

House Finance Committee

Division Briefing New Hampshire State Operating Budget

January 2019

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The Operating Budget Process

*Fiscal Issue Brief**January 2018*

The State's Operating Budget Process begins during an even-numbered year, and ends during an odd-numbered year

AGENCY PHASE

March - October

On or before October 1st of the even-numbered years, RSA 9:4 requires State agencies to prepare a budget request for the upcoming biennium based on expenditure targets provided by the Governor. These targets are based on revenue and economic forecasts, and the forecasted financial condition of the State.



GOVERNOR PHASE

November - February

In November, the Governor conducts public hearings for State agencies to explain their Agency Budget Request. The Governor is required to submit a recommended budget to the Legislature for their consideration by February 15th. Historically, the budget is introduced as House Bills 1 and 2.



HOUSE PHASE

February - March

HB1 (operating budget) and HB2 ("trailer bill"), are referred to the House Finance Committee. The Committee splits into three "divisions", each with assigned budget categories, to ultimately craft amendments to HB1 and HB2 for the full committee and the House to consider and act upon.



SENATE PHASE

April - June

Once the House has acted upon HB1 and HB2, the bills are referred to the Senate Finance Committee. The Senate Finance Committee considers the House budget, crafts its amendments and proposes final recommendations on the two bills to the full Senate for action.



COMMITTEE OF CONFERENCE AND SUBMISSION TO THE GOVERNOR

June

Typically, the House will request and the Senate will accede to a Committee of Conference on HB1 and HB2. These Committees, usually comprised of members of House and Senate Ways and Means and Finance Committees, will negotiate the final versions of HB1 and HB2 (including revenue estimates). If the House and Senate adopt the recommendations from the Committees of Conference on HB1 and HB2, the bill is submitted to the Governor for action.

List of Helpful Websites

gencourt.state.nh.us/lba/

Office of Legislative Budget Assistant

- Operating Budget Documents
- Capital Budget Documents
- Audit Reports

-  @nh_lba

das.nh.gov/accounting/

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

- Comprehensive Annual Financial Reports (CAFR)
- Revenue Reports
- Dedicated Funds Report

das.nh.gov/budget/

Department of Administrative Services – Budget Office

- Agency Budget Submissions
- Governor’s Operating Budget

nh.gov/transparentnh/

Department of Administrative Services

- State Expenditure Register
- State Employee Pay Search
- State Authorized Positions

Fiscal Year 2018 Actual Expenditures and Fiscal Year 2019 Adjusted Authorized Appropriations

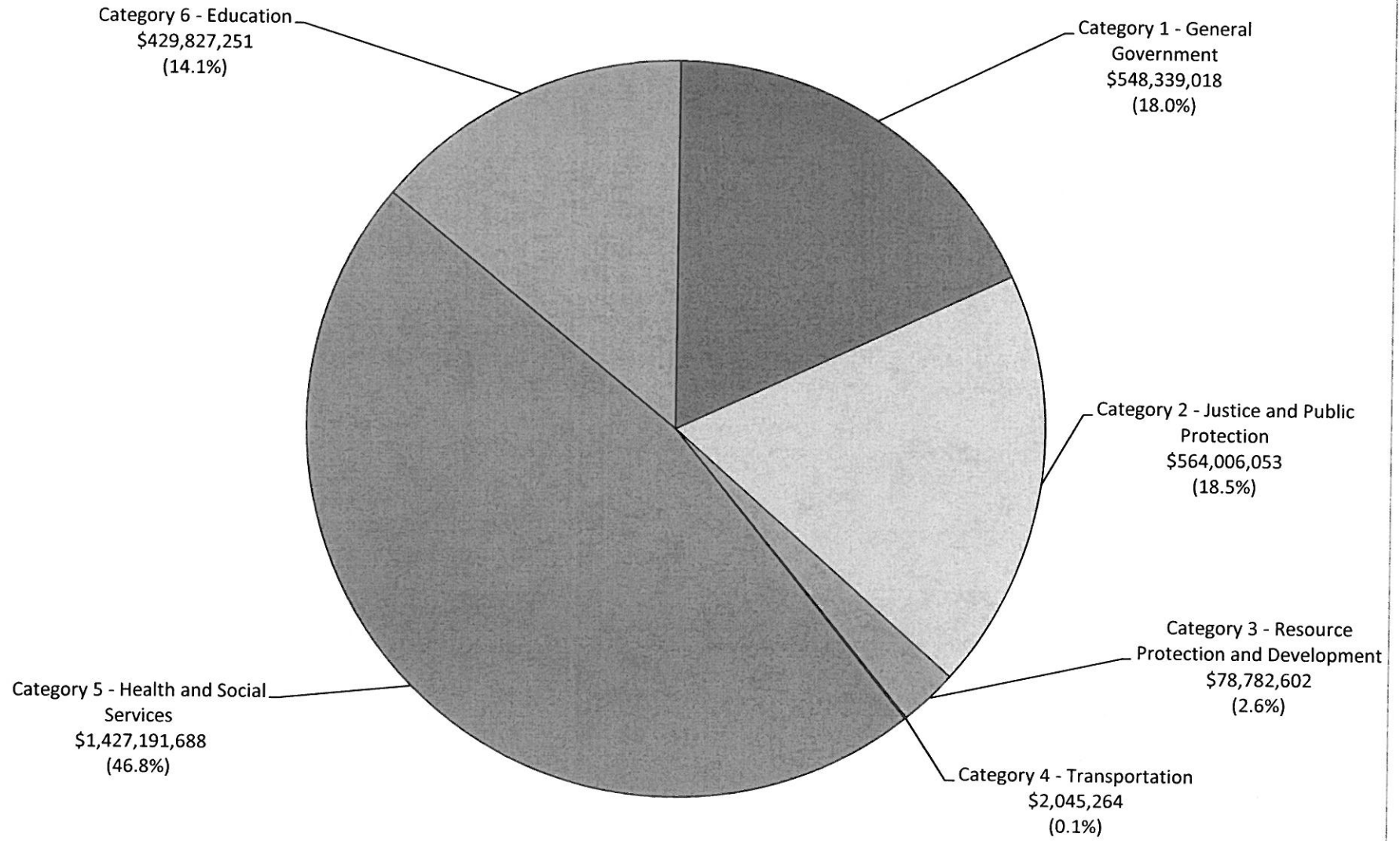
Totals by Category - General Funds

CATEGORY	FY 2018 (Actuals)	FY 2019 (Adjusted Authorized)	BIENNIUM TOTAL	% OF TOTAL
Category 1 - General Government	\$ 261,748,764	\$ 286,590,254	\$ 548,339,018	18.0%
Category 2 - Justice and Public Protection	\$ 271,967,462	\$ 292,038,591	\$ 564,006,053	18.5%
Category 3 - Resource Protection and Development	\$ 39,167,613	\$ 39,614,989	\$ 78,782,602	2.6%
Category 4 - Transportation	\$ 950,089	\$ 1,095,175	\$ 2,045,264	0.1%
Category 5 - Health and Social Services	\$ 676,297,905	\$ 750,893,783	\$ 1,427,191,688	46.8%
Category 6 - Education	\$ 215,323,473	\$ 214,503,778	\$ 429,827,251	14.1%
Total	\$ 1,465,455,306	\$ 1,584,736,570	\$ 3,050,191,876	100.0%

