

THE STATE BUDGET FOR FISCAL YEARS 2026 AND 2027

The new two-year State Budget will fund State-supported services in an uncertain financial and economic environment. Policymakers faced significant potential costs, and recent substantial decreases in State revenue required more tradeoffs in the new State Budget than when policymakers were crafting the prior budget in 2023. The revenue decreases have been primarily the result of slower growth in national corporate profits, which accelerated substantially in the years following the start of the COVID-19 pandemic, and State policy choices that have reduced revenue, including the elimination of the Interest and Dividends Tax in 2025.¹

Policymakers also faced considerations of expenditure needs and federal policy changes that will impact Granite Staters over the next two years. While the costs for delivering existing State services continue to increase, other one-time and less predictable expenses could upend the new State Budget. These expenses include costs associated with both settlements and court cases stemming from decades of alleged abuses of children in the State's care at the former Youth Development Center and contracted agencies, as well as any changes to federal funding that reduce resources available for the State of New Hampshire or its residents. Nearly one-third of the dollars funding the new State Budget are federal funds, totaling \$5.26 billion during State Fiscal Years (SFYs) 2026 and 2027, which is a typical level of reliance on federal funds for the New Hampshire State Budget.²

While federal policy changes and potentially consequential State Supreme Court decisions related to education funding came after the passage of the new State Budget, policymakers did include some consideration of certain looming expenses, as well as new initiatives, in the State Budget. Boosts to retirement benefits for certain police and firefighter public employees, increases in aid to local public schools, adding funding for Education Freedom Accounts, expansions of legalized gambling, and requiring specific maternal mental health supports are key examples of new initiatives in the State Budget. However, reductions in funding for certain public health and child wellbeing efforts, public higher education, and unspecified cuts in State agency budgets will impact services in ways that are difficult to predict. Additionally, both Medicaid premiums and work requirements will limit access to health care for Granite Staters with low incomes.

KEY POINTS

- The new State Budget appropriates \$15.89 billion and funds most State agency operations with higher appropriations, unadjusted for inflation, but makes some reductions in services
- The most significant new funding initiatives include boosting retirement benefits for certain police and firefighting public employes, increasing funding for special education and lower-property value school districts, and increases in funding for Education Freedom Accounts, regional drinking water infrastructure projects, and nursing facilities
- Funding was reduced at the University System and for several key smaller health and justice agencies, including the Office of the Child Advocate, the Human Rights Commission, the Housing Appeals Board, the State Commission on Aging, and family planning, tobacco cessation, and prescription drug affordability efforts
- Expanding legalized gambling, including video lottery terminals, and increases in dozens of fees will bolster State revenue
- Work requirements and increased premiums and copayments for certain Medicaid enrollees, pending federal approval, may limit access to health care
- Other policy initiatives include expansions to maternal health supports, prohibitions on certain diversity, equity, and inclusion activities in governments, a cell phone ban in schools, and repealing vehicle inspection requirements

This Report examines the State Budget for State Fiscal Years (SFYs) 2026-2027 enacted in June 2025. This report reviews topline figures associated with expenditures in the new State Budget, as well as spending and policy changes in each key policy area of the State Budget. This Report provides context for key policy areas that receive support through the State Budget and reviews the revenue projections and policy changes supporting the State's operations for the next two years.

While this Report focuses on the changes made in this State Budget relative to the prior State Budget, some funding comparisons are made only to the second year of the previous State Budget (SFY 2025) due to differences in the availability of figures that reflect actual appropriations. Specifically, the SFYs 2024-2025 State Budget's accounting, as enacted, did not incorporate a significant State employee pay increase into individual agency budget lines, and also did not incorporate Medicaid reimbursement rate increases into relevant budget lines, so comparisons would artificially inflate appropriation increases in the new State Budget.³

SUMMARY OF SIGNIFICANT CHANGES

The new State Budget for SFYs 2026-2027 maintains current, or near to the current, levels of services provided by most State agencies with \$15.89 billion in appropriations. However, it includes some significant changes to programs and agency structures, particularly for some smaller agencies. Cost growth was relatively constrained across the entire new State Budget, relative to recent rates of inflation. Many one-time appropriations from the prior State Budget, including key investments in housing, were not repeated in the new budget. Several targeted funding increases will boost specific programs, but funding reductions in other areas and other restrictions on access to benefits could limit services for Granite Staters relative to the prior State Budget.⁴

Changes to appropriations and policies in the new State Budget include:

- Boosting funds to the New Hampshire Retirement System to increase benefits for certain police and firefighting public employees, particularly those who had anticipated Retirement System benefits altered after modifications in 2011, with a \$42.0 million appropriation during the biennium
- Expanding available Special Education Aid for school districts, allocating an additional \$32.0 million (47.2 percent) toward Special Education Aid relative to the current State Budget's appropriations for a total of \$99.8 million over the biennium, and guaranteeing a higher funding level for school districts than prior law
- Increasing funding to Education Freedom Accounts after a policy change in separate legislation lifted the income limitations, and modifying a new cap on components of program enrollment
- Modifying the State's education funding formula to provide more aid to schools with lower amounts of taxable property value per student in their communities
- Prohibiting initiatives, programs, and contracts related to diversity, equity, and inclusion for governments, including the State, city and town governments, county governments, and school districts, with a risk of the elimination of State funding for a publicly-funded school or academic institution if it is noncompliant
- Requiring school districts to prohibit cell phone use by students during the school day
- Decreasing the State Budget's appropriated funding for the University System of New Hampshire by \$35 million (17.6 percent) relative to the prior State Budget
- Reducing funding for the Office of the Child Advocate, the State Commission on Aging, the Human Rights Commission, the State's Division of the Arts, and the Housing Appeals Board
- Defunding the Tobacco Prevention and Cessation Program, as well as repealing the Prescription Drug Affordability Board and certain State rulemaking authority related to vaccine requirements

- Adding premiums for some Medicaid enrollees, including Granite Advantage enrollees and Children's Health
 Insurance Programs with certain income levels, and increasing copayments for prescription drugs for
 Medicaid enrollees, pending federal approval of these changes
- Adding work and community engagement requirements for adults enrolled in the Granite Advantage portion
 of the Medicaid program through the resubmission of a request to the federal government to permit requiring
 100 hours per month of eligible activities for continued enrollment, which is more than the newly authorized
 work requirements in the federal reconciliation legislation
- Increasing funding for nursing facilities and drawing on dedicated funding for developmental services carried forward from unspent funds in prior years
- Decreasing payments to hospitals for uncompensated care relative to the prior State Budget
- Requiring Medicaid and private insurance to cover certain maternal health activities, including perinatal
 depression screenings and home visiting services, while also providing funding for rural maternal health
 emergency services training and requiring certain larger employers to provide up to 25 hours of protected
 unpaid postpartum care and pediatric appointments
- Increasing funding for housing shelter services, including at least \$15 million for a combination of both higher reimbursement rates for shelters and support for individuals experiencing homelessness related to opioid addiction or another substance use disorder
- Eliminating 54 positions at the Department of Corrections
- Increasing motor vehicle registration fees, certain fees for projects or activities with environmental impacts, agricultural fees, court fees, and nursing facility licensing fees among a total of 131 increased fines, fees, and other charges associated with certain programs established in State law
- Repealing the State's legal requirements for motor vehicle inspections in two phases during 2026, dependent in part on an agreement with the federal government regarding emissions regulations
- Appropriating funding for regional water infrastructure projects, including in the southeastern part the state with groundwater impacted by certain contaminants
- Allocating \$20 million to the fund supporting settlements related to the Youth Development Center, as well as \$10 million as part of an agreement from one Youth Development Center-related court case
- Expanding opportunities for legal gambling in New Hampshire, including video lottery terminals
- Prohibiting the sale or lease of land in New Hampshire to certain foreign governments or individuals or entities related to those governments in certain ways, including the governments of China, Iran, North Korea, Russia, and Syria
- Requiring State officials to find \$112.7 million in budget savings during the biennium, including appropriation reductions for specific departments and a general requirement for finding savings or new revenues within the Executive Branch

The State Budget funds these service changes with no major changes in existing taxes, but expanded revenues through gambling activities and fee increases support the increased expenditures. The new State Budget is projected to leave \$24.7 million in unspent State funds to add to the Rainy Day Fund at the end of SFY 2027, which would bring the Rainy Day Fund to a projected balance of \$228.4 million, the fourth-highest year-end total in the Fund's history.

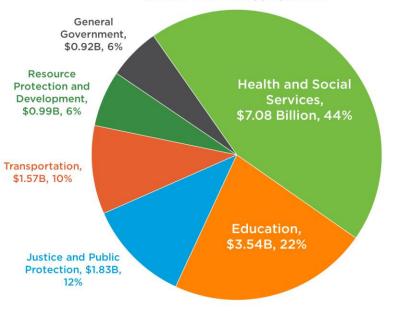
CHANGES TO BUDGET TOTALS AND BY CATEGORY

The new State Budget authorizes \$15.89 billion in expenditures from all funds for SFYs 2026 and 2027 combined. That total includes about \$87.5 million in Trailer Bill and companion legislation appropriations, \$112.7 million in unspecified back-ofbudget reductions, and \$80.0 million in funds authorized by an organization note in Operating Budget Bill for use during the biennium out of the Developmental Services Fund, the Acquired Brain Disorder Services Fund, and the In-Home Support Waiver Fund.⁵

Total appropriations in this new two-year State Budget increase by \$475.1 million (3.1 percent) from the \$15.42 billion appropriated by the SFYs 2024-

STATE BUDGET APPROPRIATIONS BY CATEGORY

State Fiscal Years 2026-2027 Appropriations, Includes Trailer Bill Appropriations

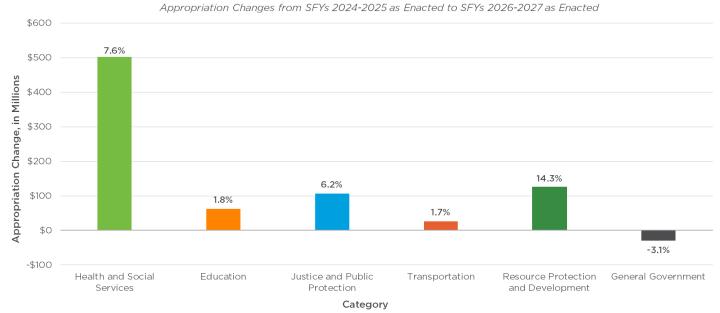


Note: These figures account for inter-agency transfers.
Sources: Chapters 140-142, Laws of 2025; Office of Legislative Budget Assistant Surplus Statements

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2025 State Budget, adjusted for accounting differences between the two budgets but unadjusted for inflation. While future inflation is difficult to forecast accurately, inflation faced by consumers in New England was 2.7 percent during SFY 2025 and 3.8 percent in SFY 2024.⁶ The SFYs 2024-2025 State Budget included significant one-time expenditures, but also funded certain ongoing services that the new State Budget either curtails or shifts to draw on funding sources outside of the new State Budget biennia.⁷

CHANGES IN TOTAL STATE BUDGET EXPENDITURES BY CATEGORY



Note: These changes account for inter-agency transfers and accounting differenced between budgets, but do not account fo all allocations of state employee pay increases in the SFYs 2024-2025 State Budget, which were appropriated to General Government.

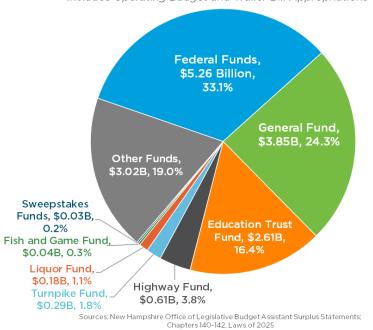
Sources: Chapters 140-142, Laws of 2025; Chapters 79 and 106, Laws of 2023; Office of Legislative Budget Assistant Surplus Statements

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While the overall budget grows, not all service areas grew equally. All expenditures in the State Budget are divided into six categories covering broad service areas. Changes in these six categories provide a high-level indication of shifts in spending across government activities. The six categories, in order of appropriation size in the New Hampshire State Budget, are: Health and Social Services, Education, Justice and Public Protection, Transportation, Resource Protection and Development, and General Government. About two-thirds of State Budget appropriations are allocated to the Health and Social Services or Education categories.

THE NEW HAMPSHIRE STATE BUDGET FOR FISCAL YEARS 2026 AND 2027, BY FUND

Includes Operating Budget and Trailer Bill Appropriations



In the new State Budget, the largest aggregate funding increase among the categories flows to the Health and Social Services category. While accounting decisions limit comparisons between the two budgets by categories and State agency detailed levels, approximately \$502.2 million (7.6 percent) more has been appropriated to the Health and Social Services category for SFYs 2026-2027 than were in SFYs 2024-2025, unadjusted for inflation.8

However, the largest percentage increase was in the Resource Protection and Development category (\$124.5 million, 14.3 percent), which was boosted by appropriations for water infrastructure from a separate trust fund that flows through the new State Budget. The Justice and Public Protection category, including appropriations for settlements in Youth

Development Center-related cases, grew by \$106.2 million (6.2 percent). Both Education (\$61.8 million, 1.8 percent) and Transportation (\$26.5 million, 1.7 percent) had relatively limited rates of growth in the new budget, unadjusted for inflation. General Government appropriations declined by \$29.4 million (3.1 percent).

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To support these services, the State Budget expected about a third of State expenditures to be funded with federal transfers in the SFYs 2026-2027 biennium. State General Fund appropriations, which is the most flexible set of dollars policymakers have access to, totaled about \$3.85 billion over the biennium or about 24.3 percent of the total State Budget. These figures are a reduction from the \$4.27 billion and 28.1 percent expected by the prior State Budget's plan. This decrease in General Funds reflects the relatively constrained tax revenues in this budget cycle and the extent to which the new State Budget draws on other funds to support its operations. The Education Trust Fund, which holds the revenues used for aid to local public schools and for several other purposes, would grow in dollar terms from the last State Budget, rising from \$2.50 billion to \$2.61 billion in appropriations, but decline slightly as a percentage of the total budget from 16.5 percent of the last State Budget to 16.4 percent in the new one.

