

## *House Majority Office - Budget Overview*

### **General Overview**

- The House budget is a balanced budget that spends \$11.2 billion from all funds, including \$2.7 billion in general funds, for the FY 2016-2017 biennium. Overall, this budget spends an average of \$4200 per year per New Hampshire citizen.
- The House budget spends \$75 million more in general funds than the previous budget. General funds are those funds raised by state taxes.
- The House budget spends \$362 million more in total funds than the previous budget. Total funds includes all sources of revenue including federal funds we receive to pay for certain programs.

### **Revenues**

- There are no new or increased taxes in the House budget.
- The revenue projections from existing sources are those approved by the House Ways and Means Committee, by a bipartisan, unanimous vote.
- The House budget is balanced using existing revenue sources without the business tax increase, the tobacco tax increase or the motor vehicle registration fee increases proposed by the Governor to pay for her \$11.6 billion budget.
- By approving Keno via a floor amendment, the House Budget also adds new revenue that will restore \$12 million to the Revenue Stabilization Account (Rainy Day Fund).

### **Appropriations**

- Provides additional funding for uncompensated care payments to hospitals and community mental health services.
- Eliminates the cap on adequate education grants, and level funds catastrophic aid for special education in FY 2017.
- Reduces the diversion of Highway Funds to the Department of Safety, restores funding to the Department of Transportation to continue to maintain state highways, and maintains funding for the widening of I-93.
- Continues the State's commitment to municipalities by providing approximately \$2.2 billion in State Aid over the biennium, including maintaining meals and rooms distributions at the FY 2015 level, a proposal offered by the Governor for FY 2016, and extended by the committee through FY 2017.

### **DIVISION I**

#### **Department of Administrative Services**

- Eliminates the appropriation for the Office of Operating Performance.
- Moves funding for retiree health for the Liquor and Racing and Charitable Gaming Commissions into the budgets for the Liquor and Lottery Commissions. Removes those costs from the Department of Administrative Services general fund budget and replaces them with agency income, resulting in general fund savings of \$3.54 million over the biennium from the Governor's recommended budget.
- Retirees younger than 65 will pay 20% of health care costs, an increase from the current 12.5%. This change will save an estimated \$2.6 million in general funds over the biennium from the Governor's recommended budget. The 74% of retirees age 65 and over will continue to receive health coverage without a premium.
- Removes \$77,000 per year budget for statehouse weekend security from the Governor's recommended budget. This was to be a new service and was not funded in the FY 2014-2015 biennium.

#### **Department of Revenue Administration**

- Funds eleven additional auditor positions, generating \$8.05 million in revenue without raising taxes.
- Authorizes the Department to join the Multistate Tax Commission, which will reduce the cost of multi-state audits.
- Provides funding for e-File, which will benefit businesses.

#### **State Treasury**

## *House Majority Office - Budget Overview*

- Provides \$127.6 million to cities and towns for meals and rooms distribution over the biennium. This maintains FY15 levels through FY16 and FY17.
- Fully funds the Land and Community Heritage Investment Program (LCHIP) by appropriating \$7 million over the biennium.

### **Office of Professional Licensure and Certification**

- Reorganizes the Joint Board, DHHS administratively-attached boards, and three other individual boards and commissions into one Office of Professional Licensure and Certification to improve efficiency and customer service. The reorganization also achieves savings via cost avoidance, as five new positions requested by the individual boards were unnecessary as a result of the merger.

### **Office of Energy and Planning (OEP)**

- Redirects some functions of OEP to better-suited agencies, moving the Conservation Land Stewardship to the Land Management program at Fish and Game and the Census Bureau to the Department of Employment Security.

### **Department of State**

- Exempts the Department of State from state personnel laws and rules in the performance of elections-related responsibilities, so that the Secretary of State can adequately enforce the state's elections laws.

