

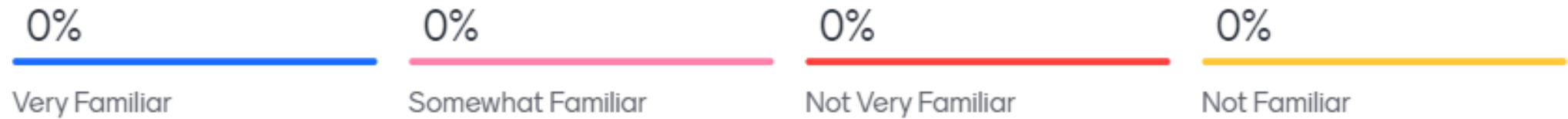


THE PROCESS FOR CREATING THE NEW HAMPSHIRE STATE BUDGET

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

DECEMBER 6, 2024

How Familiar are you with the State Budget Process?



THE BASICS OF THE STATE BUDGET

Two-year, or Biennial, Operating Budget

- Funds *most*, but not all, State operations for two State Fiscal Years (SFYs), typically beginning shortly after the budget is approved
- Current State Budget provides funding for SFYs 2024-2025, which spans July 1, 2023 to June 30, 2025, from SFY 2023 surplus carried forward and two years of revenue projected when budget passed
- State Budget, currently being implemented, appropriated approximately \$15.17 billion for SFYs 2024-2025 combined

Comprised of Two Separate Pieces of Legislation

- Operating Budget Bill, typically House Bill 1 or “HB 1,” holds the line-item appropriations with the amount of money in each component of State programs, standardized class lines for expenditures
- Trailer Bill, typically House Bill 2 or “HB 2,” is the companion omnibus bill with policy changes and appropriations separate from HB 1

THE NEW HAMPSHIRE STATE BUDGET: WHAT DOES IT LOOK LIKE?

A BUDGET IN TWO BILLS

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

EXAMPLE OF PAGE FROM MOST RECENT OPERATING BUDGET BILL – EDUCATION AID

HB 0001

06/07/2023 VERSION NO: 03

FISCAL YEAR 2024

FISCAL YEAR 2025 PAGE 722

06 EDUCATION
 56 EDUCATION DEPT
 56 EDUCATION DEPT
 560040 EDUCATION
 3043 EDUCATION TRUST FUND

077 Building Aid - Education	*	43,183,728	43,400,528
079 Adequate Education Aid - State		1,040,721,003	1,053,279,603
600 Tuition and Transportation Aid	*	9,000,000	9,000,000
611 Charter School Tuition	*	60,158,857	61,362,034
612 State Testing		4,000,000	4,000,000
629 Special Education Aid	*	33,917,000	33,917,000
631 Building Aid Lease		850,000	850,000
632 EFA PHASE OUT GRANT		750,000	750,000
652 Education Freedom Accounts		29,851,804	29,851,804
TOTAL		1,222,432,392	1,236,410,969

ESTIMATED SOURCE OF FUNDS FOR
 EDUCATION TRUST FUND

EDUCATION TRUST FUND		1,222,432,392	1,236,410,969
TOTAL SOURCE OF FUNDS		1,222,432,392	1,236,410,969

CLASS NOTES

077 Amounts appropriated in classes 077 shall not lapse until June 30, 2025.

600 Amounts appropriated in Class 600 shall be nonlapsing (RSA 188-E:9, IV).

611 Amounts appropriated in classes 611 shall not lapse until June 30, 2025.

629 Any unexpended funds within the appropriation in class 629 at the end of the fiscal year shall be transferred to Court Ordered Placements (RSA 186-C:18,III).

ANOTHER PAGE FROM CURRENT OPERATING BUDGET BILL - FEDERAL AND STATE FUNDS

05 HEALTH AND SOCIAL SERVICES
 95 HEALTH AND HUMAN SVCS DEPT
 42 HHS: HUMAN SERVICES DIV
 421010 CHILD PROTECTION
 2958 CHILD - FAMILY SERVICES

020 Current Expenses	1	1
041 Audit Fund Set Aside	18,265	18,265
049 Transfer to Other State Agenci	215,000	215,000
074 Grants for Pub Asst and Relief	1,749,060	1,749,060
102 Contracts for program services	1,338,174	1,337,104
103 Contracts for Op Services	240,000	240,000
108 Provider Payments-Legal Servic	55,000	55,000
229 Sheriff Reimbursement	75,000	75,000
636 Title IV-E Foster Care Placement	8,000,000	8,000,000
637 Title IV-E Foster Care Service	3,650,000	3,650,000
638 Title IV-E Foster Care Other	5,000	5,000
639 TitleIV-A/TANF Emergency Asst. PI	8,132,663	8,132,663
640 TitleIV-A/TANF Emergency Asst. St	663,852	663,852
642 TANF MOE	1,841,044	1,841,044
643 State General Funds for Placement	13,000,043	13,000,043
644 State General Funds for Services	9,574,395	9,631,895
645 State General Funds for Other	473,000	473,000
646 Title IV-E Adoption Placement	6,567,973	6,567,973
647 Title IV-E Adoption Services	40,000	40,000
648 Title IV-E Adoption Admin Only	110,000	110,000
TOTAL	55,748,470	55,804,900

