



# CHANGES IN THE STATE FISCAL YEARS 2024-2025 STATE BUDGET AND LOOMING QUESTIONS

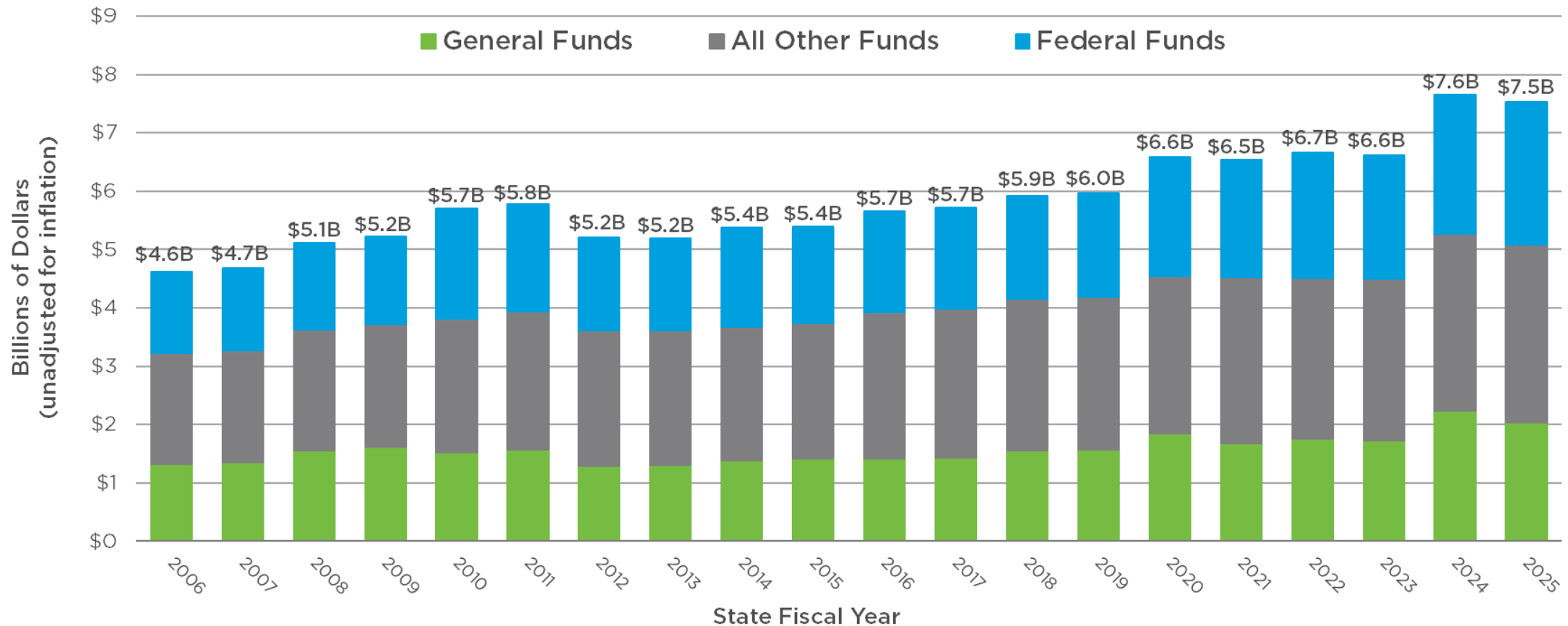
NEW HAMPSHIRE FISCAL POLICY INSTITUTE  
9<sup>TH</sup> ANNUAL BUDGET AND POLICY CONFERENCE

DECEMBER 6, 2024

# KEY CHANGES IN THE CURRENT STATE BUDGET

# CURRENT STATE BUDGET TOTALED \$15.17 BILLION FOR TWO YEARS AS ENACTED

## HISTORICAL STATE BUDGET APPROPRIATIONS AS ENACTED



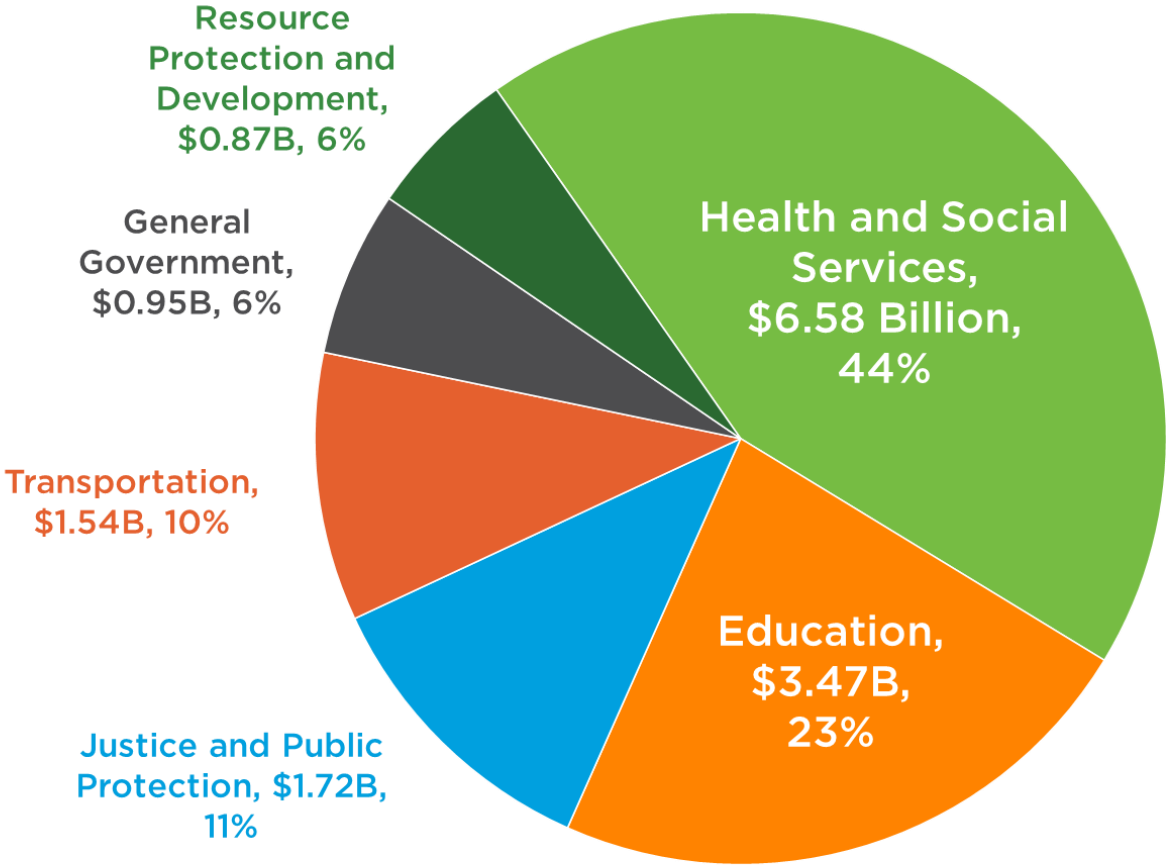
Note: Includes Trailer Bill and Back of Budget adjustments as represented in Surplus Statements, and Back of Budget reductions only for State Fiscal Years 2006 to 2009. Appropriations of surplus from prior budget biennium included in the first year of each new State Budget, not including Rainy Day Fund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

