

# HOUSE FINANCE COMMITTEE

## DIVISION BRIEFING ON OPERATING BUDGET

January 2013

**Office of Legislative Budget Assistant**  
**Telephone Directory**

**Office Main Line**

**271-3161**

**Direct Lines**

**Division I**

**Chris Shea 271-3086**

**John Clinch 271-3087**

**Division II**

**Michael Landrigan 271-3090**

**Michael Kane 271-3085**

**Steve Giovinelli 271-3160**

**Division III**

**Michael Hoffman 271-3089**

**Kevin Ripple 271-3068**

# OPERATING BUDGET PROCESS

## Timeline of Activity

### AGENCY PHASE:

#### March – September:

Preliminary planning at the agency level including reviewing the budget organization structure, reviewing personnel information, identifying performance measures, and gathering performance measures. During this time agencies input budget data into the state budget system and submit their budget package to the Department of Administrative Services.

#### October 1:

Agency budget requests available in accordance with RSA 9:4, I.

#### November 15:

Agency reduction level expenditure estimates available in accordance with RSA 9:4, III.

### GOVERNOR'S PHASE:

#### November – December:

The Governor holds public hearings on the agency budget requests. Agency officials attend and testify in support of their requests. (Agency budget requests can be found at <http://admin.state.nh.us/budget/>)

#### February 15:

The Governor submits the Operating Budget to the general court no later than February 15 of each odd numbered year.

### LEGISLATIVE PHASE:

#### February 16 – February 28:

##### House Finance Committee:

The operating budget bill is written and usually incorporates the Governor's recommended Budget presented February 15. The sponsor of this bill is the Chairman of the Finance Committee, but sometimes the Chairman of Senate Finance Committee cosponsors the bill.

The Committee holds public hearings on the bill, then divides the bill by category of government and refers those sections to the Committee's Divisions.

# OPERATING BUDGET PROCESS

## Timeline of Activity

### **March 1 – March 31:**

#### **House Finance Divisions I – III:**

The Divisions meet with agencies to determine the Division's recommendations to the full committee. These recommendations are presented to the full committee for review and approval. When the bill passes this committee, the House votes to approve the bill.

### **Early April:**

#### **House Finance:**

House Finance Division recommendations are presented to the full committee for review and approval. The committee bill is then passed to the full House. House Rule 48(a) requires a detailed briefing on the general budget bill be presented to the House at least two days before final action is taken on such a bill.

### **Mid April:**

#### **Full House:**

The full House reviews the bill that House Finance has produced and when approved, the bill is sent to the Senate where is referred to the Senate Finance Committee.

### **Mid April:**

#### **Senate Finance Committee:**

The Committee holds public hearings on the bill. The Committee will break into Divisions to work on the bill, with the Divisions presenting recommendations to the full Committee for review and approval.

The bill is approved by this Committee and the full Senate. If the bill has been amended, it is sent back to the House where the House can either concur, non concur, or non concur and request a Committee of Conference.

### **End of May:**

#### **Joint House and Senate Committee of Conference:**

If a Committee of Conference is appointed, the Committee meets to work out differences between the House and Senate positions.

### **Beginning of June:**

#### **Committee of Conference Report Adopted**

### **End of June:**

#### **Operating Budget Bill to the Governor to sign**

Fiscal Year 2012 Actual Expenditures and Fiscal Year 2013 Adjusted Authorized Appropriations

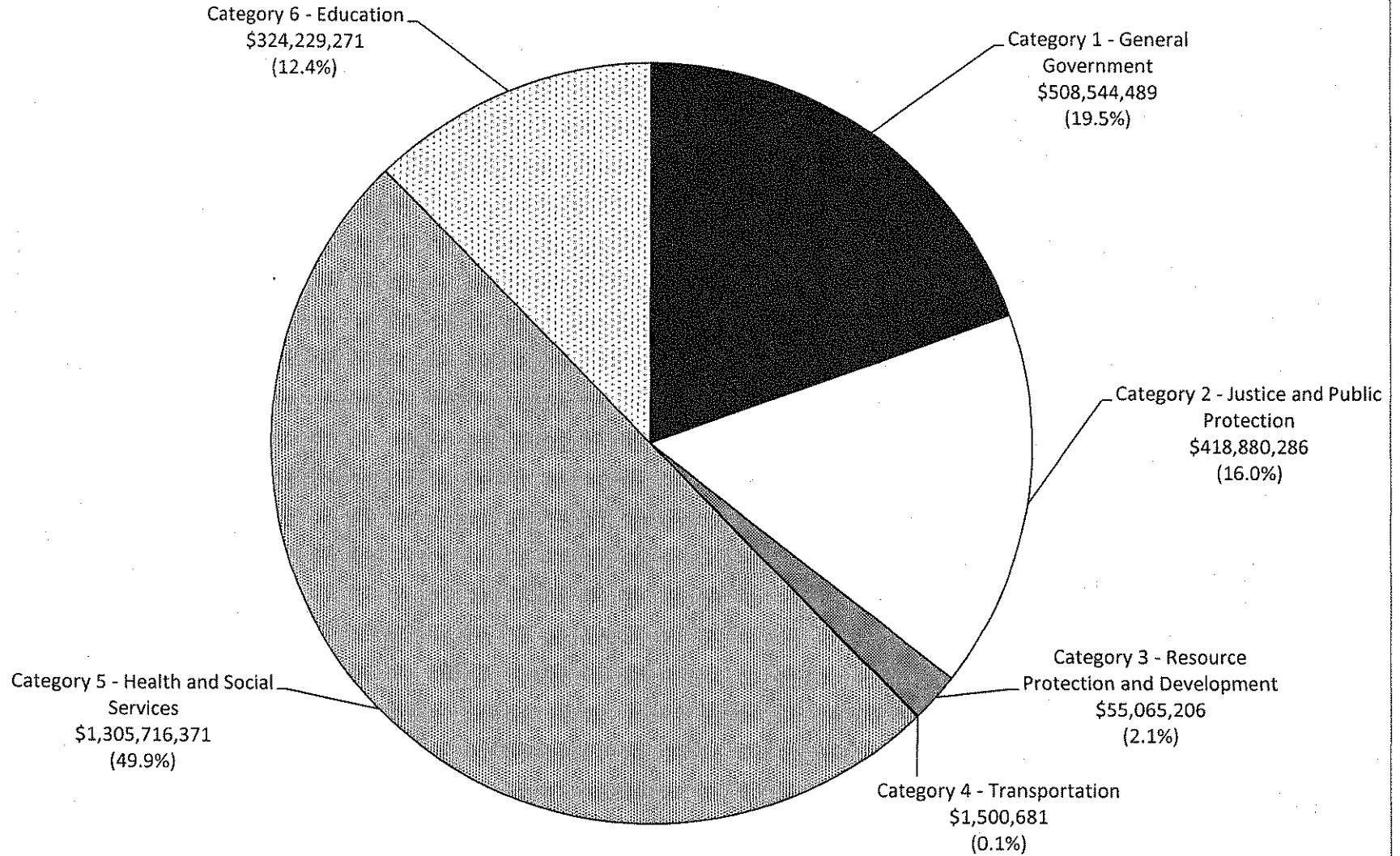
Totals by Category - General Funds

CATEGORY	FY 2012 (Actuals)	FY 2013 (Adjusted Authorized)	BIENNIUM TOTAL	%OF TOTAL
Category 1 - General Government	\$ 254,149,005	\$ 254,395,484	\$ 508,544,489	19.46%
Category 2 - Justice and Public Protection	\$ 204,079,601	\$ 214,800,685	\$ 418,880,286	16.02%
Category 3 - Resource Protection and Development	\$ 27,806,583	\$ 27,258,623	\$ 55,065,206	2.11%
Category 4 - Transportation	\$ 582,590	\$ 918,091	\$ 1,500,681	0.06%
Category 5 - Health and Social Services	\$ 646,414,624	\$ 659,301,747	\$ 1,305,716,371	49.95%
Category 6 - Education	\$ 155,623,781	\$ 168,605,490	\$ 324,229,271	12.40%
<b>Total</b>	<b>\$ 1,288,656,184</b>	<b>\$ 1,325,280,120</b>	<b>\$ 2,613,936,304</b>	<b>100.00%</b>

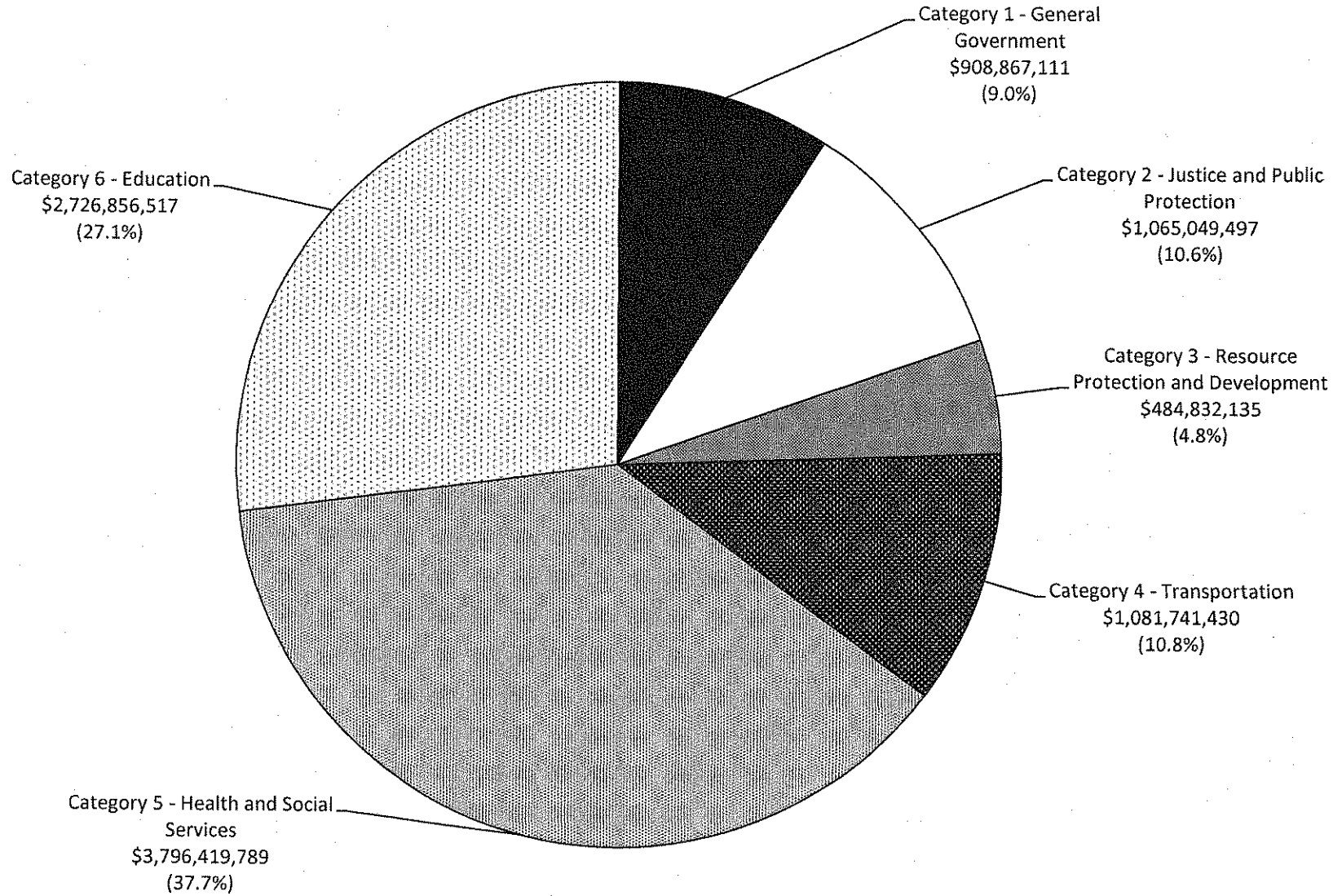
Totals by Category - All Funds

CATEGORY	FY 2012 (Actuals)	FY 2013 (Adjusted Authorized)	BIENNIUM TOTAL	%OF TOTAL
Category 1 - General Government	\$ 443,419,800	\$ 465,447,311	\$ 908,867,111	9.03%
Category 2 - Justice and Public Protection	\$ 496,907,174	\$ 568,142,323	\$ 1,065,049,497	10.58%
Category 3 - Resource Protection and Development	\$ 193,308,290	\$ 291,523,845	\$ 484,832,135	4.82%
Category 4 - Transportation	\$ 531,054,671	\$ 550,686,759	\$ 1,081,741,430	10.75%
Category 5 - Health and Social Services	\$ 1,830,529,367	\$ 1,965,890,422	\$ 3,796,419,789	37.72%
Category 6 - Education	\$ 1,350,814,210	\$ 1,376,042,307	\$ 2,726,856,517	27.10%
<b>Total</b>	<b>\$ 4,846,033,512</b>	<b>\$ 5,217,732,967</b>	<b>\$ 10,063,766,479</b>	<b>100.00%</b>