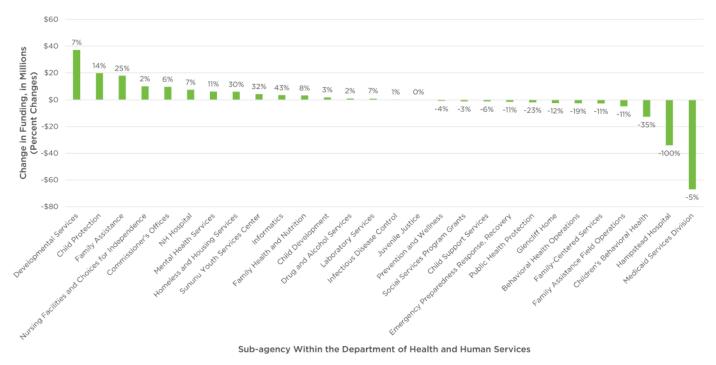
Subsequent sections of this Report examine the details of the changes in each expenditure category.

HEALTH AND SOCIAL SERVICES

The Health and Social Services category of the State Budget is comprised almost entirely of the State's Department of Health and Human Services (DHHS). The DHHS is responsible for several vital programs, including Medicaid, the Supplemental Nutrition Assistance Program (SNAP), the New Hampshire Child Care Scholarship Program (NHCCSP), child protection, public health services, and many others.

CHANGES BY SUB-AGENCY WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

Adjusted Authorized Amount for SFY 2025 Compared to Final Budgeted Amounts for SFY 2026



Note: Allocated amounts for SFY 2026 include estimated federal dollars, assuming a 50/50 federal Medicaid funding match. Sources: Legislative Budget Assistant, Compare Report; Operating Budget for SFYs 2026-2027, including appropriations in both HB 1 and HB 2.

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The new State Budget allocates a total of \$7.1 billion for the DHHS across the biennium, which is an increase of 7.6 percent from the \$6.6 billion allocated in the prior SFYs 2024-2025 State Budget, as enacted June 2023, excluding the allocation of State employee pay increases. Using the SFY 2025 Adjusted Authorized budget as a baseline, which includes State employee pay increases, Medicaid reimbursement rate increases, and other changes made to the agency's budget since June 2023, appropriated funding declined by about \$32.0 million (0.9 percent) in SFY 2026 before increasing by \$85.9 million (2.4 percent) between SFYs 2026 and 2027. While the overall biennial DHHS Budget would increase under the new State Budget, unadjusted for inflation, 12 of the 28 sub-agencies, or activity units, within the DHHS would experience funding declines between the current Adjusted Authorized amount for SFY 2025 and the budgeted amount for SFY 2026.

Outside of the DHHS, the State Veterans' Home comprises the rest of the State Budget under the category of Health and Social Services. Under the new State Budget, the Veterans' Home would receive about \$103.4 million across the biennium, an increase of \$18.0 million (21.0 percent) from the \$85.4 million allocated in the prior State Budget, unadjusted for inflation or for the changes in State employee salaries in the previous budget.

MEDICAID FUNDING CHANGES

When comparing the Adjusted Authorized amount for SFY 2025 with the new State Budget's amount for SFY 2026, the State's Division of Medicaid Services experiences a decline of approximately \$67.1 million (4.8 percent). Declines in the Medicaid budget are primarily due to changes to uncompensated care payments for hospitals, resulting from a newly established agreement formed between hospitals and the State during the State Budget process. These uncompensated care payments, also formally known as Disproportionate Share Hospital (DSH) payments, are funded by the Medicaid Enhancement Tax (MET), which is paid by hospitals and matched with federal Medicaid funds. DSH payments are allocated to hospitals that provide health care services for Granite Staters who are uninsured or receive coverage through Medicaid, which typically has lower reimbursement rates than private insurance or Medicare.⁹

Under the new State Budget, budgeted allocations to the uncompensated care pool will decline by \$408.9 million (90.2 percent) between the SFYs 2024-2025 biennium (\$453.3 million) and the budgeted amount for SFYs 2026-

2027 (\$44.5 million). While there is a reduction in official budget lines, policymakers have identified that the new agreement reflects language in a separate piece of legislation outside of the State Budget, Senate Bill 249 introduced during the 2025 legislative session, with hospitals expected to receive back the same amount in aggregate as the prior agreement. Although the details of this new agreement between hospitals and the State were not made public in text as part of the budget process, this language suggests that DSH payments across the next biennium will be funded with other resources outside of the State Budget.

The budget lines for the State's contracts with Medicaid Managed Care Organizations (MCOs) see an increase of about \$141.1 million (16.9 percent) between the current SFY 2025 Adjusted Authorized appropriation and the new State Budget's SFY 2026 appropriation of \$973.6 million. Despite increases during the first year of the biennium, the new State Budget postpones June 2027 Medicaid payments to MCOs until the beginning of SFY 2028, effectively shifting the disbursement of funds until the next biennium. While this adjustment is not expected to impact service delivery, it will delay the timing of payments outside the current budget cycle and assumes greater availability of funds during the next biennium. This provision will save \$25.0 million in General Funds during SFY 2027, in addition to likely equivalent federal Medicaid matching dollars, impacting MCO payments for the Granite Advantage Program, the Children's Health Insurance Program (CHIP), and standard Medicaid.

Allocations towards the Adult Dental Program decline by \$4.5 million (38.3 percent) between the Adjusted Authorized amount for SFY 2025 (\$11.7 million) and the final budgeted amount for SFY 2026 (\$7.2 million). The budgeted amounts for both SFYs of the 2026-2027 biennium are also lower than the SFY 2024 actual amount spent, which was reported as \$11.7 million. While proposed funding will decline, the budgeted amount is in alignment with the agency's requested amount submitted; enrollment in the program is expected to remain relatively flat, and the annual cost per beneficiary is projected to decline, from \$3,041 in SFY 2025 to \$1,876 in SFY 2026.¹¹ In addition to funding declines, the new State Budget also establishes a research study to determine cost-effectiveness of the Adult Dental Program, with the DHHS required to submit a report of findings to the Joint Legislative Fiscal Committee by January 1, 2027.

The final State Budget adds three staff positions for Medicaid Recoveries, bringing in a net General Fund savings of approximately \$271,000 in SFY 2026 and \$534,000 in SFY 2027, after accounting for additional estimated recoveries resulting from the increased staff.

Another \$3.8 million is also allocated to the DHHS' Division of Economic Stability to support a tier-one call center to process Medicaid eligibility determinations.

In addition to funding adjustments, the new State Budget includes several policy changes impacting the state's Division of Medicaid Services, as well as Medicaid providers and enrollees across New Hampshire. These include:

- The resubmission of a federal Medicaid waiver to establish work requirements already outlined in statute and require Granite Advantage adults to work or participate in an eligible community engagement activity at least 100 hours per month, which is more than the 80 hours per month included in the final federal reconciliation bill:¹²
- The requirement of the DHHS to annually set cost-reflective rate parity for Medicaid managed care services, and an allocation of \$2.3 million in SFY 2027 to establish those payment rates;
- Return to pre-COVID-19 pandemic regular eligibility redeterminations for Medicaid enrollees renewing their coverage, and allowing the expiration of temporary Section 1902e(14)(A) waivers approved by the federal government during the COVID-19 Medicaid continuous enrollment provision;¹³
- Policy changes around preferred pharmaceutical drugs for Medicaid beneficiaries from generics-first to the lowest-cost drug regardless of type, saving an estimated \$3.9 million in General Funds across the biennium;
- Establishment of an incentive program among MCOs to encourage Medicaid recipients to seek the lowest cost outpatient procedure care when clinically appropriate, with the DHHS required to establish an implementation plan within 120 days of the budget's passage;

- Termination of the Medicaid to Schools Program if current parental consent policies are ever changed at the federal, state, or local level; and
- Accelerated implementation of the at-home dialysis program for Medicaid recipients, saving an estimated \$50,000 in General Funds during SFY 2027.

PREMIUMS AND COPAYMENTS FOR MEDICIAD ENROLLEES

Under the new State Budget, New Hampshire will seek a federal Medicaid waiver to establish premiums among Granite Advantage adults with incomes at or above 100 percent of the federal poverty guideline, which is \$15,650 for a household of one in 2025. Enrollees will be required to pay a monthly premium for coverage depending on household size, which will range from \$60 for a household of one up to \$100 for a household of four or more. According to DHHS testimony during a House Finance Committee work session, approximately 11,000 adults in the Granite Advantage program will be required to pay these premiums.

Households with children enrolled in the CHIP component of New Hampshire's Medicaid program will also be required to pay a premium if they earn at or above 255 percent of the federal poverty guidelines, or \$53,933 for a household of two in 2025. Similarly to premiums for Granite Advantage adults, monthly CHIP premiums will depend on household size, ranging from \$190 for a household of two up to \$270 for a household of four or more. In alignment with federal law regarding cost sharing for Medicaid beneficiaries, both Granite Advantage and CHIP premiums cannot exceed five percent of a household's income.

While the new State Budget will not require premiums for other populations enrolled in Medicaid, the Budget increases prescription drug copayments on preferred drugs from the current \$1-2 up to \$4 for beneficiaries, subject to any federal limitations and regulations. According to the DHHS, Granite Advantage and CHIP enrollees paying premiums will be excluded from these higher prescription drug cost shares.

PREMIUMS FOR MEDICAID ENROLLEES IN NEW HAMPSHIRE

Newly Established Medicaid Premium Structures, State Fiscal Years (SFYs) 2026-2027

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|--|---|--|---|---|
| Medicaid Program | Income Thresholds Subject to Premiums | Monthly Premium Amounts | Submission Deadline for Medicaid State Plan Amendment and Federal Waiver | Estimated Revenue |
| Granite Advantage Health Care Program | 100-138% FPG | \$60 for household of one, \$80 for two, \$90 for three, \$100 for four or more | July 1, 2026 | \$5 million in SFY 2027 |
| Children's Health Insurance Program | 255-323% FPG | \$190 for household of two, \$230 for three, \$270 for four or more | January 1, 2026 | \$3.3 million in SFY 2026, \$11 million in SFY 2027 |
| Note: "FPG" refers for federal poverty guidelines established by the federal government. | | | | |

Note: "FPG" refers for federal poverty guidelines established by the federal government.

Source: Operating Budget for SFYs 2026-2027, including appropriations in both HB 1 and HB 2.

The addition of cost shares for individuals enrolled in Granite Advantage will contribute an estimated \$5.0 million in cost savings towards the Granite Advantage Healthcare Trust Fund for SFY 2027 alone, the first year of their planned implementation. Revenue collected from premiums for CHIP enrollees will supply \$3.3 million in SFY 2026 and \$11.0 million in SFY 2027, according to projections, as policymakers expected implementation starting in January 2026. Increased prescription drug copayments will add \$750,000 in revenue for each year of the biennium and reduce the Medicaid federal match by an equivalent amount. Cost savings from both CHIP premiums and higher pharmacy cost shares are factored into the General Fund portion of the Medicaid Budget, suggesting that revenue will not be held in a separate fund and, in turn, could be used to fund operations outside of DHHS. According to testimony from

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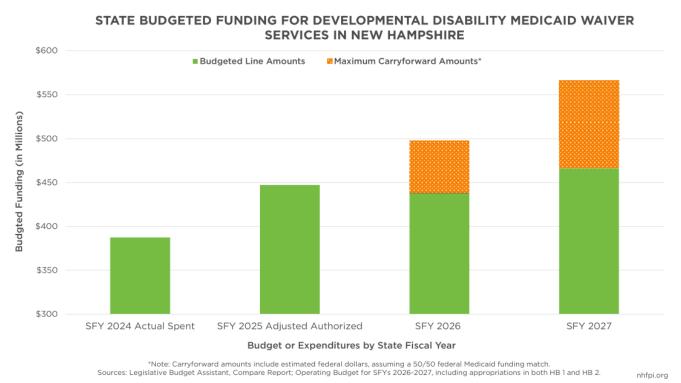
the DHHS, projected savings from premium revenue do not factor in additional administrative costs that may occur when establishing and implementing these cost shares.

State Medicaid Plan amendments are required to be processed on or before January 1, 2026 for both CHIP premiums and higher prescription drug cost shares, and on or before July 1, 2026 for Granite Advantage premiums. These amendments will likely include more information regarding how premiums will be collected, the procedures for when Medicaid enrollees are unable to pay cost shares, and other necessary details for implementing these structures during the biennium that were not included in the State Budget's text.

DEVELOPMENTAL AND ACQUIRED BRAIN DISORDER SERVICES

Within the DHHS's Division of Long-Term Services and Supports (LTSS), the Bureau of Developmental Services contracts with providers to supply services for Medicaid enrollees with developmental disabilities or acquired brain disorders. Among traditional budget lines for these services, the final State Budget allocates \$9.3 million (2.1 percent) less for developmental services in SFY 2026 compared to the Adjusted Authorized amount for SFY 2025. Acquired brain disorder services also experience a decline of \$21.4 million (37.9 percent) between the Adjusted Authorized amount for SFY 2025 and the budgeted amount for SFY 2026.

While fewer dollars are allocated in each budget line, the DHHS is authorized to use up to \$30.0 million in funds for SFY 2026 and up to \$50.0 million for SFY 2027, with likely equal amounts in federal Medicaid match dollars, carried forward from prior years' unused funds. These additional funds will draw on available amounts in the Developmental Services Fund, the Acquired Brain Disorder Services Fund, and the In-Home Support Waiver Fund. The Division's budgeted lines for developmental services increase in the second year of the biennium, with the budgeted amount for SFY 2027 (\$466.3 million) higher than both the authorized amount for SFY 2025 (\$447.3 million) and the budgeted amount for SFY 2026 (\$438.0 million), even before the transfers from the carry-forward funds.



In addition to the carryforward of funds, the new State Budget also includes unique language allowing the Division of LTSS to request additional funding through the Joint Legislative Fiscal Committee if expenditure needs exceed the allocated amounts. Increased allocations could help ensure there continues to be no waitlist for developmental disability services, including for children aging out of school-based services, people moving into New Hampshire requiring supports, and anyone currently receiving services that may require enhanced or additional aid during the biennium.