# BUDGET APPROPRIATIONS IN SIX CATEGORIES

## STATE BUDGET APPROPRIATIONS BY CATEGORY

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



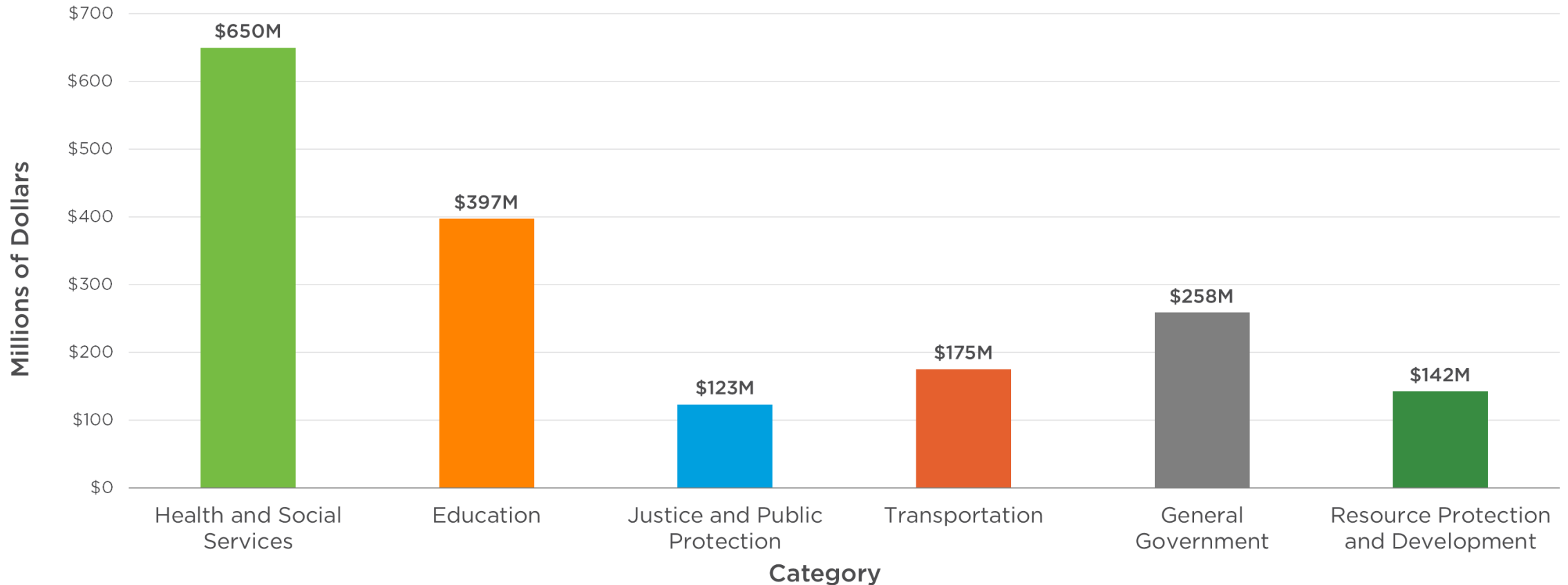
Note: General Government includes HB 2 appropriations for the Affordable Housing Fund, InvestNH, and all State employee pay raises defined by and funded through appropriations made in House Bill 2, as amended by the House.

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

# MOST NEW FUNDING ALLOCATED TO HEALTH, SOCIAL SERVICES, AND EDUCATION

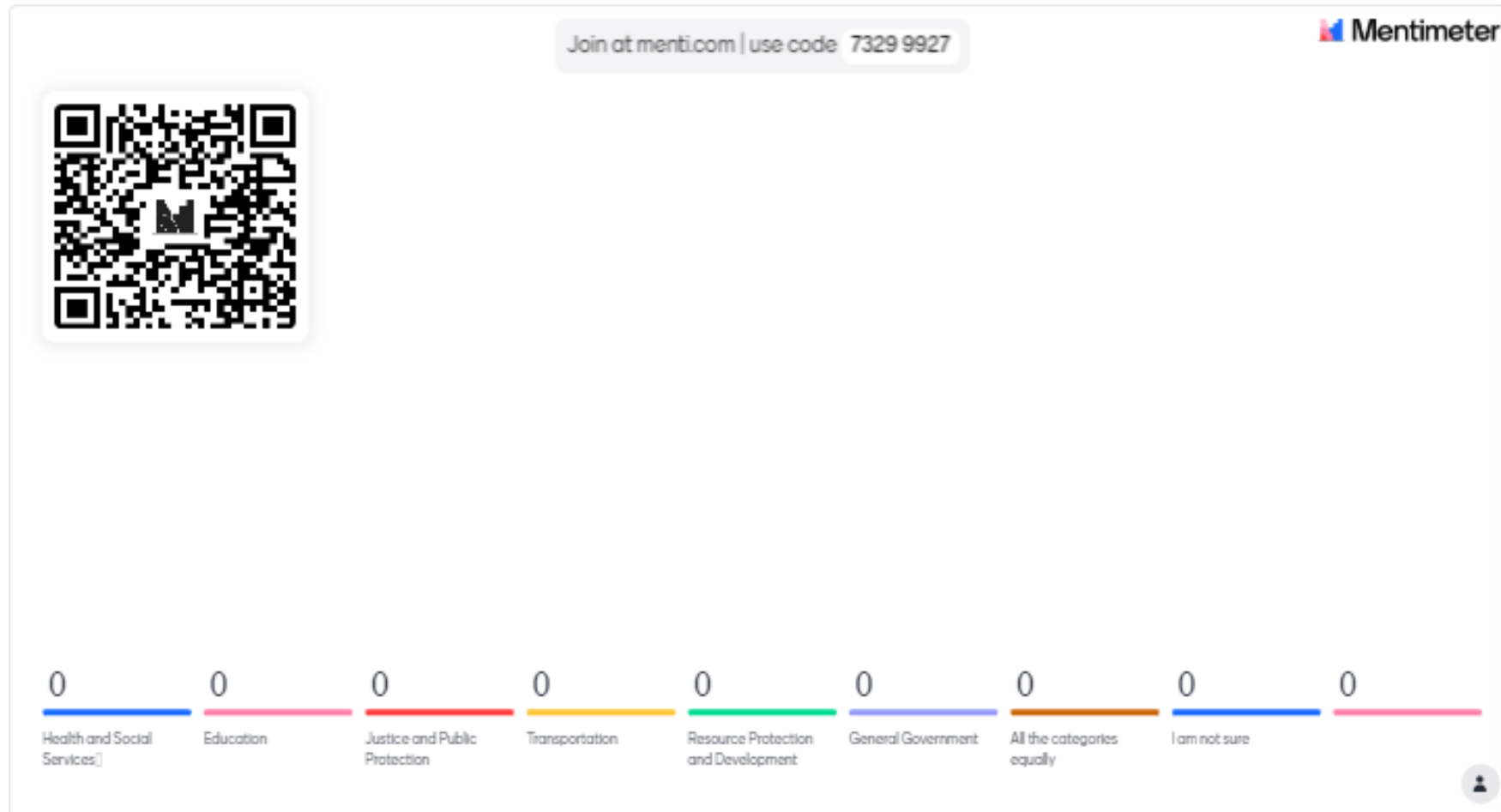
## CHANGES IN FUNDING IN CURRENT STATE BUDGET RELATIVE TO THE PREVIOUS STATE BUDGET BY EXPENDITURE CATEGORY

*Enacted State Fiscal Years 2022-23 Compared to Enacted State Fiscal Years 2024-25*