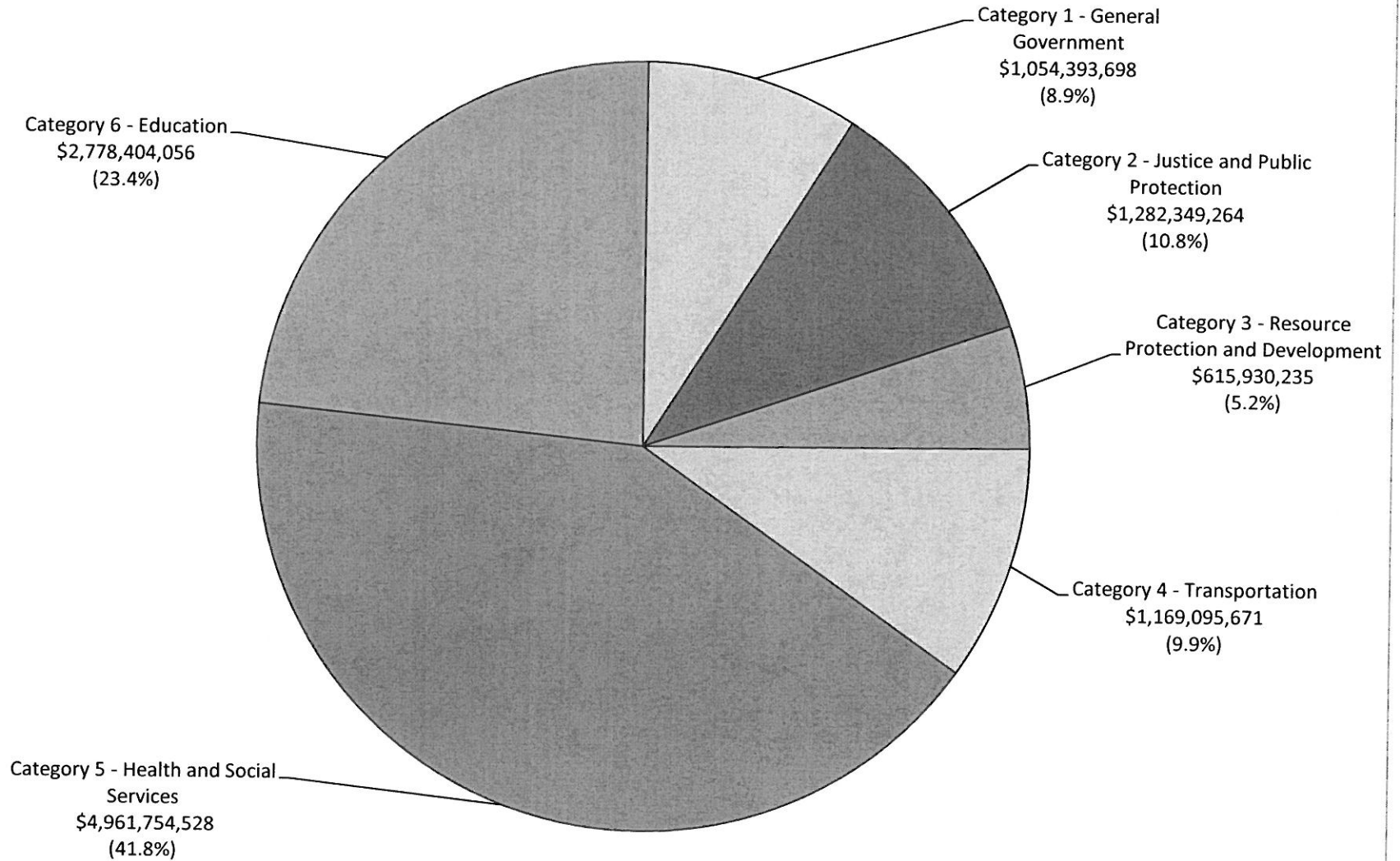
Totals by Category - All Funds

CATEGORY	FY 2018 (Actuals)	FY 2019 (Adjusted Authorized)	BIENNIUM TOTAL	% OF TOTAL
Category 1 - General Government	\$ 493,976,352	\$ 560,417,346	\$ 1,054,393,698	8.9%
Category 2 - Justice and Public Protection	\$ 605,587,143	\$ 676,762,121	\$ 1,282,349,264	10.8%
Category 3 - Resource Protection and Development	\$ 276,273,564	\$ 339,656,671	\$ 615,930,235	5.2%
Category 4 - Transportation	\$ 556,635,242	\$ 612,460,429	\$ 1,169,095,671	9.9%
Category 5 - Health and Social Services	\$ 2,439,845,369	\$ 2,521,909,159	\$ 4,961,754,528	41.8%
Category 6 - Education	\$ 1,367,913,402	\$ 1,410,490,654	\$ 2,778,404,056	23.4%
Total	\$ 5,740,231,072	\$ 6,121,696,380	\$ 11,861,927,452	100.00%

**FY 2018 ACTUAL EXPENDITURES AND
FY 2019 ADJUSTED AUTHORIZED APPROPRIATIONS**
(GENERAL FUNDS, BY CATEGORY - \$3,050,191,876)



**FY 2018 ACTUAL EXPENDITURES AND
FY 2019 ADJUSTED AUTHORIZED APPROPRIATIONS**
(ALL FUNDS, BY CATEGORY - \$11,861,927,452)



Fiscal Year 2018 Actual Expenditures and Fiscal Year 2019 Adjusted Authorized Appropriations

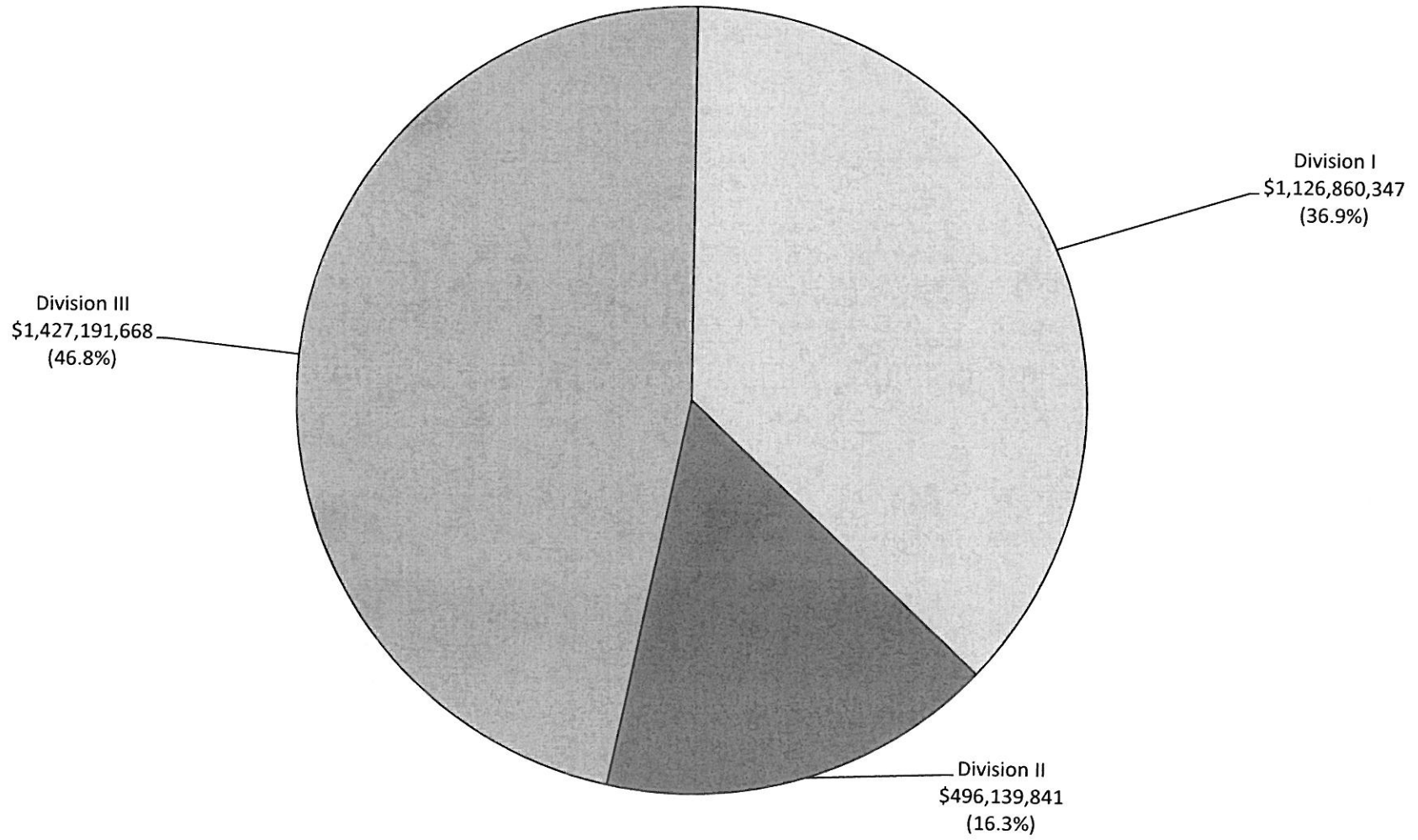
Totals by Division - General Funds

DIVISION / CATEGORY	FY 2018 (Actuals)	FY 2019 (Adjusted Authorized)	BIENNIUM TOTAL	% OF TOTAL
Division I - Categories 1, 2, & 3 (except Safety and Fish and Game)	\$ 542,507,879	\$ 584,352,468	\$ 1,126,860,347	36.9%
Division II - Categories 4 & 6 (plus Safety and Fish and Game)	\$ 246,649,522	\$ 249,490,319	\$ 496,139,841	16.3%
Division III - Category 5	\$ 676,297,905	\$ 750,893,783	\$ 1,427,191,688	46.8%
Total	\$ 1,465,455,306	\$ 1,584,736,570	\$ 3,050,191,876	100.00%