Within the Division of LTSS, the new State Budget also allows for the carryforward of \$10.0 million in unspent funds from SFY 2025 to support additional funding for community-based residential services for people with disabilities. This allocation was included in the DHHS' agency budget request following the establishment of a Room and Board payment calculation in SFY 2024 to help ensure full funding for residential services.¹⁸

The final State Budget also includes language allowing funds for the developmental disability pilot program to lapse on June 30, 2025, which was reportedly an estimated \$2.0 million out of an original \$2.8 million appropriation from 2022; to help fill the gap resulting from lapsed funding, the State Budget allocates \$1.0 million towards the pilot program for the upcoming biennium.

OLDER ADULTS AND ADULTS WITH PHYSICAL DISABILITIES

The Division of LTSS budget includes appropriations for both nursing home Medicaid reimbursements as well as the Choices for Independence (CFI) Medicaid Waiver program, providing home- and community-based supports for older adults and adults with physical disabilities.

Medicaid funding directly provided to the State's nursing facilities will increase by \$125.5 million (24.9 percent) between the SFYs 2024-2025 biennium and the budgeted amount for SFYs 2026-2027, which totals \$629.1 million. Nursing facilities will also have an aggregate increase in funding resulting from the Nursing Facility Quality Assessment, a tax on nursing facilities that is then matched with federal Medicaid funds and paid in assistance to nursing facilities through Medicaid Quality Incentive Payments; these funds would rise \$18.9 million (11.1 percent) between the SFYs 2024-2025 biennium the allocated amount for SFYs 2026-2027 (\$190.0 million). ProShare payments to county nursing facilities will experience a decline, decreasing by \$14.3 million (11.5 percent) between the prior biennium and the new State Budget, with ProShare payments also anticipated to be funded entirely with federal funds.¹⁹

While nursing facilities will experience an aggregate increase in the State Budget across the three budget lines that appropriate resources to nursing facilities, Medicaid funding available for the CFI program will increase by a smaller amount. On Under the new State Budget, funding for the CFI program will increase by \$23.9 million (10.1 percent) between the SFYs 2024-2025 budgeted amount (\$235.9 million) and the budgeted amount for SFYs 2026-2027 (\$259.7 million). Despite increases in budgeted amounts across the two biennia, the amounts allocated for both SFY 2026 (\$125.1 million) and SFY 2027 (\$134.6 million) are lower than the Adjusted Authorized amount for SFY 2025 (\$141.6 million).

In addition to allocations for nursing facilities and the CFI program, the new State Budget made several smaller investments to support older adults and people with disabilities in New Hampshire. These include:

- \$3.0 million to support faster turnarounds for the backlog of Medicaid long-term care eligibility determinations, funded with temporarily increased annual nursing facility licensing fees for the upcoming biennium only;
- \$700,000 to fund congregate housing under the Medicaid waiver program;
- \$550,000 to establish 50 guardianship slots for individuals released from hospital settings who are legally incapacitated and require help making decisions around hospital discharge;
- \$211,718 to institute two percent rate increases each year of the upcoming biennium to support Medicaidfunded intermediate care for children with disabilities; and
- \$200,000 to increase funding for the Alzheimer's Disease and Related Dementias (ADRD) caregiver grant program.

Counties are required to contribute a large portion of the non-federal Medicaid dollars used to provide long-term support for their residents, including older adults and adults with physical disabilities. State law requires that year-over-year growth in the county share of costs is limited to two percent annually. Under the new State Budget, the county cap will be raised to three percent for the SFYs 2026-2027 biennium only. With this change, counties will be

required to contribute more funds towards the total cost of care, boosting the cap up to a statewide maximum of \$135.8 million in SFY 2026 and \$139.9 million in SFY 2027. This year-over-year increase follows the stagnation of county contributions in the prior State Budget, with counties required to contribute equal amounts in SFYs 2024 and 2025 (\$131.8 million) and thus effectively not experiencing the two percent growth rate last biennium.

While the county cap will increase, under the new State Budget, counties will receive compensation for overpayments towards their share of Medicaid costs in SFYs 2020-2021. Approximately \$5.6 million will be allocated annually among the counties for SFYs 2026-2029, equating to nearly \$11.3 million across the new biennium. While the increasing caps would typically put more fiscal pressure on counties, these reimbursements will be larger than contribution increases and may help offset cost constraints during this biennium.

Lastly, the State Budget established a committee to study the potential integration of Medicaid-funded long-term care into the managed care system, with a report required to be submitted by the committee by October 1, 2025.

STATE COMMISSION ON AGING

The State Commission on Aging, established in 2019, exists to advise the Governor and the Legislature about policy and planning related to aging, and is attached to the Department of Administrative Services.²¹

In the new State Budget, the State Commission on Aging's appropriations will shift from an SFY 2025 appropriation of \$232,436 in budget line items to a flexible fund of \$150,000 per year, which would support compensation for the Executive Director and the Commission's activities.

The State Commission on Aging will have its terms for membership extended from two years to three years under the new State Budget. The Commission will also have an attached advisory council focused on the system of care for healthy aging in the state that will meet at least quarterly and make recommendations regarding the system of care

MENTAL HEALTH AND SUBSTANCE USE DISORDER SERVICES

Under the new State Budget, the Bureau of Mental Health Services will experience an increase of approximately \$6.0 million (11.2 percent) between the Adjusted Authorized amount for SFY 2025 and the proposed amount for SFY 2026. This rise is almost entirely due to an increase in General Fund allocations for uncompensated care at community mental health centers in the state, with an additional \$5.0 million allocated in SFY 2027 for the same purpose.

The Bureau for Children's Behavioral Health will experience a decline of around \$12.7 million (35.2 percent) between the Adjusted Authorized amount for SFY 2025 and the budgeted amount for SFY 2026. Approximately \$9 million of this total decline was due to a reorganization of funds into Medicaid Services and the Division of Children, Youth, and Families, rather than a change in available services for youth. However, the Children's Behavioral Health Resource Center (CBHRC) was not funded under the new State Budget, contributing to around \$1 million of this total decline; the State's CBHRC provided youth and families with wraparound services for locating providers, acquiring needed information, and other case management support.²² Allocations for the Choose Love program are also reduced by \$100,000 between the Adjusted Authorized amount for SFY 2025 and the budgeted amount for SFY 2026, although allocations remain higher than the SFY 2024 actual spent amount.

Funding for the Bureau of Drug and Alcohol Services remained relatively flat between the Adjusted Authorized amount for SFY 2025 and the budgeted amount for SFY 2026, increasing by \$1.0 million (1.9 percent) between the two fiscal years. Funding appropriated to the Bureau includes an added \$1.0 million across the biennium to support the Recovery Friendly Workplace Initiative, as well as an extension of prior funds for the Initiative that were scheduled to lapse on June 30, 2025. The new State Budget also changes the name of the Alcohol Abuse Prevention and Treatment Fund to the Addiction, Treatment, and Prevention Fund; this change would provide more flexibility for the Fund to accept and use Opioid Abatement Funds, a more restricted form of revenue, in the future.

New Hampshire Hospital, which provides inpatient mental health treatment to residents with severe and persistent mental health concerns, will experience an appropriation increase of approximately \$7.3 million (6.6 percent) between the Adjusted Authorized amount for SFY 2025 and the budget amount for SFY 2026.

Hampstead Hospital, another facility providing inpatient mental health care, was removed from the State Budget following its recent approved lease, and operational oversight change, to Dartmouth Health.²³ The Hospital had been under the DHHS's operation since 2022, when the State purchased the facility with flexible federal funds to provide inpatient mental health treatment in an effort to bring down long wait times for care, particularly for children. The lease of Hampstead Hospital, and shifting the costs of operations off of the State Budget, equates to a decline of around \$58.1 million between the amount appropriated during the prior State Budget for SFYs 2024-2025 and the new State Budget biennium.

The new State Budget calls for the sale of several State-owned properties used or formerly used to house individuals experiencing mental health challenges or housing instability. The proposed sale of the Philbrook Center will bring in an estimated \$5.0 million in SFY 2027, with the Center currently being used as transitional housing for 16 people who were formerly receiving services at New Hampshire Hospital; the DHHS would be required to develop a transition plan for people currently receiving services at the Center ahead of the sale. The Tirrell House, which is currently used as a shelter for people experiencing homelessness in Manchester, will be sold for an estimated \$300,000 in SFY 2026. Finally, unoccupied State-owned property at Hampstead Hospital will be sold, although no estimated savings were formally identified in the State Budget; portions or the property that will be used as a replacement facility for the Sununu Youth Services Center (SYSC) will not be included in the sale. All three properties will be first offered to the city or town in which they reside, then to each corresponding county government, before being placed on the open sale market by January 1, 2026.

PUBLIC HEALTH SERVICES

The new State Budget reduces funding to the Family Planning program, which provides low- to no-cost preventive and reproductive health care to approximately 2,500 people annually at health centers across the state. Budgeted allocations to the program are reduced by about \$272,794 (15.4 percent) between the Adjusted Authorized amount for SFY 2025 (\$1.8 million) and the budgeted amount for SFY 2026 (\$1.5 million), although appropriation levels are higher than the SFY 2024 actual spend (\$1.1 million). The new State Budget also includes unique language setting aside \$75,000 in each year of the biennium specifically for family planning services provided at Coos County Family Health Services.

The new State Budget makes two key changes for the State Loan Repayment Program (SLRP), which helps to recruit and retain health professionals to commit to working in rural or medically underserved areas in New Hampshire. First, the budget allows new participants to enter into the program during the upcoming biennium only if General Funds are not used to support new applicants. Through testimony to the Senate Finance Committee, the DHHS identified additional federal funding available to support the SLRP, with the budget likely allowing for the use of those funds. Second, the final State Budget also appropriates \$500,000 across the biennium to support a newly established Family Medicine Residency Program to recruit and train family physicians in the state's North Country.

All General Funds for the Tobacco Prevention and Cessation program were eliminated under the new State Budget, with only \$1 allocated each year of the biennium to keep the program in statute in the event that funds are available in the future. According to DHHS testimony, General Funds for the program supported a contract for the promotion of the state's Quitline, providing services for both adults and youth seeking to reduce nicotine use. About \$2.3 million in federal funds are allocated for the program across the new biennium; however, those funds are not likely to be available in the future due to potential federal changes.

The final State Budget also allocates available federal funds to help partially offset about \$81.3 million in COVID-19 pandemic-related funding that was abruptly terminated by the federal government in March 2025.²⁴ The total allocation of \$1.9 million across the biennium will support various permanent and temporary positions within the Epidemiology and Laboratory Capacity (ELC) Program, the immunization program, and other public health infrastructure.

Lastly, the new State Budget eliminates requirements for children to be vaccinated against Hepatitis B, Haemophilus influenzae type B (Hib) vaccinations after June 2026, and it repeals certain State rulemaking authority related to requiring vaccinations.

SUNUNU YOUTH SERVICES CENTER

Under the new State Budget, the SYSC received an increase of approximately \$4.1 million (32.3 percent) between the Adjusted Authorized amount for SFY 2025 and the proposed amount for SFY 2026. The majority of increased funds are allocated for overtime pay for employees, which total more than \$3.0 million in actual spending in SFY 2024 while only having \$500,000 originally budgeted for that year, as well as contracts for operational services at the SYSC.

The budget also calls for the sale of the SYSC during the new biennium, with a potential estimated \$80.0 million of sale revenue to be deposited into the Youth Development Center Claims Administration and Settlement Fund in SFY 2027. The Legislature has made several efforts to close the SYSC entirely, including in the SFYs 2022-2023 State Budget, as the number of individuals served by Center has been a substantially smaller number than the facility's capacity in recent years.²⁵

While no new funds were allocated, the new budget also allows for the use of General Funds to support the construction of the new SYSC replacement facility, as long as appropriations are approved by the Joint Legislative Fiscal Committee. Under prior law, only federal funds could be used for that purpose.

YOUTH AND FAMILY SERVICES

The new State Budget reduces funding for youth residential placements by a total of 10.0 percent across all budget lines, impacting both the Division for Behavioral Health and the Division for Children, Youth, and Families. While funding would be reduced, \$5 million allocated to placements was shifted from SFY 2027 to SFY 2026 to support a larger anticipated need during that fiscal year. The new budget does allow the DHHS to request additional money through the Joint Legislative Fiscal Committee in the event that spending exceeds budgeted amounts.

The final State Budget will also reduce funding for the Office of the Child Advocate by approximately \$357,000 (32.3 percent) between the Adjusted Authorized amount for SFY 2025 and the budgeted amount for SFY 2026. As a result of these funding reductions, four positions would be eliminated within the Office. Language was added that would affect the functioning of the Office, including:

- Language clarifying that there should be non-partisanship in oversight duties;
- A nomination process that involves a nomination by the Governor and approval by the Executive Council, rather than a gubernatorial appointment without Council approval;
- Requiring approval for out-of-state travel by the Joint Legislative Fiscal Committee, except travel that is required to ensure children are receiving appropriate services; and
- Limiting the Office's access to children's files for investigations to include only those involved with the State's Division of Children, Youth and Families or who are in residential treatment facilities in the state.

MATERNAL HEALTH AND ADVERSE CHILDHOOD EXPERIENCES INITIATIVES

The State Budget included language from a separate bill, which was also known as "Momnibus 2.0" as it followed an earlier piece of multifaceted legislation related to maternal health. This policy language was designed to help address needs resulting from the closure of labor and delivery units across the state and create perinatal mental health supports for Granite State women. This collection of maternal health policies includes allocations of \$150,000 for rural maternal health Emergency Medical Services training and \$30,000 to support a study on reducing barriers and examining sustainability for independent birth centers during the biennium. Additionally, insurance companies would be able to waive copays for mental health and substance use treatment for perinatal patients. The perinatal care and supports portion of this package also requires:

• Depression screens during well-child visits for pregnant or postpartum patients to be covered by private insurance and Medicaid

- Home visiting services during pregnancy and up to 12 months postpartum to be covered by commercial insurance plans
- The creation of a perinatal psychiatric provider consult line in statute starting SFY 2028, with a \$275,000 appropriation that year
- DHHS to examine the development of a perinatal peer support certification program
- Employee protection for unpaid time off to attend up to 25 hours of postpartum care and pediatric appointments during the infant's first year of life for employers with 20 or more employees

The State Budget also includes language for an Adverse Childhood Experiences (ACEs) Prevention and Treatment Program. ACEs can include physical, emotional, or sexual abuse, neglect, witnessing violence, or experiencing homelessness, food insecurity, and household instability.²⁶ Over the biennium \$300,000 will be allocated to support children ages birth through age six who have experienced ACEs or other "severe emotional disturbances" through:

- Increases in Medicaid reimbursement for early childhood mental health care
- Increased salary levels or reimbursement rates for individuals with an early childhood and family mental health credential
- Funding for training and professional development in early childhood mental health care
- Creation of a five-year plan by DHHS to increase state workforce capacity for child-parent psychotherapy supports

OTHER HEALTH-RELATED SERVICES

The new State Budget includes two key changes around services for Granite Staters experiencing food insecurity, including a \$30,000 allocation towards the WIC Farmer's Market Nutrition Program, as well as \$105,000 to support two positions to administer the newly established Summer Electronic Benefits Transfer (EBT) Program.