**FY 2012 ACTUAL EXPENDITURES AND  
FY 2013 ADJUSTED AUTHORIZED APPROPRIATIONS**  
*(GENERAL FUNDS, BY CATEGORY - \$2,613,936,304)*



**FY 2012 ACTUAL EXPENDITURES AND  
FY 2013 ADJUSTED AUTHORIZED APPROPRIATIONS**  
(ALL FUNDS, BY CATEGORY - \$10,063,766,479)



Fiscal Year 2012 Actual Expenditures and Fiscal Year 2013 Adjusted Authorized Appropriations

Totals by Division - General Funds

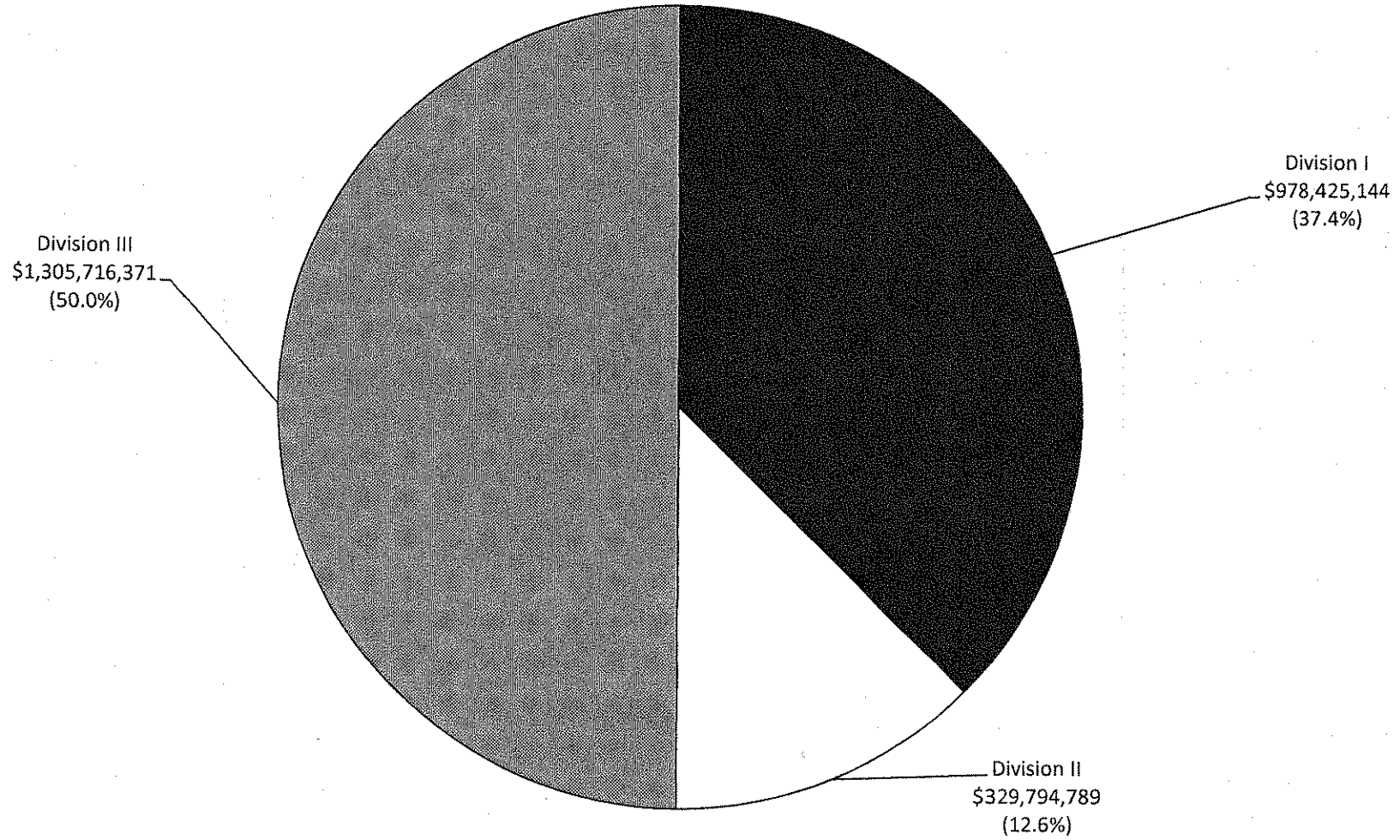
DIVISION / CATEGORY	FY 2012 (Actuals)	FY 2013 (Adjusted Authorized)	BIENNIUM TOTAL	%OF TOTAL
Division I - Categories 1,2,&3 (except Safety and Fish and Game)	\$ 483,958,455	\$ 494,466,689	\$ 978,425,144	37.43%
Division II - Categories 4 & 6 (plus Safety and Fish and Game)	\$ 158,283,105	\$ 171,511,684	\$ 329,794,789	12.62%
Division III - Category 5	\$ 646,414,624	\$ 659,301,747	\$ 1,305,716,371	49.95%
<b>Total</b>	<b>\$ 1,288,656,184</b>	<b>\$ 1,325,280,120</b>	<b>\$ 2,613,936,304</b>	<b>100.00%</b>

Totals by Division - All Funds

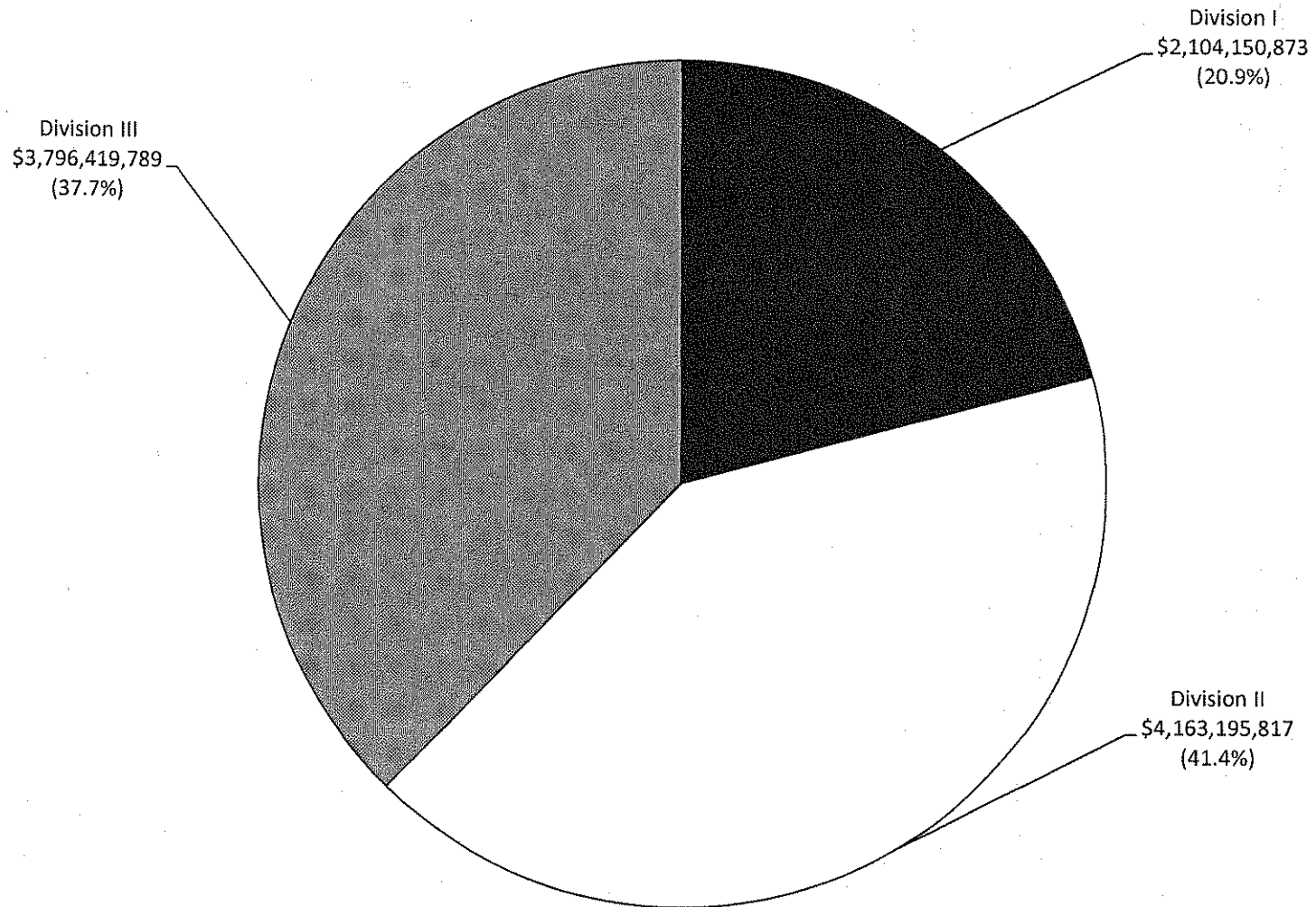
DIVISION / CATEGORY	FY 2012 (Actuals)	FY 2013 (Adjusted Authorized)	BIENNIUM TOTAL	%OF TOTAL
Division I - Categories 1,2,&3 (except Safety and Fish and Game)	\$ 965,978,188	\$ 1,138,172,685	\$ 2,104,150,873	20.91%
Division II - Categories 4 & 6 (plus Safety and Fish and Game)	\$ 2,049,525,957	\$ 2,113,669,860	\$ 4,163,195,817	41.37%
Division III - Category 5	\$ 1,830,529,367	\$ 1,965,890,422	\$ 3,796,419,789	37.72%
<b>Total</b>	<b>\$ 4,846,033,512</b>	<b>\$ 5,217,732,967</b>	<b>\$ 10,063,766,479</b>	<b>100.00%</b>



**FY 2012 ACTUAL EXPENDITURES AND  
FY 2013 ADJUSTED AUTHORIZED APPROPRIATIONS**  
*(GENERAL FUNDS, BY DIVISION - \$2,613,936,304)*



**FY 2012 ACTUAL EXPENDITURES AND  
FY 2013 ADJUSTED AUTHORIZED APPROPRIATIONS**  
(ALL FUNDS, BY DIVISION - \$10,063,766,479)



# The Budget

## Section 9:4

### 9:4 Requests for Appropriations and Statement of Objectives. –

I. On or before October 1 prior to each biennial legislative session, all departments of the state shall transmit to the commissioner of administrative services, on blanks to be furnished by the commissioner, estimates of their expenditure requirements for each fiscal year of the ensuing biennium for administration, operation, maintenance expenditure, and program services, including costs for workers' compensation and unemployment compensation. In case of the failure of any department to submit such estimates within the time above specified, the commissioner of administrative services shall cause to be prepared such estimates for such department as in the commissioner's opinion are reasonable and proper.

II. In this section "maintenance expenditure" means:

(a) The cost of providing the same level of service authorized and funded in the preceding fiscal year, incorporating changes in the population, economic conditions, and other factors outside the control of the accounting unit. The governor shall provide criteria for the development of maintenance expenditures which may include the following:

- (1) Any increases or decreases in the cost of purchased goods or services due to general price changes in the economy at large;
- (2) Salary steps within grade;
- (3) New positions necessary to provide the same level of service;
- (4) Additional operating costs associated with previously authorized capital improvement projects to be completed during the biennium;
- (5) Reductions for non-recurring costs of the prior fiscal year.

(b) The maintenance level shall not include new programs or changes in the kind, quantity, or quality of service when the change is at the agency's discretion or is the result of changes in federal or state law or regulation.

(c) Within the meaning of this section, the governor shall make the final determination as to whether a particular cost shall be deemed to be a maintenance expenditure.

III. On or before November 15 prior to each biennial legislative session, all departments of the state shall transmit to the commissioner of administrative services, in a format determined by and on blanks furnished by the commissioner, a reduction level expenditure estimate for each fiscal year of the ensuing biennium for administration, operation, and program services, including costs for workers' compensation and unemployment compensation.