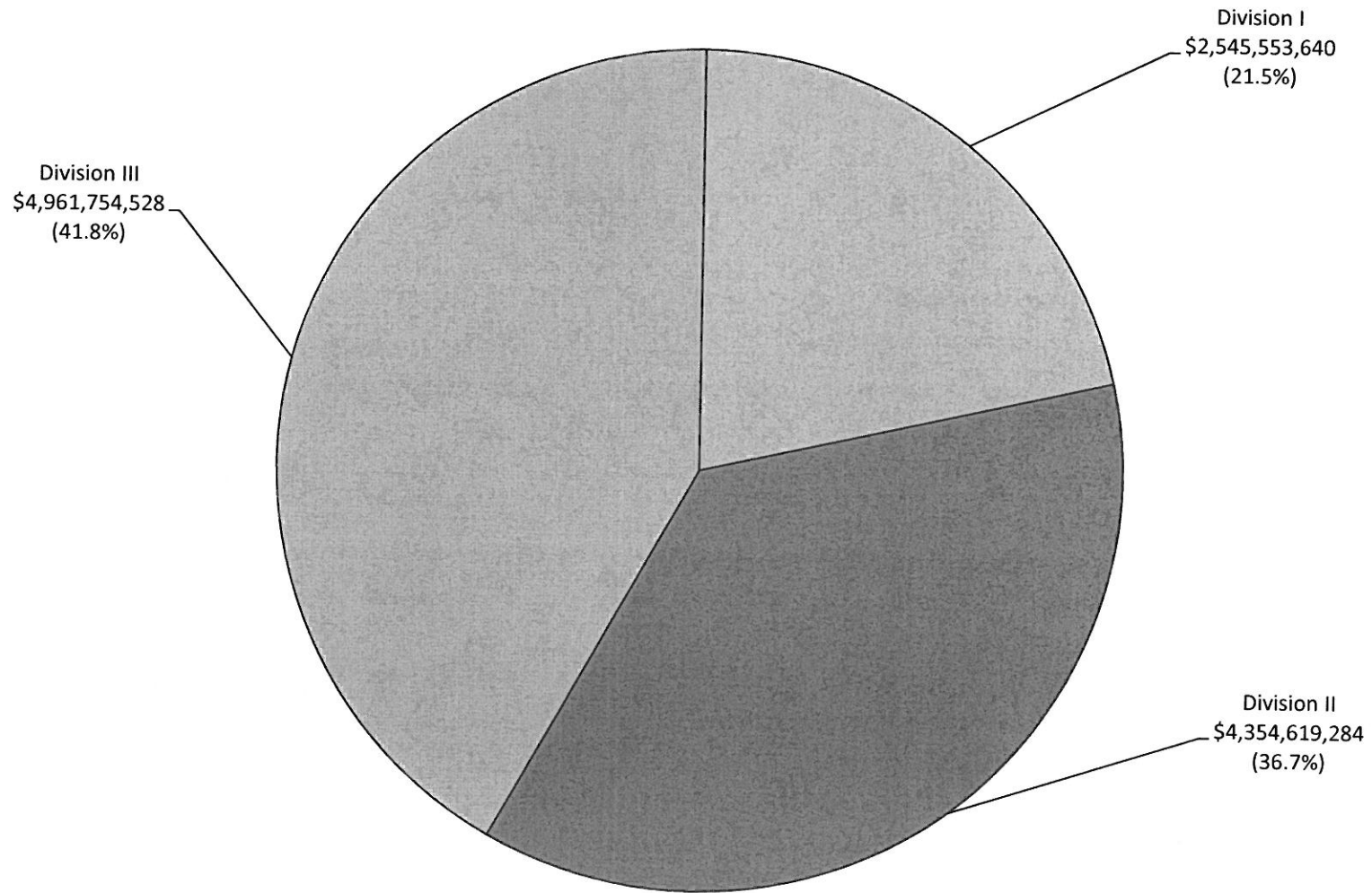
Totals by Division - All Funds

DIVISION / CATEGORY	FY 2018 (Actuals)	FY 2019 (Adjusted Authorized)	BIENNIUM TOTAL	% OF TOTAL
Division I - Categories 1, 2, & 3 (except Safety and Fish and Game)	\$ 1,181,801,440	\$ 1,363,752,200	\$ 2,545,553,640	21.5%
Division II - Categories 4 & 6 (plus Safety and Fish and Game)	\$ 2,118,584,263	\$ 2,236,035,021	\$ 4,354,619,284	36.7%
Division III - Category 5	\$ 2,439,845,369	\$ 2,521,909,159	\$ 4,961,754,528	41.8%
Total	\$ 5,740,231,072	\$ 6,121,696,380	\$ 11,861,927,452	100.00%

**FY 2018 ACTUAL EXPENDITURES AND
FY 2019 ADJUSTED AUTHORIZED APPROPRIATIONS**
(GENERAL FUNDS, BY DIVISION - \$3,050,191,876)



**FY 2018 ACTUAL EXPENDITURES AND
FY 2019 ADJUSTED AUTHORIZED APPROPRIATIONS**
(ALL FUNDS, BY DIVISION - \$11,861,927,452)



Division I

FISCAL YEAR 2018 ACTUAL EXPENDITURES AND FISCAL YEAR 2019 ADJUSTED AUTHORIZED APPROPRIATIONS

Division I by Agency - General Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2018 (Actual)	FY 2019 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	01-02	EXECUTIVE OFFICE				
			2,637,528	8,369,105	11,006,633	1.0%
2	01-03	DEPARTMENT OF INFORMATION TECHNOLOGY	591,463	730,552	1,322,015	0.1%
3	01-04	LEGISLATIVE BRANCH	16,072,830	18,121,953	34,194,783	3.0%
4	01-05	EXECUTIVE COUNCIL	252,152	251,751	503,903	0.0%
5	01-14	DEPARTMENT OF ADMINISTRATIVE SERVICES	58,358,120	68,663,634	127,021,754	11.3%
6	01-21	OFFICE OF PROFESSIONAL LICENSURE & CERTIFICATION	6,373,520	16,597	6,390,117	0.6%
7	01-30	BOXING AND WRESTLING COMMISSION	1,442	6,933	8,375	0.0%
8	01-32	DEPARTMENT OF STATE	1,438,185	2,155,028	3,593,213	0.3%
9	01-38	TREASURY DEPARTMENT	158,308,214	168,408,777	326,716,991	29.0%
10	01-59	NH RETIREMENT SYSTEM	-	-	-	0.0%
11	01-84	DEPARTMENT OF REVENUE ADMINISTRATION	16,901,738	18,976,350	35,878,088	3.2%
12	01-89	BOARD OF TAX & LAND APPEALS	813,572	889,574	1,703,146	0.2%
13	01-97	DEVELOPMENTAL DISABILITIES COUNCIL				
					-	0.0%
14	02-07	JUDICIAL COUNCIL	29,469,720	29,325,061	58,794,781	5.2%
15	02-10	JUDICIAL BRANCH	80,025,050	86,882,627	166,907,677	14.8%
16	02-12	ADJUTANT GENERAL DEPARTMENT	3,998,042	4,356,250	8,354,292	0.7%
17	02-18	DEPARTMENT OF AGRICULTURE	2,704,720	3,348,274	6,052,994	0.5%
18	02-20	DEPARTMENT OF JUSTICE	10,282,927	10,315,214	20,598,141	1.8%
19	02-24	INSURANCE DEPARTMENT	-	-	-	0.0%
20	02-26	DEPARTMENT OF LABOR	-	-	-	0.0%
21	02-27	DEPARTMENT OF EMPLOYMENT SECURITY	-	-	-	0.0%
22	02-46	DEPARTMENT OF CORRECTIONS	115,013,542	123,706,975	238,720,517	21.2%
23	02-72	BANKING DEPARTMENT	-	-	-	0.0%
24	02-73	PUBLIC EMPLOYEES LABOR RELATIONS BOARD	432,008	465,640	897,648	0.1%
25	02-76	HUMAN RIGHTS COMMISSION	465,405	555,364	1,020,769	0.1%
26	02-77	LIQUOR COMMISSION	-	-	-	0.0%
27	02-81	PUBLIC UTILITIES COMMISSION	-	-	-	0.0%
28	03-13	PEASE DEVELOPMENT AUTHORITY	-	-	-	0.0%
29	03-22	DEPARTMENT OF BUSINESS & ECONOMIC AFFAIRS	11,156,415	11,813,112	22,969,527	2.0%
30	03-35	DEPARTMENT OF NATURAL & CULTURAL RESOURCES	7,271,764	7,692,035	14,963,799	1.3%
31	03-37	COMMUNITY DEVELOPMENT FINANCE AUTHORITY	170,604	172,310	342,914	0.0%
32	03-44	DEPARTMENT OF ENVIRONMENTAL SERVICES	19,768,918	19,129,352	38,898,270	3.5%
33		TOTAL	542,507,879	584,352,468	1,126,860,347	100.0%