The budget also repeals the Prescription Drug Affordability Board (PDAB) in its entirety. The PDAB was formed in 2020 to help find prescription cost savings for public payers, while also ensuring that providers can still access the prescriptions they need to treat their patients. While it has been eliminated, the State Budget retains \$2.5 million in generated revenue from prescription drug cost savings in SFY 2027, resulting from recommendations given by the PDAB.

Lastly, the new State Budget also changes the name of the Office of Health Equity to the Office of Health Access, and keeps a hiring freeze in place for the Office throughout the biennium, even if the Governor's current hiring freeze is lifted. According to information provided during the House phase of the budget process, this would impact four positions within the Office that are currently vacant.

EARLY CARE AND EDUCATION

Overall expenditures for DHHS's Bureau of Child Development and Head Start Collaboration (BCDHSC) increased by approximately \$1.2 million (2.1 percent) for SFY 2026 compared to SFY 2025 Adjusted Authorized amount. This Bureau includes most early care and education (ECE) funding and administrative supports, and it also distributes funds for New Hampshire's Child Care Scholarship Program (NHCCSP), a state-federal partnership that provides child care assistance to families with low and moderate incomes.

The new State Budget includes language that would appropriate \$7.5 million in federal Temporary Assistance for Needy Families (TANF) reserve funds each fiscal year to the Child Care Workforce Grants if permitted by U.S. Department of Health and Human Services; however, based on information from NH DHHS, in consultation with the U.S. DHHS, grants to child care providers for the purpose of supporting the recruitment and retention of the ECE workforce is not an allowable use of TANF reserve funds.²⁷ As such, the \$7.5 million allocation each fiscal year to the

Child Care Workforce Grants in the SFY 2026-2027 budget will likely not be able to be allocated. Without the inclusion of the Child Care Workforce Grants, funding to the BCDHSC decreases in SFY 2026 compared to the SFY 2025 Adjusted Authorized amount by approximately \$6.3 million (10.9 percent).

The largest share of BCDHSC funding is proposed for the Child Development Program, the funding mechanism for the NHCCSP. The SFY 2026 amount (\$44.8 million) is over \$10 million more than the Adjusted Authorized amount for SFY 2025 and reflects an increase of more than \$10 million in the "Employment Related Child Care" line, which funds the NHCCSP. There were, however, reductions of \$3.5 million in "Protect & Prevent Child Care" funds that will be relocated to the Division of Children and Families and a new \$3 million allocation added to "contracts for program services." The substantial increase in funding for the NHCCSP likely reflects a projected rise in the number of children qualifying for and using NHCCSP. As a result of the eligibility expansion, between in January 2024 and April 2025, NHCCSP utilization increased by over 65 percent, from 2,660 children in December 2023 to 4,401 children in April 2025.²⁸

The average cost per child enrolled in the NHCCSP in SFY 2024 was \$9,502.²⁹ Over 55,000 children under 13 years old may be eligible for the NHCCSP, or approximately 32 percent of all children under 13 in New Hampshire in 2023, the most recently available data from the U.S. Census Bureau.³⁰ If all eligible children were utilizing funds from NHCCSP at the 2024 average cost per child rate, the annual cost for the program would be over \$522.6 million.

EDUCATION

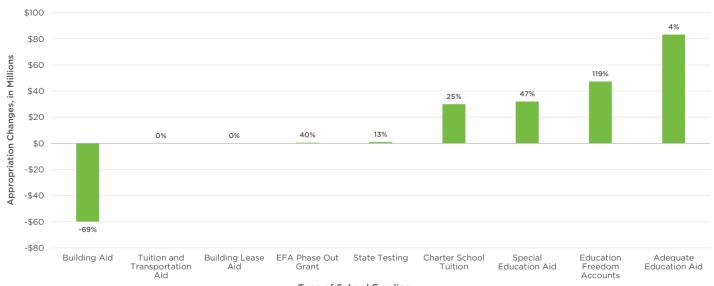
The State Budget includes modest increases for both K-12 education and the Community College System of New Hampshire (CCSNH), but a substantial decrease for the University System of New Hampshire (USNH), relative to the SFYs 2024-2025 budget. Changes in K-12 education funding reflect increases in Adequate Education Aid to local public schools, Special Education Aid, Education Freedom Account funding, and charter school tuition payments.

ADEQUATE EDUCATION AID

The primary mechanism through which State funding is supplied to local public schools for supporting education is Adequate Education Aid. Most of this assistance comes in the form of per pupil Adequate Education Grants, will include base grants of \$4,351 per full time student in SFY 2027 (academic year 2026-2027), under current law, with additional per pupil funding for students eligible for free and reduced-price school meals, students receiving special

CHANGES IN BUDGETED EDUCATION FUNDING FROM THE PRIOR STATE BUDGET TO THE NEW STATE BUDGET

Includes Trailer Bill and Surplus Statement Appropriations, SFYs 2024-2025 as Enacted Compared to SFYs 2026-2027 as Enacted



Type of School Funding

Sources: Chapters 140-142, Laws of 2025; Chapters 79 and 106, Laws of 2023; Office of Legislative Budget Assistant Surplus Statements

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education assistance, and English language learners. These differential payments will follow current policy, as established in the new State Budget, and be rounded up to the nearest dollar. ³¹ Additional funding for students who do not meet third grade reading proficiency scores was eliminated as part of changes in the SFYs 2024-25 State Budget.

In SFY 2025, the Adequate Education Aid funding formula distributed an average of \$5,279.81 for each public school student in New Hampshire.³² This figure includes the base adequacy amount as well as differentiated aid for students qualifying for free or reduced priced meals, special education, and as English language learners. A December 2020 report from the legislatively-established Commission to Study School Funding identified that, "[o]n average, New Hampshire provides approximately \$5,900 per student from state funding sources, or about 32 percent of total spending per student."³³ In the 2023-2024 school year, New Hampshire local public school districts reported average operating expenses of \$21,545.17 per pupil, with added costs of tuition, transportation, facility purchase or construction, capital costs, and interest bringing the total average per student cost to \$26,320.12.³⁴ The difference between resources provided by the State and average school district costs per pupil is largely bridged by funding from local property taxes.³⁵ Property taxes raised and retained locally accounted for 70 percent of all reported school district revenue in the 2023-2024 school year.³⁶

On July 1, 2025, after the State Budget process was completed, the New Hampshire Supreme Court ruled in favor of the Contoocook Valley School District, which had sued the state for failing to meet its constitutional obligation to provide sufficient funding to give New Hampshire students the opportunity for a constitutionally adequate public education.³⁷ The New Hampshire Supreme Court, however, did not uphold a lower court's ruling that adequacy aid should be immediately \$7,356.01 per student, but stated that the figure determined by the Superior Court was a conservative minimum threshold. The New Hampshire Supreme Court went on to note, "It is now incumbent upon the legislative and executive branches to remedy the constitutional deficiency that we have identified."³⁸

The final budget increases Adequate Education Aid by approximately \$83.3 million across the biennium. This figure likely reflects an estimate of changes in public school enrollment, and the anticipated need of enrolled students, to meet the required 2 percent annual increase that went into effect at the start of SFY 2024.

Outside of Adequate Education Aid, the new State Budget appropriates \$3.0 million from the Education Trust Fund to support learning platforms to provide instructional materials across all content areas for K-12 students.

SPECIAL EDUCATION AID

Special Education Aid is separate from the differentiated special education funding provided through the Adequate Education Aid funding formula, and is based on the number of students with Individualized Education Plans. Special Education Aid funding is in addition to the adequacy formula aid and is intended to help schools pay for the education of students who have significant special education costs beyond the average cost per pupil.

Special Education Aid is allocated to schools based on students with special education costs that exceed 3.5 times the estimated State average cost per pupil based on the preceding school year. The school district is responsible for all costs below 3.5 times the average amount, but the State will pay 80 percent of the costs between 3.5 times and ten times the state average per-pupil expenditure. If the cost rises above ten times the amount, the State pays the entire cost beyond that threshold.

Another type of related assistance outside the Adequate Education Aid formula was added as part of the SFYs 2024-2025 budget cycle and addresses the costs for educating students who require an "episode of treatment," which is defined in statute as "when a child needs to be placed by the [DHHS] in a DHHS-contracted and/or certified program to receive more intensive treatment and supports and has the objective of helping children in crisis avoid or reduce the use of psychiatric hospitals or emergency rooms."³⁹ Special education costs related to an episode of treatment and the determination of placements by New Hampshire DHHS are to be covered in full by the State under the law.⁴⁰ The current budget will draw funding for this purpose from the Education Trust Fund.

The new State Budget appropriates \$99.8 million to Special Education Aid, of which any unused funds will roll forward into the next State Budget and be transferred to court ordered placements in accordance with RSA 186-C:

18, III. The new State Budget also eliminates the provision that prorates all Special Education Aid funding to school districts based on available budgeted funds, and instead guarantees at 80 percent of the amount the school district is entitled to, prorating only between 80 percent and 100 percent of funding that would be appropriated if the State Budget's funding threshold had not been reached.

FISCAL CAPACITY DISPARITY AID

The new State Budget reinstates a form of Fiscal Capacity Disparity Aid, which had been established in prior iterations of the State's Adequate Education Aid funding formula. This aid will be allocated to municipalities that have relatively low taxable property values per student and would total up to \$1,250 per student. There would be a sliding scale reduction for this aid that disappears for municipalities with more than \$1.6 million in taxable property value per pupil. This aid would be in addition to funding through Extraordinary Needs Grants, which are provided by the State based on community-level characteristics, rather than those of individual students. These funds are calculated using the amount of taxable property value in a community per student eligible for free and reduced price meals, adding a maximum of \$11,500 per eligible student with a sliding scale reduction as taxable community property value increases.⁴¹

However, these two forms of targeted aid would be capped for the largest communities in the state. In municipalities with more than 5,000 resident students, the total amount of Extraordinary Needs Grants and Fiscal Capacity Disparity Aid combined would be limited to \$3,750 per student. Currently, only the cities of Nashua and Manchester exceed 5,000 resident students, and only Manchester is projected to be impacted, with an expected reduction of about \$10 million in SFY 2028. Policymakers considered implementing this reduction during SFY 2027; however, an amendment to a separate bill modified the State Budget Trailer Bill and delayed the implementation of this reduction by a year, into the next State Budget cycle, to give the City of Manchester and the Manchester School District time to prepare for the reduction in their school budget.

SFY 2026 Adequate Education Aid estimates project that districts will also receive funding at a rate of 0.15 of full-time student aid for each course credit taken by a local community student who is home schooled. Hold Harmless Grants, first instituted in SFY 2024 to ensure school districts did not receive less funding after the funding formula changes that year, will be reduced to 80 percent of their original value in SFY 2026, a pre-existing law that was not altered by the new State Budget.⁴²

EDUCATION FREEDOM ACCOUNTS

Education Freedom Accounts (EFAs), enacted as part of the SFYs 2022-2023 biennium budget, allow families with children who are not enrolled in school districts to apply for and receive the Adequate Education Aid that would have been granted to the local school district if the student had attended school there. Money in EFAs may be used by parents for a wide variety of education-related expenses, including tuition and fees at a private school, internet services and computer hardware primarily used for education, non-public online learning programs, tutoring, textbooks, school uniforms, certain therapies, and other expenses approved by a State-recognized scholarship organization.

Under the separately-passed Senate Bill 295, EFAs were made universally available to all New Hampshire residents eligible to enroll in public K-12 schools. The new State Budget includes language that would remove the EFA enrollment cap, which would initially be set at 10,000 students, if the cap is not increased for two consecutive years. Students meeting "priority guidelines" will be eligible for an EFA even if the enrollment cap has been met. "Priority guideline" students are defined as students who:

- 1) Currently receive an EFA
- 2) Have a sibling receiving an EFA
- 3) Experience a disability
- 4) Are in a family with income less than or equal to 350 percent of the federal poverty guidelines

The Department of Education reported that \$22.1 million was spent on EFAs in SFY 2024, while the cost was approximately \$27.7 million in SFY 2025, totaling \$49.8 million during the biennium.⁴³ The new State Budget appropriates \$87.1 million in total for SFYs 2026 and 2027, or 119 percent more than the amount allocated in the past State Budget, and approximately 75 percent more than what was spent on EFAs during SFYs 2024 and 2025 combined. As with Adequate Education Aid, spending on EFAs matches the amount provided in law regardless of the number of students, and is not capped based on the amount of expenditures projected in the individual State Budget appropriation lines.

School districts no longer receive Adequate Education Aid associated with a student who leaves the district and enrolls in the EFA program; however, the State supplies two years of transitional funding after a student departs the district. Districts receive 50 percent of the original aid for a newly-disenrolled student in the year following a student's departure, and 25 percent in the second year. The transition grants will not be provided to school districts for students who disenroll after July 1, 2026. The current budget includes \$2.1 million to support these "phaseout grants" during SFYs 2026 and 2027.

A change in the new State Budget sends any unused budgeted EFA appropriations to the Education Trust Fund, rather than reinvesting them specifically in the EFA program.