(a) This estimate shall include:

(1) An estimate for a reduced level of expenditure for the first year of the next biennium that is 10 percent, not including debt service, less than the actual expenses of the first year of the current biennium.

(2) An estimate for a reduced level of expenditure for the second year of the next biennium that is 10 percent, not including debt service, less than the budget and any footnote adjustments or subsequent appropriations, additions, or reductions, implemented in the second year of the current biennium.

(b) The 2 reduction level expenditure estimates shall include recommendations for any changes to state statutes and administrative rules required to achieve the reduced level of expenditure.

(c) In case of the failure of any department to submit such estimates within the time specified, the commissioner of administrative services shall cause to be prepared such estimates for such department as in the commissioner's opinion are reasonable and proper.

(d) Upon completion, estimates submitted pursuant to this section shall be publicly available under RSA 91-A.

(e) Within the meaning of this section, the governor shall provide criteria for the development of the reduced expenditure level estimates and make the final determination as to whether a particular cost shall be deemed to be a reduction level expenditure.

# List of Helpful Websites

**<http://www.gencourt.state.nh.us/lba/default.aspx>**

**Office of Legislative Budget Assistant**

- Operating Budget Documents
- Capital Budget Documents
- Audit Reports

**<http://admin.state.nh.us/accounting/reports.asp>**

**Department of Administrative Services -Division of Accounting Services – Bureau of Financial Management**

- Comprehensive Annual Financial Reports (CAFR)
- Revenue Reports

**<http://admin.state.nh.us/budget/>**

**Department of Administrative Services – Budget Office**

- Agency Budget Submissions
- Governor's Operating Budget

**<http://www.nh.gov/transparency/index.htm>**

**Department of Administrative Services**

- Governor's Monthly Expenditure Reports

# DIVISION I

FISCAL YEAR 2012 ACTUAL EXPENDITURES AND FISCAL YEAR 2013 ADJUSTED AUTHORIZED APPROPRIATIONS

Division I by Agency - General Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2012 (Actual)	FY 2013 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	01-02	EXECUTIVE OFFICE	2,765,709	2,895,510	5,661,219	0.58%
2	01-03	DEPARTMENT OF INFORMATION TECHNOLOGY	183,950	227,401	411,351	0.04%
3	01-04	LEGISLATIVE BRANCH	14,028,543	15,914,332	29,942,875	3.06%
4	01-05	EXECUTIVE COUNCIL	226,284	227,440	453,724	0.05%
5	01-14	DEPARTMENT OF ADMINISTRATIVE SERVICES	54,200,218	56,729,215	110,929,433	11.34%
6	01-28	REAL ESTATE COMMISSION	480,277	395,069	875,346	0.09%
7	01-30	BOXING AND WRESTLING COMMISSION	2,495	3,538	6,033	0.00%
8	01-31	JOINT BOARD OF LICENSURE & CERTIFICATION	838,900	958,378	1,797,278	0.18%
9	01-32	DEPARTMENT OF STATE	1,220,557	1,626,639	2,847,196	0.29%
10	01-34	DEPARTMENT OF CULTURAL RESOURCES	2,588,511	2,467,996	5,056,507	0.52%
11	01-38	TREASURY DEPARTMENT	153,170,704	156,734,211	309,904,915	31.67%
12	01-59	NH RETIREMENT SYSTEM	10,494,946	-	10,494,946	1.07%
13	01-84	DEPARTMENT OF REVENUE ADMINISTRATION	13,181,988	15,441,596	28,623,584	2.93%
14	01-89	BOARD OF TAX & LAND APPEALS	765,923	774,159	1,540,082	0.16%
15	01-97	DEVELOPMENTAL DISABILITIES COUNCIL	-	-	-	0.00%
16	02-07	JUDICIAL COUNCIL	23,703,452	24,147,960	47,851,412	4.89%
17	02-10	JUDICIAL BRANCH	68,965,336	69,464,826	138,430,162	14.15%
18	02-12	ADJUTANT GENERAL DEPARTMENT	3,345,567	3,304,968	6,650,535	0.68%
19	02-18	DEPARTMENT OF AGRICULTURE	2,362,962	2,577,587	4,940,549	0.50%
20	02-20	DEPARTMENT OF JUSTICE	7,739,055	8,346,583	16,085,638	1.64%
21	02-24	INSURANCE DEPARTMENT	-	-	-	0.00%
22	02-25	HIGHWAY SAFETY AGENCY	-	-	-	0.00%
23	02-26	DEPARTMENT OF LABOR	-	-	-	0.00%
24	02-27	DEPARTMENT OF EMPLOYMENT SECURITY	-	-	-	0.00%
25	02-46	DEPARTMENT OF CORRECTIONS	95,139,425	104,196,068	199,335,493	20.37%
26	02-72	BANKING DEPARTMENT	-	-	-	0.00%
27	02-73	PUBLIC EMPLOYEES LABOR RELATIONS BOARD	364,865	379,847	744,712	0.08%
28	02-76	HUMAN RIGHTS COMMISSION	432,205	444,743	876,948	0.09%
29	02-77	LIQUOR COMMISSION	-	-	-	0.00%
30	02-81	PUBLIC UTILITIES COMMISSION	-	-	-	0.00%
31	02-86	RACING AND CHARITABLE GAMING COMMISSION	-	-	-	0.00%
32	03-13	PEASE DEVELOPMENT AUTHORITY	1	-	1	0.00%
33	03-35	DEPARTMENT OF RESOURCES & ECONOMIC DEVELOPMENT	11,749,694	12,993,820	24,743,514	2.53%
34	03-37	COMMUNITY DEVELOPMENT FINANCE AUTHORITY	171,000	171,000	342,000	0.03%
35	03-44	DEPARTMENT OF ENVIRONMENTAL SERVICES	15,835,888	14,043,803	29,879,691	3.05%
36		<b>TOTAL</b>	<b>483,958,455</b>	<b>494,466,689</b>	<b>978,425,144</b>	

FISCAL YEAR 2012 ACTUAL EXPENDITURES AND FISCAL YEAR 2013 ADJUSTED AUTHORIZED APPROPRIATIONS

Division I by Agency - All Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2012 (Actual)	FY2013 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	01-02	EXECUTIVE OFFICE	32,320,032	41,183,236	73,503,268	3.49%
2	01-03	DEPARTMENT OF INFORMATION TECHNOLOGY	56,775,019	63,549,510	120,324,529	5.72%
3	01-04	LEGISLATIVE BRANCH	14,816,264	16,497,924	31,314,188	1.49%
4	01-05	EXECUTIVE COUNCIL	226,284	227,440	453,724	0.02%
5	01-14	DEPARTMENT OF ADMINISTRATIVE SERVICES	116,383,343	123,260,683	239,644,026	11.39%
6	01-28	REAL ESTATE COMMISSION	613,642	685,380	1,299,022	0.06%
7	01-30	BOXING AND WRESTLING COMMISSION	2,495	3,538	6,033	0.00%
8	01-31	JOINT BOARD OF LICENSURE & CERTIFICATION	1,462,574	1,618,277	3,080,851	0.15%
9	01-32	DEPARTMENT OF STATE	8,681,680	7,787,805	16,469,485	0.78%
10	01-34	DEPARTMENT OF CULTURAL RESOURCES	5,744,138	6,586,895	12,331,033	0.59%
11	01-38	TREASURY DEPARTMENT	174,526,021	178,373,166	352,899,187	16.77%
12	01-59	NH RETIREMENT SYSTEM	17,320,043	8,580,569	25,900,612	1.23%
13	01-84	DEPARTMENT OF REVENUE ADMINISTRATION	13,245,703	15,581,272	28,826,975	1.37%
14	01-89	BOARD OF TAX & LAND APPEALS	900,515	920,146	1,820,661	0.09%
15	01-97	DEVELOPMENTAL DISABILITIES COUNCIL	402,047	591,470	993,517	0.05%
16	02-07	JUDICIAL COUNCIL	23,703,452	24,147,960	47,851,412	2.27%
17	02-10	JUDICIAL BRANCH	71,897,469	74,656,209	146,553,678	6.96%
18	02-12	ADJUTANT GENERAL DEPARTMENT	18,217,357	28,814,008	47,031,365	2.24%
19	02-18	DEPARTMENT OF AGRICULTURE	4,154,323	4,992,094	9,146,417	0.43%
20	02-20	DEPARTMENT OF JUSTICE	18,146,194	24,176,904	42,323,098	2.01%
21	02-24	INSURANCE DEPARTMENT	8,142,678	9,606,428	17,749,106	0.84%
22	02-25	HIGHWAY SAFETY AGENCY	3,161,140	6,602,687	9,763,827	0.46%
23	02-26	DEPARTMENT OF LABOR	7,628,539	9,077,080	16,705,619	0.79%
24	02-27	DEPARTMENT OF EMPLOYMENT SECURITY	38,324,670	38,263,890	76,588,560	3.64%
25	02-46	DEPARTMENT OF CORRECTIONS	97,808,424	108,669,471	206,477,895	9.81%
26	02-72	BANKING DEPARTMENT	5,100,352	6,097,600	11,197,952	0.53%
27	02-73	PUBLIC EMPLOYEES LABOR RELATIONS BOARD	367,385	382,688	750,073	0.04%
28	02-76	HUMAN RIGHTS COMMISSION	549,971	557,444	1,107,415	0.05%
29	02-77	LIQUOR COMMISSION	44,047,778	47,436,619	91,484,397	4.35%
30	02-81	PUBLIC UTILITIES COMMISSION	14,573,317	26,404,886	40,978,203	1.95%
31	02-86	RACING AND CHARITABLE GAMING COMMISSION	1,524,119	1,528,207	3,052,326	0.15%
32	03-13	PEASE DEVELOPMENT AUTHORITY	693,858	2,416,804	3,110,662	0.15%
33	03-35	DEPARTMENT OF RESOURCES & ECONOMIC DEVELOPMENT	45,694,280	60,506,008	106,200,288	5.05%
34	03-37	COMMUNITY DEVELOPMENT FINANCE AUTHORITY	171,000	171,000	342,000	0.02%
35	03-44	DEPARTMENT OF ENVIRONMENTAL SERVICES	118,652,082	198,217,387	316,869,469	15.06%
36		<b>TOTAL</b>	<b>965,978,188</b>	<b>1,138,172,685</b>	<b>2,104,150,873</b>	

**State of New Hampshire**  
**10 Year History of Authorized Positions - Division I**  
**(Fiscal Years 2002 through 2011)**

	Agency Name	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
1											
2	<b>Adjutant General</b>	<b>120</b>	<b>121</b>	<b>123</b>	<b>123</b>	<b>133</b>	<b>129</b>	<b>135</b>	<b>135</b>	<b>134</b>	<b>140</b>
3	Class 10 Positions	113	113	120	120	130	127	134	134	133	133
4	Class 59 Positions	7	8	3	3	3	2	1	1	1	7
5											
6	<b>Administrative Services</b>	<b>404</b>	<b>408</b>	<b>248</b>	<b>252</b>	<b>292</b>	<b>326</b>	<b>339</b>	<b>342</b>	<b>340</b>	<b>338</b>
7	Class 10 Positions	338	338	245	250	285	316	331	333	328	328
8	Class 59 Positions	66	70	3	2	7	10	8	9	12	10
9											
10	<b>Agriculture</b>	<b>32</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>38</b>	<b>38</b>
11	Class 10 Positions	31	31	33	33	33	33	33	33	36	36
12	Class 59 Positions	1	2	0	0	0	0	0	0	2	2
13											
14	<b>Banking Department</b>	<b>29</b>	<b>29</b>	<b>41</b>	<b>42</b>	<b>42</b>	<b>45</b>	<b>48</b>	<b>48</b>	<b>52</b>	<b>52</b>
15	Class 10 Positions	27	27	41	41	42	45	48	48	52	52
16	Class 59 Positions	2	2	0	1	0	0	0	0	0	0
17											
18	<b>Board of Tax and Land Appeals</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>
19	Class 10 Positions	9	10	10	10	8	8	8	7	7	7
20	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
21											
22	<b>Community Dev. Finance Authority</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
23	Class 10 Positions	0	0	7	7	7	0	0	0	0	0
24	Class 59 Positions	0	0	1	0	1	0	0	0	0	0
25											
26	<b>Corrections</b>	<b>1,149</b>	<b>1,155</b>	<b>1,119</b>	<b>1,104</b>	<b>1,105</b>	<b>1,076</b>	<b>1,078</b>	<b>1,075</b>	<b>923</b>	<b>932</b>
27	Class 10 Positions	1,083	1,083	1,096	1,081	1,081	1,065	1,063	1,060	922	931
28	Class 59 Positions	66	72	23	23	24	11	15	15	1	1
29											
30	<b>Cultural Resources</b>	<b>74</b>	<b>74</b>	<b>69</b>	<b>70</b>	<b>72</b>	<b>71</b>	<b>71</b>	<b>72</b>	<b>67</b>	<b>65</b>
31	Class 10 Positions	69	69	69	70	70	69	69	69	67	65
32	Class 59 Positions	5	5	0	0	2	2	2	3	0	0
33											
34	<b>Developmental Disabilities Council</b>							<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>
35	Class 10 Positions							4	4	3	3
36	Class 59 Positions							0	0	0	0
37											
38	<b>Employment Security</b>	<b>421</b>	<b>431</b>	<b>373</b>	<b>377</b>	<b>387</b>	<b>349</b>	<b>366</b>	<b>354</b>	<b>451</b>	<b>421</b>
39	Class 10 Positions	385	385	367	367	372	338	329	328	338	338
40	Class 59 Positions	36	46	6	10	15	11	37	26	113	83
41											