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

# WHICH CATEGORY ARE YOU THE MOST CURIOUS ABOUT AHEAD OF THE NEXT STATE BUDGET?



# HEALTH AND SOCIAL SERVICES

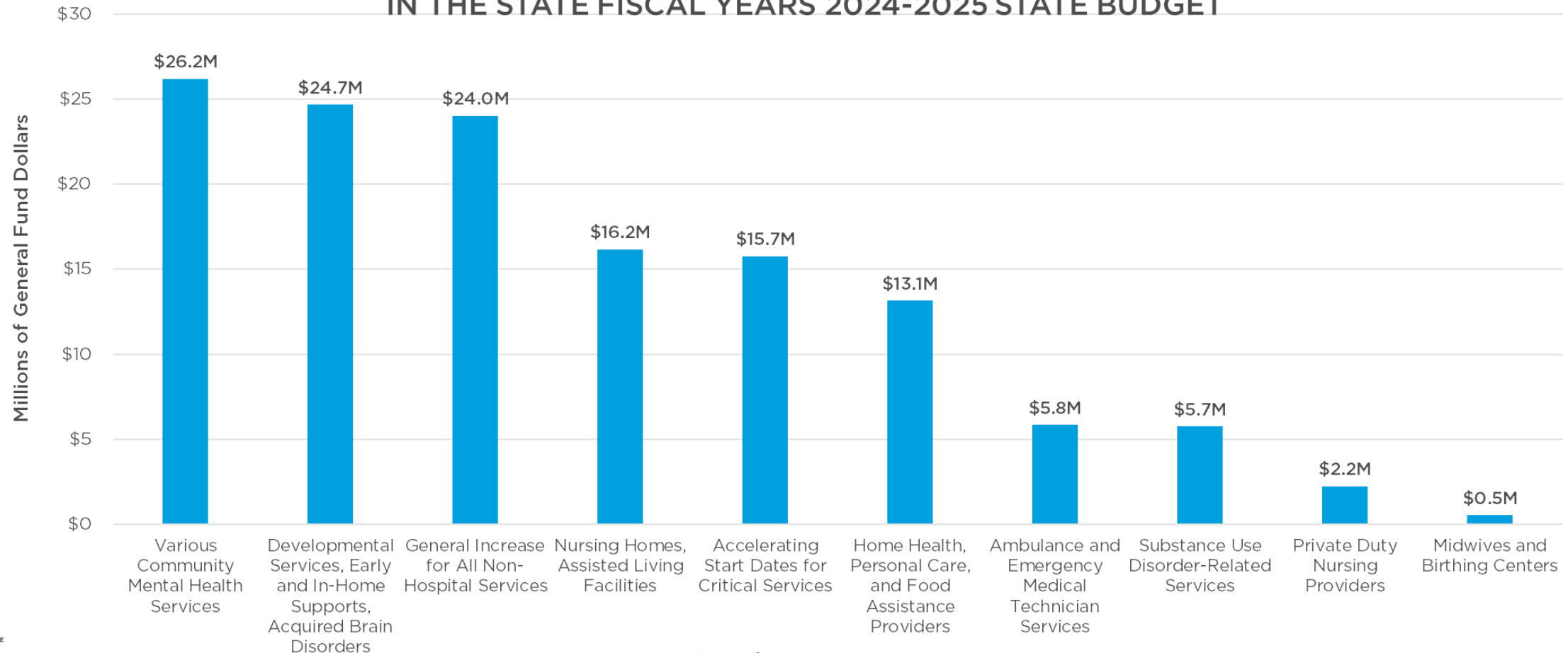
# KEY HEALTH AND SOCIAL SERVICES INVESTMENTS AND POLICY CHANGES

- Reauthorized the Medicaid Expansion program for adults ages 19 to 64 with low incomes also known as Granite Advantage through 2030, with about 58,000 people enrolled in October 2024
- Extended Medicaid coverage to last a full year postpartum, also added new coverage for services to families with infants
- Established and funded a System of Care for Healthy Aging, designed to enhance access to comprehensive long-term services and supports for older adults
- Added significant funding for Choices for Independence Medicaid Waiver Program to support older adults and adults with physical disabilities, an increase of approximately 50 percent over prior biennium



# \$134.2 MILLION TO MEDICAID REIMBURSEMENT RATE INCREASES BEFORE FEDERAL MATCH

TARGETED MEDICAID REIMBURSEMENT RATE INCREASES THROUGH STATE GENERAL FUND APPROPRIATIONS IN THE STATE FISCAL YEARS 2024-2025 STATE BUDGET

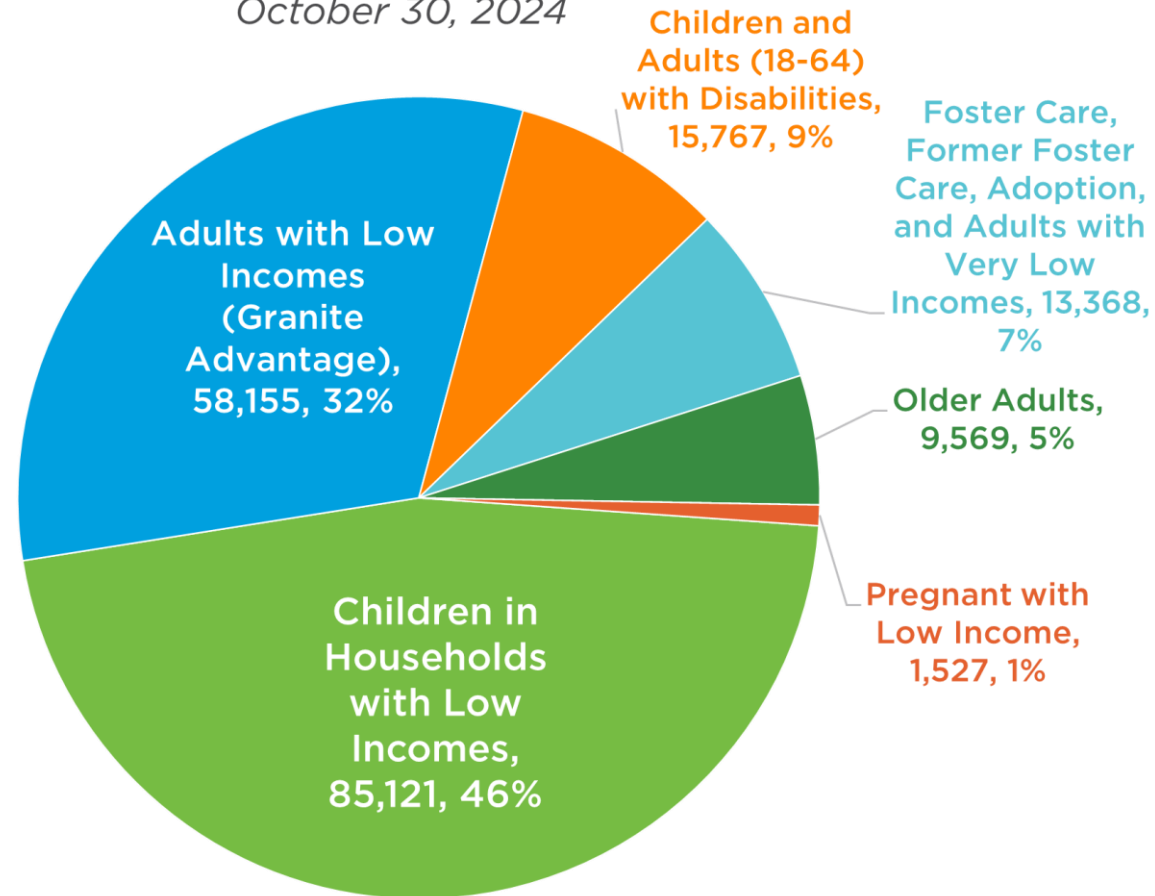


Broadly-Defined Service Area  
Source: Chapter 79, Laws of 2023

# CHILDREN WITH LOW INCOMES ARE NEARLY HALF NEW HAMPSHIRE MEDICAID ENROLLEES

## MEDICAID ENROLLMENT IN NEW HAMPSHIRE

October 30, 2024



Source: New Hampshire Department of Health and Human Services, November 4, 2024

# HOUSING

Funding for Housing appears within the Health and Social Services, Resource Protection and Development, and General Government Categories

# NEW STATE BUDGET FUNDING FOR HOUSING DEPLOYED IN FOUR FORMS

- **Affordable Housing Fund:** provides grants and low-interest loans for building or acquiring housing affordable to people with low-to-moderate incomes (\$25 million)
- **InvestNH Fund:** originally funded with \$100 million in federal funds, supports developers creating multifamily rental housing and incentivizes municipalities to add units and reform zoning (\$10 million)
- **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 (\$5.25 million)
- **Homelessness and Housing Shelter Programs:** increased to rates paid to shelter programs and helps pay for cold weather shelter, hotel stays, and other shelter alternatives (\$10 million)

# EARLY CARE AND EDUCATION

Funding for Early Care and Education, including subsidies through the Child Care Scholarship Program, appears within the Health and Social Services Category

# CHILD CARE SCHOLARSHIPS AND EARLY CARE AND EDUCATION INVESTMENTS

- Lifted cap on income eligibility for child care scholarships to 85 percent of State Median Income, significant expansion relative to 220 percent federal poverty guidelines (FPG) entry limit and 250 percent FPG phaseout
- Increased reimbursement for child care providers serving scholarship children to 75<sup>th</sup> percentile of market rate survey, increase from the 55<sup>th</sup> or 60<sup>th</sup> percentile reimbursements that depended on the child's age
- Eliminated child care cost share for families below 100 percent FPG, and limited cost to \$5 per week for families under 138 percent FPG
- Reduced eligible family cost share contributions toward child care tuition to no more than seven percent of household income
- Added \$15 million in one-time funds for recruitment and retention of child care workforce through grants for employee costs such as training and education, paid time off, and health coverage