ESTIMATED SOURCE OF FUNDS FOR
 CHILD - FAMILY SERVICES

007 Agency Income	713,000	713,000
FEDERAL FUNDS	18,533,532	18,533,532
GENERAL FUND	36,501,938	36,558,368

TRAILER BILL STRUCTURED AS ALL TEXT

CHAPTER 79
HB 2-FN-A-LOCAL - FINAL VERSION

23-1064
10/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Three

AN ACT relative to state fees, funds, revenues, and expenditures.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 79:1 Department of Information Technology; Divisions Established. Amend RSA 21-R:5 to read as
2 follows:

3 21-R:5 Divisions Established. The commissioner shall establish 4 divisions, ***business relationship***
4 ***management, user experience, infrastructure and operations, and user services***, which shall be in
5 alignment with the department's statewide strategic plan. Each division shall be under the supervision of
6 a division director appointed pursuant to RSA 21-R:3.

7 79:2 Department of Information Technology; Unfunded Positions; Authorization. Notwithstanding any
8 other provision of law to the contrary, the department of information technology may fill unfunded
9 positions during the biennium ending June 30, 2025, provided that the total expenditures for such
10 positions shall not exceed the amount appropriated for personnel services.

11 79:3 Career and Technical Education; Dual and Concurrent Enrollment Program. Amend RSA 188-
12 E:26 to read as follows:

13 188-E:26 Program Established. There is established a dual and concurrent enrollment program in
14 CCSNH. Participation in the program shall be offered to high school and career technical education
15 center students in grades 10 through 12. The program shall provide opportunities for qualified New
16 Hampshire high school students to gain access and support for dual and concurrent enrollment in [~~career~~
17 ~~and technical education courses, STEM (science, technology, engineering, and mathematics) and STEM-~~
18 ~~related]~~ courses that are fundamental and necessary for success in postsecondary education, career path
19 opportunities, and to meet New Hampshire's emerging workforce needs.

20 79:4 Regional Career and Technical Education; Dual and Concurrent Enrollment Program. Amend
21 RSA 188-E:27, II to read as follows:

22 II. A student in the program shall be provided funding for enrollment in no more than [2] ~~4~~ dual or
23 concurrent enrollment courses taken in grade 10, no more than [2] ~~4~~ dual or concurrent enrollment
24 courses taken in grade 11, and no more than [2] ~~4~~ dual or concurrent enrollment courses taken in grade

25 12. A student may take more than [2] ~~4~~ dual or concurrent enrollment courses per year at his or her own
26 expense.

EXAMPLES OF APPROPRIATIONS MADE THROUGH THE TRAILER BILL

24 79:508 Appropriation; Department of Natural and Cultural Resources. There is hereby appropriated
25 to the department of natural and cultural resources the sum of \$1,000,000 for the fiscal year ending June
26 30, 2023, which shall be nonlapsing until June 30, 2025, for the purpose of making renovations and
27 repairs to the Northwood Meadows Lake Dam. The governor is authorized to draw a warrant for said sum
28 out of any money in the treasury not otherwise appropriated.

29 79:509 Effective Date. Section 508 of this act shall take effect June 30, 2023.

30 79:510 Appropriation; Cannon Mountain Tramway. The sum of \$18,000,000 for the fiscal year
31 ending June 30, 2023, which shall be nonlapsing, is hereby appropriated to the department of natural and
32 cultural resources for the maintenance and operation of the tramway at Cannon Mountain. The governor
33 is authorized to draw a warrant for said sum out of any money in the treasury not otherwise appropriated.

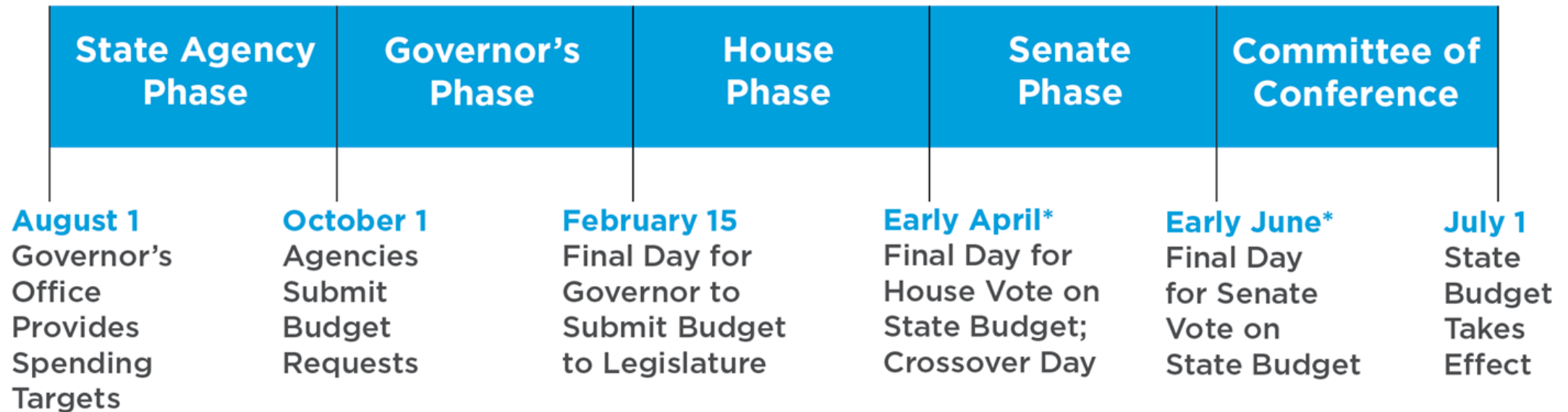
34 79:511 Effective Date. Section 510 of this act shall take effect June 30, 2023.