### **Judicial Branch**

- Decreases general fund appropriations by \$1 million over the biennium from the Governor's recommended budget, in part by not funding a proposed new superior court judge position and four proposed new part-time employees.
- Provides funding for the next phase of e-Court, which will result in long-term cost reductions for the State as well as increased functionality for citizens.
- Encourages the county sheriffs to work with the Judicial Branch to establish a memorandum of understanding which addresses the sheriff's responsibilities. Additionally, once the memorandum of understanding is completed, the sheriffs will be reimbursed for court security at the rates provided in the collective bargaining agreements applicable to the Branch's per diem court security officers. This provides additional revenue for counties.

### **Department of Corrections**

- Decreases the Department's appropriation by \$15.4 million from the Governor's recommended budget, including a \$7.9 million attributable to the delay in opening of the women's prison until FY 2018.
- Appropriations prioritized to increase the number of corrections officers in existing prisons.

### **Judicial Council**

- Appropriates funding for indigent defense at the level necessary to meet constitutional responsibilities.
- Increases support for civil legal services by appropriating \$1,200,000 in FY 2016 and \$1,200,000 in FY 2017, an increase of \$100,000 over the FY 2014-2015 biennium.

### **Department of Justice**

- Reduces the Department's general fund appropriation by \$339,000 over the biennium from the Governor's recommended budget by staggering the establishment of three new attorney positions and one new criminal investigator position.
- Maintains support for the NH Child Advocacy Centers by appropriating a \$100,000 a year in funding.
- Supports the funding for the State's drug task force and the Cold Case Unit.

## **Department of Agriculture**

- Decreases the Department's general fund appropriation by \$176,000 in each year of biennium and replaces this reduction with funds from the integrated pest management fund.
- Funds a new assistant state veterinarian to help meet the agricultural and farming needs of the State.
- Increases funding for Agriculture in the Classroom and Future Farmers of America to encourage youth involvement in agricultural activities.

## **Liquor Commission**

- Staggers the establishment of new positions and vacant funded positions throughout the biennium to save over \$3 million.
- Adds \$3,236,364 to the Commission's budget to accurately reflect retiree health costs associated with the Commission. This resulted in a corresponding decrease in general funds in the Department of Administrative Services.
- Because of lowered profit margin, the Commission is incentivized to stay within expenditures by adding a budget footnote that states if they don't meet their profit plan for FY16, they will lose 5 percent of their operating budget for FY17.

## **Department of Resources and Economic Development**

- Supports continued economic development by funding the innovation research center, small business development center and the office of international commerce.
- Provides funding for the new customer relations management system; providing another tool to the Department to attract individuals and businesses to the State.

## **Department of Environmental Services**

- Reduces general fund appropriation by \$1.8 million from the Governor's recommended budget by not funding three new positions for the biennium, staggering when vacant positions would be funded, and removing the tier 2 state aid grants which municipalities have not received to date.
- Continues to provide approximately \$14.8 million in general funds for state aid grants to municipalities for clean water and landfill closure projects.
- Adds a budget footnote to the state aid grant lines that does not allow the appropriated funds to be transferred or expended for any other purpose, including meeting any other budget reduction or executive order requiring appropriation reductions.

### **DIVISION II**

## **Department of Safety**

- Appropriates highway funds to the Department of Safety and other agencies at levels compliant with RSA 9:9-b. Over the biennium, the Department's budget includes over \$65 million in general funds for functions historically funded by the highway fund.
- Aligns the budget with Part 2, Article 6-a, in that only revenue in excess costs of collection and administration of road tolls and motor vehicle fees collected by the Department should be credited to the highway fund.
- Reduces the Department's recommended budget from the Governor by approximately \$5 million over the biennium.
- Continues funding the State Police Detective Bureau without highway funds. The Bureau's budget counts on the revenue from a \$3 increase in vanity license plate fee and includes funding for two additional detectives in response to the State's growing opioid crisis.
- Merges Highway Safety Agency, currently a stand-alone state agency, into the Department of Safety to better coordinate federal funding.
- Addressed loss of revenue caused by the closure of Vermont Yankee used to fund the Division of Homeland Security and Emergency Management by implementing an assessment on insurers and public utilities.