# CHILD CARE SCHOLARSHIP ELIGIBILITY EXPANSION BOOSTS INCOME LIMITS

## 2024 CHILD CARE SCHOLARSHIP INCOME ELIGIBILITY

*Annual Household Income Caps for 2024 Child Care Scholarship, No Cost Share, and \$5 Per Week Cost Share Eligibility*

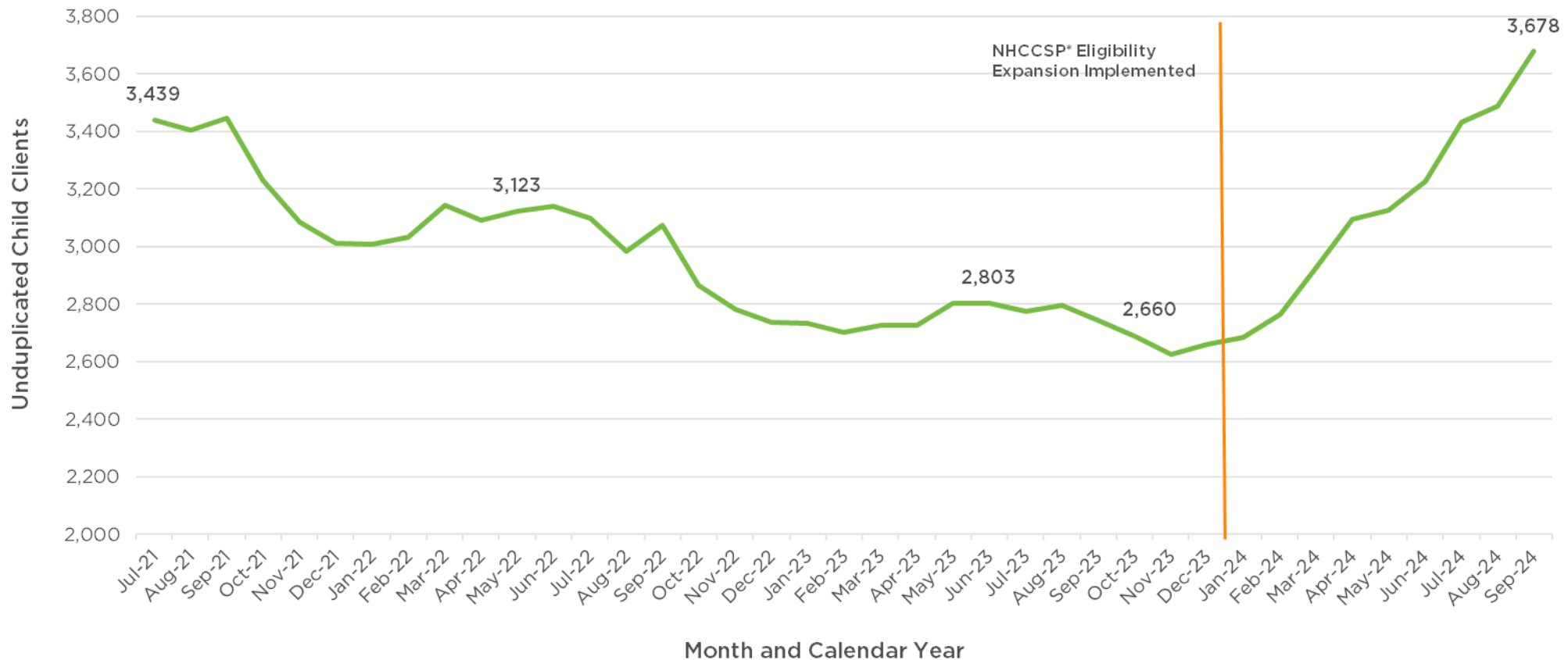
Family Size	Scholarship Less than 85% of State Median Income	No Cost Share Less than or equal to 100% of Federal Poverty Guidelines	\$5 Cost Share Between 100% to 138% of Federal Poverty Guidelines
1	\$58,985	\$15,060	\$20,783
2	\$77,134	\$20,440	\$28,208
3	\$95,283	\$25,820	\$35,632
4	\$113,432	\$31,200	\$43,056
5	\$131,581	\$36,580	\$50,481
6	\$149,731	\$41,960	\$57,905
7	\$153,133	\$47,340	\$65,330
8	\$156,536	\$52,720	\$72,754

Sources: New Hampshire Department of Health and Human Services Bureau of Child Development and Head Start Collaboration Child Care Scholarship Income Eligibility Levels (Updated July 1, 2024), U.S. Department of Health and Human Services 2024 Poverty Guidelines for 48 Contiguous States (Updated January 2024)

# SCHOLARSHIP EXPANSION ENABLED MORE AID TO REACH MORE FAMILIES

## NEW HAMPSHIRE CHILD CARE SCHOLARSHIP USAGE

Number of Children Served Monthly by the New Hampshire Child Care Scholarship Program from July 2021 to Sept. 2024



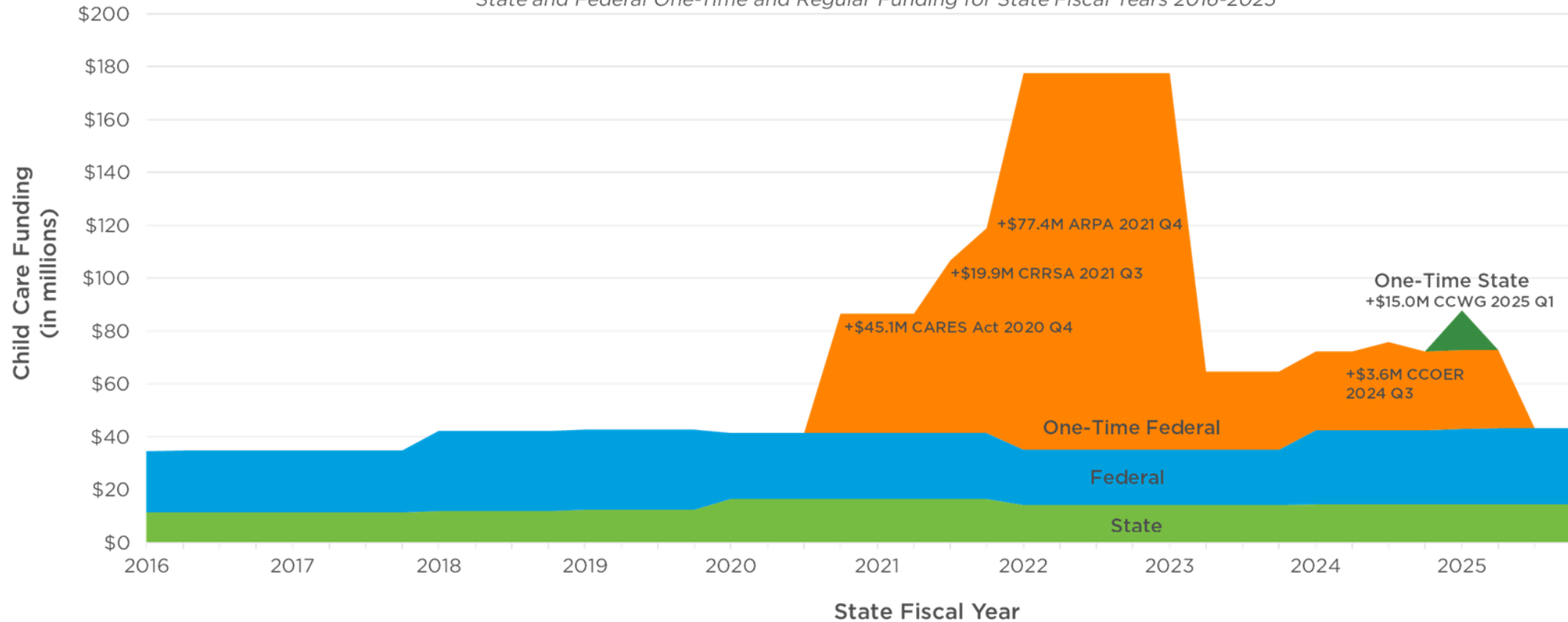
\*Note: NHCCSP is the New Hampshire Child Care Scholarship Program, which provides subsidies to help families access and afford child care services.  
Source: New Hampshire Department of Health and Human Services



