

Republican Review

A Publication of the New Hampshire House Majority Office

STATE BUDGET SNAPSHOT

Executive Branch Overspending, Major Deficit Looming

Wednesday, Legislative Budget Assistant Jeff Pattison gave a presentation to members of the House Finance and Ways & Means committees as well as members of the Senate. During his presentation he went through the state budget snapshot, as presented [here \(click to link\)](#).

In summary, the document indicates there is a net budget shortfall of [at least \\$30 million](#). In reality, the deficit spending level is much higher, and could grow larger between now and the end of the fiscal year (June 30, 2015). The deficit is a result of many factors:

- The Dept. of Health & Human Services (DHHS) spending levels are currently \$49 million over budget. (Line 11).
- Fiscal year 14 was anticipated to produce a \$26 million surplus to be applied to FY15 spending. That surplus fell short by roughly \$4.8 million. (Line 4).
- DHHS Mental Health Settlement Appropriation of \$5.7 million (Line 16).
- Appropriations not budgeted of \$12 million (Line 18).

If it weren't for the conservative revenue estimates adopted by Republicans during the formulation of the FY14-15 budget, the \$19.2 million in surplus revenue currently offsetting some of these shortfalls would not exist, and the net shortfall/deficit could be much larger. Important to note is the DHHS deficit is only reported through September of 2014; more than 3 months ago.

Contributing factors to the over-plan spending in DHHS include [\(listed On page 7 of the document "DHHS Dashboard"\)](#):

- \$19 million due to increased enrollment in traditional Medicaid as a result of Obamacare (Line 31).
- \$14 million because the state has failed to meet saving targets due to delays in implementing Medicaid managed care (Lines 23 & 24).
- \$6.5 million as an effect of the NH Health Protection Plan (a.k.a. Medicaid Expansion program, SB413) (Line 31).

(CONTINUED ON PAGE 3)

2015 NORRIS COTTON AWARD WINNERS

At last Saturday's NHGOP Annual Meeting, several current and former state representatives were awarded with the Norris Cotton Award for by their county committee.

The Norris Cotton Award is awarded to those who go above and beyond assisting the party and their candidates.

We'd like to congratulate:

- Rep. Leon Rideout, Coos County
- Rep. Warren Groen, Strafford County
- Hon. Jane Johnson, Cheshire County
- Hon. Elaine Swinford, Belknap County

STAT OF THE WEEK

OVER 90%

Of the House Republicans who submitted a committee request card, over 90% were appointed to one of their top three committee choices.

INDEX

Important Dates	Page 2
Upcoming bill hearings	Page 2
Speaker Appoints Pension Reform Committee	Page 2
Budget Snapshot (continued)	Page 3
Responses to Gov. Hassan's Inaugural Address	Page 3

IMPORTANT DATES

January 30- Last day to introduce House Bills & Last day to amend House Rules by a majority vote

February 12- Last day to report HB's going to a second committee

February 19- Last day to act on HB's going to a second committee

February 23-27- Break Week

March 5- Last day to report all HBs not in a second committee, except budget bills

March 12- Last day to act on all HBs not in a second committee, except budget bills

March 19- Last day to report all HBs, except budget bills & last day to report list of retrained bills

UPCOMING BILL HEARINGS

There will be many bills coming up for hearings in the coming weeks. We will provide a snapshot of some of the bills coming up next week, but all bills coming up will be in your House calendars.

HB215-FN, relative to school building aid grant payments.

HB181, relative to voter registration forms.

HB119, establishing the John G. Winant Memorial Commission

HB209, repealing NH's atomic energy policy

HB136, prohibiting tanning facilities from tanning persons under 18 years of age.

HB208-FN, repealing the New Hampshire regional greenhouse gas initiative

HB156, relative to the 70 mile per hour speed limit on a portion of I-93

SPEAKER JASPER APPOINTS COMMITTEE TO STUDY PENSION REFORM

Concord—NH House Speaker Shawn Jasper today announced the formation of a 14-member committee charged with considering all matters pertaining to the functioning, revision and reform of public employee pension plans and programs. "Our public employee pension system has one of the highest unfunded rates in the nation," said Jasper. "We need to find ways to reduce that unfunded liability and reform our public employee pension system in a way that protects our retirees and ensures a solvent retirement system for future generations," added Jasper.