THE NEW HAMPSHIRE STATE BUDGET:

**WHAT IS THE PROCESS FOR BUILDING
THE STATE BUDGET?**

BUDGET CREATED IN A YEARLONG PROCESS, TYPICALLY WITH FIVE PHASES

State Budget Process Timeline



*Dates set by legislative leadership each session; all other dates specified in statute.

AGENCY AND GOVERNOR'S PHASES

- Governor's office provides targeted expenditure amounts to State agencies by **August 1**, per statute, based on revenue projections and divided among State agencies
- Agency budget requests must be submitted by **October 1** of even-numbered years, per statute
- Agency requests include "Efficiency" request based on revenue figures provided by the Governor's office, and "Additional Prioritized Needs" for any level requested beyond those revenue targets
- Agency budget presentations typically in **November** (Nov. 12-14 this year)
- Governor's budget proposal is presented by **February 15**, but not all Trailer Bill documents may be ready by that time
- Governor typically explains budget in an address to the Legislature and a written Executive Summary

Sources and additional information on the State Budget process: NHFPI, Building the Budget, February 2017; House and Senate Calendars

LEGISLATURE'S PROCESS BEGINS IN THE HOUSE OF REPRESENTATIVES

- House Finance Committee hears from the Governor's office, from State agencies, and from the public
- One public hearing each in the House phase and Senate phase, may be additional hearings outside Concord
- House Ways and Means Committee creates revenue estimates
- House Finance Committee (25 members in 2023) separates into three separate committees, called "Divisions," to consider different portions of the State Budget based largely on budget categories, with some exceptions
- Each Division makes their amendments, meets as a full House Finance Committee to make amendments, and then vote
- HB 1 and HB 2 then go to the entire House for a vote
- House deadline to pass a budget, created largely by House Finance Committee, by crossover, typically **early April**

SENATE FOLLOWS HOUSE, BENEFITS FROM MORE INSIGHT INTO REVENUES

- Senate Finance Committee (8 members assigned this cycle) works on budget after the House completes its process, and does not split work into Divisions
- Senate Finance Committee has a different set of hearings from House Finance Committee, received presentations from State agencies and hears from the public in a similar fashion to the House Finance Committee
- Revenues collected in April can provide greater insight into the future of State revenues, and Senate Ways and Means Committee creates a new set of revenue estimates
- Senate Finance Committee amends the budget, often with Senate bills previously passed and tabled
- Full Senate due to pass a budget, as amended by Senate Finance Committee and full chamber, typically by **early June**
- If House disagrees with Senate version, can ask for a Committee of Conference, typically a week in **mid-June**

COMMITTEE OF CONFERENCE OCCURS WHEN HOUSE DISAGREES WITH SENATE

- Conferees selected from each chamber, typically from the House and Senate Finance Committees
- The Committee of Conference is typically a phase in the process, but is not always needed
- The Legislature skipped a Committee of Conference in 2023 because the House concurred with the Senate
- No amendments after Committee of Conference agreement, as bills go to an up-or-down vote on the floor of each chamber
- Budget bills go to the Governor for consideration if they pass both chambers, and approval by June 30 establishes spending authority and funding levels for the new State Fiscal Year without interruption

NOT THE ONLY SPENDING AUTHORITY: EXPENDITURES OUTSIDE THE STATE BUDGET

Capital Budget

- Typically called HB 25, covers six years with opportunity for changes every two years
- Can borrow money to balance and fund expenditures, unlike operating budget
- Allocates General Funds to support projects and debt service

Ten Year Transportation Improvement Plan

- Identified upcoming planned projects, construction dates, and costs
- Altered every two years by Legislature, typically legislation in even-numbered years

Other Expenditures

- Bills that are not accounted for the State Budget can also appropriate funds
- State agency spending requests can be granted by the Joint Legislative Fiscal Committee
- Some operations are supported by separate, off-budget funds established by the Legislature
- Example: Funding for Medicaid Expansion/Granite Advantage Program under the Patient Protection and Affordable Care Act is not enumerated in the State Budget, although the current State Budget included language reauthorizing the program

QUESTIONS ABOUT THE STATE BUDGET PROCESS?