# END OF ONE-TIME FEDERAL INVESTMENTS MAY FURTHER DESTABILIZE ECE INDUSTRY

## NEW HAMPSHIRE CHILD CARE FUNDING

State and Federal One-Time and Regular Funding for State Fiscal Years 2016-2025



Source: For all Notes and Sources, see NHFPI's February 2024 Issue Brief, The State of Child Care in New Hampshire: End of One-Time Federal Investments May Reduce Industry Stability. Acronym Definition: Coronavirus Aid Relief and Economic Security (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), American Rescue Plan Act (ARPA), Child Care Operating Expense Reduction Grant (CCOER), Child Care Workforce Grant (CCWG)

# PUBLIC K-12 AND HIGHER EDUCATION

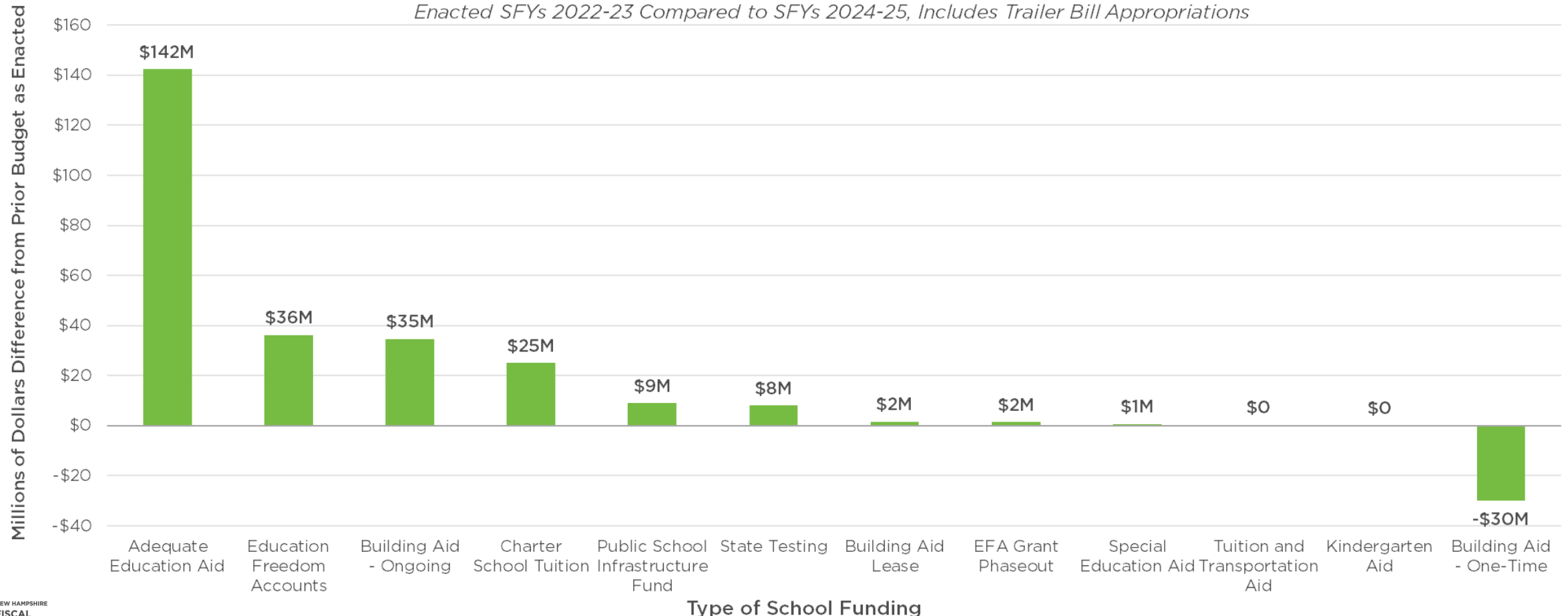
# EDUCATION FUNDING FORMULA CHANGES

- Boosted base per pupil amount by about \$234 to \$4,100 per student in education funding formula, increased additional funding for free and reduced-price school meal eligible pupils by \$367 to \$2,300, eliminated additional aid based on third grade reading proficiency scores
- Extraordinary Needs Grants created more aid targeted to communities with a combination of low taxable property values and high percentages of free or reduced-price meal eligible students, eliminating other targeted aid
- Hold Harmless Grants kept funding levels higher than prior biennium for all communities, but are set to decline starting in the next State Budget
- Additional funding for public charter schools on per pupil basis, increased funding beyond formula to \$4,900 per student
- For public higher education, increased 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

# MORE STATE FUNDING FOR MOST TYPES OF LOCAL PUBLIC EDUCATION

## CHANGES IN BUDGETED EDUCATION FUNDING FROM THE SFYs 2022-2023 STATE BUDGET TO THE SFYs 2024-2025 STATE BUDGET

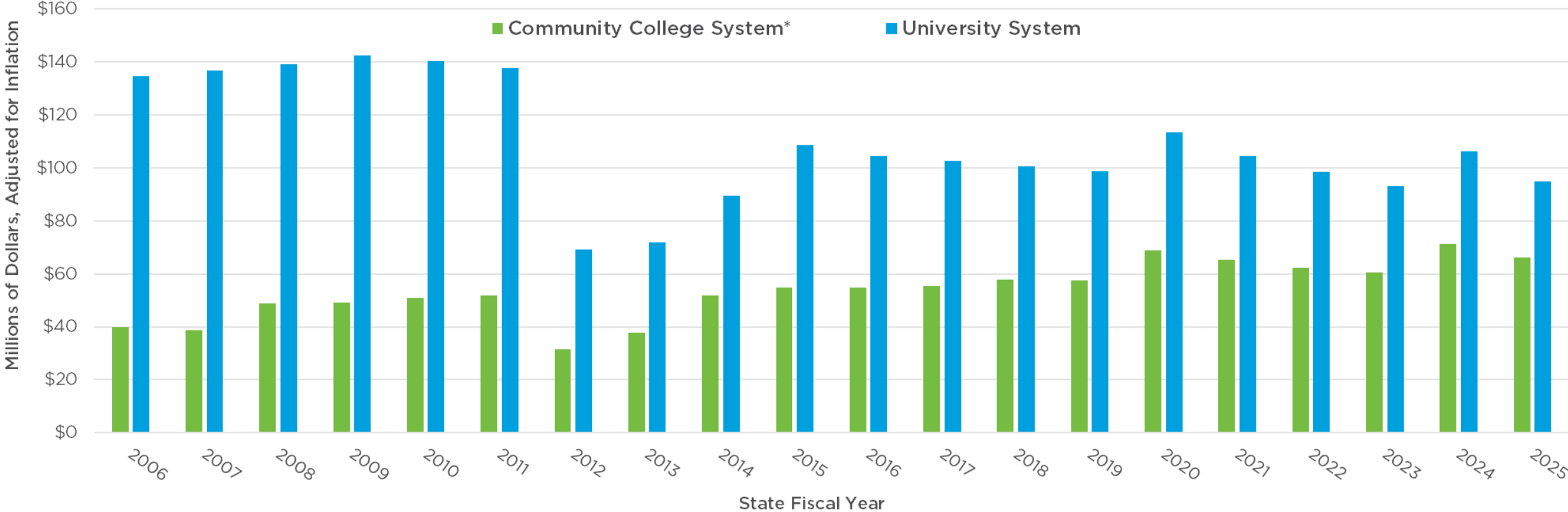
*Enacted SFYs 2022-23 Compared to SFYs 2024-25, Includes Trailer Bill Appropriations*



Sources: Chapters 90 and 91, Laws of 2021; Office of Legislative Budget Assistant, General and Education Trust Funds Surplus Statement, June 17, 2021; Chapters 106 and 79, Laws of 2023; Office of Legislative Budget Assistant, General and Education Trust Funds Surplus Statement, June 8, 2023

# HIGHER EDUCATION FUNDING RECOVERING FROM 2012 REDUCTIONS, BUT BEHIND INFLATION

**NEW HAMPSHIRE PUBLIC HIGHER EDUCATION FUNDING IN THE STATE BUDGET, ADJUSTED FOR INFLATION**  
*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. Inflation data for SFY 2025 based on PCE inflation projections from the Federal Open Market Committee's September 18, 2024 meeting.  
 Sources: New Hampshire State Operating Budgets and Trailer Bills as Enacted; U.S. Bureau of Labor Statistics, Consumer Price index- Urban, Northeast; U.S. Federal Open Market Committee