FISCAL YEAR 2018 ACTUAL EXPENDITURES AND FISCAL YEAR 2019 ADJUSTED AUTHORIZED APPROPRIATIONS

Division I by Agency - All Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2018 (Actual)	FY 2019 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	01-02	EXECUTIVE OFFICE				
2	01-03	DEPARTMENT OF INFORMATION TECHNOLOGY	34,308,478	40,402,920	74,711,398	2.9%
3	01-04	LEGISLATIVE BRANCH	73,239,271	91,397,447	164,636,718	6.5%
4	01-05	EXECUTIVE COUNCIL	16,630,050	18,794,077	35,424,127	1.4%
5	01-14	DEPARTMENT OF ADMINISTRATIVE SERVICES	252,152	251,751	503,903	0.0%
6	01-21	OFFICE OF PROFESSIONAL LICENSURE & CERTIFICATION	129,945,375	150,078,958	280,024,333	11.0%
7	01-30	BOXING AND WRESTLING COMMISSION	7,352,379	10,218,072	17,570,451	0.7%
8	01-32	DEPARTMENT OF STATE	1,442	6,933	8,375	0.0%
9	01-38	TREASURY DEPARTMENT	9,457,641	10,596,967	20,054,608	0.8%
10	01-59	NH RETIREMENT SYSTEM	195,773,083	206,788,448	402,561,531	15.8%
11	01-84	DEPARTMENT OF REVENUE ADMINISTRATION	7,546,550	8,759,381	16,305,931	0.6%
12	01-89	BOARD OF TAX & LAND APPEALS	18,161,444	21,450,365	39,611,809	1.6%
13	01-97	DEVELOPMENTAL DISABILITIES COUNCIL	903,377	988,913	1,892,290	0.1%
14	02-07	JUDICIAL COUNCIL	405,110	683,114	1,088,224	0.0%
15	02-10	JUDICIAL BRANCH	29,471,720	29,325,061	58,796,781	2.3%
16	02-12	ADJUTANT GENERAL DEPARTMENT	85,814,294	93,320,869	179,135,163	7.0%
17	02-18	DEPARTMENT OF AGRICULTURE	25,427,459	30,662,157	56,089,616	2.2%
18	02-20	DEPARTMENT OF JUSTICE	4,822,142	6,504,991	11,327,133	0.4%
19	02-24	INSURANCE DEPARTMENT	28,935,632	35,325,118	64,260,750	2.5%
20	02-26	DEPARTMENT OF LABOR	11,442,034	12,375,406	23,817,440	0.9%
21	02-27	DEPARTMENT OF EMPLOYMENT SECURITY	8,519,125	10,605,750	19,124,875	0.8%
22	02-46	DEPARTMENT OF CORRECTIONS	31,290,700	35,915,204	67,205,904	2.6%
23	02-72	BANKING DEPARTMENT	117,850,201	128,513,061	246,363,262	9.7%
24	02-73	PUBLIC EMPLOYEES LABOR RELATIONS BOARD	5,143,176	6,607,305	11,750,481	0.5%
25	02-76	HUMAN RIGHTS COMMISSION	433,808	467,640	901,448	0.0%
26	02-77	HUMAN RIGHTS COMMISSION	592,766	676,797	1,269,563	0.0%
27	02-81	LIQUOR COMMISSION	63,575,423	76,018,670	139,594,093	5.5%
28	02-81	PUBLIC UTILITIES COMMISSION	30,326,296	29,759,742	60,086,038	2.4%
29	03-13	PEASE DEVELOPMENT AUTHORITY	513,983	662,655	1,176,638	0.0%
30	03-22	DEPARTMENT OF BUSINESS & ECONOMIC AFFAIRS	24,047,282	26,094,762	50,142,044	2.0%
31	03-35	DEPARTMENT OF NATURAL & CULTURAL RESOURCES	45,602,486	50,477,002	96,079,488	3.8%
32	03-37	COMMUNITY DEVELOPMENT FINANCE AUTHORITY	170,604	172,310	342,914	0.0%
33	03-44	DEPARTMENT OF ENVIRONMENTAL SERVICES	173,845,957	229,850,354	403,696,311	15.9%
33		TOTAL	1,181,801,440	1,363,752,200	2,545,553,640	100.0%

DIVISION I THINGS TO KNOW

Category 1

Department of Information Technology (DoIT)

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$591,463	\$730,552	\$0	\$0
Other	\$72,647,808	\$90,666,895	\$106,071,902	\$102,964,717
Total Budget	\$73,239,271	\$91,397,447	\$106,071,902	\$102,964,717
Positions	368	368	368	368
DHHS (Other)	\$12,732,854	\$18,354,096	\$25,054,894	\$24,927,455
Dept. of Safety (Other)	\$5,621,077	\$6,201,044	\$9,243,007	\$8,528,455

DoIT uses a direct chargeback method to address individual agency needs and shared services chargeback for services benefitting all agencies. In past fiscal years, each agency budgeted its DoIT costs in class 027 (Transfers to DoIT). The FY 2020-2021 agency budget request includes a shift of \$3.3 million from DoIT's shared efficiency budget to the DHHS Direct efficiency budget. A revolving fund for telecommunications operations is financed using fixed rates and extra charges as needed.

Department of Administrative Services

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$58,358,120	\$68,663,634	\$64,894,894	\$68,769,480
Federal Fund	\$138,844	\$251,529	\$240,971	\$240,971
Other	\$71,448,411	\$81,163,795	\$80,085,626	\$83,491,940
Total Budget	\$129,945,375	\$150,078,958	\$145,221,491	\$152,502,391
Positions	295	295	307	307

Retiree Health Benefits - Pursuant to RSA 21-I:30, the State provides health benefits within the funds appropriated at each legislative session to eligible retired State employees and the Fiscal Committee is authorized to approve plan design changes to the Retiree Health Benefit Plan. The State's General Fund share of this benefit is appropriated to

DIVISION I THINGS TO KNOW

the Department of Administrative Services. Table 1 shows the State retiree health appropriations by funding source. The rate for retirees under the age of 65 is no less than 20% of the cost of the insurance premium per person and the Fiscal Committee may authorize an amount over 20%. The rate for these retirees was \$210.29 per person per month as of October 1, 2017 and is estimated to be \$191.26 per person per month as of January 1, 2019. The rate for Medicare-eligible retirees over age 65 (only those born on or after January 1, 1949) is no less than 10% of the cost of the insurance premium per person and the Fiscal Committee may authorize an amount over 10%. The rate for these retirees was \$36.24 per month as of January 1, 2018 and is estimated to be \$32.04 per month as of January 1, 2019. Medicare-eligible retirees over age 65 born before January 1, 1949 continue to pay no premium.

Table 1

	FY 2018 Actual	FY 2019 Adjusted Authorized	FY 2020 UPDATED ESTIMATE (12/27/18)	FY 2021 UPDATED ESTIMATE (12/27/18)
General Funds	\$35,580,096	\$42,778,200	\$33,921,500	\$36,507,200
Other Agency Funds	\$20,133,871	\$24,544,300	\$19,738,700	\$21,412,800
Medical Subsidy	\$11,983,482	\$12,558,600	\$11,796,500	\$11,808,400
Retirees (Under 65 and self-payers, etc.)	\$7,539,821	\$9,148,600	\$7,951,800	\$8,431,900
Retirees (Over 65)	\$468,800	\$1,377,500	\$1,318,400	\$1,521,100
TOTAL	\$75,706,070	\$90,407,200	\$74,726,900	\$79,681,400

Medicare Advantage – As of January 1, 2019, all current Medicare-eligible retirees will be covered under a Group Medicare Advantage Plan (Medicare Part C). The Governor and Executive Council approved this contractual change with Anthem Blue Cross and Blue Shield on June 20, 2018. The Medicare Advantage Plan is a fully-insured plan that maximizes federal Medicare funding and will replace the current self-funded third-party administrator model plan, known as Medicomp. The change is expected to save approximately \$11.8 million in premium expenses over the period January 1, 2019-December 31, 2020, when comparing projected self-insured rates to the fully-insured rates, while continuing to maintain the same level of health benefits for Medicare retirees.

DIVISION I THINGS TO KNOW

Concord Steam – The State bought steam from Concord Steam (a PUC regulated utility) to heat 25 state-owned facilities in Concord until Concord Steam ceased operations effective May 31, 2017.

The FY 2018-2019 operating and capital budgets appropriated \$25 million to the Department of Administrative Services for the purchase and replacement of all Concord Steam systems providing heat to state facilities at the Governor Hugh Gallen State Office park and state owned facilities in downtown Concord, and for decommissioning the physical plant facility. Of this total, \$7 million in general obligation bond expenses would be paid from a new nonlapsing State Heating System Savings Account established for the transfer of unexpended state heating system appropriations realized from savings resulting from the project. (HB 368, Ch. 2; HB 25, Ch. 228, HB 517, Ch. 156)

Office of Child Advocate – The FY 2018-19 budget appropriated \$350K annually for the creation of a new independent Office of the Child Advocate, and authorized 3 new staff positions (1 unclassified and 2 classified). The Office was administratively attached to the DAS Commissioner’s Office. The Office was charged with oversight of the Department of Health and Human Services Division of Children, Youth and Families and to assure that the best interests of children would be protected.

Department of Revenue Administration (DRA)

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
Education Fund	\$1,243,340	\$1,850,000	\$1,750,000	\$1,750,000
Other	\$16,366	\$624,015	\$627,135	\$630,271
General Fund	\$16,901,738	\$18,976,350	\$19,582,464	\$19,622,599
Total Budget	\$18,161,444	\$21,450,365	\$21,959,599	\$22,002,870
Positions	152	152	152	152

Tax System - The Department received approval in both operating and capital budgets for FY 2018-2019 to purchase and implement a new revenue information management system, known as RIMS. A new nonlapsing account was established to pay the interest on bonds and notes issued to fund the RIMS project. Savings attributable to the system are dedicated to paying the bonding expenses that fund the project. The revenue increase from existing taxes attributable to the RIMS collected by the Department and deposited in the account is capped at \$4 million

DIVISION I THINGS TO KNOW

each fiscal year beginning in FY 2022 and ending in FY 2031. The capital budget general revenue bonded appropriation was \$30.2 million, with an estimated \$24.2 million of that total to be offset by savings.

Staffing – In the FY 2018-2019 budget The Department realigned divisions at no additional expense to create a new taxpayer services division. The Department also received approval to hire additional multi-state audit staff (2 unclassified; 1 classified) with an estimated overall net revenue gain for the General Fund of approximately \$3 million over the biennium.

Flood Control Compact Payments - The State of New Hampshire (NH) is part of two flood control compacts: the Merrimack River Valley Flood Control Compact with Massachusetts (MA) and the Connecticut River Flood Control Compact with MA and Connecticut (CT). The compacts are intended to reimburse towns for the loss of property tax revenue due to property acquired by the United States for flood control.