**State of New Hampshire**  
**10 Year History of Authorized Positions - Division I**  
**(Fiscal Years 2002 through 2011)**

	Agency Name	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
42	<b>Environmental Services</b>	531	541	531	565	558	520	533	539	541	530
43	Class 10 Positions	435	436	528	549	540	515	531	534	541	530
44	Class 59 Positions	96	105	3	16	18	5	2	5	0	0
45											
46	<b>Executive Office</b>	51	51	39	30	22	22	22	22	20	18
47	Class 10 Positions	44	44	33	26	22	22	22	22	20	18
48	Class 59 Positions	7	7	6	4	0	0	0	0	0	0
49											
50	<b>Highway Safety Agency</b>	6	6	6	6	6	6	6	6	6	6
51	Class 10 Positions	6	6	6	6	6	6	6	6	6	6
52	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
53											
54	<b>Human Rights Commission</b>	10	10	9	9	9	9	9	9	9	9
55	Class 10 Positions	7	7	9	9	9	9	9	9	9	9
56	Class 59 Positions	3	3	0	0	0	0	0	0	0	0
57											
58	<b>Office of Information Technology</b>	0	0	347	411	412	409	420	419	400	399
59	Class 10 Positions	0	0	335	397	411	408	418	418	400	398
60	Class 59 Positions	0	0	12	14	1	1	2	1	0	1
61											
62	<b>Insurance</b>	71	72	72	70	70	70	70	67	67	67
63	Class 10 Positions	53	71	72	70	70	70	70	67	67	67
64	Class 59 Positions	18	1	0	0	0	0	0	0	0	0
65											
66	<b>Judicial Council</b>	2	2	2	2	2	2	2	2	2	2
67	Class 10 Positions	2	2	2	2	2	2	2	2	2	2
68	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
69											
70	<b>Justice</b>	65	66	62	62	63	62	64	64	65	65
71	Class 10 Positions	56	56	61	61	62	61	64	64	63	63
72	Class 59 Positions	9	10	1	1	1	1	0	0	2	2
73											
74	<b>Labor</b>	85	84	83	77	80	80	87	87	91	91
75	Class 10 Positions	82	82	83	77	80	80	87	87	91	91
76	Class 59 Positions	3	2	0	0	0	0	0	0	0	0
77											
78	<b>Liquor Commission</b>	316	317	319	305	305	304	317	317	330	330
79	Class 10 Positions	313	313	315	304	304	304	317	317	329	329
80	Class 59 Positions	3	4	4	1	1	0	0	0	1	1
81											

**State of New Hampshire**  
**10 Year History of Authorized Positions - Division I**  
**(Fiscal Years 2002 through 2011)**

	Agency Name	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
82	<b>PDA - Port Authority</b>	5	5	5	5	6	6	6	6	6	6
83	Class 10 Positions	5	5	5	5	5	5	6	6	6	6
84	Class 59 Positions	0	0	0	0	1	1	0	0	0	0
85											
86	<b>Public Utilities Commission</b>	72	72	72	69	69	69	69	69	72	72
87	Class 10 Positions	72	72	72	69	69	69	69	69	69	69
88	Class 59 Positions	0	0	0	0	0	0	0	0	3	3
89											
90	<b>Racing and Gaming Commission</b>	26	26	22	31	30	34	30	27	26	21
91	Class 10 Positions	11	11	11	20	21	21	22	19	21	21
92	Class 59 Positions	15	15	11	11	9	13	8	8	5	0
93											
94	<b>Real Estate Commission</b>	8	8	8	8	8	8	8	8	8	8
95	Class 10 Positions	8	8	8	8	8	8	8	8	8	8
96	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
97											
98	<b>Regulatory &amp; Licensing Boards</b>	25	25	26	26	19	24	23	23	16	16
99	Class 10 Positions	23	23	23	23	19	24	23	23	16	16
100	Class 59 Positions	2	2	3	3	0	0	0	0	0	0
101											
102	<b>Resources &amp; Economic Devlpmnt</b>	234	237	253	248	248	239	243	238	226	230
103	Class 10 Positions	149	150	184	177	185	177	179	179	178	184
104	Class 59 Positions	85	87	69	71	63	62	64	59	48	46
105											
106	<b>Retirement System*</b>	53	54	54	54	0	0	0	0	0	0
107	Class 10 Positions	48	49	54	54	0	0	0	0	0	0
108	Class 59 Positions	5	5	0	0	0	0	0	0	0	0
109	<i>*Retirement System classified employees became non-classified employees in FY06.</i>										
110											
111	<b>Revenue Administration</b>	191	215	175	174	181	180	190	190	192	192
112	Class 10 Positions	191	215	175	174	181	180	190	190	192	192
113	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
114											
115	<b>Secretary of State</b>	64	78	79	78	82	81	81	81	81	82
116	Class 10 Positions	33	43	43	41	41	40	40	40	71	72
117	Class 59 Positions	31	35	36	37	41	41	41	41	10	10
118											
119	<b>Status of Women</b>	2	2	2	2	2	2	2	2	2	0
120	Class 10 Positions	2	2	2	2	2	2	2	2	2	0
121	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
122											

**State of New Hampshire**  
**10 Year History of Authorized Positions - Division I**  
**(Fiscal Years 2002 through 2011)**

	<b>Agency Name</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>
123	<b>Treasury</b>	21	21	21	21	19	18	19	19	18	18
124	<i>Class 10 Positions</i>	21	21	21	21	19	18	19	19	18	18
125	<i>Class 59 Positions</i>	0	0	0	0	0	0	0	0	0	0
126											
127											
128	<b>Total Authorized Positions</b>	4,076	4,153	4,211	4,271	4,271	4,182	4,283	4,265	4,193	4,158
129	<i>Total Class 10 Positions</i>	3,616	3,672	4,030	4,074	4,084	4,022	4,103	4,097	3,995	3,992
130	<i>Total Class 59 Positions</i>	460	481	181	197	187	160	180	168	198	166
131	<i>Source: Department of Administrative Services, 10 Year Personnel Analysis (FY1997-2006), and FY2007-2011 Division of Personnel Annual Reports.</i>										
132											
133		<b>CY 02</b>	<b>CY 03</b>	<b>CY 04</b>	<b>CY 05</b>	<b>CY06</b>	<b>CY07</b>	<b>CY08</b>	<b>CY09</b>	<b>CY10</b>	<b>CY11</b>
134	<b>New Hampshire Population</b>	1,275	1,288	1,306	1,315	1,315	1,315	1,316	1,325	1,316	1,318
135	<b>(amounts in thousands)</b>										
136	<i>Source: Office of State Planning, NH State Data Center Estimates, Population Estimates.</i>										

## DIVISION I HIGH PROFILE ITEMS

### Category 1

#### **State Aid**

##### Meals and Rooms Distribution to Cities and Towns

Pursuant to RSA 78-A the Department of Revenue Administration distributes a portion of annual meals and rooms tax revenue to municipalities. RSA 78-A:26,II authorizes an increase to the amount to be disbursed, however the increase from one fiscal year to another can be no more than \$5M. In each of the last two budgets, total annual distribution has been capped at the FY 2009 level (\$58.8M).

##### State Share of Political Subdivisions' Normal Contribution to New Hampshire Retirement System (NHRS)

In FY 2009 and prior, the State had paid 35% of political subdivision required normal contribution to NHRS for teachers, police and firefighters. In FY 2010 and FY 2011 the contribution rates were reduced to 30% and 25%, respectively. During the 2011 Session, it was legislated the State would contribute \$3.5M in FY 2012 and the contribution would be eliminated in FY 2013 and each year thereafter.

##### State Revenue Sharing

Pursuant to RSA 31-A, the Treasury Department is to distribute a portion of State general revenues to municipalities annually. Since FY1999, the amount distributed each year has been \$25.2M and it will remain this amount until the legislature alters it, pursuant to RSA 31-A:4. The last time this disbursement was made was in FY 2009 as it has been suspended for each year since.

##### Flood Control Compact Payments

The State of New Hampshire (NH) is part of two flood control compacts; the Merrimack River Flood Control Compact with Massachusetts (MA) and the Connecticut River Flood Control Compact with MA and Connecticut (CT). In FY 2011 and years prior, RSA 122:4 required the State to compensate the 18 affected NH cities and towns for the loss of taxable land from the construction of dams. The FY 2012-13 biennium marked the first time NH reduced its compensation by the amount of reimbursement not received from other participating states. This resulted in approximately \$550K less in compensation per year to the 18 affected municipalities. Legislation passed in 2012 will again make NH responsible for other state's shares, regardless of whether or not they reimburse, beginning in FY 2014.

## DIVISION I HIGH PROFILE ITEMS

### **Retiree Health Insurance**

The State provides fully-paid health benefits to eligible retired State employees pursuant to RSA 21-I:30. The State's general fund share of this benefit is appropriated to the Department of Administrative Services. Effective July 1, 2009, RSA 100-A:54 was amended to include a \$65/month premium contribution from retirees under the age of 65 (and their spouse, if applicable). Chapter 224 of the 2011 Session (HB2) changed the under 65 retiree contribution from a fixed dollar amount to a percentage (12.5%) of premium. In FY 2012 and FY 2013 general fund appropriations for retiree health insurance were \$33.4M and \$35.0M, respectively.

### **Department of Information Technology (DoIT)**

DoIT uses a uniform cost allocation methodology that produces partner agency invoices reflecting each partner agency's fair share of information technology costs and provides the detail necessary for partner agencies to draw down their fair share of grant, highway, and federal revenues. Careful attention will have to be given to DoIT during the FY14-15 budget process since any decisions will affect all agencies across State government due to the complexity of the mechanisms used to fund the agency. Each agency budgets their DoIT costs in class 027 (Transfers to DoIT).

### **Land and Community Heritage Investment Program (LCHIP)**

LCHIP is a competitive grant program that provides funding to municipalities and publicly supported not-for-profit organizations for conservation and preservation of the State's natural, cultural, and historical resources, through the acquisition of lands, and cultural and historical resources, or interests therein, of local, regional, and statewide significance. From FY 2002 through FY 2008, the program was funded through a general fund appropriation to the LCHIP Fund, which is used in its entirety to fund grants. Beginning FY 2009, LCHIP has been funded by a \$25 surcharge on certain register of deeds documents. In FY 2010 and FY 2011 some surcharge revenue was diverted to the general fund (\$1.5M in FY 2010 and \$2.1M in FY 2011, respectively). For the FY 2012 and FY 2013, all recording surcharge revenue was diverted to the general fund, less \$120,000 per year, which was appropriated to LCHIP's administration fund.

## DIVISION I HIGH PROFILE ITEMS

### Category 2

#### **Judicial Branch**

In January of 2011, a report was issued by the Judicial Branch Innovation Commission containing recommendations that would allow the Branch to meet an increasing demand for services while faced with shrinking financial resources. The Legislature has worked with the Branch to implement recommendations from the report, including the establishment of the circuit court and the implementation of the e-court project.

#### **Liquor Commission**

The FY 2010-2011 Operating Budget recognized Liquor as a separate liquor fund, not general funds. The Liquor Commission had several high profile events that lead to the House forming a special committee. The House convened the special committee at the end of August 2012 to review potential financial and management issues of the Liquor Commission and to make legislative recommendations to address any identified issues. Several legislative service requests (bills) have been filed in response to the work completed by the special committee.