# TRANSPORTATION

# TRANSPORTATION FUNDING CHANGES RESULTS OF MORE LOCAL AID AND LESS FEDERAL AID

- Added one-time funds for municipal road and bridge aid (\$20 million)
- Also used General Funds to support the Highway Fund in a one-time transfer, repeating a pattern from recent State Budgets (\$10 million)
- Funded Department of Transportation vehicle and equipment replacements for the biennium with specific one-time appropriation (\$4.8 million)
- Provided State operating matching funds for rural and urban transit agencies in New Hampshire to access federal funds (\$1.9 million)
- Added registration fee for electric vehicles and plug-in hybrids
- Federal Infrastructure Investment and Jobs Act funds primarily outside State Budget, although other federal funds are still significant, about 39 percent of all SFY 2025 Department of Transportation appropriations

# RESOURCE PROTECTION AND DEVELOPMENT

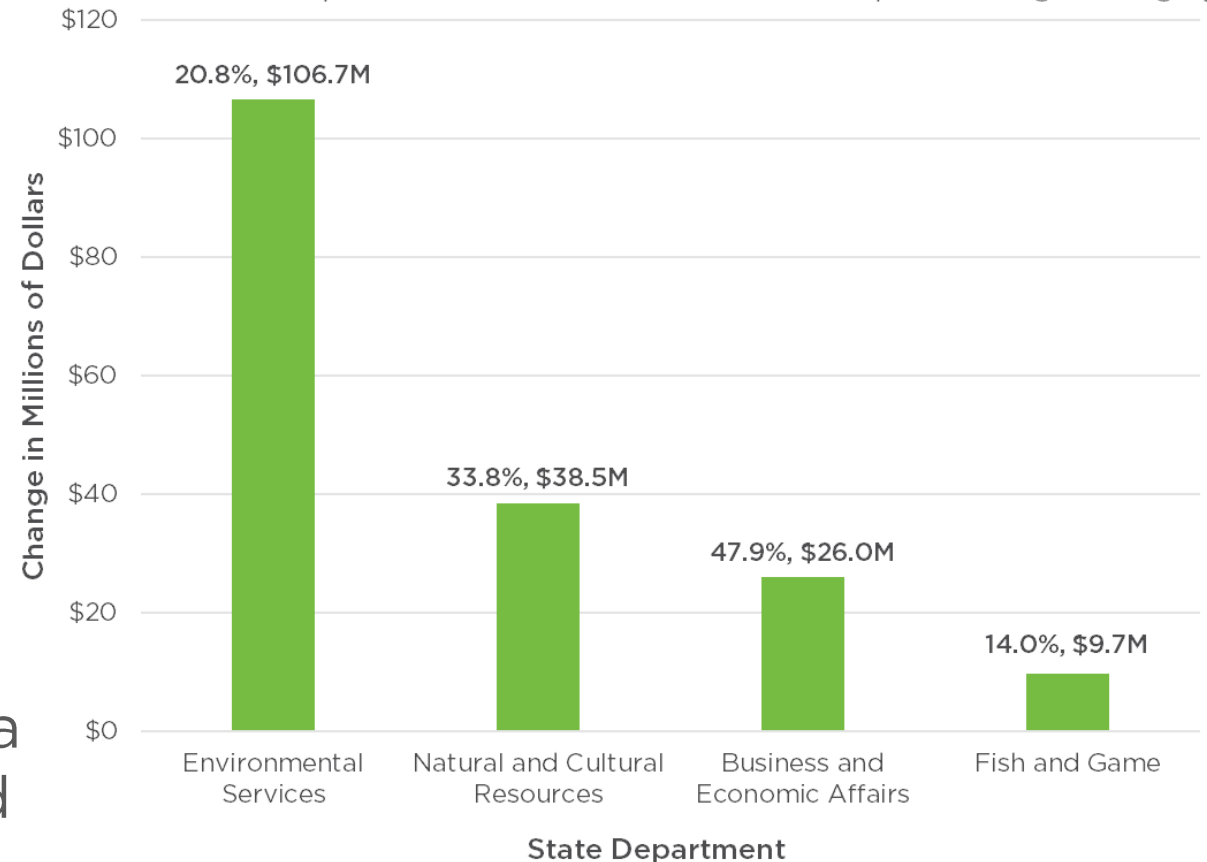


# RESOURCE PROTECTION AND DEVELOPMENT AGENCIES ALL HAD FUNDING INCREASES

- Provided more resources for municipal wastewater infrastructure costs (\$30 million)
- Funded Cannon Mountain Aerial Tramway work (\$18 million)
- Funded a new drinking water transmission line from the Nashua system to Litchfield (\$9.7 million)
- Supported other funds with one-time appropriations, including the PFAS Response Fund, Cyanobacteria Mitigation Loan and Grant Fund, and Solid Waste Management Fund

FUNDING CHANGE FROM SFYs 2022-2023 TO SFYs 2024-2025 STATE BUDGETS

*New Hampshire Resource Protection and Development Budget Category*



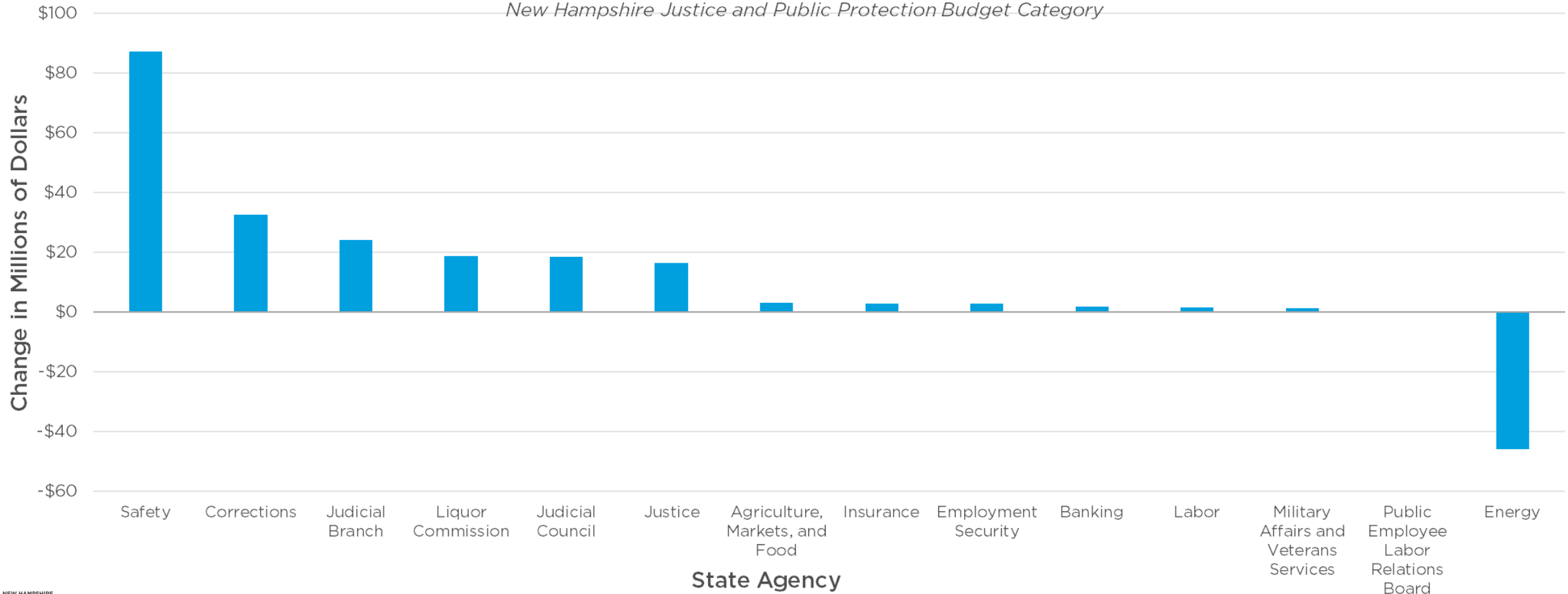
Sources: New Hampshire Office of Legislative Budget Assistant, Senate Finance Committee - Biennial Budget Comparison by Department, June 1, 2021, and Comparative Statements of Undesignated Surplus, Combined General and Education Trust Funds (June 17, 2021 and June 8, 2023), Highway Fund (June 3, 2021), and Fish and Game Fund (June 3, 2021); 2021-1885; 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