Veteran lawmaker David Hess (R-Hooksett) will chair the Special Committee on Public Employee Pension Plans. The committee will also look at the funding of public employee pension plans and programs; eligibility for participation in and benefits under public employee pension plans and programs; and alternative public employee pension plans and programs.

Rep. John Sytek (R-Salem) will assist Rep. Hess as the Vice Chair. Also named to the new pension committee were Rep. Neal Kurk (R-Weare); Rep. William Infantine (R-Manchester); Rep. Gary Azarian (R-Salem); Rep. William Ohm (R-Nashua); Rep. Frank Byron (R-Litchfield); Rep. Mark Proulx (R-Manchester); Rep. Jeffrey Goley (D-Manchester); Rep. Daniel Sullivan (D-Manchester); Rep. Patricia Lovejoy (D-Stratham); Rep. Dianne Schuett (D-Pembroke); Rep. Len DiSesa (D-Dover); and Rep. Frank Edelblut (R-Wilton).

DAILY NEWS CLIPS DELIVERED BY EMAIL

Many of you already receive our daily news clips email service called Granite Clips. This is an email sent out each weekday morning around 10am with a summary of and links to important news involving state government, New Hampshire politics, campaign/elections and editorials/op-eds.

For those of you who are not yet subscribed, you can sign-up using the email of your choice using by clicking the following link.

Click here and enter your email address to subscribe:

<http://eepurl.com/yNWMP>

RESPONSES TO GOV HASSAN'S INAUGURAL ADDRESS

Governor Hassan:

"Our low-tax environment, which the Tax Foundation ranked 7th best in the country for businesses, will continue to be important to our economic success. That's why we will continue to balance our budget without a sales or an income tax."

Response:

The Tax Foundation study takes into account our lack of a sales or broad based income tax. What the Governor failed to mention is that when looking specifically at corporate taxes, New Hampshire ranks 48th in the nation. This is unacceptable and Republicans are working towards meaningful reductions and reforms of our business taxes and regulations to make New Hampshire a more business friendly state.

See also the Union Leader Editorial, "[Our biz tax burden: It is not good](#)," published on January 8th.

House Republicans will fight for a balanced state budget that contains no new or increased taxes or fees. The House Republican budget will be based on realistic revenue estimates and will contain no bonding or accounting gimmicks. We will ensure that the State does not downshift costs on to property taxpayers and avoids raiding dedicated funds that should be preserved for their intended use.

Governor Hassan:

"It's time to bring our standards into the 21st century to ensure that our students are prepared to compete for jobs in today's global economy."

Response:

House Republicans will work to increase local control of curriculum and testing, and promote policies that increase parental involvement in their children's education. We will continue to support policies that promote school choice, including preserving and expanding the Education Opportunity Tax Credit, maintaining and increasing funding for charter schools, and enabling families to home school.

We are committed to helping students focus on S.T.E.M. fields of study to help foster a new generation ready to meet the challenges of an increasingly demanding economy and job market. A well educated workforce will help attract new industry and help retain our college graduates and young professionals here in New Hampshire.

Governor Hassan:

"In order to maximize our regional position, and to spark economic growth for decades to come, we should bring commuter rail from Boston to Nashua and Manchester."

Response:

The report recently issued by the New Hampshire Rail Transit Authority indicated that a rail project of this magnitude would cost as much as \$300 million to construct and more than \$10 million per year to subsidize its operation. The Governor hasn't proposed how to pay for these massive startup and operation costs.

RESPONSES TO GOV HASSAN'S INAUGURAL ADDRESS (continued)

Governor Hassan:

"I'm proud that we took an important step in that effort by restoring funding for higher education in our bipartisan budget, allowing us to freeze tuition at our university system, and lower it at our community colleges."

Response:

In 2013, the FY14-15 state budget crafted by Senate Republicans included \$153 million in funding to the University System of New Hampshire. Over 90% of House Republicans voted to support this budget that increased USNH funding by almost \$50 million over the last biennium. For the FY 16-17 budget cycle, USNH has already demanded an additional \$52 million more for a total of \$205 million or they claim they will be forced to raise tuition.