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$828,505	\$242,235	\$259,865	\$256,729
Total Budget	\$844,871	\$866,250	\$887,000	\$887,000

- The DRA reports the FY 2020-2021 budget assumes Massachusetts will reimburse their share of 70% of the Merrimack River Valley compact plus 50% of the Connecticut River Valley compact and Connecticut will reimburse their share of 40% if the Connecticut River Valley compact.
- The DRA reports \$1,992,884 is currently outstanding for FY 2015-2018 (prior years' payments have been settled) and estimates requesting a warrant be issued for FY 2019 for \$613,494

DIVISION I THINGS TO KNOW

State Treasury

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
Federal Fund	\$1,944,074	\$2,000,000	\$1,850,494	\$1,729,088
Other	\$35,520,795	\$36,379,671	\$37,614,296	\$35,221,933
General Fund	\$158,308,214	\$168,408,777	\$192,178,806	\$192,974,756
Total Budget	\$195,773,083	\$206,788,448	\$231,643,596	\$229,925,777
Positions	22	22	22	22
Debt Service				
Debt Service-all funds	\$105,709,749	\$115,657,101	\$108,371,377	\$101,185,254
State Revenue Sharing	\$0	\$0	\$25,216,054	\$25,216,054
Meals and Rooms Tax Distribution	\$68,805,057	\$68,805,057	\$73,805,057	\$78,805,057
LCHIP	\$3,451,480	\$3,500,000	\$3,500,001	\$3,500,001
Abandoned Property - Total Unrestricted Revenue				
Abandoned Property - Total Unrestricted Revenue	\$22,911,347	\$14,500,000	\$14,100,000	\$17,600,000

Debt Service - The Treasury's budget includes funding for three types of debt service: debt service for state General Funded and University System of New Hampshire capital projects, debt service for school building aid, and debt service for the Community College System of New Hampshire. Pursuant to RSA 78-A:26, I(a), the amount of debt service necessary to pay principal and interest on bonds for school building aid is paid from directly from Meals and Rooms tax revenue.

State Revenue Sharing - Pursuant to RSA 31-A, the Treasury distributes a portion of State general revenues to municipalities annually. Since FY 1999, the amount distributed each year has been \$25.2 million and it will remain this amount until the legislature alters it, pursuant to RSA 31-A:4. This disbursement has been suspended from FY 2010 until FY 2019. Since the suspension is ending June 30, 2019, revenue sharing will be included in the FY 2020-2021 operating budget at \$25.2 million each year unless the statute is suspended or repealed.

Meals and Rooms Distribution to Cities and Towns - Pursuant to RSA 78-A the Treasury distributes a portion of annual meals and rooms tax revenue to municipalities. RSA 78-A:26, II authorizes an increase in the amount to be disbursed, however, the increase from one fiscal year to the next can be no more than \$5 million.

DIVISION I THINGS TO KNOW

Meals and Rooms Annual Distribution Amount

FY 2009-FY 2014	FY 2015-FY 2016	FY 2017- FY 2019	FY 2020	FY 2021
\$58.8 million	\$63.8 million	\$68.8 million	\$73.8 million	\$78.8 million

Land and Community Heritage Investment Program (LCHIP) - LCHIP is an independent state authority that operates a competitive matching 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. Funds are used to leverage additional local, private, and federal funds. The FY 2014-2019 budgets and proposed agency budget for FY 2020-FY 2021 fund the program at \$3.5 million a year, directing all surcharge revenue to the LCHIP fund.

The program also receives about \$6 (up to \$200,000) from the sale of each conservation license plate (Moose Plate), which provides about two-thirds of the program’s annual administrative costs (RSA 261:97-b, I-a and RSA 261:97-c, V). The remainder of the administrative income comes from interest on the LCHIP Trust Fund and other bank accounts and an administrative fee assessed to each grant that is awarded.

New Hampshire Retirement System

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
Total Budget (Other)	\$7,546,550	\$8,759,381	\$12,129,158	\$12,314,337

The New Hampshire Retirement System administers a defined benefit plan for state, county and municipal employees, teachers, police officers and firefighters, providing retirement, disability, and death benefits to eligible members and their beneficiaries. NHRS membership includes over 470 active participating employers, nearly 48,000 active members and over 37,000 pension recipients. The agency budget request contains an appropriation of approximately \$2.8 million for FY 2020 and \$2.8 million for FY 2021 for a multi-year software update to a web-based system with enhanced cybersecurity and functionality.

DIVISION I THINGS TO KNOW

Funding Status – As of June 30, 2018:

- The funded ratio for the pension plan was 63.6%, which means the actuarial value of the retirement system's assets is 63.6% of the projected amount needed to pay for both current retirees and the accrued benefit for future retirees. (up from 61.8% on June 30, 2017)
- The unfunded actuarial accrued liability for the pension plan was \$4,992.2 million (down from \$5,042.8 million on June 30, 2017)
- The actuarial value of assets available to pay pension benefits was \$8,710.9 million

Statutory Changes and Legal Challenges – Since 2007, nearly 90 changes have been made to RSA 100-A, the law governing the retirement system.

Rate Setting – Pursuant to RSA 100-A:16, member (employee) rates are currently 7.0% for Group I members, 11.55% for Group II permanent police members and 11.80% for permanent fireman members.

The New Hampshire Constitution (Part I, Article 36-A) requires NHRS Trustees to set actuarially sound employer contribution rates and requires employers to annually pay those rates in full. Employer rates are calculated every two years to reflect the cost of benefits as they accrue as well as pay down existing unfunded liabilities. Pursuant to RSA 100-A:16, III, employer contribution rates are set every 2 years as part of a biennial actuarial valuation, required by statute to determine the actuarially sound rates necessary to maintain the retirement system trust fund at the level needed to meet its future obligations. The rates for fiscal years 2020 and 2021 are based on the actuarial valuation as of June 30, 2017. The Retirement System Board of Trustees at its September 11, 2018 meeting certified the following employer rates of contribution effective July 1, 2019 – June 30, 2021:

The rates below apply to state agencies and other component units of state government.

DIVISION I THINGS TO KNOW

State of NH Employer Contribution Rates for July 1, 2019-June 30, 2021

	Pension Percentage	Medical Subsidy Percentage	Total Employer Percentage
Group I Employees	10.88%	1.05%	11.93%
Group II Police	24.77%	3.66%	28.43%
Fire	26.43%	3.66%	30.09%

The rates below apply to counties, cities and towns, school districts and all other participating political subdivisions except the State of New Hampshire.

Municipal Employer Contribution Rates for July 1, 2019-June 30, 2021

	Pension Percentage	Medical Subsidy Percentage	Total Employer Percentage
Group I Employees	10.88%	0.29%	11.17%
Teachers	15.99%	1.81%	17.80%
Group II Police	24.77%	3.66%	28.43%
Fire	26.43%	3.66%	30.09%

One Time COLA - During the 2018 legislative session, a one-time cost-of-living allowance was approved (Ch. 304, HB 1756, Laws of 2018) for certain retirees and was funded through a General Fund appropriation. \$500 was payable during FY 2019 to retired members of the retirement system receiving an allowance who were retired with at least 20 years of creditable service; who were receiving an allowance for at least 5 years prior to July 1, 2018; and whose annual retirement allowance on June 30, 2018 did not exceed \$30,000. The additional allowance did not become a permanent addition to the members' base retirement allowance. The legislation did not grant an allowance to beneficiaries of deceased members who were receiving a survivorship benefit.

Part-Time Work Restrictions - The 2018 legislative session also included passage of restrictions on retirees who work part-time for retirement system participating employers. (HB 561, Ch. 293, Laws of 2018) to take effect

DIVISION I THINGS TO KNOW

January 1, 2019. A maximum of 1,352 hours per calendar year will be in effect, except for those retirees who are already working part-time for NHRS participating employers prior to January 1, 2019, to work a maximum of 1,664 hours per calendar year for as long as they remain in the position held on the effective date of the legislation. Employers are required to provide the names and position titles of any retired members employed on the effective date of the law by February 15, 2019. Employers are required to annually verify that retirees are in the same position as of January 1st, beginning in 2020. NHRS has a developed reporting formats, written instructions, an online FAQ document, and scheduled employer training sessions to help implement the requirements of the law.

Office of Professional Licensure and Certification (OPLC)

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
Federal Fund	\$0	\$99,900	\$99,900	\$44,458
Other	\$978,859	\$10,101,575	\$15,101,507	\$15,041,258
General Fund	\$6,373,520	\$16,597	\$0	\$0
Total Budget	\$7,352,379	\$10,218,072	\$15,201,407	\$15,085,716
Positions	60	63	69	69

The Office of Professional Licensure and Certification (OPLC) was created as part of the FY 2016-FY 2017 budget as a centralized agency and provides administrative, regulatory and investigative support to over 50 professional licensing boards, commissions and councils. The OPLC received approval for 3 new classified license clerk positions funded by General Funds beginning July 1, 2018 (SB 372, Ch. 113, Laws of 2018). Also effective July 1, 2018, the agency became a self-funded entity pursuant to SB 531 (Ch. 330, Laws of 2018), which established a nonlapsing Office of Professional Licensure and Certification Fund into which all licensing fees will be deposited and continually appropriated to the OPLC for all costs and salaries associated with the office. A corresponding reduction in General Fund revenue for FY 2019 was estimated to exceed budgeted General Fund expenditures by approximately \$3.6 million. The agency budget request includes approximately \$4 million over the 2 year period for prior General Fund expenses, including indirect costs, such as statewide cost allocation plan (SWCAP) expenses, DoIT and retiree health, and \$3.5 million for operative needs, including the Prescription Drug Monitoring Program, agency salaries and benefits, and other staff-related expenses.