# ADMINISTRATION OF JUSTICE AND PUBLIC PROTECTION

# ENERGY DEPARTMENT ONLY FUNDING REDUCTION DUE TO FUNDS MOVED OFF BUDGET

## FUNDING CHANGE FROM SFYs 2022-2023 TO SFYs 2024-2025 STATE BUDGETS

*New Hampshire Justice and Public Protection Budget Category*

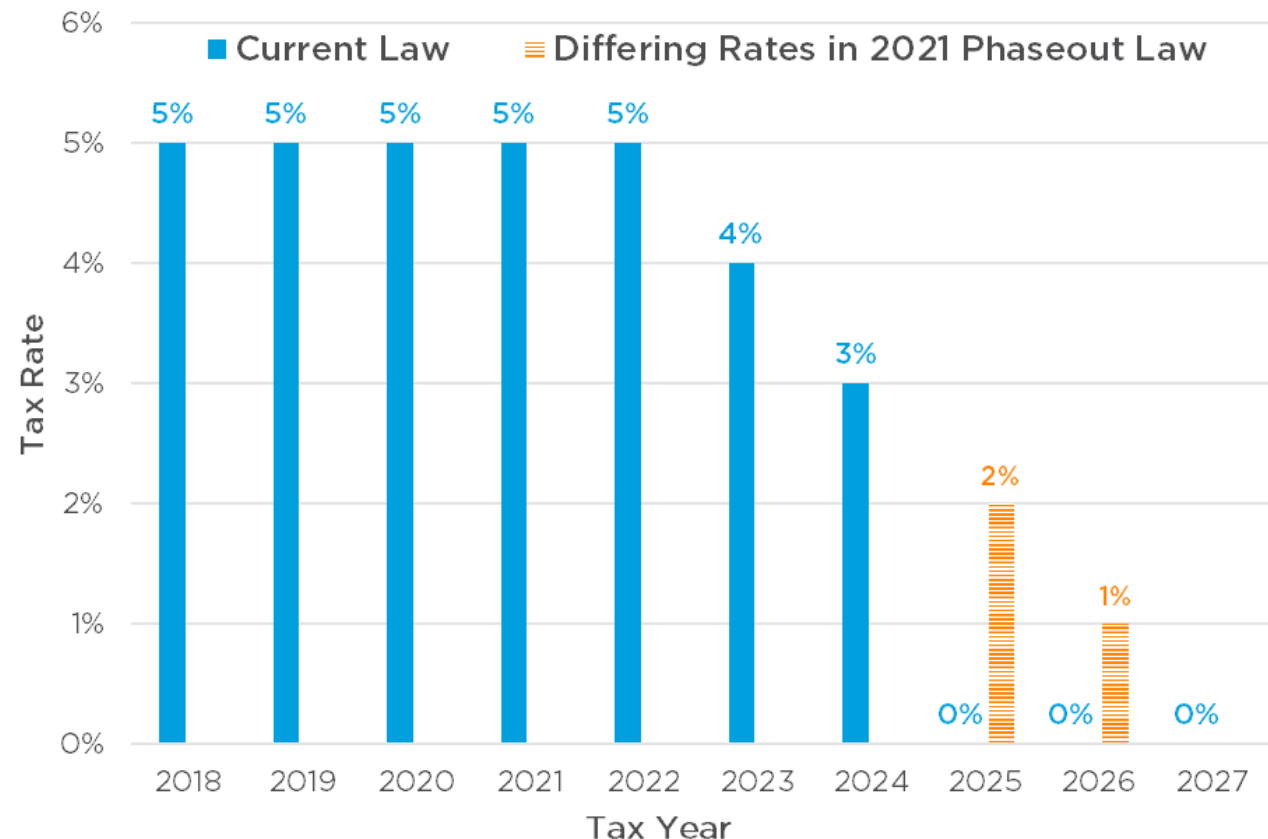


# GENERAL GOVERNMENT, CROSS-GOVERNMENT INITIATIVES, AND TAX POLICY CHANGES

# STATE EMPLOYEE RAISE, ACCELERATED REPEAL OF INTEREST AND DIVIDENDS TAX

- Implemented a 10 percent raise for all State employees in SFY 2024, another 2 percent raise in SFY 2025, designed to help address State employee position vacancies
- Originally projected to add \$66.0 million to Rainy Day Fund by beginning of SFY 2026, final number not yet known
- Faster elimination of the Interest and Dividends Tax estimated to cost \$82 million during SFYs 2026-2027 budget biennium, likely total forgone revenue about \$200-\$350 million

THE INTEREST AND DIVIDENDS TAX RATE AND CHANGES FROM PRIOR 2021 PHASEOUT LAW



Source: New Hampshire Department of Revenue Administration, 2024 Annual Report

# LOOMING QUESTIONS FOR THE NEXT STATE BUDGET: WHAT POLICIES ARE YOU THINKING ABOUT GOING INTO THIS BUDGET CYCLE?

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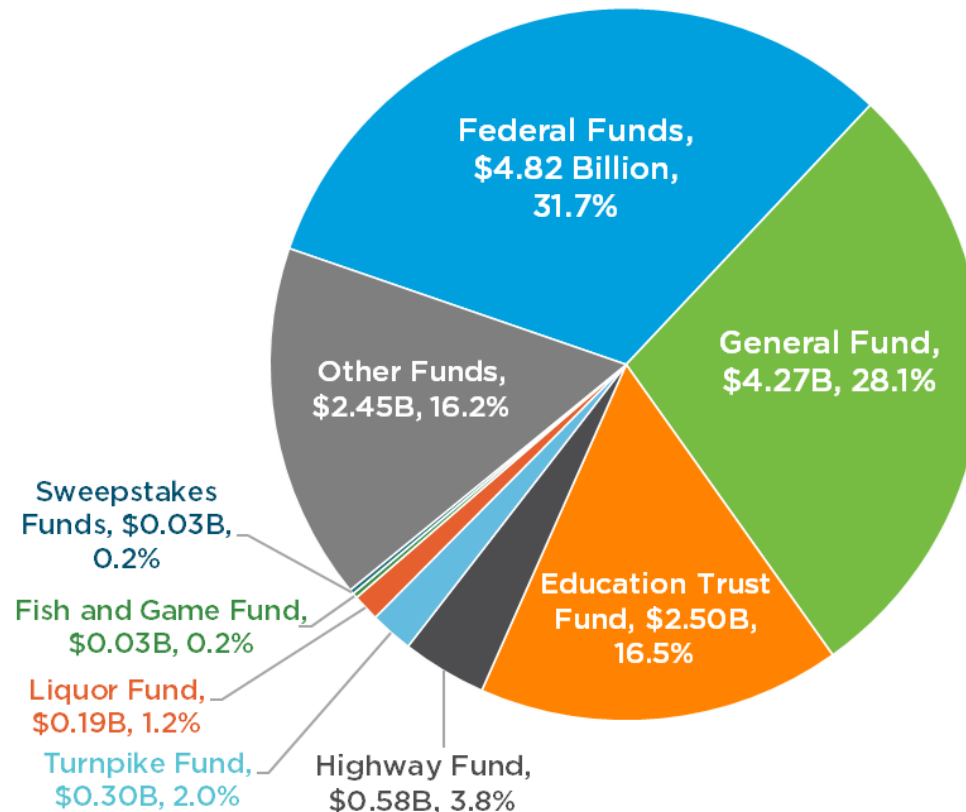