SCHOOL BUILDING AID

The new State Budget allocates approximately \$14.8 million in SFY 2026 and \$12.0 million in SFY 2027 toward school building aid, which would reduce this funding line by about \$60 million (69 percent) from the SFYs 2024-2025 budget. The amounts appear to align with obligated payments to schools for SFYs 2026-2027 but would not allocate additional funding for new school building aid during the upcoming biennium.⁴⁴

CELL PHONE-FREE EDUCATION

The new State Budget includes a requirement that school districts prohibit students from using cell phones and other personal electronic devices during the school day, from the beginning to the end of the day. The budget contains language that requires exceptions to the policy when cell phones are needed as part of students' individualized education or 504 plans, or to support English language learning students.

DIVERSITY, EQUITY, AND INCLUSION INITIATIVE RESTRICTIONS

The new State Budget includes language that creates a diversity, equity, and inclusion (DEI) prohibition in public schools, including K-12, academic institutions, and institutions of higher education. The language defines DEI as "...characteristics identified under RSA 354-A:1..." Characteristics identified under RSA 354-A:1 include, "age, sex, gender identity, creed, color, marital status, familial status, physical or mental disability...national origin...[or] sexual orientation." The Department of Education is directed to report to the Legislature about all existing DEI-related contracts in public schools, review all contracts, and report on the process for eliminating DEI-related provisions. Schools and institutions that do not comply with the prohibition may lose access to public funding until the violation is resolved.

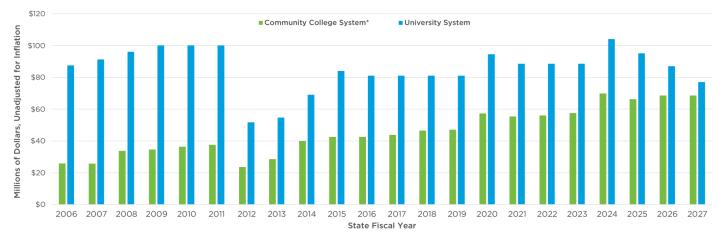
Municipalities are also included in this provision. However, the new law does not indicate towns and cities would lose access to any funding if they do not comply with the DEI prohibition.

HIGHER EDUCATION

The new State Budget modestly increases funding for CCSNH by about 1 percent (\$940,000) but decreases funding for USNH by 17.6 percent (\$35.0 million) compared to the last biennium. The budget specifically allocates \$3 million in CCSNH funding each fiscal year to dual and concurrent enrollment programs, which provide high school students in grades 10-12 with opportunities to take college courses. Additionally, \$200,000 is allocated each year to math learning communities, allowing districts to offer certain CCSNH math courses at their schools. In SFY 2025, New Hampshire trailed all other states in public higher education funding when measured on a per capita basis as well as relative to the amount of personal income in the state.⁴⁵

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; Chapters 140 and 141, Laws of 2025

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HOUSING

Despite appearing in multiple expenditure categories of the State Budget, funding dedicated to providing and expanding housing options makes up a relatively small portion of regular expenditures. State actions regarding zoning regulations, permitting changes, purchases of land, and other policy-related decisions can impact housing. However, there are only three areas where funding flows directly through the State Budget for initiatives that support resident access to housing or housing construction efforts each biennium in an ongoing fashion. They include:

- \$5 million each State fiscal year in transfers from the Real Estate Transfer Tax to the Affordable Housing
 Fund, which provides grants and loans to developers looking to construct or rehab affordable housing for
 those with low and moderate incomes.
- Funding for the Judicial Branch's Community Housing Program, which provides temporary housing to
 individuals involved with the criminal legal system who are also experiencing substance use disorders (SUD),
 including those participating in a drug court program or entering back into the community under parole or
 probation.
- Funding for the **Bureau of Homeless Services**, which provides support and resources for those experiencing homelessness or at risk of being unhoused, largely known as the Continuum of Care.

When combined, these three allocations total approximately \$61.7 million across the \$15.89 billion State Budget biennium for SFYs 2026 and 2027, or approximately 0.4 percent for all appropriations.

Included in the new State Budget is the maintenance of increased rates paid to shelters providing services; rates were first increased from \$20 to \$27 per day during the SFYs 2024-2025 biennium. According to the DHHS Division for Behavioral Health, \$5 million will be allocated across the SFY 2026-2027 biennium for the preservation of these increased rates, which aligns with the DHHS' agency budget request.

In addition to the \$2.5 million each State fiscal year for increased rates paid to shelter programs, the new State Budget adds \$10 million across the biennium from the State's Opioid Abatement Trust Fund to expand services for people experiencing homelessness who are also experiencing opioid use disorder. All funding for homelessness services is located under the Bureau for Homeless Services' budget lines, which will increase by \$5.8 million (30.0 percent) between the Adjusted Authorized amount for SFY 2025 and the budgeted amount for SFY 2026.

While new funding appropriated for the Housing Champions Program in the prior State Budget has not been repeated in the new biennium, the new State Budget extends funds appropriated during the SFYs 2024-2025

biennium that were set to lapse on June 30, 2025. In conversation with policymakers, Department of Business and Economic Affairs staff indicated that these remaining funds would be used up very quickly, although the extension may avoid any timing issues with contracts. The budget also establishes the Partners-in-Housing Program to promote the construction of affordable and workforce housing, although no funds were allocated for the program.

HOUSING APPEALS BOARD CHANGES

The new State Budget reduces funding for the Housing Appeals Board, which was established in 2020 to serve as a parallel structure to the Superior Court System, focusing specifically on housing-related cases and disputes. Under the changes in the new State Budget, allocations for the Board would be reduced by \$141,778 (24.3 percent) between the Adjusted Authorized amount for SFY 2025 (\$584,410) and the budgeted amount for SFY 2026 (\$442,632). Reductions in funding are primarily due to the elimination of a Board member, as the new Board will be reduced from three to two permanent members under the latest State Budget.

In addition to a reduction in funding, the budget also introduces administrative changes to the Housing Appeals Board, which will be housed under the Board of Tax and Land Appeals. Under the new structure, each Board will share decision-making processes, with members from opposite Boards able to make decisions and serve as tiebreakers if a consensus cannot be reached.

EXPEDITED PERMITTING

The State Budget modifies the State's permitting process for permits, approvals, or written authorizations related to shorelands, wetlands, water quality, and the construction of driveways off public roads, which may involve the development of new housing. Via policy language incorporated into the new State Budget, State departments reviewing environmental permit applications will be required to provide decisions within 60 days or less after receipt of a completed application. If a department is unable to provide a determination within 60 days, then the permit would be considered not an appreciable risk to a threatened or endangered species.

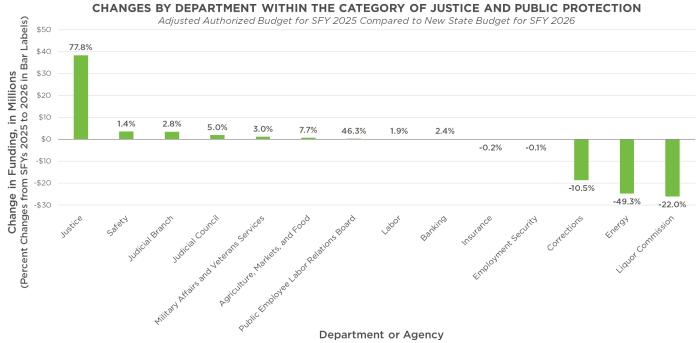
Applicants are able to provide written approval for extending the State timeline if they do not need a determination within the 60-day window. Any allotted time needed to collect additional information from applicants will not count against the State's 60-day timeline.

JUSTICE AND PUBLIC PROTECTION

Key agencies within the Justice and Public Protection category of the State Budget include the judicial branch of State government, the Departments of Justice, Insurance, Safety, Banking, Military Affairs and Veterans Services, Energy, Labor, Corrections, Employment Security, and Agriculture, Markets, and Food. The Liquor Commission, Human Rights Commission, Judicial Council, and several other boards and offices are also within this category. Among the fourteen State departments and other agencies that are within the expenditure category of Justice and Public Protection, four have appropriation declines relative to the SFY 2025 Adjusted Authorized budgeted amounts in the new SFY 2026 budget. There are significant changes in appropriations in both directions.

The largest increase was in the Department of Justice, with a boost of \$38.4 million (77.8 percent) between the two years. This increase was driven primarily by \$30.0 million in appropriations related to the continued legal liability facing the State associated with the decades of alleged abuses of children in the State's care at the former Youth Development Center and contracted agencies. The increase also includes \$3.0 million designated for New Hampshire Child Advocacy Centers, \$800,000 for the New Hampshire Internet Crimes Against Children Fund, and \$3.5 million in federal funds from the Comprehensive Opioid, Stimulant, and Substance Use Program during the biennium.⁴⁶

The largest percentage increase in appropriations is at the Public Employee Labor Relations Board, a \$261,331 (46.3 percent) increase from SFY 2025's Adjusted Authorized appropriation to SFY 2026. A policy change attached to the State Budget increased the per diem payments to members of the Board from \$50 to \$250.



Sources: Chapters 140-142, Laws of 2025; Office of Legislative Budget Assistant, Compare C of C to Senate, July 1, 2025 nhfpi.org

The Department of Safety was appropriated \$600,000 specifically for the Northern Border Alliance to support law enforcement efforts near the Canadian border, and \$75,000 in each year of the biennium to support training for Emergency Medical Services personnel to address rural maternal health concerns. The Department of Safety was also appropriated \$3.5 million from the Opioid Abatement Trust Fund to support local law enforcement substance abuse enforcement program efforts in Carroll, Coos, Grafton, and Sullivan counties.

The largest decreases were at the Liquor Commission (-\$26.1 million, -22.0 percent), the Department of Energy (\$24.7 million, 49.3 percent), and the Department of Corrections (-\$18.6 million, -10.5 percent). The changes at the Liquor Commission stem almost entirely from the SFY 2025 Adjusted Authorized budget showing funding transfers to other State agencies, including the DHHS to help fund the non-federal share of Medicaid expansion and to addiction recovery services, that the SFY 2026 budget did not include among appropriated transfers.

The Department of Energy's funding reduction is the result of transferring or diverting a total of \$24.0 million away from the Renewable Energy Fund during SFY 2026. The Department of Corrections budget has both a \$10.0 million back-of-budget reduction and 54 positions eliminated during the biennium.

DEPARTMENT OF CORRECTIONS CHANGES

The total of 54 jobs across the Department of Corrections are eliminated in the new State Budget includes a wide array of State positions. The largest number of positions eliminated within the Department are in mental health services (6 positions), dental services (5), human resources (5), and at the State prison for men (5). Positions were also eliminated at the pharmacy, residential treatment program, transitional work center, business information unit, maintenance, inventory, and at the district offices and the Northern New Hampshire Correctional Facility and the correctional facility for women.

The Department will also have to identify \$10.0 million in savings to comply with a back-of-budget reduction. The new State Budget specifies the components of the Department's budget within which \$2.0 million of those \$10.0 million in savings have to be identified, unlike the other back-of-budget reductions in the State Budget, which provide only a broad mandate for reductions without specificity.

YOUTH DEVELOPMENT CENTER SETTLEMENT FUNDING AND POLICY

The new State Budget will appropriate \$20.0 million to the Youth Development Center Claims Administration and Settlement Fund. This Fund is designed to help address legal claims against the State by victims of alleged abuse

over decades at the Youth Development Center. Based on current State law, the Fund may pay up to \$75.0 million per year in settlements, so these appropriations will provide support for only a portion of that liability.⁴⁷

The new State Budget would also require the sale of the physical buildings and location currently named the Sununu Youth Services Center in Manchester, and direct the proceeds from that sale to the Fund. The amount expected from the sale was not specified in the State Budget, although some policymakers discussed a figure as high as \$80.0 million during budget negotiations.

According to a July 24, 2025 report from the Youth Development Center Claims Administration and Settlement Fund's administrators, as of June 30, there were 1,530 claims against the State made through the program, and 386 claims had been settled with a total cost of \$221.7 million to the State, including interest costs. The total pending claims requested by individuals seeking settlement with the State was about \$1.84 billion.⁴⁸

Separately, the new State Budget appropriates \$10.0 million to address a single case from a former Youth Detention Center resident who had sued the State in court, rather than using the Settlement Fund process.

The new State Budget also shifts the responsibility for the Youth Development Center Claims Administration and Settlement Fund's management and oversight from the Judicial Branch to the Executive Branch, putting it under the purview of the Governor.

HUMAN RIGHTS COMMISSION

The Human Rights Commission is authorized by a statute passed in 1992. Per that statute, the Human Rights Commission exists "to eliminate and prevent discrimination in employment, in places of public accommodation and in housing accommodations because of age, sex, gender identity, race, creed, color, marital status, familial status, physical or mental disability or national origin..." This seven-member commission, administratively attached to the Department of Justice, receives complaints, holds hearings, conducts investigations, and issues publications related to the State's laws against discrimination. In SFY 2023, the Commission reported receiving 767 inquiries and filing 243 charges.⁴⁹

The new State Budget includes a \$521,000 back-of-budget reduction for the Human Rights Commission, which is the equivalent of 29.5 percent of its SFY 2026 approved budget of nearly \$1.8 million. Because the back-of-budget reduction does not specify where savings must be found, agency personnel are required to decide which services and programs to cut.

The new State Budget also establishes a one-year advisory committee to be attached to the Human Rights Commission and study, monitor, and support the Commission in implementing corrective actions identified in a 2025 audit by legislative staff. Policy language also requires an annual report from the Human Rights Commission, requires that administrative rules for the Commission do not expire, adds oversight from the Department of Justice, and requires that the chair of the Commission be an attorney eligible to practice law in New Hampshire.

RENEWABLE ENERGY FUND

The Department of Energy includes the Public Utilities Commission and its regulatory authority, and thus the Department falls into the Justice and Public Protection category of the State Budget.

The Renewable Energy Fund, which is administered by the Department of Energy, is used to support renewable energy rebate and grant programs as well as renewable energy generation and technology projects.⁵⁰ The Renewable Energy Fund's revenue source is payments by electric service providers who are not generating the required proportion of their energy from renewable sources as required by the State's Renewable Portfolio Standard. Noncompliance effectively leads to a payment to the Renewable Energy Fund.⁵¹

Under the new State Budget, \$20.0 million currently in the Renewable Energy Fund will be transferred from the Renewable Energy Fund into the General Fund to support other State operations. Additionally, all but \$1.0 million per year of revenue collected by the Renewable Energy Fund during the biennium will be transferred to the General Fund, totaling an estimated \$4.0 million per year.