## **Fish and Game Department**

--

### *House Majority Office - Budget Overview*

- Enables the Executive Director, after consultation with the Fish and Game Commission, to set various fees through the administrative rulemaking process, which requires approval of the Joint Legislative Committee on Administrative Rules (JLCAR).
- Provides \$600,000 in general funds over the biennium, with \$300,000 specifically for search and rescue overtime costs.
- Discontinues ability for Fish and Game Department to utilize funds from the wildlife habitat account and boat access fund to support staff costs.
- Keeps the Fish and Game Commission at 11 members.

#### **Department of Transportation**

- Reduces funding for new equipment purchases by \$8.5 million over the biennium.
- Appropriates nearly 85% of anticipated road toll and motor vehicle fees to the Department over the biennium.
- Avoids cuts in Department's operating activities by reallocating restricted revenue while keeping funding for the completion of I-93 unaffected by replacing the Department of Safety allocation from the Highway Fund with \$23 million per year from general funds and redirecting a portion of the revenue from the 4.2 cent road toll increase enacted in 2014 (SB367) to fund DoT operations, not just betterment.
- Maintains the level of municipal block grant aid to cities and towns.
- Provides more than \$14 million over the biennium for municipal bridge aid.

#### **Department of Education**

- Provides approximately \$15 million over the biennium in tuition and transportation assistance to local schools.
- Fully funds the payments to towns for existing school building aid projects.
- Eliminates four new general funded positions in the Governor's recommended budget.
- In response to an Office of Legislative Budget Assistant internal control review, funds one new position to help ensure proper controls with the determination, review, and distribution of adequate education aid grants to cities and towns.
- Maintains current funding levels for catastrophic special education aid to schools.
- In FY 2016, maintains current law regarding adequate education grants, while not reducing stabilization grants statewide, as had been recommended by the Governor.
- In FY 2017, eliminates the cap on adequacy grants and fully funds towns with increasing pupil enrollments, and reduces the stabilization grant by no more than 10% to reflect declining pupil enrollments.
- Increases total funding to public charter schools. This includes additional per pupil aid from HB 563, funding for increased enrollment at existing charter schools, and the opening of four new schools over the biennium.

#### **University System of New Hampshire**

- Provides \$153 million in funding for the University System during the next biennium. This maintains current funding levels.

#### **Community College System of New Hampshire**

- Provides nearly \$84 million for the Community College System of New Hampshire through the next biennium, an increase of \$1.5 million over current funding levels.

#### **Lottery Commission**

- Merges the Racing and Charitable Gaming Commission into the Lottery Commission.
- Continues the successful employee incentive program to promote increased sales and compensate lottery sales representatives based upon performance.
- Authorizes the Lottery Commission to purchase its building rather than lease, which would reduce its costs resulting in more revenue transferred to the education trust fund annually.

### **DIVISION III**

## **Department of Health and Human Services (DHHS)**

- Funds the Department of Health and Human Services at \$4.3 billion in total funds, and \$1.2 billion in general funds for the FY 2016-2017 biennium. Overall, this budget spends an average of \$12,000 per year per person receiving benefits.
- Increases the total funding for the Department of Health and Human Services by \$141 million over the FY 2014 actual and FY 2015 adjusted authorized spending levels for the biennium when adjusted for higher uncompensated care payments. General funds increase by \$78.4 million above current biennial spending levels.
- Provides an additional \$123 million in general funds for expanded eligibility for traditional Medicaid in required by the Affordable Care Act, the cost of the mental health settlement, and additional payments to hospitals for uncompensated care under the Medicaid enhancement tax settlement.
- In accordance with current law, allows the New Hampshire Health Protection Program to sunset on December 31, 2016, when the federal payment for expanded Medicaid decreases, saving \$14.6 million of general funds in FY 2017 over the Governor's recommended budget.