#### **Prisoner population at the Department of Corrections**

Prisoner population has continued to be a topic of discussion with the closure of the Lakes Region Facility (Laconia) and the age and condition of the Men's Prison (Concord) and Women's Prison (Goffstown). A solution considered during the FY 2012-2013 biennium is privatizing parts or all of corrections in NH. The Department of Corrections and the Department of Administrative Services are in the process of reviewing RFPs related to the privatization of corrections.

#### **Judicial Council**

Indigent defense costs are constitutionally mandated at both the state and federal level. For the FY 2012-2013 efforts were made to contain indigent defense costs, including changes to the right to counsel for parents in abuse and neglect cases and the moving of case assignments for conflict cases from the courts to the NH Public Defender. The Judicial Council actual expenditure in FY 2012 was \$23.7M and the FY 2013 adjusted authorized amount is \$24.1M, down from \$27.8M in FY 2010 and \$28.5M in FY 2011.

**DIVISION I  
HIGH PROFILE ITEMS**

**Category 3**

**Travel and Tourism at the Department of Resources and Economic Development (DRED)**

In FY 2012, travel and tourism accounted for \$5.7M of DRED's \$11.7M of general funds expended. For the FY 2013 adjusted authorized budget, travel and tourism accounts for \$6.9M of DRED's \$13M of general funds authorized. The funding is used to help promote and develop New Hampshire as a preferred travel destination. Chapter 144, Laws of 2009 (HB2 Trailer bill) amended RSA 78-A:26, the meals and rooms tax receipt distribution language, by dedicating 3.15% of the collections to be credited to DRED's division of travel and tourism development. Chapter 224:216, Laws of 2011 (HB 2), suspended the distribution of net income pursuant to RSA 78-A:26, I(a)(2) credited to the department of resources and economic development, division of travel and tourism development for the biennium ending June 30, 2013.

**Economic Development program at the Department of Resources and Economic Development (DRED)**

The division of economic development accounted for \$2M of general funds expended by DRED in FY 2012 and is authorized to spend \$2M in general funds in FY 2013. The division of economic development includes funding for the Innovation Research Center, the Business Resource Center, and the Telecommunications Initiative. Additionally, DRED's division of economic development is working in partnership with the office of workforce opportunity in providing initiatives required by the Workforce Investment Act.

**State Aid Grants to Communities at the Department of Environmental Services (DES)**

The FY 2012 actual expenditures and FY 2013 adjusted authorized operating budget for the Department includes approximately \$29.9M of general funds over the biennium. Of the total general fund amount, \$12.6M (42%) is state aid grants to cities and towns. Included in the general funded state aid grants are Water Pollution Grants of \$8.5M, Public Water System Grants of \$2.3M, and Landfill Closure Grants of \$1.8M.

**House Finance Committee - Division I  
Checklist of State Agencies**

ROW	CAT- AGY CODE	AGENCY/DEPARTMENT	PLANNED COMPLETION DATE	COMPLETED	BRIEFING TO FULL COMMITTEE	ADOPTED BY FULL COMMITTEE	BRIEFING TO FULL HOUSE	ADOPTED BY FULL HOUSE
1	01-04	LEGISLATIVE BRANCH					TWO DAYS PRIOR TO FULL HOUSE VOTE	
2	01-02	EXECUTIVE OFFICE						
3	01-03	DEPARTMENT OF INFORMATION TECHNOLOGY						
4	01-14	DEPARTMENT OF ADMINISTRATIVE SERVICES						
5	01-32	DEPARTMENT OF STATE						
6	01-34	DEPARTMENT OF CULTURAL RESOURCES						
7	01-84	DEPARTMENT OF REVENUE ADMINISTRATION						
8	01-38	TREASURY DEPARTMENT						
9	01-89	BOARD OF TAX & LAND APPEALS						
10	01-59	NH RETIREMENT SYSTEM						
11	01-28	REAL ESTATE COMMISSION						
12	01-31	JOINT BOARD OF LICENSURE & CERTIFICATION						
13	01-97	DEVELOPMENTAL DISABILITIES COUNCIL						
14	01-05	EXECUTIVE COUNCIL						
15	01-30	BOXING AND WRESTLING COMMISSION						
16	02-10	JUDICIAL BRANCH						
17	02-12	ADJUTANT GENERAL DEPARTMENT						
18	02-18	DEPARTMENT OF AGRICULTURE						
19	02-20	DEPARTMENT OF JUSTICE						
20	02-72	BANKING DEPARTMENT						
21	02-73	PUBLIC EMPLOYEE LABOR RELATIONS BOARD						
22	02-86	RACING & CHARITABLE GAMING COMMISSION						
23	02-25	HIGHWAY SAFETY AGENCY						
24	02-24	INSURANCE DEPARTMENT						



**House Finance Committee - Division I  
Checklist of State Agencies**

ROW	CAT- AGY CODE	AGENCY/DEPARTMENT	PLANNED COMPLETION DATE	COMPLETED	BRIEFING TO FULL COMMITTEE	ADOPTED BY FULL COMMITTEE	BRIEFING TO FULL HOUSE	ADOPTED BY FULL HOUSE
25	02-26	DEPARTMENT OF LABOR						
26	02-77	LIQUOR COMMISSION						
27	02-81	PUBLIC UTILITIES COMMISSION						
28	02-46	DEPARTMENT OF CORRECTIONS						
29	02-27	DEPARTMENT OF EMPLOYMENT SECURITY						
30	02-07	JUDICIAL COUNCIL						
31	02-76	HUMAN RIGHTS COMMISSION						
32	03-37	COMMUNITY DEVELOPMENT FINANCE AUTHORITY						
33	03-35	DEPARTMENT OF RESOURCES & ECONOMIC DEV.						
34	03-44	DEPARTMENT OF ENVIRONMENTAL SERVICES						
35	03-13	PEASE DEVELOPMENT AUTHORITY						

# DIVISION II

FISCAL YEAR 2012 ACTUAL EXPENDITURES AND FISCAL YEAR 2013 ADJUSTED AUTHORIZED APPROPRIATIONS

Division II by Agency - General Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2012 (Actual)	FY 2013 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	02-23	DEPARTMENT OF SAFETY	2,026,734	1,938,103	3,964,837	1.20%
2	03-75	FISH & GAME DEPARTMENT	50,000	50,000	100,000	0.03%
3	04-96	DEPARTMENT OF TRANSPORTATION	582,590	918,091	1,500,681	0.46%
4	06-56	DEPARTMENT OF EDUCATION	95,010,486	92,947,033	187,957,519	56.99%
5	06-58	COMMUNITY COLLEGE SYSTEM OF NH	23,584,901	28,567,717	52,152,618	15.81%
6	06-61	MCAULIFFE-SHEPARD DISCOVERY CENTER	1,216,094	385,740	1,601,834	0.49%
7	06-87	POLICE STANDARDS & TRAINING COUNCIL	0	0	0	0.00%
8	06-83	NH LOTTERY COMMISSION	0	0	0	0.00%
9	06-50	UNIVERSITY SYSTEM	35,812,300	46,705,000	82,517,300	25.02%
10		<b>TOTAL</b>	<b>158,283,105</b>	<b>171,511,684</b>	<b>329,794,789</b>	

**FISCAL YEAR 2012 ACTUAL EXPENDITURES AND FISCAL YEAR 2013 ADJUSTED AUTHORIZED APPROPRIATIONS**

**Division II by Agency - All Funds**

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2012 (Actual)	FY 2013 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	02-23	DEPARTMENT OF SAFETY	139,560,006	156,728,148	296,288,154	7.12%
2	03-75	FISH & GAME DEPARTMENT	28,097,070	30,212,646	58,309,716	1.40%
3	04-96	DEPARTMENT OF TRANSPORTATION	531,054,671	550,686,759	1,081,741,430	25.98%
4	06-56	DEPARTMENT OF EDUCATION	1,256,756,034	1,277,143,148	2,533,899,182	60.86%
5	06-58	COMMUNITY COLLEGE SYSTEM OF NH	31,358,244	31,972,716	63,330,960	1.52%
6	06-61	MCAULIFFE-SHEPARD DISCOVERY CENTER	1,863,136	821,245	2,684,381	0.06%
7	06-87	POLICE STANDARDS & TRAINING COUNCIL	3,182,892	3,729,867	6,912,759	0.17%
8	06-83	NH LOTTERY COMMISSION	6,703,806	7,725,331	14,429,137	0.35%
9	06-50	UNIVERSITY SYSTEM	50,950,098	54,650,000	105,600,098	2.54%
10		<b>TOTAL</b>	<b>2,049,525,957</b>	<b>2,113,669,860</b>	<b>4,163,195,817</b>	

**State of New Hampshire**  
**10 Year History of Authorized Positions - Division II**  
**(Fiscal Years 2002 through 2011)**

	Agency Name	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
1											
2	<b>Christa McAuliffe Planetarium</b>	13	13	12	13	13	13	13	13	13	13
3	Class 10 Positions	8	8	12	12	13	13	13	13	13	13
4	Class 59 Positions	5	5	0	1	0	0	0	0	0	0
5											
6	<b>Education</b>	325	336	331	326	340	305	310	307	308	310
7	Class 10 Positions	312	312	316	305	316	297	302	302	300	302
8	Class 59 Positions	13	24	15	21	24	8	8	5	8	8
9											
10	<b>Fish &amp; Game</b>	209	211	201	202	217	197	196	200	196	190
11	Class 10 Positions	173	173	165	164	200	194	194	194	191	190
12	Class 59 Positions	36	38	36	38	17	3	2	6	5	0
13											
14	<b>Lottery Commission</b>	60	60	60	52	52	49	49	49	46	46
15	Class 10 Positions	60	60	60	52	52	49	49	49	46	46
16	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
17											
18	<b>Police Standards &amp; Training</b>	25	25	25	25	25	25	25	25	25	25
19	Class 10 Positions	25	25	25	25	25	25	25	25	25	25
20	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
21											
22	<b>Postsecondary Education Comm.</b>	6	6	6	6	6	7	8	8	8	9
23	Class 10 Positions	6	6	6	6	6	6	8	8	8	8
24	Class 59 Positions	0	0	0	0	0	1	0	0	0	1
25											
26	<b>Regional Community Tech Colleges</b>	712	754	757	764	792	802	837	820	848	861
27	Class 10 Positions	629	629	707	707	753	753	785	785	823	823
28	Class 59 Positions	83	125	50	57	39	49	52	35	25	38
29											
30	<b>Safety</b>	949	968	1,086	1,096	1,132	1,137	1,156	1,169	1,145	1,139
31	Class 10 Positions	859	865	1,027	1,036	1,092	1,094	1,131	1,138	1,141	1,134
32	Class 59 Positions	90	103	59	60	40	43	25	31	4	5
33											
34	<b>Transportation</b>	1,979	1,979	1,918	1,889	1,862	1,841	1,836	1,838	1,800	1,801
35	Class 10 Positions	1,913	1,913	1,868	1,868	1,841	1,820	1,815	1,817	1,779	1,779
36	Class 59 Positions	66	66	50	21	21	21	21	21	21	22
37											
38	<b>Total Authorized Positions</b>	4,278	4,352	4,396	4,373	4,439	4,376	4,430	4,429	4,389	4,394
39	Total Class 10 Positions	3,985	3,991	4,186	4,175	4,298	4,251	4,322	4,331	4,326	4,320
40	Total Class 59 Positions	293	361	210	198	141	125	108	98	63	74
41	Source: Department of Administrative Services, 10 Year Personnel Analysis (FY1997-2006), and FY2007-2011 Division of Personnel Annual Reports.										
42											

**State of New Hampshire**  
**10 Year History of Authorized Positions - Division II**  
**(Fiscal Years 2002 through 2011)**

43	Agency Name	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
44		CY 02	CY 03	CY 04	CY 05	CY 06	CY 07	CY 08	CY 09	CY 10	CY 11
45	New Hampshire Population	1,275	1,288	1,306	1,315	1,315	1,315	1,316	1,325	1,316	1,318
46	(amounts in thousands)										
47	Source: Office of State Planning, NH State Data Center Estimates, Population Estimates.										

## DIVISION II HIGH PROFILE ITEMS

### Category 2

#### **Department of Safety – Overview**

Under the State Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operator's licenses, gasoline taxes or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within the State, including the supervision of traffic.