PROHIBITIONS ON CERTAIN SALES TO FOREIGN GOVERNMENTS

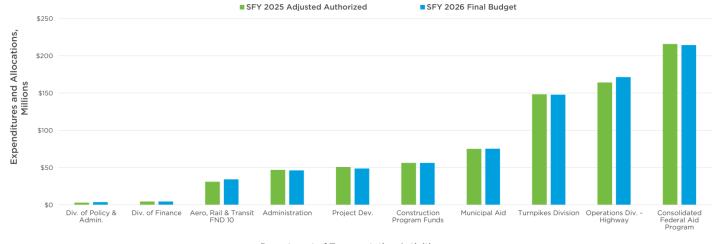
The new State Budget restricts the rights of certain individuals to purchase or lease property in New Hampshire. The governments, government officials, companies organized within, or agents and employees of China, Russia, Iran, Syria, and North Korea are prohibited from purchasing permanent, temporary, or controlling ownership or lease of any land, buildings, or other land-attached resources within New Hampshire, as a result of the new State Budget. This policy will be enforced by the State's Attorney General.

TRANSPORTATION AND MOTOR VEHICLE POLICIES

The Transportation expenditure category in the State Budget is entirely comprised of the New Hampshire Department of Transportation (DOT) budget and does not include any other departments or agencies. The final budget for SFY 2026 increases DOT funding by approximately \$6.8 million (0.9 percent) compared to Adjusted Authorized funding for SFY 2025.

Most DOT funding comes from a combination of federal funds, State Highway Funds, State Turnpike Funds, with only \$3.3 million of General Funds allocated for DOT for each year of the biennium in the final budget. The largest DOT activities, consolidated federal aid program, Operations Division highway expenditures, and the Turnpikes Division, spend the majority of allocated funds on construction materials, new and replacement equipment costs, and wages and benefits.

DEPARTMENT OF TRANSPORTATION EXPENDITURES AND ALLOCATIONS BY ACTIVITY



Department of Transportation Activities

Source: Chapters 140-142, Laws of 2025; Office of Legislative Budget Assistant Senate vs. Committee of Conference Compare Report (July 1, 2025)

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The largest percentage increase within the new DOT budget, a \$3.7 million (27.6 percent) increase within the Division of Policy and Administration, is the result, in part, of overhead cost increases, increased wage costs at the Office of Asset Management, and a federal training grant. Aggregate aero, rail, and transit funding increases are also fueled by additional federal supports.

Changes in the Department of Safety, rather than in DOT, to several motor vehicle policies were enacted as part of the new State Budget. State motor vehicle safety inspection requirements will be eliminated after January 2026. The State is required to submit a request to the federal government for altering its emissions testing requirements. If that permission is obtained, or if September 2026 is reached without obtained permission, the State's Motor Vehicle Air Pollution Abatement Fund inspection fee and the State-level requirements for emissions inspections will be eliminated.

Vehicle- and driving-related fee changes were enacted as part of the new State Budget including boosts to motor vehicle registration fees, increasing fees for vanity place service and annual renewals to \$60 (previously \$40),

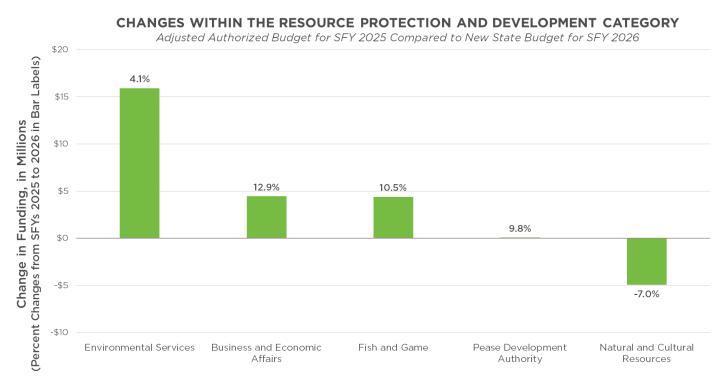
certified copies or duplicates of a certificate of registration to \$20 (previously \$15), and new driver's licenses for a change of address to \$10 (previously \$3).

RESOURCE PROTECTION AND DEVELOPMENT

Funding for agencies within the Resource Protection and Development category increased in aggregate, but changed to different extents within agencies because of several key shifts.

The Department of Environmental Services (DES), the largest agency in this category, has the largest increase between the SFY 2025 Adjusted Authorized and SFY 2026 appropriations. This \$15.9 million (4.1 percent) increase is driven primarily by an appropriation of \$11.55 million from the Drinking Water and Groundwater Trust Fund. The Drinking Water and Groundwater Trust Fund was supported with an appropriation of \$277 million resulting from a State lawsuit against ExxonMobil for groundwater and drinking water contamination. These directed funds will be used to support a regional water infrastructure project designed to serve towns in southeastern New Hampshire that have drinking water impacted by per- and polyfluoroalkyl substance contamination. The new law directing these funds does not specify which towns will receive the assistance, but also notes that these are communities with growing water demands. Another \$2.5 million was appropriated to the DES in each year of the biennium to continue making payments for municipal wastewater infrastructure projects that were previously awarded funding by the State. The DES also received an appropriation of \$325,000 specifically for piping, water filtration, and digging a new well at the Pillsbury Lake Village District. The DES does have a General Fund back-of-budget reduction of \$3.0 million per year that will likely impact agency operations, as total General Fund appropriations in SFY 2026 totaled about \$25.0 million.

The next largest increase among State agencies in this category was at the Department of Business and Economic Affairs. The Department's new budget for SFY 2026, which increases \$4.5 million (12.9 percent), incorporates federal funding associated with broadband infrastructure and higher marketing expenses for promoting tourism. The Department's budget was reduced by \$200,000 with the elimination of block grants for regional planning commissions in the state. The State Budget also establishes a Division of Planning and Community Development,



Department or Agency

Sources: Chapters 140-142, Laws of 2025; Office of Legislative Budget Assistant, Compare C of C to Senate, July 1, 2025

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which was previously organized as an Office rather than a Division, within the Department of Business and Economic Affairs.

Funding for the Fish and Game Department increased (\$4.4 million, 10.5 percent) due in part to a federal grant to support the Great Bay Natural Estuary Research Reserve and another grant for the game and non-game wildlife management programs, while other funds were increased for saltmarsh monitoring and restoration, search and rescue operations, law enforcement, fish conservation, and fish hatcheries management.

Department of Natural and Cultural Resources funding declined primarily due to a reduction in federal grants for land and water conservation and a reduction in funding for the Division of the Arts.

SOLID WASTE MANAGEMENT FUND

The new State Budget establishes a Solid Waste Management Fund. The Fund will be resourced with a \$3.50 per ton surcharge on solid waste disposed of at a landfill, incinerator, or facility that turns waste into energy. The proceeds will then be used to support waste reduction and diversion, hazardous waste disposal and recycling, and solid waste management planning efforts. Municipalities will receive quarterly payments from the fund to support waste reduction and recycling efforts and support local governments through matching grants for approved projects.

PERMITTING AND ENDANGERED SPECIES PROTECTION CHANGES

As noted in the housing section of this Report, the State Budget changes to the State's permitting process for permits, approvals, or written authorizations related to shoreland, wetland, water quality, and construction of driveways off of public roads. State departments reviewing relevant environmental permit applications would be required to provide decisions within 60 days or less after receipt of a completed application, with seeking more required information from an applicant not counting against that timeline. If a department is unable to provide a determination within 60 days, then the permit would be considered not an appreciable risk to a threatened or endangered species.

The expedited permitting process is associated with larger policy changes regarding interactions between state agencies relative to environmental permitting. The Department of Environmental Services is required to draft rules to manage a database for State agencies to use for screening protected species as part of a review, and may charge other agencies a fee for this review.

PERMIT FEES AND REGULATIONS

The new State Budget includes increases in Department of Environmental Services fees to apply for a permit to perform certain activities. The permitting fees that would be increased include:

- Dredge and fill projects, including shoreline and dock application fees
- Registration of docking structures and certain boats
- Terrain alteration, with a new category of fee for terrain alterations of between 50,000 square feet and 150,000 square feet, lowering the threshold for applying and establishing a fee schedule for projects with more than 150,000 square feet of disturbance area, and requiring new permit by notification rules for disturbance areas of less than 150,000 square feet
- Annual registration fees and new applications for dams
- Automotive oil and hazardous waste cleanup fees

The procedures for certain external reviews of projects will be altered to reduce the number of potential review venues, including by the New Hampshire Rivers Council. The budget also eliminates the requirement that powerboats registered outside of New Hampshire and operating in New Hampshire public waters buy an aquatic invasive species decal from the Department of Environmental Services, and removes the requirement for a fee for the submission of plans to the Department of Environmental Services for the construction of sewerage systems.

The new State Budget also establishes a definition for boathouses that regulates these structures built over public waters, restricting the size and purpose of these structures.

Several councils had their membership altered with the passage of the new State Budget, including the Air Resources, Waste Management, Water, and Wetlands Councils.

DIVISION OF THE ARTS

The Division of the Arts within the Department of Natural and Cultural Resources will be funded at a lower level from direct State appropriations under the new State Budget. The budget includes \$150,000 in direct State funding in SFY 2026, repeated in SFY 2027, and down from \$1.4 million in the SFY 2025 Adjusted Authorized budget.

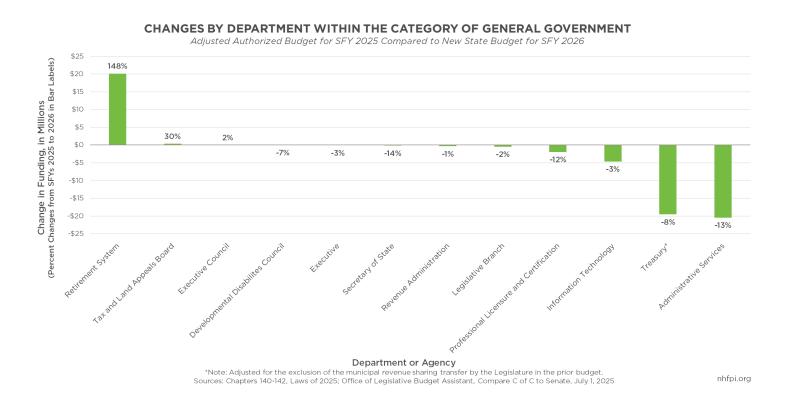
The new State Budget also establishes a 50 percent credit against the State's Business Profits Tax and Business Enterprise Tax for business filers that donate money to the Granite Patrons of the Arts fund. Contributions to that fund could generate up to \$700,000 more revenue for the Division of the Arts during the biennium, if businesses use the credit, under the new law.

The new State Budget makes the assumption that this level of funding would be sufficient to access federal matching funds totaling more than \$2.0 million during the biennium, although such dollars are dependent on federal policy.

The new State Budget also establishes a committee to study the creation of the New Hampshire Office of Film and Creative Media, which is required to issue a report on a potential Office and a related tax credit by November 2025.

GENERAL GOVERNMENT

Within the agencies of the General Government category, three significant shifts from the current State Budget impacted changes in funding. Funding declines as the Department of Administrative Services and the Treasury Department, and increases at the New Hampshire Retirement System, shifted many more dollars than the other changes. However, structural changes to smaller agencies were significant as well.



THE DEPARTMENT OF ADMINISTRATIVE SERVICES

One-time funds associated with capital projects and purchases allocated to the Department of Administrative Services in the current biennium have not been repeated, which reduced the relative funding at that Department. In the prior State Budget, the Department of Administrative Services was allocated a combined \$38.2 million in General Funds for the purchase of a building to house the Department of Justice, for State House Annex renovations, State building maintenance, moving and fit-up costs at buildings, and for upgrades to the State's financial, payroll, and budgeting systems. These appropriations were not repeated, and property management and maintenance budgeted line items were reduced from the SFY 2025 Adjusted Authorized levels to SFY 2026.⁵³

The Department of Administrative Services is also the administrative home for the Office of the Child Advocate and the State Commission on Aging, both of which had significant funding reductions as described elsewhere in this Report. Funding for retiree health insurance and graphic services also declined.

In total, the Department of Administrative Services budget decreased by \$20.5 million (12.5 percent) from the SFY 2025 Adjusted Authorized level to SFY 2026.

The Department of Administrative Services was authorized to receive \$15.6 million to purchase and make capital improvements to a specific property in Concord. However, these dollars will be drawn from borrowed funding on the State's credit, and while authorized in the Trailer Bill, they are not part of the State's operating budget, which is not permitted to balance based on borrowed funds.

TREASURY DEPARTMENT

The Treasury Department's funding decrease of \$19.5 million (7.7 percent) in appropriations stemmed from three primary factors, two of which are related to higher education.

First, the Governor's Scholarship Program was defunded, leading to both operational and ongoing cost savings and unused funds lapsing back to the General Fund. The Governor's Scholarship Program awards up to \$2,000 per year for eligible students toward the cost of a post-secondary education or training program in New Hampshire.⁵⁴

Second, the funding for students attending higher education supported by the UNIQUE funds, which are generated from administrative fees associated with 529 accounts administered in the state, was curtailed. The new State Budget transfers \$6.0 million in each year of the biennium out of the UNIQUE funds to the General Fund. Like the Governor's Scholarship Program dollars, the Treasury Department also manages these funds.

Third, the Treasury Department manages the State's debt. The costs of servicing that debt are projected to decrease during the next biennium, potentially because of a combination of lower overall debt and reduced interest rates.

NEW HAMPSHIRE RETIREMENT SYSTEM

The third major change among agencies in the General Government category is a significant increase in funding to the New Hampshire Retirement System. The \$20.1 million increase between the SFY 2025 Adjusted Authorized amount and SFY 2026 funding is due to a boost in aid for certain retirees, which will total an additional \$42.0 million in appropriations over the biennium.