DIVISION I THINGS TO KNOW

Prescription Drug Monitoring Program - The Prescription Drug Monitoring Program (PDMP) received an additional \$100K contingent General Fund appropriation in the FY 2018-2019 budget to address a grant shortfall. The appropriation was approved by the Joint Fiscal Committee March 16, 2018. HB 573 (Ch. 158, Laws of 2018) appropriated 5% of revenue collected on behalf of various boards to the PDMP Program for the biennium ending 6/30/19, yielding approximately \$216,000.

Executive Offices

Office of Strategic Initiatives

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
Federal Funds	\$30,646,766	\$30,699,610	\$30,868,901	\$30,979,326
Other	\$476,074	\$708,039	\$598,366	\$609,496
General Fund	\$768,389	\$5,970,068	\$6,191,464	\$6,195,553
Total Budget	\$31,891,229	\$37,377,717	\$37,658,731	\$37,784,375
Positions	11	11	11	11

Governor's Scholarship Program – HB 517 (Ch. 156, Laws of 2017) created the Governor's Scholarship Program and appropriated \$5 million in FY 2017 for use in FY 2018 and HB 144 (Ch. 155, Laws of 2017) appropriated \$5 million in FY 2019. \$10 million is proposed in the agency budget for the program in FY 2020-FY 2021. Any eligible student who earns the New Hampshire scholar designation shall be eligible for a scholarship award of \$2,000 per year for up to four years. All other eligible students shall be eligible for a scholarship award of \$1,000 per year for up to four years.

**DIVISION I
THINGS TO KNOW**

Category 3

Department of Business and Economic Affairs

	FY 2016 Actual (DRED)	FY 2017 Authorized (DRED)	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
Federal Funds	\$7,714,005	\$13,813,902	\$8,405,107	\$8,998,412	\$12,311,010	\$11,818,869
Other	\$4,545,966	\$6,398,392	\$4,485,760	\$5,283,238	\$5,308,140	\$5,359,158
General Fund	\$9,508,648	\$10,934,995	\$11,156,415	\$11,813,112	\$16,547,493	\$16,606,470
Highway/Tpk	\$81,638	\$0	\$0	\$0	\$0	\$0
Total Budget	\$21,850,257	\$31,147,289	\$24,047,282	\$26,094,762	\$34,166,643	\$33,784,497
Positions	70	70	70	70	77	77

The Department of Business and Economic Affairs (DBEA) was created on July 1, 2017 as part of the FY 2018-2019 budget. The former Department of Resources and Economic Development and Department of Cultural Resources were eliminated and the new DBEA and Department of Natural and Cultural Resources were created with reorganized divisions and missions. The proposed agency budget for FY 2020-2021 identifies additional staffing and marketing needs.

The Division of Travel and Tourism includes funding for the statutory allocation (RSA 78-A;26(b)) of Rooms and Meals Tax estimated by the department at \$10.875 million per year.

Division of Travel and Tourism and Tourism Development Fund (AU 2013 and AU 2019)

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$7,416,778	\$7,626,496	\$10,871,204	\$10,875,688

**DIVISION I
THINGS TO KNOW**

Category 2

Judicial Branch

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$80,025,050	\$86,882,627	\$90,725,643	\$92,155,544
Total Budget	\$85,814,294	\$93,320,869	\$98,090,469	\$99,528,184

Drug Courts - Chapter 264 of the 2016 Legislative Session established the statewide drug offender grant program (drug courts) and appropriated \$2.07 million to fund grants available to counties during FY 2017. The Judicial Branch budgeted \$2.94 and \$3.95 million of general funds in FY 2018 and FY 2019 respectively to account for a projected increase in the number of counties that were anticipated to apply for drug court grants. The request for the FY 2020-2021 biennium is \$3.95 million in each year. Felony drug court programs for adult offenders are available in all counties, except Sullivan County. These treatment courts combine community based treatment programs with strict court supervision and progressive incentives and sanctions. By linking offenders to treatment services, the program aims to address offender's substance abuse and mental health diagnoses that led to criminal behavior, thereby reducing recidivism, and protecting public safety. The programs are designed to promote compliance with treatment programs as an alternative to jail time. A defendant who enters a drug court program must reside in the county where drug court is offered, and committed the crime in that county.

Felonies First - Pursuant to Chapter 124, Laws of 2015, Felonies First was implemented to more effectively manage the flow of felony cases and related misdemeanors and violation level charges from case initiation through disposition. This eliminates the duplicative initiation of a felony case in the district division of the circuit court by establishing a new process allowing a defendant to request a probable cause hearing in the superior court and eliminates the previous statutorily required practice of scheduling every case for a probable cause hearing in the district division of the circuit court. This eliminates months of delay when compared to the previous process. The

DIVISION I THINGS TO KNOW

law included a requirement for the Judicial Council to submit regular reports on implementation of the program. The report can be found here: <https://www.nh.gov/judicialcouncil/documents>

The Judicial Branch Information Technology Fund - is funded by percentages of court entry fees and penalty assessment revenue pursuant to RSA 490:26-a. These revenue sources have been in decline and have not kept pace with the need for hardware and software expenditures. The Branch has proposed to amend the RSAs to increase the percentage of entry fees deposited in the IT Fund.

The prioritized special and problematic needs for the Branch include:

- Salary increase for Court Assistant II positions which are currently paid 22% less than similar positions in neighboring states.
- Cybersecurity Manager. More of the Branch's operations involve electronic data and programs available to the public.
- Additional Judge for the Family Division of the Circuit Court. Significant backlog from increasing complexity of marital cases and termination of parental rights cases due to the Opioid Crisis.
- Additional Superior Court Judge and Court Monitor/Assistant. Criminal cases in the superior court have increased over 40% since 2015 due in part to the Opioid Crisis and implementation of the felonies first program.
- Addition of a second Judge for the Family Division of the Circuit Court for timelier processing of cases.
- Law Clerk for the Family Division of the Circuit Court to assist judges with legal research.
- Weighted caseload study. Last completed in 2005. Would provide information needed to assess workloads and ensure efficient handling of caseloads in all courts.

**DIVISION I
THINGS TO KNOW**

Department of Justice

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$10,282,927	\$10,315,214	\$14,162,817	\$14,243,447
Total Budget	\$28,935,632	\$35,325,118	\$43,635,114	\$43,870,345
Total Positions	141	141	154	154

Litigation Costs – The Department has included an additional \$900,000 in its additional prioritized needs in both FY 2020 and FY 2021 to pay for litigation costs. RSA 7:12 permits the Department to request additional funds for unbudgeted litigation costs upon fiscal committee approval. To date, in the current biennium, the Department has requested and the fiscal committee has approved an additional \$2.1 million for litigation costs.

The prioritized special and problematic needs for the Department include:

- Permanent Associate Medical Examiner. Conversion of part-time position to a full-time position to meet increase in demand and achieve a manageable caseload per pathologist.
- Four additional Drug Task Force Investigators for critical regions of the State.
- Establish a permanent Civil Rights Unit.
- Paralegal position to support the Election Law Unit.
- Two Attorneys for the Cold Case Unit.

DIVISION I THINGS TO KNOW

Liquor Commission

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
Liquor Fund	\$63,338,180	\$75,394,885	\$74,172,975	\$77,509,494
Total Budget	\$63,575,423	\$76,018,670	\$74,830,973	\$78,177,244
Total Positions	344	344	344	344

The Commission operates 79 retail stores that generate over \$707 million in net sales. The stores are either leased or owned by the Commission. The budget line for rents and leases in the Store Operations accounting unit is about \$8.7 million per year for the coming biennium. New State-owned stores are added through the Capital Budget process and the bonds are paid from the Liquor Fund. The Debt Service budget request is \$3.7 in FY 2020 and \$5.4 million in FY 2021.

The Commission's additional prioritized needs budget includes \$1 million in FY 2020 and \$1.2 million in FY 2021 for subscriptions and support of the new NextGen Software system and \$440,000 in each year to install smart safes and provide armored car service to all stores.

Since FY 2010 the Operating Budget has recognized the Liquor Commission as a separate liquor fund outside of the general fund. Liquor revenue is transferred to the state general fund after deducting the Commission's administration expenses and the transfer to the Alcohol Abuse, Prevention and Treatment Fund. The transfers to the general fund for the past few years have been:

(In millions)	FY 2015	FY 2016	FY 2017	FY 2018
Income before transfers	\$152.1	\$157.3	\$153.9	\$156.0
Transfer to the Alcohol Abuse Prevention & Treatment Fund	0	(\$3.2)	(\$3.3)	(\$6.8)
Transfer to the General Fund	\$150.8	\$152.7	\$150.4	\$149.2

DIVISION I THINGS TO KNOW

Public Utilities Commission

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$0	\$0	\$0	\$0
Total Budget	\$30,326,296	\$29,759,742	\$30,214,364	\$30,286,477
Positions				
Public Utilities Commission	73	73	73	73
Consumer Advocate	5	5	5	5
Site Evaluation Commission	1	1	1	1

The Commission is a quasi-judicial agency within the executive branch. The Commission's core mission over is to ensure that public utilities provide safe and adequate service at just and reasonable rates. The Commission is funded almost exclusively by an assessment on the gross utility revenue of regulated utilities, pursuant to RSA 363-A.