Accordingly, the Department of Safety is to only use highway funds to support the cost of collection and administration related to collecting motor vehicle fees and gasoline taxes, with the remainder used by the Department of Transportation for public highways. Prior to fiscal year 2010, allocations of gross highway fund appropriations between the Department of Transportation, the Department of Safety, and any other agency supported by highway funds were based on a revenue based formula. As a result of changes made to RSA 9:9-b in 2008 (Chapter 237, Laws of 2008), these appropriations are now being made based on a percentage based formula. These changes have gradually decreased the Department of Safety's allocation of highway fund appropriations from a maximum of 30% during the FY 2010-2011 biennium down to a maximum of 28% of highway fund appropriations during the FY 2012-2013 biennium and finally down to a maximum of 26% during the FY 2014-2015 biennium and beyond. ***However, these allocation percentages were suspended during both the FY 2010-2011 biennium and the FY 2012-2013 biennium.***

During the FY 2012-2013 budget process the so-called 'plea by mail' revenue, budgeted at approximately \$7.9M per year, was classified as Agency Income to the Department and used to partially fund the State Police Detective Bureau and seven other accounting units. However, the trailer bill contained language to begin depositing this 'plea by mail' revenue as general fund unrestricted revenue in FY 2014 and each year thereafter, eliminating the dedicated revenue source which made up a substantial portion of the funding for the eight affected accounting units.

## DIVISION II HIGH PROFILE ITEMS

Also during the FY 2012-2013 budget process, the driver's education per-student reimbursement program was discontinued, and the associated funding of \$1.5M per year was converted to agency income used by the Department as the remainder of the funding for the State Police Detective Bureau accounting unit.

### Category 3

#### **Department of Fish and Game – Overview**

As the guardian of the State's fish, wildlife, and marine resources, the New Hampshire Department of Fish and Game works in partnership with the public to conserve, manage, and protect these resources; inform and educate the public about these resources; and provide the public with opportunities to use and appreciate these resources.

Seventy percent of the Department's conservation work is funded by fishing and hunting licenses and fees, plus dedicated federal funds from the sale of hunting and fishing equipment. The rest of the funding comes from OHRV registrations; un-refunded road tolls for boats and OHRV, transfers and other agency income. Less than 0.2% (\$50,000 per year for the non-game species management program) of Fish and Game's funding is derived from the State's general fund. This relationship between revenue and expenditures requires a surplus/deficit statement to compare expenditures to available revenue. The preparation of this statement requires coordination between the Finance Committee that determines the level of spending and the Ways and Means Committee that estimates available revenue.

The Fish and Game fund has recently been experiencing flattening revenue coupled with growth in expenditures, thereby depleting the fund's balance. In addition, the fish and game fund is required to cover any deficit in the search and rescue fund, and the funding source currently in place (\$1 for each boat, OHRV, and snowmobile registration in the state) has proven inadequate in recent years, further depleting the balance. If the trend continues during the next biennium, the Department anticipates a substantial deficit in the fund by the end of the FY 2014-2015 biennium.



## DIVISION II HIGH PROFILE ITEMS

### Category 4

#### **Department of Transportation – Overview**

As stated earlier, the State Constitution, states that all revenues in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operator's licenses, gasoline taxes or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within the State, including the supervision of traffic. The Department of Transportation (DOT) uses highway funds for capital and operating activities. Like the fish and game fund, the highway fund requires a surplus/deficit statement to compare expenditures to available revenue. The preparation of this statement requires coordination between the Finance Committee that determines the level of spending and the Ways and Means Committee that estimates available revenue, in addition to the other state agencies which are provided with highway funds.

Prior to fiscal year 2010, allocations of gross highway fund appropriations between the Department of Transportation, the Department of Safety, and any other agency supported by highway funds were based on a revenue based formula. As a result of changes made to RSA 9:9-b in 2008 (Chapter 237, Laws of 2008), these appropriations are now being made based on a percentage based formula. These changes have gradually increased the Department of Transportation's allocation of highway fund appropriations from a minimum of 68.5% during the FY 2010-2011 biennium up to a minimum of 70.75% of highway fund appropriations during the FY 2012-2013 biennium and finally up to a minimum of 73% during the FY 2014-2015 biennium and beyond. ***However, these allocation percentages were suspended during both the FY 2010-2011 biennium and the FY 2012-2013 biennium.***

#### **Highway Fund Revenue Challenges**

## DIVISION II HIGH PROFILE ITEMS

Like the fish and game fund, the highway fund has experienced a flattening of its traditional revenues as of late. During the 2009 legislative session, the Department of Transportation conveyed to the Bureau of Turnpikes a portion of I-95 in Portsmouth for a payment, over time, of \$120M (principal only). The revenue from this transaction paid during the FY 2012-2013 biennium was \$52M of principal and interest, and the current repayment schedule leaving a balance remaining to be paid by the turnpike fund of \$31.5M over the course of the fiscal years 2014 through 2019. The current repayment schedule calls for approximately \$6M annually. The Department has indicated that both the State Treasurer and bond rating agencies have expressed reservations over the potential effects an acceleration of those payments over the current schedule (\$12M over the FY 2014-2015 biennium) would have on the turnpike system cash position.

### **Interstate-93 Widening Project**

The Interstate-93 widening project is a major, multi-year construction project. A portion of the work on exit 3 remains unfunded by \$250M. According to the Department, without a revenue source or dedicated revenue, this project may not be completed until at least 2030.

### Category 6

#### **Adequate Education Aid**

Chapter 258, Laws of 2011 (HB 337-FN) amended the formula for calculation and distribution of Adequate Education Aid, repealed Fiscal Capacity Disparity Aid and provided stabilization grants to certain municipalities. These changes were implemented for the FY 2012-2013 adequate education calculations. School districts receive grants based on the number of students in grades kindergarten through grade 12 who were legal residents of New Hampshire. The Department of Education uses Average daily membership (ADM) to count the students. A student who is enrolled in school for the entire year has an ADM of 1.00 and a student who transfers between schools is counted as a fractional ADM at each school. Kindergarten students are counted as no more than .50.

**DIVISION II  
HIGH PROFILE ITEMS**

The per pupil cost of providing an adequate education is set each biennium, and adjusted by the average CPI (All Urban Consumers, Northeast Region) using the three calendar years ending 18 months before the beginning of the biennium for which the calculation is to be performed. For the FY14-15 biennium, that adjustment has been determined to be 1.014%. The base cost and differentiated aid per pupil are as follows –

	<u><b>FY14-15</b></u>
Base Cost	\$3,498
<i>Differentiated Aid</i>	
Free or Reduced Lunch	\$1,749
English Language Learner	\$684
Special Education	\$1,882
Grade 3 Reading Proficient	\$684

Each municipality's cost of an adequate education is determined by multiplying each municipality's ADM by the per pupil base cost and differentiated aid amounts.

The State Wide Education Property Tax assessment (SWEPT) is then deducted from the calculated cost of an adequate education to arrive at a preliminary grant amount (prior to the application of a stabilization grant or caps, when applicable). SWEPT rates are established by the Department of Revenue Administration by determining the rate needed to raise approximately \$363 million statewide. The SWEPT rate in FY 2014 has been set at \$2.435 per \$1,000 of a municipality's total equalized assessed valuation.

For the FY12-13 biennium, the Department of Education cannot distribute a total education grant on behalf of all pupils who reside in a municipality that exceeds that municipality's total education grant in the second year of the previous biennium, FY11. For FY12, the Department of Education also identified

## DIVISION II HIGH PROFILE ITEMS

all municipalities in which the FY12 total education grant was less than the FY11 total education grant. Those identified municipalities received a stabilization grant equal to 100 percent of the decrease. The stabilization grant was calculated in FY12, and the amount will not change in FY13 or any year thereafter. The stabilization grant is not a hold harmless grant and will remain constant in perpetuity.

Chapter 198, Laws of 2012 (SB 401-FN) amended the formula for the calculation and distribution of Adequate Education Aid. It included the definition of "determination year" for the purpose of calculating adequate education grants. It also authorizes the Commissioner of the Department of Education to make adjustments in adequate education grants based on variation in the average daily membership data. With the passage of SB401, the 2012-13 ADM will be used to determine the final adequacy payments for FY14. Since the ADM will not be known until after the 2013-14 school year begins, adjustments to these estimates will be made during the 2013-14 school year.

Additionally, Chapter 287, Laws of 2012 (SB 372-FN) has established an education tax credit that can be used to pay for private school and home school scholarships. Further adjustments to adequacy grants will be made during the 2013-14 school year if a student leaving public school as a result of these scholarships is included in the municipality's ADM count.

Beginning in FY14 and each fiscal year thereafter, the Department of Education shall distribute a total education grant to each municipality in an amount equal to the total preliminary grant for the fiscal year plus the amount of the FY12 stabilization grant, if any, distributed to the municipality. The Department shall not distribute a total education grant on behalf of all pupils who reside in a municipality that exceeds 105.5% of the total education grant distributed to such municipality in the previous fiscal year.

In FY14, districts will receive 70% of the estimated grant using the 2011-12 ADM. Once the 2012-13 ADM has been computed, Adequacy Aid will be recomputed using the prior year ADM (12-13). The Commissioner will adjust the April payment to reflect the actual 12-13 ADM as well as changes due to the education tax credit scholarships.

## DIVISION II HIGH PROFILE ITEMS

In FY14, the commissioner of DOE shall adjust the April adequate education grant disbursement to the extent necessary to ensure that the total education grant for each school district is within 5 percent of the school district's estimated total education grant amount released on November 15, 2012.

The grant payment schedule is 20% by September 1, 20% by November 1, 30% by January 1, and 30% by April 1.

### **Charter School Tuition**

The State has paid per pupil tuition directly to authorized chartered public schools since FY 2007. Charter school tuition is paid in four installments over the course of the school year based on current enrollment. Funding comes from the education trust fund, and the amount necessary to fund tuition is appropriated to the Department of Education.

For the FY 2012-2013 biennium, chartered public schools received tuition equal to \$5,450 per pupil, plus additional amounts for English language learners, special education students, and free and reduced-price lunch eligibility. During the FY 2012-2013 budget process, total appropriations for chartered public school tuition were set in the operating budget at \$9.0M in FY 2012 and \$9.3M in FY 2013. However, language was inserted into statute by HB 2 to allow spending up to levels equivalent to 110% of the appropriated amounts, with the ability for the Department to obtain Fiscal Committee approval for spending in excess of that 110% of the appropriated amount in each year of the biennium. Fiscal Committee approval for such spending was requested and granted in both years of the biennium, with total spending in FY 2012 of \$10.3M and in FY 2013 of \$14.7M. The Department requested \$16.7M in FY 2014 and \$20.6M in FY 2015 for the 18 authorized charter schools. The State Board of Education instituted a moratorium on the approval of new charter schools in September of 2012, and the Department of Education has identified a number of schools that have filed or intend to file applications for approval with the State Board of Education.

## DIVISION II HIGH PROFILE ITEMS

### **Kindergarten Construction Program**

During the 2008 Session, SB 530 (Ch. 384, Laws of 2008) extended and expanded the Kindergarten Construction Program. The program provides school districts either 75% or 100% of the cost of construction of kindergarten facilities, with 100% available for “basic code compliant” facilities. In addition, the State will pay 100% of the cost of temporary kindergarten classrooms for three years for kindergarten programs that begin operation in FY 2009 or FY 2010. Also, SB 530 provided that a school district that does not currently operate a public kindergarten program may contract with a private entity to provide kindergarten for up to three years.

Chapter 224:328, Laws of 2011 appropriated \$3.7M in general fund bonds to the Department for kindergarten construction for the biennium ending June 20, 2013. Additionally, there was \$888,395 appropriated in FY 2012 to pay for temporary kindergarten classrooms as permanent classrooms are built.

### **Building Aid**

The School Building Aid program pays a percentage of local school districts bond principal payments for qualifying construction projects. During the FY 2012-2013 budget process, the moratorium on new projects eligible for the program was extended through June 30, 2013, and the program was fully funded for all projects approved before the moratorium was put into place (the so-called ‘tail’ projects), at \$48.9M in FY 2012 and \$47.1M in FY 2013. Then during the 2012 legislative session, HB 533 made several changes to the program. Going forward, none of these changes affected the tail projects and how the aid amounts for these projects are calculated. These tail projects will have first priority in determining the distribution of each year’s program appropriation, with the remainder available for distribution under the revised program. If an annual appropriation is insufficient to cover the payments for all ‘tail’ projects, each recipient will receive a prorated amount.