This appropriation will fund retirement contributions and support subsequent benefits policy changes for State and local fire and police employees who were not vested in the New Hampshire Retirement System prior to 2012, when significant changes were made to retirement benefits after a law change in 2011. These employees, who are a subset of the public employees known as "Group II" retirement employees that includes both State and local first responders, had their expected benefits changed in 2011. This policy change will undo those changes from 14 years ago, with an expected cost of \$27.5 million in General Funds in each State fiscal year through SFY 2034.⁵⁵

The other changes to the New Hampshire Retirement System include capping total annual compensation at no more than 100 percent of the retiree's final average compensation or \$145,000 annually, whichever is lower. The new State Budget also redefines the limits on the compensation that can be counted toward retirement benefit

calculations to the highest-compensated five years in an employee's career. There will also be a new schedule of annuity adjustments.

OTHER FUNDING CHANGES

While the other funding changes in the General Government category were small relative to these three shifts, some were significant relative to the size of the agencies they impacted. Reductions in funding between Adjusted Authorized SFY 2025 levels and the new SFY 2026 appropriations at the Legislative Branch (-2.3 percent), the Governor's Office (-2.8 percent), the Department of Information Technology (-3.4 percent), and the Secretary of State (-14.5 percent) were driven primarily by back-of-budget reductions added to budgets without appropriation growth.

The Board of Tax and Land Appeals budget grew by 30.3 percent between those two years because of the addition of the Housing Appeals Board, which became administratively attached to the Board of Tax and Land Appeals.

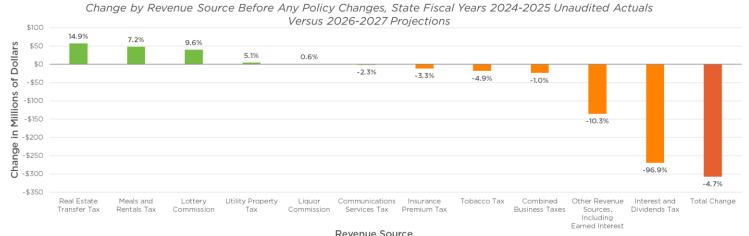
Funding for the Office of Professional Licensure and Certification dropped by 12.1 percent in the first year of the new State Budget, primarily due to lower personnel costs budgeted for enforcement.

REVENUE PROJECTIONS AND POLICIES

Policymakers projected revenue growth in the new State Budget, and also boosted revenues through policy changes.

In total, policymakers projected that combined General and Education Trust Funds revenue, based on policies that existed prior to the new State Budget, would decline substantially relative to SFY 2024 collections to the two funds. Using SFY 2024 audited revenues and SFY 2025 cash revenues as a comparison, policymakers projected that SFYs 2026-2027 would result in \$307.2 million (4.7 percent) less revenue than the prior biennium for the combined General and Education Trust Funds.

GENERAL AND EDUCATION TRUST FUNDS COMBINED REVENUE GAINS AND LOSSES BY SOURCE IN NEW STATE BUDGET PROJECTIONS



 $Sources: Annual\ Comprehensive\ Financial\ Report,\ SFY\ 2024; Department\ of\ Administrative\ Services\ Monthly\ Revenue\ Focus,\ June\ FY25\ -\ Cash\ Monthly\ Revenue\ Focus,\ Monthly\ Revenue\ Fo$

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The most significant change driving this decline is the repeal of the Interest and Dividends Tax in 2025, which reduces General Fund revenue by \$269.0 million in the SFYs 2026-2027 projections relative to the actual SFYs 2024-2025 collections. Policymakers also did not project growth in the State's combined business taxes, the Business Profits Tax and the Business Enterprise Tax, which have driven significant revenue growth since the onset of the COVID-19 pandemic; policymakers forecast these two revenue sources to be \$23.4 million (1.0 percent) lower than the preliminary total from the last biennium. Tobacco Tax revenues were also expected to decline, continuing a longterm trend for this revenue source, with the projections forecasting \$18.1 million (4.9 percent) less in Tobacco Tax revenue over the next two fiscal years relative to the last two.

Before policy changes, legislators expected three primary sources of revenue growth for these two funds. First, Real Estate Transfer Tax revenues are forecast to grow \$57.2 million (14.9 percent) relative to the prior biennium. Second, Meals and Rentals Tax revenues would grow \$48.3 million (7.2 percent) under these projections. Third, Lottery Commission revenues, prior to any policy changes or expansions, would grow \$40.0 million (9.6 percent) from the SFYs 2024-2025 collections to the SFYs 2026-2027 period.

Policy changes, however, were incorporated into the State Budget to boost revenues. The new State Budget establishes a tax amnesty program to incentivize taxpayers who have not paid their owed amounts yet to provide them to the State; the amnesty will apply to the assessment or payment of all penalties and interest exceeding 50 percent of the applicable interest as determined by the State under prior laws. This program was projected to generate nearly \$4.0 million in net revenue, with a small administrative cost. These revenue projections are lower than the revenue generated during the last major tax amnesty program by the State in SFY 2016, when the program generated \$19.0 million in revenue. The new State Budget also funds more multi-state auditors at the Department of Revenue Administration, who are projected to bring in a net of approximately \$5.0 million in revenue.

The most significant policy change for revenue collections, however, are related to expansions of legalized gambling in New Hampshire.

VIDEO LOTTERY TERMINALS AND OTHER LOTTERY CHANGES

The final budget renames the State Lottery Commission to the State Lottery and Gaming Commission, and puts the newly-named agency in charge of "video lottery terminals" (VLT), a newly-legalized source of gambling revenue. VLTs are devices that accept and dispense money, vouchers, or other credits to players who participate in games of chance at machines with spinning reels or video displays that are not connected to the internet. VLTs would only be allowed at licensed locations under the final budget language. The addition of VLTs is projected to raise \$185.3 million in revenue for the General and Education Trust Funds over the biennium.

The tax rate on VLT revenue is set at 31 percent, which is between the rates proposed by the House and the Senate. The VLT revenues from those 31 percentage points of tax rate will be distributed as follows:

- 0.25 percent to the Governor's Commission on Addiction, Treatment, and Prevention
- Approximately 10.76 percent to charitable gaming, the equivalent of 35 percent of the VLT revenue taxed at the 31 percent rate
- About 5.0 percent to the Lottery Commission for operations, with the remaining profit funds flowing to the Education Trust Fund
- Approximately 15.0 percent to the General Fund

Projected revenues for historic horse racing (HHR) machines were lowered as VLTs are expected to replace the HHR machines and potentially reduce the use of the HHR machines that remain as users game on VLTs instead. This estimate revision resulted in a reduction of approximately \$109.0 million less for the Education Trust Fund over the biennium.

Additional lottery and gaming changes include:

- Adding high-stakes tournaments with buy-ins of \$2,500 or more (no revenue projections made)
- Removing a maximum wager cap currently set at \$50 (increase of \$1.0 million over the biennium)
- Expanding hours for Keno to match the hours of a business's operations (previously restricted to the hours of 11 a.m. to 1 a.m.; increase of \$3.9 million over the biennium)

The new State Budget also contains language that eliminates the Council for Responsible Gaming and transfers the responsibilities of the former Council to the Department of Health and Human Services' Division of Behavioral Health.

EDUCATION TRUST FUND REVENUE DISTRIBUTION CHANGES

The new State Budget expands legal uses of funds from the Education Trust Fund to include costs for special education services related to a student's "episode of treatment," grants from the Public School Infrastructure Fund, and Department of Education operating costs. Language was also added to the budget that ensures any surplus funds above \$20 million in the Education Trust Fund at the end of a biennium will be transferred to the General Fund. Additionally, decisions from the Public School Infrastructure Commission to authorize Public School Infrastructure Fund dollars for projects will no longer require approval from the Joint Legislative Fiscal Committee.

The distribution of certain tax revenue funds to the Education Trust Fund and the General Fund were adjusted. The percentage of revenue from the Business Profits Tax, Business Enterprise Tax, Tobacco Tax revenue from all tobacco products sold at retail in the state, and the Real Estate Transfer Tax was changed to 39 percent for the Education Trust Fund and 61 percent the General Fund.

In aggregate, these changes are projected to result in \$5.2 million less in the Education Trust Fund in SFY 2026 than would have been provided under prior policy, which split revenue from the two business taxes 59 percent to the General Fund and 41 percent to the Education Trust Fund.⁵⁷

Due to the transfer of the plurality of new dollars collected by VLT to the General Fund and the corresponding reduction in expected HHR revenues to the Education Trust Fund, however, the net impact on Education Trust Fund revenue from the policy changes in the State Budget is projected to be negative. Total revenue to the Education Trust Fund is forecast to be \$63.9 million lower during the biennium than it would have been without the policy changes.

FEE INCREASES

The new State Budget establishes or increases 131 fees, fines, and other charges associated with certain services or activities, including individual adjustments to fee schedules. Fees set in State laws that do not have inflation adjustments require changes from the State Legislature, and cannot be changed independently by State agencies unless they are granted that power, to maintain the amount of resources they collect relative to expenses. The new State Budget temporarily or permanently increases motor vehicle registration fees, certain fees for projects or activities with environmental impacts, agricultural fees, court fees, nursing facility licensing fees, and many other fees established in State law. Motor vehicle inspection fees are forecast to be the largest adjustment, increasing revenue to the Highway Fund by a forecast \$31.5 million during the biennium.

RAINY DAY FUND AND OTHER TRANSFERS

To help fund the State's General Fund and offset revenue shortfalls, the new State Budget relies on transfers from other funds and untapped appropriations.

The Rainy Day Fund, formally named the Revenue Stabilization Reserve Account, had a balance of \$292.5 million at the end of SFY 2024, which tied with SFY 2023 as a record high level for the Fund. However, a revenue deficit at the end of SFY 2025 was expected to lead to the State drawing \$88.8 million from the Rainy Day Fund; the new State Budget changed the law governing the Rainy Day Fund to ensure this transfer could happen.

At the end of SFY 2027, policymakers projected expenditures would fall below revenues by enough to transfer \$16.0 million from the Education Trust Fund to the General Fund. The General Fund would then have a surplus of \$24.7 million available to be allocated to the Rainy Day Fund. Such a transfer would bring the SFY 2027 total to \$228.4 million, which would be the fourth-highest year-end total in the history of the Rainy Day Fund.

The last instance of a transfer being needed from the Rainy Day Fund for reasons related to a revenue shortfall was SFY 2009, as the poor economic environment generated by the Great Recession of 2007-2009 had negatively impacted State revenues. Recent economic conditions have been much more favorable than in 2009.⁵⁸

The new State Budget also bolsters General Fund revenue from two other sources during the biennium. First, the new budget allows for an \$18.0 million General Fund appropriation made by the prior State Budget for the operation

and maintenance of the Cannon Mountain Aerial Tramway to lapse back to the General Fund in SFY 2026. The new capital budget includes \$27.2 million for the Tramway, potentially to pay for upgrades that would have been funded with General Fund cash that has not yet been spent.⁵⁹

As noted earlier in this Report, the new State Budget transfers a total of \$28.0 million during the biennium from the Renewable Energy Fund, and \$12.0 million from UNIQUE funds supporting students seeking higher education, to the General Fund during the biennium.

BACK OF BUDGET REDUCTIONS

As noted elsewhere in this Report, the new State Budget requires certain agencies to find savings in their individual appropriations without identifying specific line items through "back-of-the-budget"

RAINY DAY FUND BALANCE



Sources: New Hampshire Annual Comprehensive Financial Reports, SFYs 2024-1997; Office of Legislative Budget
Assistant, Comparative Statement of Undesignated Surplus, June 27, 2025

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reductions. While other funding reductions enacted reduce specific appropriations and line items in the State Budget, these reductions rely on State agency personnel to reduce expenditures relative to their topline appropriations, or specifically their General Fund appropriations, relative to the sum of all individual appropriations allocated.

Total back-of-budget and other unspecified reductions in the State Budget include \$112.7 million during the biennium. These back-of-budget or other unspecified reductions include:

- \$51.0 million in General Funds at the DHHS, which may also impact federal matching funds
- \$32.0 million in General Fund revenue or savings to be identified by the Governor across the Executive Branch
- \$10.0 million in overall funds at the Department of Information Technology
- \$10.0 million in General Funds at the Department of Corrections, including \$2.0 million from certain areas
- \$6.0 million in General Funds from the Department of Environmental Services
- \$1.0 million in General Funds from the Legislative Branch
- \$1.0 million in State Liquor Funds from the Liquor Commission
- \$600,000 in General Funds from the Department of Natural and Cultural Resources
- \$521,000 in General Funds from the Human Rights Commission
- \$465,000 in General Funds from the Secretary of State's office
- \$100,000 in General Funds from the Governor's Office

Policy language in the State Budget also grants the Governor the authority to add funding for operations, if General Fund revenues are sufficient, with approval from the Joint Legislative Fiscal Committee.

CONCLUSION

The new State Budget carries forward most State operations in a constrained fiscal environment, but leaves some services more difficult to access while boosting funding for others. With fewer resources available, following the repeal of the Interest and Dividends Tax and declining business tax revenues, policymakers found new revenue sources while also curtailing some programs.

New revenues stem primarily from legalizing expansions of gambling, particularly establishing video lottery terminals, and raising many fees that are set in statute, without inflation adjustments, and had not been adjusted for considerable lengths of time. The State will also, if permitted by the federal government, collect premium and more copayment revenues from certain Medicaid enrollees. These Granite Staters, particularly individuals with low incomes and in households with children, may face more barriers to accessing health care if they are unable to pay these increased cost shares, depending on the final structure of the program. Work requirements have also historically created barriers to accessing Medicaid health coverage, and could again as a result of the new State Budget, depending on federal approval and interactions with new federal policies that are also projected to lead to disenrollments.

The budget increases funding for some components of the state's education infrastructure while decreasing funding for others. Communities with lower amounts of taxable property per pupil will generally receive more aid, and Special Education received a significant boost, which was in line with reported school district costs. The State Budget also increases funding for Education Freedom Accounts, as families with high incomes will now have access to public funds for educational expenses as deemed appropriate by the private entity contracted with the State to regulate the program. However, the State Budget's support for the University System was also reduced substantially, by 17.6 percent, relative to the prior State Budget; as those funds are typically used to defray tuition costs for in-state students, this may put upward pressure on tuition rates faced by Granite State students looking to continue their education in New Hampshire.