House Republicans are committed to controlling the cost of higher education by holding the University System of New Hampshire and Community College system accountable to ensure any taxpayer dollars appropriated are applied in a manner that directly affects the quality and affordability of education for in-state students.

Governor Hassan:

"We have already worked together to provide that peace of mind, with more than 30,000 Granite Staters receiving coverage through our bipartisan health care expansion plan. As we plan for the future of health care in our state, we must do so with the commitment that our responsibility to our people, to our businesses, and to our economy cannot sunset."

Response:

The Department of Health and Human Services budget is already strained by the increased enrollment in traditional Medicaid as a result of Obamacare mandates. The federal government only picks up 50% of the cost of care and administration of traditional Medicaid costs.

Since the implementation of the "health care expansion plan" also known as expanded Medicaid, the budget troubles have been compounded. The federal government currently reimburses the state 100% for the cost of care, but only 50% of the cost of administration of the expansion program.

After 2016, federal funding of care begins to drop to 90% (down from 100%), at which point the State, should it choose to reauthorize the program, would have to pick up the balance of the cost of care. This cost has been estimated to be at least \$40 million per year.

Governor Hassan:

"And in order for all of our people and businesses, young and old, new and established, to succeed, we must achieve the affordable energy future that has eluded our state for too long."

Response:

House Republicans will support legislation that eliminates unnecessary mandates that increase the cost of energy production, and work with local communities and utilities to find the best way to increase the supply and delivery of low cost energy options.

RESPONSES TO GOV HASSAN'S INAUGURAL ADDRESS (continued)

Governor Hassan:

"Increasing the minimum wage will have a ripple effect on wages higher up the pay scale, while supporting businesses and encouraging job creation by putting more money in the pockets of consumers so that they can buy goods and services. It is long past time that we take this critical step forward for our economy."

Response:

House Republicans are committed to creating an economic environment where every New Hampshire citizen has the opportunity to find a good paying job without state government imposing additional mandates on business owners.

To supplement the points we covered above, a news article [published this week in the Concord Monitor](#) adds to the importance of government transparency and responsible management of our state budget.

"Already Hassan has required state department heads to submit proposals detailing how their agencies can be more efficient and effective in the coming years because there's hardly enough money to go around and people haven't fully recovered from the recession. But Hassan doesn't want you to see them."

The Monitor filed three separate requests under the Right to Know law and the state Constitution asking Hassan to release the efficiency proposals that were due to her office by Dec. 1.

Each time, Hassan and her attorneys rejected the request and decided to keep the documents secret."

The article continues:

"Publicly, Hassan often cites innovation, efficiency and even transparency as priorities. And she's appointed a commission to explore how state government can improve in those areas."

During her inaugural address Thursday, Hassan continued on those themes. She said Granite Staters are frugal and take pride in a small and nimble state government. "And in order to protect taxpayer dollars, we must also continue to challenge ourselves to make state government more innovative and efficient," she said.

Yet when asked to release proposals for improved government efficiency, transparency was nowhere to be found. In fact, she cited a legal precedent known as executive privilege, which is absent from the state Constitution and, to our knowledge, has not been recognized by any court in New Hampshire."

As a reminder, efficiency, accountability, and transparency are all key points covered in our [House Republican Legislative Agenda](#):

GOVERNMENT SPENDING & ACCOUNTABILITY - House Republicans will work to reduce the size and scope of government and work to find efficiencies that will save taxpayer dollars, while working to eliminate waste, fraud and abuse. We will fight to increase accountability and transparency of all state agencies, programs, and departments ensuring they are good stewards of taxpayer dollars and work to increase legislative oversight of agency rules and procedures.

House and Senate Republicans will continue to push for more transparency and accountability in the Executive Branch of government, including information relative to finding efficiencies and disclosing potential budget deficits in certain state agencies.

Please feel free to use this information when talking with your constituents about the necessity for the Governor and state agencies to be open about the way they are handling our precious taxpayer dollars.