HB 533 made the following significant changes for all projects approved after July 1, 2013:

- Capped the annual appropriation at \$50M

## DIVISION II HIGH PROFILE ITEMS

- Requires all eligible projects to be ranked according to certain criteria
- Requires a singular calculation methodology, with the range based on income and equalized valuation (based on the 'alternative' method under the old program)
- Requires an up-front payment at beginning of each project of 80% of expected total aid, with balance of aid paid upon project completion (as opposed to old method where payments were made over the life of the district bonds)
- Available funding for new projects will be distributed according to the ranked list with each district receiving a grant equal to 100 percent of the eligible amount of the request until the amount appropriated has been exhausted, with partial grants able to be awarded to the extent that funds are available

### **Catastrophic Aid**

Catastrophic Aid is paid to school districts that have a special education student for whom costs of special education exceed three and one half times the estimated state average expenditure per pupil of the school year preceding the year of distribution. Catastrophic Aid is equal to 80% of the amount of the special education cost that is between three and one half times and ten times the state average expenditure per pupil plus 100% of the amount over ten times the state average expenditure per pupil. If the amount appropriated is not sufficient to fund the amount entitled, the appropriation will be prorated among the school districts.

During the FY 2012-2013 budget process, the Catastrophic Aid program was funded at \$21.5M in each year. The actual proration percentage for FY 2012 was 69% and the estimated proration percentage for FY 2013 is 69.5%.

### **Tuition and Transportation Aid**

The Department of Education is authorized to pay from its budget the cost of tuition and transportation expenses for full or part time students from sending schools who attend regional vocational centers.

## DIVISION II HIGH PROFILE ITEMS

The amount of the Department's liability is set by rules, and under these the Department is liable for 75% of the cost of tuition and for 100% of the cost of transportation, less any costs paid via adequate education funding grants, of students from sending schools who attend regional vocational centers. Through FY 2013, this program was also subject to a proration provision if the appropriation was insufficient. In FY 2012 the proration percentage was 75.3%. The Department utilizes this program as a substantial portion of its maintenance of effort requirement for the federal funds it receives as part of the Carl Perkins grant program.

During the 2012 legislative session, Chapter 199, Laws of 2012 (SB 404) made changes to the Tuition and Transportation program. Among other changes, the most prominent was the change in the methodology used in determining tuition rates. Beginning in FY 2013, the districts will no longer calculate tuition rates themselves. The Department will calculate a statewide tuition rate through the administrative rules process to be used by every district. Under the new calculation, all districts will receive the same dollar amount of aid per student.

### **University System of NH (USNH)**

The FY 2012-13 operating budget was the first time the state appropriated funds to USNH in a block grant appropriation. In FY 2010 and FY 2011, USNH received state general fund appropriations of \$97.0M and \$100.0M, respectively. In FY 2012 and FY 2013, USNH's state general fund appropriations were \$35.8M and \$46.7M, respectively. However, the FY 2012-13 budget also appropriated funds to USNH diverted from the UNIQUE Endowment Allocation Program and the New Hampshire Excellence in Higher Education Trust Fund for the biennium only. Including these funds, CCSNH's total FY 2012 and FY 2013 appropriations totaled \$51.7M and \$54.7M, respectively.

### **Community College System of NH (CCSNH)**

The FY 2010-11 operating budget was the last time the state appropriated funds to CCSNH by class line. In the FY 2012-13 operating budget, block appropriations were made to each separate college



## **DIVISION II HIGH PROFILE ITEMS**

within CCSNH. In FY 2010 and FY 2011, CCSNH received state general fund appropriations of \$36.4M and \$37.6M, respectively. In FY 2012 and FY 2013, CCSNH's state general fund appropriations were \$23.6M and \$28.6M, respectively. However, the FY 2012-13 budget also appropriated funds to CCSNH diverted from the UNIQUE Endowment Allocation Program and the New Hampshire Excellence in Higher Education Trust Fund for the biennium only. Including these funds, CCSNH's total FY 2012 and FY 2013 appropriations totaled \$31.6M and \$32.0M, respectively.

**House Finance Committee - Division II  
Checklist of State Agencies**

ROW	CAT- AGY CODE	AGENCY/DEPARTMENT	PLANNED COMPLETION DATE	COMPLETED	BRIEFING TO FULL COMMITTEE	ADOPTED BY FULL COMMITTEE	BRIEFING TO FULL HOUSE	ADOPTED BY FULL HOUSE
1	02-23	DEPARTMENT OF SAFETY					TWO DAYS PRIOR TO FULL HOUSE VO	
2	03-75	FISH & GAME DEPARTMENT						
3	04-96	DEPARTMENT OF TRANSPORTATION						
4	06-56	DEPARTMENT OF EDUCATION						
5	06-58	COMMUNITY COLLEGE SYSTEM OF NH						
6	06-87	POLICE STANDARDS & TRAINING COUNCIL						
7	06-83	NH LOTTERY COMMISSION						
8	06-50	UNIVERSITY SYSTEM						

# DIVISION III

FISCAL YEAR 2012 ACTUAL EXPENDITURES AND FISCAL YEAR 2013 ADJUSTED AUTHORIZED APPROPRIATIONS

Division III by Agency - General Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2012 (Actual)	FY 2013 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	05-95-42	HUMAN SERVICES	70,644,906	71,452,986	142,097,892	10.88%
2	05-95-45	TRANSITIONAL ASSISTANCE	54,984,201	54,062,101	109,046,302	8.35%
3	05-95-47	OFFICE OF MEDICAID & BUSINESS POLICY	160,173,453	148,667,817	308,841,270	23.65%
4	05-95-48	ELDERLY & ADULT SERVICES	56,110,964	68,046,990	124,157,954	9.51%
5	05-95-09	DIVISION OF COMMUNITY BASED CARE SERVICES	6,878,994	6,617,567	13,496,561	1.03%
6	05-95-90	DIVISION OF PUBLIC HEALTH	14,115,281	16,272,158	30,387,439	2.33%
7	05-95-91	GLENCLIFF HOME	12,897,957	13,751,452	26,649,409	2.04%
8	05-95-92	DIVISION OF BEHAVIORAL HEALTH	52,308,756	57,035,364	109,344,120	8.37%
9	05-95-93	DIVISION OF DEVELOPMENTAL SERVICES	121,635,872	127,905,281	249,541,153	19.11%
10	05-95-94	NEW HAMPSHIRE HOSPITAL	42,604,071	41,955,919	84,559,990	6.48%
11	05-95-95	OFFICE OF THE COMMISSIONER	36,911,441	38,375,849	75,287,290	5.77%
12	05-43	NH VETERANS HOME	13,287,107	10,974,952	24,262,059	1.86%
13	05-66	NH OFFICE OF VETERANS SERVICES	412,949	418,863	831,812	0.06%
14	05-74	HHS: ADMINISTRATIVELY ATTACHED BOARDS	3,448,672	3,764,448	7,213,120	0.55%
15		<b>TOTAL</b>	<b>646,414,624</b>	<b>659,301,747</b>	<b>1,305,716,371</b>	

FISCAL YEAR 2012 ACTUAL EXPENDITURES AND FISCAL YEAR 2013 ADJUSTED AUTHORIZED APPROPRIATIONS

Division III by Agency - All Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2012 (Actual)	FY 2013 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	05-95-42	HUMAN SERVICES	156,488,579	171,784,519	328,273,098	8.65%
2	05-95-45	TRANSITIONAL ASSISTANCE	93,664,416	97,637,666	191,302,082	5.04%
3	05-95-47	OFFICE OF MEDICAID & BUSINESS POLICY	546,155,749	540,406,430	1,086,562,179	28.62%
4	05-95-48	ELDERLY & ADULT SERVICES	389,669,843	453,579,670	843,249,513	22.21%
5	05-95-49	DIVISION OF COMMUNITY BASED CARE SERVICES	18,174,673	23,029,413	41,204,086	1.09%
6	05-95-90	DIVISION OF PUBLIC HEALTH	74,348,625	94,737,491	169,086,116	4.45%
7	05-95-91	GLENCLIFF HOME	12,904,017	13,792,141	26,696,158	0.70%
8	05-95-92	DIVISION OF BEHAVIORAL HEALTH	111,694,548	120,269,931	231,964,479	6.11%
9	05095-93	DIVISION OF DEVELOPMENTAL SERVICES	264,500,543	278,688,855	543,189,398	14.31%
10	05-95-94	NEW HAMPSHIRE HOSPITAL	58,672,567	61,347,644	120,020,211	3.16%
11	05-95-95	OFFICE OF THE COMMISSIONER	72,559,258	76,713,578	149,272,836	3.93%
12	05-43	NH VETERANS HOME	27,475,409	29,351,550	56,826,959	1.50%
13	05-66	NH OFFICE OF VETERANS SERVICES	412,949	418,863	831,812	0.02%
14	05-74	HHS: ADMINISTRATIVELY ATTACHED BOARDS	3,808,191	4,132,671	7,940,862	0.21%
15		<b>TOTAL</b>	<b>1,830,529,367</b>	<b>1,965,890,422</b>	<b>3,796,419,789</b>	

**State of New Hampshire**  
**10 Year History of Authorized Positions - Division III**  
**(Fiscal Years 2002 through 2011)**

Agency Name	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
<b>1</b>										
<b>2 Health and Human Services (HHS)</b>	<b>3,436</b>	<b>3,455</b>	<b>3,335</b>	<b>3,291</b>	<b>3,316</b>	<b>3,228</b>	<b>3,261</b>	<b>3,277</b>	<b>3,164</b>	<b>3,183</b>
3 <i>Class 10 Positions</i>	3,194	3,183	3,067	3,028	3,281	3,197	3,233	3,236	3,145	3,160
4 <i>Class 59 Positions</i>	242	272	268	263	35	31	28	41	19	23
<b>5</b>										
<b>6 HHS - Admin. Attached Boards</b>	<b>37</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>40</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>37</b>	<b>37</b>
7 <i>Class 10 Positions</i>	31	31	32	32	39	37	38	38	37	37
8 <i>Class 59 Positions</i>	6	6	6	6	1	0	0	0	0	0
<b>9</b>										
<b>10 Veteran's Council</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
11 <i>Class 10 Positions</i>	4	4	4	4	5	5	5	5	5	5
12 <i>Class 59 Positions</i>	0	0	0	0	0	0	0	0	0	0
<b>13</b>										
<b>14 Veteran's Home</b>	<b>168</b>	<b>237</b>	<b>251</b>	<b>253</b>	<b>332</b>	<b>369</b>	<b>367</b>	<b>376</b>	<b>367</b>	<b>367</b>
15 <i>Class 10 Positions</i>	168	237	251	251	328	369	367	376	367	367
16 <i>Class 59 Positions</i>	0	0	0	2	4	0	0	0	0	0
<b>17</b>										
<b>18 Total Authorized Positions</b>	<b>3,645</b>	<b>3,733</b>	<b>3,628</b>	<b>3,586</b>	<b>3,693</b>	<b>3,639</b>	<b>3,671</b>	<b>3,696</b>	<b>3,573</b>	<b>3,592</b>
19 <i>Total Class 10 Positions</i>	3,397	3,455	3,354	3,315	3,653	3,608	3,643	3,655	3,554	3,569
20 <i>Total Class 59 Positions</i>	248	278	274	271	40	31	28	41	19	23
21 <i>Source: Department of Administrative Services, 10 Year Personnel Analysis (FY1997-2006), and FY2007-2011 Division of Personnel Annual Reports.</i>										
22										
23										
<b>24</b>	<b>CY 02</b>	<b>CY 03</b>	<b>CY 04</b>	<b>CY 05</b>	<b>CY 06</b>	<b>CY 07</b>	<b>CY 08</b>	<b>CY 09</b>	<b>CY 10</b>	<b>CY 11</b>
<b>25 New Hampshire Population</b>	<b>1,275</b>	<b>1,288</b>	<b>1,306</b>	<b>1,315</b>	<b>1,315</b>	<b>1,315</b>	<b>1,316</b>	<b>1,325</b>	<b>1,316</b>	<b>1,318</b>
<b>26 (amounts in thousands)</b>										
27 <i>Source: Office of State Planning, NH State Data Center Estimates, Population Estimates.</i>										

**DIVISION III  
HIGH PROFILE ITEMS**

**Category 5**

**Office of Medicaid Business and Policy - Uncompensated Care Fund**

Disproportionate Share Hospital (DSH) payments were authorized by the federal government in the early 1980's as a form of relief to public hospitals that served a disproportionate share of indigent patients. The purpose of these payments was for the Medicaid program to help with the cost of care for these patients. In New Hampshire, general and rehabilitation hospitals are required to pay the state a 5.5% Medicaid Enhancement Tax (also known as the Hospital Tax) on net patient services revenue according to RSA 84-A. Prior to FY 2011, the state made uncompensated care payments back to the hospitals equal to the amount each hospital paid in hospital tax. The state claimed 50% Medicaid reimbursement for the expenditure resulting in unrestricted revenue equal to one half of the uncompensated care payments (also equal to 1/2 of the tax).