A wide array of policies attached to the State Budget, as has become more common in recent budget cycles, will have mixed impacts on public health and well-being for certain populations. Perinatal health supports, including regulations requiring insurance to cover more services for new mothers and providing certain employment protections for young families, could have significant impacts in the well-being of the youngest Granite Staters and their parents. Reductions in funding or program eliminations for tobacco cessation efforts, prescription drug affordability, family planning funding, oversight of services for children, and policy planning related to older adults could have detrimental impacts on the Granite Staters. Repealing certain State rulemaking authority related to vaccinations could also have a long-term impact on the health of New Hampshire's population.

The array of policies also included other initiatives that will impact Granite Staters. The repeal of motor vehicle inspection requirements, and the repeal of the emissions inspection component depending on federal action, effects all Granite Staters who drive, and likely some who do not. Prohibitions on diversity, equity, and inclusion policies in public institutions will likely impact services offered, particularly in school districts, and may create more legal liabilities for both the State and local governments. Restrictions on the purchasing or renting of land in the state by certain foreign governments or related actors may impact both local security and the economy.

Finally, the State Budget includes \$112.7 million in unspecified funding reductions, including \$51.0 million at the State's Department of Health and Human Services and \$32.0 million that could come from any agency in the Executive Branch. The impacts of these funding reductions are not clear, but State agency personnel have been tasked with underspending their budgets to produce these significant savings.

The new State Budget did not fully address some of the looming challenges that faced policymakers when they entered this budget cycle. Current law limits settlement payments related to the Youth Development Center to \$75 million per year, or \$150 million during the biennium; however, the State Budget only will contribute \$20 million to the settlement fund directly, with an additional unknown amount from the potential sale of the Sununu Youth Services Center building, so the settlement fund will likely run out of money this biennium, potentially raising legal questions. There is no new funding for a new State prison for men, which the State allocated money to start work on

in the last State Budget. Both key State Supreme Court decisions related to education funding and the federal government's changes to federal Medicaid and food assistance policies, which will likely impact State costs, were finalized after the State Budget had been enacted. These ongoing considerations were not resolved in this budget process, and will likely continue to be on the forefront of policymaker concerns during the next two years.

The State Budget process provides opportunities for considerable investments in Granite Staters. Policymakers in a constrained revenue environment faced fiscal tradeoffs that were more severe than in the last four State Budget cycles, and some initiatives were expanded while other services were curtailed. Policymakers will likely need to make further adjustments ahead of the next State Budget to address the ongoing challenges facing Granite Staters.

END NOTES

¹ Read more about the Interest and Dividends Tax repeal in NHFPI's January 16, 2024 <u>informational memorandum</u> to the New Hampshire House of Representatives Ways and Means Committee. Read more about recent State revenues in NHFPI's March 5, 2025 blog <u>February Revenues Boosted by Early Insurance Premium Tax Payments While Other Revenue Sources Showed Mixed Results</u>.

² For more information about the New Hampshire State Budget's historical reliance on federal funds, see NHFPI's December 6, 2024 presentation <u>The Federal Budget and Potential Fiscal Policy Impacts in New Hampshire</u>. For more context regarding looming potential costs for New Hampshire State finances, see NHFPI's December 3, 2024 column <u>Budget headwinds and tailwinds: Looking ahead to the next state budget cycle</u>.

³ Throughout this report, the analysis uses and summarizes information available from the Office of Legislative Budget Assistant, including Chapter 140, Laws of 2025 (House Bill 1), Chapter 141, Laws of 2025 (House Bill 2), Chapter 142, Laws of 2025 (House Bill 282, which modified House Bill 2), the Surplus Statements, the Detail Change reports, and the Compare reports. Where not specifically cited, referencing a structural trend, or using prior NHFPI research, information presented in this report is from one of these sources. This report builds on analyses of prior State Budget proposals, which are detailed in prior reports and analyses, including March 2025's The Governor's State Budget Proposal for Fiscal Years 2026 and 2027 and April 2025's The House of Representatives State Budget Proposal for Fiscal Years 2026 and 2027, June 2025's The Senate State Budget Proposal for Fiscal Years 2026 and 2027, June 2025's Committee of Conference Budget Nearly Matches Senate Version on Spending, Trims Retirement and University System Appropriations, and June 2025's Legislature Passes Budget Paired with Changes to Retirement Benefits, School Funding.

⁴ For more details and citations to support this summarized language, review the remainder of the report.

⁵ The companion legislation includes House Bill 282, which modified House Bill 2.

⁶ These inflation calculations are based on the U.S. Bureau of Labor Statistics <u>Consumer Price Index-Urban for New England</u> for the 12-month periods ending in June 2025 and June 2024.

⁷ Learn more about the SFYs 2024-2025 State Budget and the details of the one-time appropriations and accounting changes in NHFPI's March 2025 Report on the <u>Governor's Budget proposal</u> and NHFPI's June 2023 webinar <u>Examining the State Budget</u>: <u>Reviewing the Senate's Proposal</u>.

⁸ In the SFYs 2024-2025 State Budget, appropriations for State employee pay increases were not divided up among the departments within individual budget lines. Funding for the increases was appropriated through House Bill 2and not distributed among the agency budgets. Other comparisons in this Report comparing agency-level appropriations use the Adjusted Authorized amounts for SFY 2025 as a point of comparison alone to adjust for these and other changes.

⁹ For more information on the Medicaid Enhancement Tax, see NHFPI's New Hampshire Policy Points, Second Edition, <u>Funding Public Services</u>.

¹⁰ For more information on the new MET/DSH agreement between hospitals and the State, see <u>Senate Bill 249</u>.

¹¹ See the New Hampshire Department of Health and Human Services' Budget Briefing Book for the Division of Medicaid Services, page 4.

¹² For more information on Medicaid work requirements in New Hampshire, see NHFPI's May 2025 blog, <u>Up to 19,000 Granite Staters</u> <u>Could Lose Coverage Under Potential Federal Medicaid Work Requirements</u>. For more information on the federal budget reconciliation bill, see NHFPI's May 2025 blog, <u>How Might the U.S. House's Big Bill Impact Granite Staters</u>.

¹³ For more information on the Medicaid continuous enrollment provision and subsequent unwind, see NHFPI's April 2024 blog, <u>Granite Staters Continue to be Impacted by End of Continuous Medicaid Enrollment One Year Later</u>.

¹⁴ For federal poverty guidelines, see the U.S. Department of Health and Human Services' webpage, <u>2025 Poverty Guidelines</u>.

¹⁵ For federal poverty guidelines, see the U.S. Department of Health and Human Services' webpage, <u>2025 Poverty Guidelines</u>.

¹⁶ For more information on current federal guidelines for cost shares, see the U.S. Center for Medicare and Medicaid Services' webpage, <u>Cost Sharing Out of Pocket Costs</u>.

- ¹⁷ See the New Hampshire Department of Health and Human Services' presentation to the House Finance Committee Division III, slide 21.
- ¹⁸ See the New Hampshire Department of Health and Human Services' Agency Budget Book for State Fiscal Years 2026 and 2027, page 3.684.
- ¹⁹ For more information about Medicaid Quality Incentive Payments and ProShare, see NHFPI's July 2022 report, <u>Long-Term Services</u> and Supports in New Hampshire: A Review of the State's Medicaid Funding for Older Adults and Adults with Physical Disabilities.
- ²⁰ For more information about the Choices for Independence Program, see NHFPI's July 2022 report, <u>Long-Term Services and Supports in New Hampshire</u>: A Review of the State's Medicaid Funding for Older Adults and Adults with Physical Disabilities.
- ²¹ See the statute establishing and governing the State Commission on Aging in RSA 19-P:1.
- ²² See the New Hampshire Department of Health and Human Services' <u>webpage</u>, About the CBH Resource Center.
- ²³ See the New Hampshire Department of Health and Human Services' <u>contract</u> for the lease of Hampstead Hospital, November 25, 2024.
- ²⁴ For more information on the \$80 million in terminated federal funds, see NHFPI's May 2025 blog, <u>Sudden End to Federal Pandemic-Related Grants Leaves Unplanned Service Gaps</u>.
- ²⁵ For more information, see NHFPI's August 2021 Issue Brief <u>The State Budget for Fiscal Years 2022 and 2023</u>.
- ²⁶ See the U.S. Centers for Disease Control and Prevention webpage, <u>About Adverse Childhood Experiences</u>.
- ²⁷ See the <u>June 2025 Zoom Call with the Child Care Community</u> beginning at minute 41:00.
- ²⁸ See the New Hampshire Department of Health and Human Services Office of the Commissioner's <u>June 2025 Informational Item</u> to the Joint Legislative Fiscal Committee of the General Court.
- ²⁹ See the New Hampshire Department of Health and Human Services March 2025 <u>Division of Economic Stability's Briefing Book</u>.
- ³⁰ See the University of New Hampshire Carsey School of Public Policy's February 2025 report, <u>Research and Utility of the New Hampshire Child Care Scholarship Program</u>, and U.S. Census Bureau's State Population by Characteristics <u>Annual Estimates of the Residents Population for Selected Age Groups by Sex: April 1, 2020 to July 1, 2023 for New Hampshire.</u>
- ³¹ For more information on Adequate Education Grants, see the New Hampshire Office of Legislative Budget Assistant's January 2021 <u>Fiscal Issue Brief: Calculating Education Grants</u> and the New Hampshire Department of Education's November 2024 explainer <u>FY2026 Adequate Education Aid: How the Cost of an Opportunity for an Adequate Education is Determined,</u> as well as NHFPI's May 2019 Issue Brief <u>Education Funding in the House Budget</u> and NHFPI's November 2023 Issue Brief <u>Limited State</u> Eunding for Public Higher Education Adds to Workforce Constraints.
- ³² Figures used for this calculation were drawn from the New Hampshire Department of Education September 1, 2022 report <u>District Public School Adequacy SFY 2025</u>. These figures include revenue generated from the Statewide Education Property Tax as State education aid.
- ³³ See the December 1, 2020 report from the Commission to Study School Funding, <u>Our Schools, Our Kids: Achieving Greater Equity for New Hampshire Students and Taxpayers</u>.
- ³⁴ See the New Hampshire Department of Education's report January 2025 report <u>State Average Cost per Pupil and Total Expenditures 2023-2024</u>
- ³⁵ See the New Hampshire Department of Education's report January 2025 report <u>State Summary Revenue and Expenditures of School Districts (Excluding Newfound) 2023-2024</u>.
- ³⁶ See NHFPI's July 24, 2025 presentation <u>Funding Public Services in New Hampshire</u>, slide 78.
- ³⁷ See the Supreme Court of New Hampshire's <u>July 2025 opinion</u> in the Contoocook Valley School District vs. The State of New Hampshire case.
- ³⁸ Since the original publication date of this Report, additional context was added to the paragraph summarizing the Contoocook Valley New Hampshire Supreme Court decision to clarify the Court's ruling for readers.
- ³⁹ See <u>Chapter 79:139</u>. Laws of 2023.
- ⁴⁰ See NHFPI's March 2025 blog <u>How Special Education Funding is Supported in the State Budget</u>.
- ⁴¹ See <u>RSA 198:40-f</u> and New Hampshire Department of Education's November 2024 explainer <u>FY2026 Adequate Education Aid: How the Cost of an Opportunity for an Adequate Education is Determined</u> for more details.
- ⁴² See New Hampshire Department of Education's November 2024 explainer <u>FY2026 Adequate Education Aid: How the Cost of an Opportunity for an Adequate Education is Determined</u> for more details.
- ⁴³ See New Hampshire's Department of Education September 2024 <u>Education Freedom Account Financial Fact Sheet</u>.
- ⁴⁴ See New Hampshire Department of Education's Bureau of School Facilities February 2025 <u>School Building Aid Summary.</u>
- ⁴⁵ See the State Higher Education Finance's February 2025 product <u>FY2025 Grape Vine Data Tables</u>. For more information on New Hampshire State Funding of public higher education, see NHFPI's November 2023 Issue Brief, <u>Limited State Funding for Public Higher Education Adds to Workforce Constraints</u>.
- ⁴⁶ See the U.S. Department of Justice, Office of Justice Programs, <u>FY 2024 Solicitation Overview: Comprehensive Opioid, Stimulant, and Substance Use Site-based Program</u> webpage.

- ⁴⁷ See the New Hampshire Youth Development Center Claims Administration and Settlement fund <u>website</u> and <u>quarterly</u> report issued January 17, 2025. See also <u>Chapter 122</u>. <u>Laws of 2022</u> and <u>Chapter 92</u>. <u>Laws of 2024</u>.
- ⁴⁸ For more details about these claimed and resolved amounts, see the <u>Administrator's Quarterly Report for the YDC Claims Administration and Settlement Fund for 2025 Quarter Two</u>.
- ⁴⁹ For more information, see <u>RSA 354-A</u> and the <u>Human Rights Commission's biennial reports</u>.
- ⁵⁰ See <u>RSA 362-F:10</u> for the law governing the Renewable Energy Fund.
- ⁵¹ See the New Hampshire Department of Energy's webpage about the Renewable Energy Fund, accessed July 2025.
- ⁵² See the State <u>website</u> for the New Hampshire Drinking Water and Groundwater Trust Fund.
- ⁵³ See <u>Chapter 79</u>, <u>Laws of 2023</u> and the Office of Legislative Budget Assistant's <u>Comparative Statement of Undesignated Surplus for the Combined General and Education Trust Funds, June 8, 2023</u>.
- ⁵⁴ For more information, see the New Hampshire State Treasury's website.
- ⁵⁵ For analysis of the 2023 House of Representatives State Budget proposal that included a prior iteration of these changes, see NHFPI's May 2023 Issue Brief <u>The House of Representatives Budget Proposal for State Fiscal Years 2024 and 2025</u>.
- ⁵⁶ To see reported revenues from the last tax amnesty program, see the Department of Administrative Services <u>Monthly Revenue</u> <u>Focus Preliminary Accrual for SFY 2017</u>.
- ⁵⁷ See the Office of Legislative Budget Assistant's June 6, 2025 document <u>Surplus Statement Summary</u>.
- ⁵⁸ See New Hampshire's <u>Annual Comprehensive Financial Report</u> for SFY 2009 and NHFPI's January 14, 2025 presentation <u>The New Hampshire Economy</u>, <u>Household Finances</u>, and <u>State Revenues</u>.
- ⁵⁹ See the <u>Chapter 159</u>, <u>Laws of 2025</u>.