# STATE REVENUES

# COMBINED GENERAL FUND AND EDUCATION TRUST FUND REVENUES KEY FOR STATE

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

*Includes Operating Budget and Trailer Bill Appropriations*

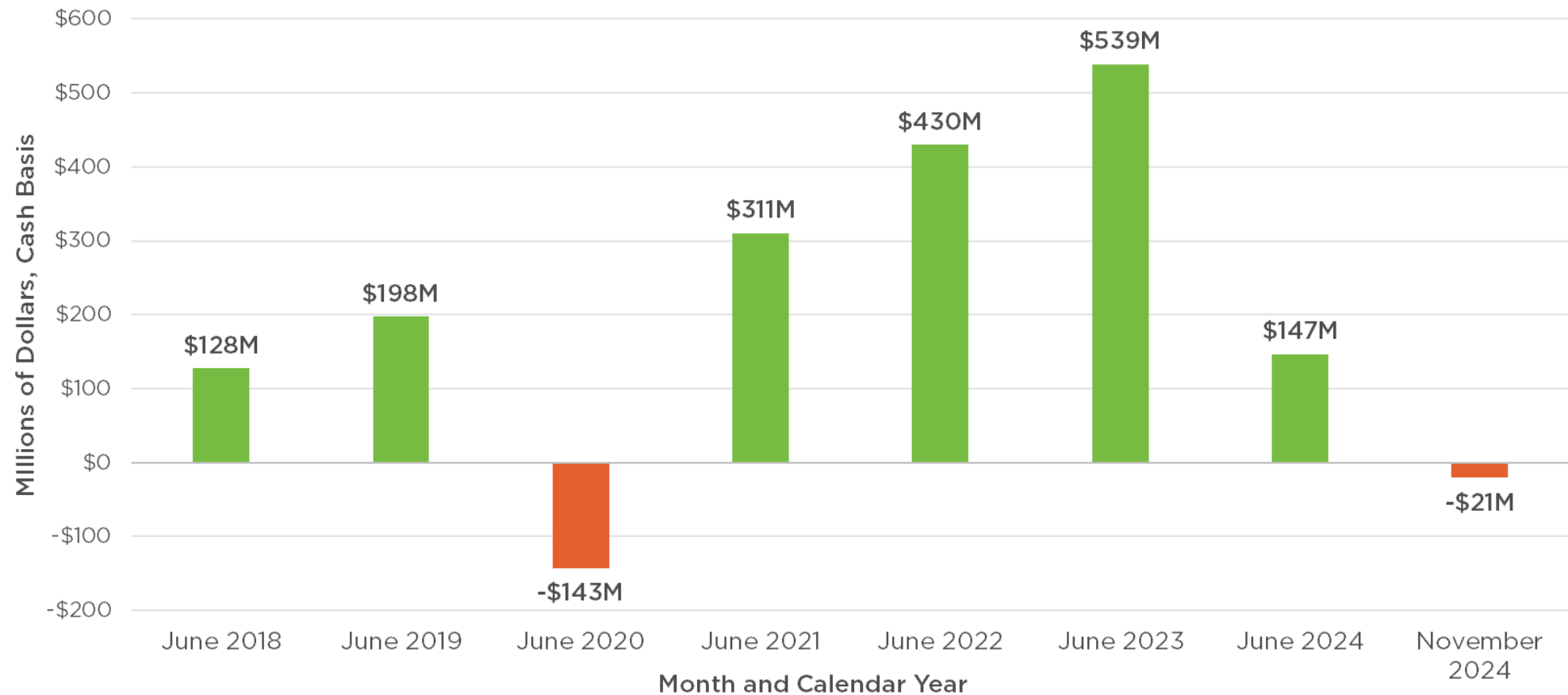


Sources: New Hampshire Office of Legislative Budget Assistant, Senate Finance Committee Surplus Statements, June 2023; 2023-2054s; 2023-2092s; 2023-2171s; 2023-2139s



# FISCAL YEAR SO FAR RUNNING WITH REVENUE PLAN, AND BIENNIUM STILL OVERALL SURPLUS

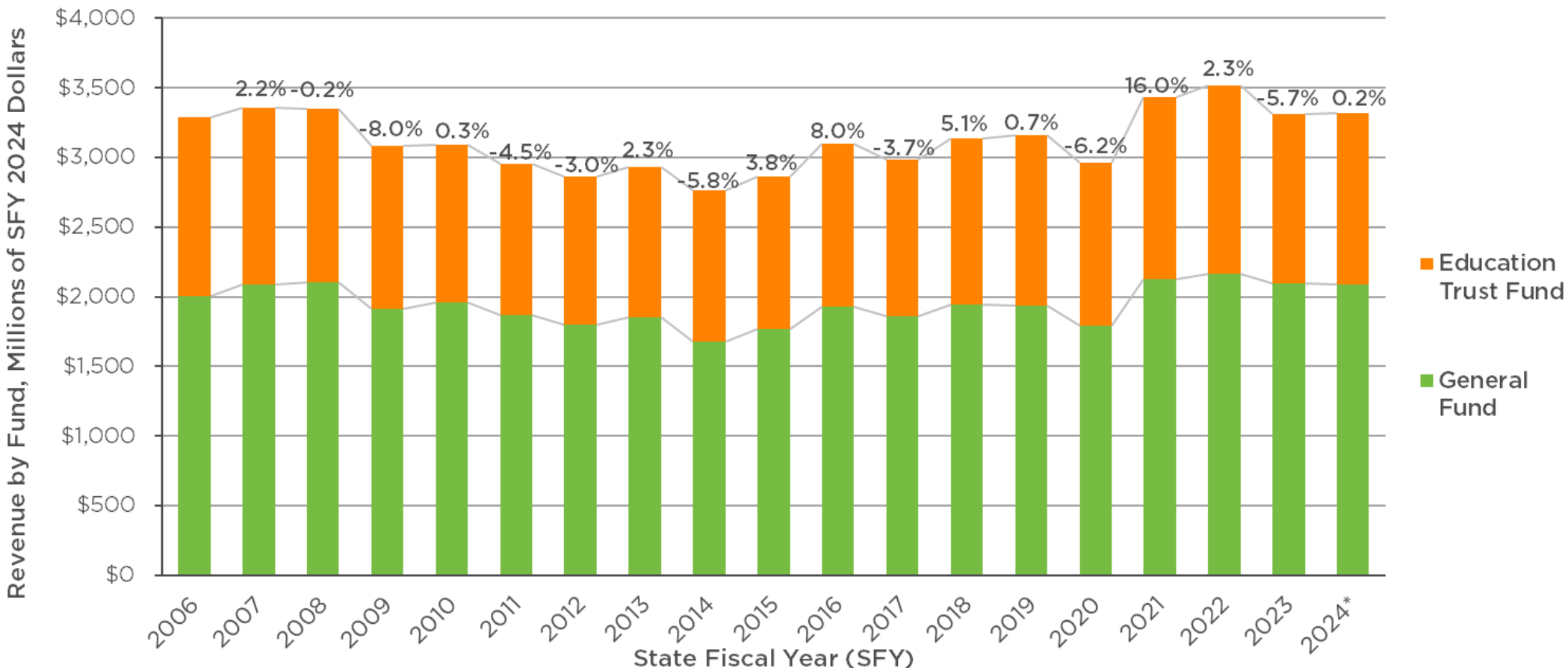
**CASH BASIS REVENUE SURPLUS AT END OF EACH FISCAL YEAR**  
*New Hampshire, Combined General Fund and Education Trust Fund Revenues,  
Includes SFY 2025 Year-To-Date*



Source: New Hampshire Department of Administrative Services, Monthly Revenue Focus Reports

# RECENT INFLATION-ADJUSTED REVENUE GROWTH MAY NOT BE DUPLICATED

GENERAL AND EDUCATION TRUST FUND REVENUE, ADJUSTED FOR INFLATION



\*Note: Data based on unaudited preliminary accrual.

Sources: New Hampshire Annual Comprehensive Financial Reports, SFYs 2014-2023; New Hampshire Department of Administrative Services Preliminary Accrual SFY 2024; U.S. Bureau of Labor Statistics Consumer Price Index-Urban, Northeast

# POTENTIAL EXPENDITURES AND OTHER QUESTIONS

# KEY ASSETS AND LOOMING QUESTIONS

- Revenue Stabilization Reserve Account (“Rainy Day Fund”): \$292.5 million
- Significant operating cash balances of about \$2.5 billion, but that is not all “available” for any use as needed
- Youth Development Center settlements: paid \$102 million, \$469.6 million pending as of September 2024, 206 of 676 total filed claims so far, claims period open until June 2025; \$160 million to settle claims appropriated previously, outlays capped at \$75 million per year
- Court cases associated with the Youth Development Center and children in the care of the State could generate substantial liabilities
- Decisions related to education funding by the State Supreme Court
- Construction of a new State prison for men, potentially \$500-\$600 million
- Changes to federal funding to the State for operations, with about one in three dollars to fund State services coming from the federal government

**QUESTIONS ABOUT THE CONTENT  
OF THIS PRESENTATION?**