The Office of Consumer Advocate - (OCA) is an independent agency with statutory responsibility to represent residential customers of regulated public utilities providing electric, natural gas or water services. The OCA primarily fulfills this responsibility by participating in proceedings before the New Hampshire Public Utilities Commission (PUC). The OCA advocates for reasonably-priced, safe and reliable utility services, as well as for well-designed and prudently-administered ratepayer funded programs. The Office is administratively attached to the Public Utilities Commission.

The New Hampshire Site Evaluation Committee - (SEC) was established by the Legislature for the review, approval, monitoring and enforcement of compliance in the planning, siting, construction and operation of energy facilities. There is one full-time Administrator. The SEC is administratively attached to the Public Utilities Commission.

DIVISION I THINGS TO KNOW

Renewable Energy Fund - In 2007, the Legislature established renewable portfolio standards (RPS) that require providers of electricity to meet specified percentages of their supply through renewable energy generation. If providers cannot obtain renewable energy certificates to meet the required percentages, they must make alternative compliance payments (ACPs) to the Renewable Energy Fund (REF). These payments fluctuate from year to year depending on the price and availability of renewable energy certificates in the regional energy market (CT, RI, MA, ME and NH), and the level of the ACPs in each of those states. Because the actual ACPs received are the product of a regional energy market outside of our control, the PUC cannot project revenues with certainty. Revenue to the REF for FY 2020 and FY 2021 budget is estimated at approximately \$5 million each year. Funds are distributed through rebate programs or competitive grants for programs such as:

- Residential electrical renewable energy rebate programs
- Low/Moderate income community solar energy
- Commercial and industrial rebate programs and competitive grants

Energy Efficiency Fund - The fund, established in RSA 125-O:23, is funded by New Hampshire's share of proceeds from Regional Greenhouse Gas Initiative auctions of CO2 emissions allowances. A portion of the fund is used to pay for commission and department costs to administer this subdivision, including contributions for the State's share of the costs of the RGGI regional organization. All amounts in excess of the threshold price of \$1 for any allowance sale are rebated to retail electric ratepayers on a per-kilowatt-hour basis, in a timely manner determined by the Commission. All remaining proceeds received by the State from the sale of allowances, excluding the amount used for commission and department administration under paragraph I, are allocated by the Commission as follows:

- At least 15 percent to the low-income core energy efficiency program.
- Beginning January 1, 2014, up to \$2,000,000 annually to utility core programs for municipal and local government energy efficiency projects, including projects by local governments that have their own municipal utilities.

DIVISION I THINGS TO KNOW

- The remainder to all-fuels, comprehensive energy efficiency programs administered by qualified parties which may include electric distribution companies as selected through a competitive bid process. The funding is distributed among residential, commercial, and industrial customers based upon each customer class's electricity usage to the greatest extent practicable as determined by the Commission.

Estimated revenues for the Energy Efficiency Fund are based on market predictions. The estimated revenue for FY 2020 and FY 2021 is approximately \$13 million each year. \$12.7 million was received in FY 2018. If revenues are less than projected, funds to the electric utility companies Core programs and refunds to ratepayers will be reduced accordingly. For more information see: <https://www.rggi.org/program-overview-and-design/elements>

Department of Corrections

	FY 2018 Actual	FY 2019 Adjusted	FY 2020 Request	FY 2021 Request
General Fund	\$115,013,542	\$123,706,975	\$133,480,633	\$136,547,972
Total Budget	\$117,850,201	\$128,513,061	\$137,897,876	\$141,040,459
Total Positions	973	973	977	977

The Department of Corrections stated mission is: “To provide a safe, secure, and humane correctional system through effective supervision and appropriate treatment of individuals, and a continuum of services that promote successful re-entry into society for the safety of our citizens and in support of crime victims.”

Overtime - The Department continues to experience increases in overtime expenditures due to vacant positions and the need to cover shifts for leave, workers compensation, training and military deployment. Overtime expenditures have consistently exceeded the appropriations for overtime. The Department currently has the ability to seek

DIVISION I THINGS TO KNOW

Governor and Council approval to transfer appropriations from permanent personal to overtime to provide coverage due to vacant positions. (Administrative Rule Adm 316.13)

The Department is employing several strategies to address the overtime situation such as:

- Offering corrections officers leaving the Department in good standing the opportunity to continue to work in a part-time position.
- Certify probation/parole officers as corrections officers to fill shifts.
- Utilize non-uniform staff for one-on-one observation.
- Peer support. Residents are paired with other residents under observation.
- Implementation of the new statewide scheduling/timekeeping software to automate the scheduling process and provide better analysis.
- The Department is requesting language to allow for transfers between personnel appropriations to help manage shortfalls.

Vacancies/Recruitment/Retention - In the fall of 2018, the Department had 125 vacant positions for a vacancy rate of 14.5%. The Department has employed a variety of strategies to improve recruitment and retention and, since FY 2014, has seen an increase in the ratio new hires over retirements and terminations. This improvement, along with the new scheduling software will eventually improve the Department's ability to control overtime costs.

Recent changes and accomplishments.

- The new Women's Prison became fully operational in April 2018.
- Two additional Canine Units were established.
- Body scanners have been installed in the prison facilities.
- Tablets for use by persons under department control have been deployed.
- Teamsters and SEA Union agreements increased uniformed staff salary by 9 percent.

DIVISION I THINGS TO KNOW

The prioritized special and problematic needs for the Department include:

- Four additional Probation/Parole Officers in the Division of Field Services to improve the caseload ratio.
- Additional information technology funding for replacement equipment, cybersecurity upgrades, and costs associated with scheduling/timekeeping software, and network improvements to support improved security.
- Drone detection systems.
- Cell phone detection devices.
- Body Cameras.

Judicial Council

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$29,469,720	\$29,325,061	\$32,652,806	\$33,474,042
Total Budget	\$29,471,720	\$29,325,061	\$32,652,806	\$33,474,042
Total Positions	3	3	3	3

Indigent defense costs are constitutionally mandated at both the State and federal level. The Council only reimburses for indigent services authorized by the Judicial Branch and works with the Branch to control indigent defense costs. RSA 604-A:1-b permits the Judicial Council to request additional funding for the purposes of indigent defense with fiscal committee approval if expenditures exceed appropriated amounts. In the current biennium, the Judicial Council has requested and the Fiscal Committee has approved \$1,235,000 of additional general funds to pay for indigent defense costs in excess of budgeted amounts.

DIVISION I THINGS TO KNOW

The Judicial Council's budget request for the biennium includes general funds of \$7 million in additional prioritized needs. The increases are being driven by the opioid crisis, tighter timelines under felonies first, and improved DCYF staffing.

DIVISION I THINGS TO KNOW

Category 3

Environmental Services

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Request	FY 2021 Request
General Fund	\$19,768,918	\$19,129,352	\$26,436,085	\$26,028,783
Total Budget	\$173,845,957	\$229,850,354	\$235,453,981	\$234,672,360
	474	476	484	484

The Department of Environmental Services consists of four divisions; Administration, Waste Management, Water, and Air Resources. The key changes included in the Department's Efficiency budget for FY 2020-2021 include:

- Funding for the Drinking Water / Groundwater Trust Fund, established in Chapter 11, Laws of 2016 established the fund with a portion of the proceeds from the *State vs Exxon Corp., et al.*, is included in the operating budget for the first time. The Fund provides financial assistance in the form of grants and loans for drinking water infrastructure and other eligible drinking water related projects. The FY 2020-2021 budget for the fund is \$32.5 million in each year. Chapter 11, Laws of 2016 established the fund with a portion of the proceeds from the *State vs Exxon Corp., et al.* At the end of FY 2018 the fund had a balance of \$279.4 million.
- Perfluorochemical (PFAS) Health Risk Assessment. Chapter 368, Laws of 2018 established two positions and directed the Department to evaluate ground water quality standards for PFAS, establish criteria for setting maximum contamination limits, and develop a plan for establishing surface water quality standards.
- Two former superfund sites will be turned over to the State for ongoing monitoring in the coming biennium.

State Aid Grants to Communities includes grants for wastewater projects (RSA 486), Public Water System Projects (RSA 486-A), and Landfill Projects (RSA 149-M). In the current biennium there is a moratorium on new projects:

DIVISION I THINGS TO KNOW

Chapter 156:144, Laws of 2017: *State Aid Grants; Department of Environmental Services. Notwithstanding RSA 486, for the biennium ending June 30, 2019, no state aid grants shall be made for any new infrastructure projects that would have otherwise been eligible for state aid grants under RSA 486, RSA 486-A, or RSA 149-M, except that infrastructure projects that had local authorization by December 31, 2008 to construct, but were not listed in 2013, 144:101, shall continue to be eligible for state aid grants subject to availability of funding. Nothing in this section shall affect the provision of the future water supply land protection grants under RSA 486-A if funding is available for such purposes.*

	FY 2018 Actual	FY 2019 Authorized	FY 2020 Efficiency	FY 2020 Additional Prioritized Need	FY 2021 Efficiency	FY 2021 Additional Prioritized Need
Wastewater Projects 1003	\$7,598,938	\$4,205,815	\$5,924,353	\$3,652,347	\$5,526,814	\$3,781,027
Public Water System Projects	\$791,421	\$701,865	\$778,070	0	\$624,048	0
Landfill Projects	\$658,248	\$476,036	\$402,626	0	\$395,824	0

In addition there is a footnote on each of these accounts prohibiting transfers for any other purpose and providing that the appropriations shall not lapse for the biennium.