### **DHHS – Division of Human Services**

- Reduces the cost per youth of operating the Sununu Youth Services Center to the average daily cost of community service providers and provides the option for the Department to operate more efficiently, to privatize operations or to send children to community service providers.
- Funds Child and Family Services programs at existing levels including the cost of additional services related to the increasing the age of minority for juvenile delinquency proceedings from 17 to 18 years of age.
- Provides funding for the Child Protection and Child Development Programs at existing levels.

### **DHHS – Office of Medicaid Business and Policy**

- Increases general funds by \$1.6 million to reinstate the Medicaid Breast and Cervical Cancer program and Medicaid coverage for Low Income Pregnant Women program upon repeal of the New Hampshire Health Protection program.
- Allows Medicaid managed care organizations to use their own preferred drug lists to save \$2.5 million in general funds each year of the biennium.
- Repeals the Health Insurance Premium Program (HIPP) on July 1, 2015, reducing general fund expenditures by \$2.4 million over the biennium. Participants would receive coverage under the bridge to marketplace premium assistance program or the premium assistance program until December 31, 2016.
- Level funds the Governor's commission on alcohol and drug abuse prevention, treatment and recovery, but does not provide a new Medicaid Substance Use Disorder Benefit, a proposed addition to the Medicaid program in FY 2017, thereby avoiding an additional annual general fund cost of \$3.3 million in FY 2017 and future years.
- Recognizes Medicaid managed care Step 2 savings of \$7.2 million in general funds in FY 2017.

### **DHHS – Elderly and Adult Services**

- Suspends the ServiceLink program, which provides information and assistance to the elderly, but not direct services, saving approximately \$2.7 million in general funds over the biennium.
- Reduces general funds allocated to non-Medicaid social services by more than \$10.5 million from the level in the Governor's recommended budget over the biennium. The Department will prioritize home-delivered meals ("meals on wheels") within the proposed funding level.
- Reduces MQIP payments to nursing homes by 25 percent, retaining a portion of the Nursing Facility Quality Assessment revenue to replace almost \$19 million in general fund appropriations for Medicaid long-term care services.
- Removes the general fund grant of \$250,000 in each year for Crotched Mountain Rehabilitation Center which was included in the Governor's recommended budget.

### **DHHS – Division of Community Based Care Services**

- Provides over \$10 million for the Bureau of Drug and Alcohol Services, an increase above the actual and anticipated expenditures for the current biennium.

*House Majority Office - Budget Overview*

**DHHS – Division of Public Health**

- Saves \$2 million of general funds by reducing appropriations for community health centers.

**DHHS – Division of Behavioral Health**

- Supports the mental health settlement agreement while saving \$3 million in general fund costs for mental health infrastructure and non-direct services over the biennium.

**DHHS – Developmental Services**

- Combines Medicaid Waiver Service appropriations with the appropriations for the waiting lists to provide the Department more program flexibility to provide services.
- Provides \$237.4 million in general funds for the Division of Developmental Services in the FY 2016-2017 biennium, a decrease of \$426,000, when compared to FY 2014 actual and FY 2015 anticipated spending levels.

**DHHS – New Hampshire Hospital**

- Delays by one year opening of the new ten bed unit at the New Hampshire Hospital in recognition of the additional funding for community-based mental health services.
- Reduces the [amount] NUMBER of supervisory positions, saving \$2 million, while maintaining staffing positions for direct patient care.

**DHHS – Office of the Commissioner**

- Reduces costs to the general fund by consolidating district offices, saving \$2 million in operating costs over the FY 2016-2017 biennium.
- Requires the department to re-evaluate and re-scope projects related to Medicaid Management Information System (MMIS) to save \$500,000 in general funds for the FY 2016-2017 biennium.

**NH Veterans Home**

- Increases capacity at the Veterans Home by funding a new 25 bed unit.

**NH Office of Veterans Services**

- Funds the Office of Veterans Services at the current level in FY 2016 and supports an additional service officer in FY 2017 to enable the office to assist the increasing number of veterans and their families.