In FY 2011, pursuant to Chapter 144:212, Laws of 2009 and in order comply with new federal regulations, the distribution methodology was changed to provide payments equal to 100% of uncompensated care for critical access and rehabilitation hospitals with remaining hospitals reimbursed at a uniform percentage based on funds available. The new distribution resulted in some hospitals receiving less in uncompensated care reimbursement than they paid in the tax, while others received payments greater than the tax paid.

The operating budget for FY2012-13 reduced the uncompensated care program significantly by only providing payments to critical access hospitals. Hospital tax revenue which previously funded the uncompensated care payments to the non-critical access hospitals was instead used to fund Medicaid provider payments reducing general fund appropriations by \$158 million for the biennium. As a result uncompensated care payments were approximately \$300 million less than in the previous biennium.

## DIVISION III HIGH PROFILE ITEMS

### **Office of Medicaid and Business Policy - Medicaid Provider Payments.**

The largest account in the DHHS budget and the Medicaid program, this account includes payments for medical services provided to Medicaid recipients, Catastrophic Aid payments to hospitals, prescription drug expenses, and payments for outpatient hospital services. Costs are driven by eligibility levels, utilization of services, the rates paid for services and utilization of prescription drugs. Total expenditures for FY 2012 were just under \$426 million. The Patient Protection and Affordable Care Act (PPACA) continued the Medicaid eligibility restrictions that were included in the American Recovery and Reinvestment Act of 2009 through January 1, 2014. Catastrophic Aid payments to hospitals were not funded in the FY 2012-13 operating budget. The implementation of Medicaid managed care will impact future appropriations and comparisons with earlier years. In the FY 2012-13 budget, hospital tax revenue which previously funded uncompensated care payments to non-critical access hospitals was instead used to fund Medicaid provider payments offsetting general fund appropriations by \$158 million for the biennium.

### **Governor's Commission on Alcohol and Drug Abuse Prevention / Alcohol Abuse Prevention and Treatment Fund.**

RSA 176:16, III requires a percentage of the profits derived by the Liquor Commission be placed into a continually appropriated, non-lapsing fund for alcohol education and abuse prevention and treatment programs. Chapter 224:93 Laws of 2011 suspends this provision of this law for the biennium ending June 30, 2013. The Legislature has suspended this law since FY 2004, providing general fund appropriations to the fund for alcohol education and abuse prevention and treatment programs. Instead of the Liquor profit percentage in statute, the Alcohol Abuse Prevention and Treatment Fund received a general fund appropriation of \$3.28 million for the FY 2012-2013 biennium. The Department's maintenance budget request represents level funding. The total agency budget request, including the change amount, is based on the statutory formula and would result in an additional general fund impact of \$13.5 million.



## DIVISION III HIGH PROFILE ITEMS

### **Division for Children, Youth and Families – CHINS Program.**

The FY 2012-13 operating budget and trailer bill significantly reduced the CHINS (Children in Need of Services) program. Prior to the current biennium, the program provided services to approximately 580 children. The FY 2012-13 final budget reduced the department's maintenance budget request by \$8.2 million in general funds.

In previous years services were available to a child who, based on statutory definitions, was found to be:

- a) *Subject of compulsory school attendance, and who is habitually, willfully, and without good and sufficient cause, truant from school; or*
- b) *A child who habitually runs away from home, or who repeatedly disregards the reasonable and lawful commands of his parents, guardian, or custodian and places himself or others in unsafe circumstances; or*
- c) *A child who has exhibited willful repeated or habitual conduct constituting offenses which would be violations under the criminal code of this state if committed by an adult or, if committed by a person 16 years of age or older, would be violations under the motor vehicle code of this state; and*
- d) *Is expressly found to be in need of care, guidance, counseling, discipline, supervision, treatment, or rehabilitation.*

Chapter 224:279 changed the statute as follows:

*Child in need of services" means a child under the age of 18 with a diagnosis of severe emotional, cognitive, or other mental health issues who engages in aggressive, fire setting, or sexualized behaviors that pose a danger to the child or others and who is otherwise unable or ineligible to receive services under RSA 169-B or RSA 169-C.*

As a result services were budgeted for approximately 100 children meeting the above definition and based on available funding.

## DIVISION III HIGH PROFILE ITEMS

**Division of Family Assistance - Temporary Assistance for Needy Families (TANF)** New Hampshire receives a \$38 million federal block grant and must spend \$32 million of state money as maintenance of effort (MOE). The consequences of failing to satisfy the MOE requirement are:

- 1) The TANF grant will be reduced on a dollar for dollar basis in the subsequent year reflecting the extent of noncompliance;
- 2) The state will be required to expend additional state TANF Maintenance of Effort funds in its TANF program equal to the amount by which the state fell short of meeting the MOE requirement;

The purposes of the program are:

- Assisting needy families so that children can be cared for in their own homes.
- Reducing dependency of needy parents by promoting job preparation, work and marriage.
- Preventing out-of-wedlock pregnancies.
- Encouraging the formation and maintenance of two-parent families.

The current budget included the following changes to the TANF program:

- Eliminated the Unemployed parent program.
- Changed eligibility by including SSI in eligibility determination.

### **Bureau of Elderly and Adult Services –**

- County-State Cost Sharing - Chapter 263, Laws of 2007 made major changes to the cost sharing arrangement between the State and counties. The Federal Medicaid program pays for 50% of the total costs, while the State and counties are responsible for the non-federal share (50%). Under the current arrangement, the State is responsible for 100% of the non-federal share of costs for juvenile services (as well as portions of long-term care services), and the counties are responsible for 100% of the non-federal

### DIVISION III HIGH PROFILE ITEMS

share of nursing home and home and community based care (HCBC) services. Billings to counties are capped in RSA 167:18-a at \$105 million for FY 2012, \$107 million for FY 2013, and \$109 million for FY 2014 with caps for future years established by the Legislature on a biennial basis. Counties also receive an aggregate credit of \$5M against amounts due, intended to prevent them from paying more than they would have been responsible for under the previous cost sharing arrangement. For the current biennium an additional credit of \$2,498,000 for FY2012 and \$2,547,000 for FY 2013 was included to compensate counties for the budget reduction in MQIP payments.

- Nursing Services – Nursing Services represents a major component of the Medicaid program that pays for medical services and long term care for elderly in nursing homes, mid-level care, and home care arrangements.
- MQIP - Medicaid Quality Incentive Program (MQIP) is funded with revenue from the Nursing Facility Quality Assessment (also known as the Bed Tax). The 5.5% assessment on nursing facilities net patient services revenues is collected by the Department of Revenue Administration. The Department transfers the amounts collected to the Department of Health and Human Services which makes MQIP payments to the nursing homes. The payments generate additional federal Medicaid matching funds which are used to provide supplemental rate payments to the nursing facilities based on Medicaid bed days. The current operating budget and trailer bill re-directed 25% of the tax revenue to fund long term care services thereby reducing the MQIP payments to nursing homes and also reducing the general fund appropriations for long term care services.
- Proshare –The Proportionate Share (Proshare) program provides additional federal funds to county owned nursing facilities for services provided to Medicaid patients. Additional payments make up the difference between the rates actual paid to the facilities and the Medicare Upper Payment Limit (a calculation of what Medicare would pay for such services). Proshare payments provide additional federal Medicaid revenue for the county homes, are funded with county and federal funds, and do not directly impact the state general fund or private nursing facilities. In aggregate, each additional dollar of MQIP funds received by a county nursing facilities results in a one dollar decrease in Proshare payments.

## DIVISION III HIGH PROFILE ITEMS

- Budget Neutrality – When determining Medicaid rates paid to nursing facilities, the Department is permitted by the federally approved State Medicaid Plan to apply a budget neutrality factor to rates in order to ensure that they do not overspend available appropriations. The Department sets nursing facility rates in August and February of each fiscal year by estimating total expenditures based on the cost of providing nursing services at each facility and projected nursing home bed utilization. If the Department estimates total nursing services expenditures will exceed available appropriations, they apply a budget neutrality factor (rate reduction). For example, if the Department estimates nursing services expenditures will total \$200 million and appropriations will be \$180 million, they would apply a budget neutrality factor in order to reduce total expenditures by \$20M (\$200M total - \$180M appropriation). In this instance, the budget neutrality factor applied to each nursing facility's Medicaid rate would be 10% ( $\$20M/\$200M = 10\%$ ).

### **State Mental Health Institutions**

New Hampshire Hospital (NHH) and Glencliff Home for the Elderly are state facilities that serve individuals with mental illness. Both have large general fund budgets but also generate significant unrestricted revenues. New Hampshire Hospital is an important component of the statewide mental health system. Insufficient Community Mental Health resources increase the need for beds at NH Hospital. A shortage of beds at NH Hospital increases the demand on hospital emergency rooms and results in inefficient care and higher overall costs.

### **Bureau of Behavioral Health - Community Mental Health Services**

Mental health services are provided in communities by agencies under contract with the state. This is a major program and significant part of the Medicaid program. In April 2011, the U.S. Department of Justice issued a letter finding the State failed to comply with aspects of the ADA by not providing services for individuals with mental illness that allow them to live in the most integrated community-based settings appropriate for their needs. The state responded in December of 2011 stating its disagreement with the findings and asking the Department of Justice to withdraw its findings. In February 2012, a class action was filed in the U.S. District Court alleging New Hampshire has failed to provide adequate community-based mental health services.

## DIVISION III HIGH PROFILE ITEMS

In September 2008, the Department of Health and Human Services released a Ten Year Plan "*Addressing the Critical Mental Health Needs of NH's Citizens – A Strategy for Restoration.*" Due to budget limitations, few of the recommendations in the plan have been implemented.

### **Bureau of Developmental Services - Developmental Services**

Community based services are provided to developmentally disabled citizens and their families through the area agencies established in RSA 171-A. This is a major program and a significant part of the Medicaid program. Chapter 363, Laws of 2007 required, beginning in FY2010, the Department to include the full cost of services for persons with developmental disabilities and acquired brain disorders and also required the legislature to provide sufficient appropriations to pay for the services. This requirement was suspended for the current biennium. The Department maintains a prioritized list of people who are eligible, but not receiving services in three areas: developmental services, acquired brain disorder services, and children's in home support services.

House Finance Committee - Division III  
Checklist of State Agencies

ROW	CAT-AGY CODE	AGENCY/DEPARTMENT	PLANNED COMPLETION DATE	COMPLETED	BRIEFING TO FULL COMMITTEE	ADOPTED BY FULL COMMITTEE	BRIEFING TO FULL HOUSE	ADOPTED BY FULL HOUSE
1	05-95-42	HUMAN SERVICES					TWO DAYS PRIOR TO FULL HOUSE VOTE	
2	05-95-45	DIVISION OF FAMILY ASSISTANCE						
3	05-95-47	OFFICE OF MEDICAID BUSINESS AND POLICY						
4	05-95-48	ELDERLY & ADULT SERVICES						
5	05-095-49	DIVISION OF COMMUNITY BASED CARE SERVICES						
6	05-95-90	DIVISION OF PUBLIC HEALTH						
7	05-95-91	GLENCLIFF HOME						
8	05-95-92	DIVISION OF BEHAVIORAL HEALTH						
9	05-95-93	DIVISION OF DEVELOPMENTAL SERVICES						
10	05-95-94	NEW HAMPSHIRE HOSPITAL						
11	05-95-9500	OFFICE OF THE COMMISSIONER						
12	05-95-9520	OFFICE OF PROGRAM SUPPORT						
13	05-95-9530	OFFICE OF ADMINISTRATION						
14	05-95-9510	OFFICE OF IMPROVEMENT, INTEGRITY, INFORMATION AND REIMBURSEMENTS						
15	05-95-9540	OFFICE OF INFORMATION SERVICES						
16	05-43	VETERANS HOME						
17	05-66	OFFICE OF VETERANS SERVICES						
18	05-74	HHS-ADMIN ATTACHED BOARDS						