested
Supplemental Nutrition Assistance Program Benefits	\$1.61
Supplemental Unemployment Insurance	\$1.49
Work-Share Unemployment Insurance	\$1.37
Aid to State and Local Governments	\$1.34
Low Income Home Energy Assistance Program (LIHEAP)	\$1.31
Transportation Infrastructure Spending	\$1.29
Earned Income Tax Credit	\$1.27
Child Tax Credit	\$1.25
Defense Spending	\$1.24
Child Care (Universal Child Care Act)	\$1.19
Universal Pre-Kindergarten	\$1.17
Care for Older Adults	\$1.15
Economic Impact Payments	\$1.09
Payroll Tax Holiday for Employees	\$1.07
Payroll Tax Holiday for Employers	\$0.95
Nonrefundable Lump Sum Tax Rebate	\$0.93
Personal Income Tax Rate	\$0.88
Housing Tax Credit	\$0.80
Student Loan Debt Forgiveness	\$0.65
Dividend and Capital Gain Tax Rate Reduction	\$0.38
Corporate Tax Rate Reduction	\$0.32
Accelerated Depreciation for Business Taxes	\$0.27
Business Net Operating Losses Tax Offset	\$0.24

Note: Evaluated relative to the parameters of the federal 2021 American Rescue Plan Act as proposed in January 2021.

Source: Moody's Analytics, *The Biden Fiscal Rescue Package: Light on the Horizon*, January 15, 2021

UPCOMING FEDERAL POLICY DECISIONS IN 2025

- Mostly in response to previously-established deadlines
- **December 2024:** stopgap spending measure, setting up the next federal budget cycle timeline later in 2025
- **January 2025:** Federal debt limit reinstated, beginning U.S. Treasury Department's efforts to avoid default until the debt limit could be raised again
- **September 2025:** Federal spending caps agreed to in June 2023 will be lifted
- **December 2025:** enhanced health care marketplace subsidies, which provided approximately \$38.4 million to Granite Staters in 2023, will expire
- **December 2025:** the 2017 Tax Cuts and Jobs Act has key individual income tax changes that expire, including lower tax rates for most taxpayers
 - Expiring tax provisions have primarily benefited households with higher incomes, particularly Estate Tax and business-related income deduction provisions
 - Most corporate tax provisions are not expiring

Sources: Peter G. Peterson Foundation, The Lawmakers We Elect in November Will Face a Series of Important Fiscal Decisions, May 29, 2024; Bipartisan Policy Center, The First of Several 2025 Fiscal Milestones for Congress: The X Date, April 16, 2024; The Concord Coalition, Top Five Takeaways from CBO's New Budget Baseline, February 9, 2024; Kaiser Family Foundation, Inflation Reduction Act Health Insurance Subsidies: What is Their Impact and What Would Happen if They Expire?, July 26, 2024

ADDITIONAL NHFPI RESOURCES

- Blog: Federal Policymakers Will Consider Tax Changes Benefitting Higher-Income Granite Staters in 2025 – September 26, 2024: <https://nhfpi.org/blog/federal-policymakers-will-consider-tax-changes-benefitting-higher-income-granite-staters-in-2025>
- Column: Federal Policy Choices in 2025 Could Impact State and Local Finances – October 21, 2024: <https://nhfpi.org/columns/federal-policy-choices-in-2025-could-impact-state-and-local-finances-new-hampshire-bulletin/>
- Resource Pages: Budget, Revenue & Tax <https://nhfpi.org/topic/budget/> and <https://nhfpi.org/topic/revenue-tax/>