The Department has requested \$3.65 million in FY 2020 and \$3.78 million in FY 2021, in additional prioritized needs, to pay for the next batch of eligible projects that obtained local funding authorization prior to the end of calendar year 2008. This request does not address funding for any new projects as the moratorium on the funding of new projects was continued through the end of the current biennium.

Division II

LBA
 January 2019

FISCAL YEAR 2018 ACTUAL EXPENDITURES AND FISCAL YEAR 2019 ADJUSTED AUTHORIZED APPROPRIATIONS

Division II by Agency - General Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2018 (Actual)	FY 2019 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	02-23	DEPARTMENT OF SAFETY	29,576,048	33,083,186	62,659,234	12.6%
2	03-75	FISH & GAME DEPARTMENT	799,912	808,180	1,608,092	0.3%
3	04-96	DEPARTMENT OF TRANSPORTATION	950,089	1,095,175	2,045,264	0.4%
4	06-50	UNIVERSITY SYSTEM OF NEW HAMPSHIRE	81,000,000	81,000,000	162,000,000	32.7%
5	06-56	DEPARTMENT OF EDUCATION	84,756,312	82,805,718	167,562,030	33.8%
6	06-58	COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE	46,475,000	47,075,000	93,550,000	18.9%
7	06-87	POLICE STANDARDS & TRAINING COUNCIL	3,092,161	3,623,060	6,715,221	1.4%
8	06-83	NEW HAMPSHIRE LOTTERY COMMISSION	0	0	0	0.0%
9		TOTAL	246,649,522	249,490,319	496,139,841	100.0%

LBA

January 2019

FISCAL YEAR 2018 ACTUAL EXPENDITURES AND FISCAL YEAR 2019 ADJUSTED AUTHORIZED APPROPRIATIONS

Division II by Agency - All Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2018 (Actual)	FY 2019 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	02-23	DEPARTMENT OF SAFETY	161,942,367	180,684,350	342,626,717	7.9%
2	03-75	FISH & GAME DEPARTMENT	32,093,252	32,399,588	64,492,840	1.5%
3	04-96	DEPARTMENT OF TRANSPORTATION	556,635,242	612,460,429	1,169,095,671	26.8%
4	06-50	UNIVERSITY SYSTEM OF NEW HAMPSHIRE	81,000,000	81,000,000	162,000,000	3.7%
5	06-56	DEPARTMENT OF EDUCATION	1,228,468,669	1,268,322,721	2,496,791,390	57.3%
6	06-58	COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE	46,475,000	47,075,000	93,550,000	2.1%
7	06-87	POLICE STANDARDS & TRAINING COUNCIL	3,092,161	3,623,060	6,715,221	0.2%
8	06-83	NEW HAMPSHIRE LOTTERY COMMISSION	8,877,572	10,469,873	19,347,445	0.4%
9		TOTAL	2,118,584,263	2,236,035,021	4,354,619,284	100.0%

DIVISION II THINGS TO KNOW

Multiple Agencies - Highway Funds

In the FY 2018/19 budget, highway funds are appropriated to the Department of Transportation, Department of Safety, Judicial Branch, and Department of Justice. Similar to the state general 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, to determine the level of spending, and the Ways and Means Committee to estimate available revenue. Traditional highway fund revenues are substantially comprised of road toll revenue and motor vehicle fees. Over the past several years temporary sources of revenue to the highway fund have been utilized, such as a surcharge on motor vehicle registrations, with the most recent being proceeds from the sale of a portion of I-95 to the Turnpike System.

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.

The FY 2016/17 biennium marked the first time in which the costs of collection and administration of highway funds by the Department of Safety were accounted for and budgeted for in the operating budget. In the prior budgets, all highway fund revenue collected by the Department was credited as unrestricted highway fund revenue, but since the FY 2016/17 budget, certain Department costs (as set in HB 1) are deducted from the gross revenue collected prior to revenue being credited to the highway fund. The amount appropriated in the operating budget as cost of collection and administration funds, mostly in the Division of Motor Vehicles, in FY 2018 and FY 2019 was \$30.6 million and \$31.4 million, respectively, and a budget request in FY 2020/21 of \$32.0 million and \$32.7 million, respectively.

DIVISION II THINGS TO KNOW

In addition to the constitutional requirement, RSA 9:9-b sets the following highway fund appropriation thresholds, as a percentage of total anticipated gross road toll and motor vehicle fees and fines for the biennium:

Department of Transportation - Not less than 73 percent

Department of Safety - Not to exceed 26 percent

All Other Agencies - Not to exceed 1 percent

Unrestricted Highway Fund Appropriations

Department of Safety - In addition to the cost of collection and administration appropriations, the operating budget includes \$30.9 million in FY 2018 and \$31.3 million in FY 2019 in unrestricted highway funds. The breakdown of those appropriations is as follows (in millions):

Description	FY 2018	FY 2019	Total
Division of State Police Accounting Units	\$15.2	\$14.9	\$30.1
<i>Office of Commissioner / Division of Administration</i>			
Transfers to Dept. of Information Technology	\$6.1	\$6.4	\$12.5
Other	\$4.4	\$4.4	\$8.8
Retiree Health	\$2.8	\$3.1	\$5.9
Bureau of Hearings	\$2.4	\$2.5	\$4.9
TOTAL	\$30.9	\$31.3	\$62.2

The Department's total unrestricted highway fund appropriation request for FY 2020 is \$34.6 million (*\$32.5 million efficiency budget plus \$2.1 million in additional prioritized needs*). For FY 2021, the total request is \$35.3 million (*\$33.4 million efficiency budget plus \$1.9 million in additional prioritized needs*).

Department of Transportation - The current budget includes \$202.8 million in FY 2018 and \$204.6 million in FY 2019 in unrestricted highway funds. The breakdown of those appropriations is as follows (in millions):

**DIVISION II
THINGS TO KNOW**

Description	FY 2018	FY 2019	Total
Division of Operations – Highway / Winter Maintenance	\$80.4	\$81.8	\$162.2
Division of Operations – Mechanical Services	\$10.6	\$10.8	\$21.4
Division of Operations – All Other	\$18.5	\$19.1	\$37.6
Division of Project Development	\$20.0	\$19.7	\$39.7
Debt Service	\$13.4	\$12.2	\$25.6
Retiree Health, Unemployment/Workers' Compensation	\$10.2	\$11.1	\$21.3
Transfers to Other Agencies	\$9.7	\$9.6	\$19.3
Executive Office, Finance, Policy and Administration	\$5.8	\$5.9	\$11.7
General Fund Overhead	\$2.6	\$2.6	\$5.2
Rideshare Program	<u>\$0.2</u>	<u>\$0.2</u>	<u>\$0.5</u>
<i>Total Operating Budget</i>	<i>\$171.4</i>	<i>\$173.0</i>	<i>\$344.5</i>
Highway Block Grants	\$31.1	\$31.2	\$62.3
Non-Participating Construction	<u>\$0.3</u>	<u>\$0.4</u>	<u>\$0.8</u>
<i>Total Municipal Aid and Construction</i>	<i>\$31.4</i>	<i>\$31.6</i>	<i>\$63.1</i>
TOTAL	\$202.8	\$204.6	\$407.4

The Department's total unrestricted highway fund appropriation request for FY 2020 is \$268.8 million (*\$205.7 million efficiency budget plus \$63.1 million in additional prioritized needs*). For FY 2021, the total request is \$272.3 million (*\$210.2 million efficiency budget plus \$62.1 million in additional prioritized needs*).

DIVISION II THINGS TO KNOW

Category 2

Department of Safety

The Department of Safety is comprised of the Divisions of Administration, Emergency Services and Communications, Fire Safety, Fire Standards and Training and Emergency Medical Services, Homeland Security and Emergency Management, Motor Vehicles, and State Police, as well as the Office of the Commissioner.

“Plea-By-Mail” Revenue - Pursuant to RSA 262:44, I, fine revenue received for most motor vehicle violations, in which the individual pleads guilty or nolo contendere and remits their payment by mail, is credited as agency income to the Department. Since FY 2014, approximately \$7.5 to \$8.5 million in “plea-by-mail” revenue has been appropriated across multiple areas of the Department’s budget, mostly for the Division of State Police Detective Bureau. For FY 2020 and beyond, the Department has proposed converting all plea-by-mail revenue and appropriations to general fund. In its budget request, the Department estimates plea-by-mail revenue to be \$8.4 million in each FY 2020 and FY 2021, and an appropriation request of \$10.2 million in FY 2020 and \$10.3 million in FY 2021, for the areas historically funded with plea-by-mail revenue.

Fire Standards and Training and Emergency Medical Services Fund (“Fire and EMS Fund”) – The Fire and EMS fund is a dedicated fund within the Department that is mainly utilized to fund areas within the Division of Fire Safety and Division of Fire Standards and Training and Emergency Medical Services. From FY 2015 to FY 2018, Fire and EMS fund revenue has not kept pace with its expenditures. Over this period, the fund balance has decreased from \$2.9 million to \$2.3 million, and it is projected by the end of FY 2019, the fund balance will dip below \$1.0 million. The Department has included a request of approximately \$2.0 million per year in general funds in the Division of Fire Safety to offset the use of the Fire and EMS fund.

DIVISION II THINGS TO KNOW

Criminal Records Revolving Fund – Currently, the revenue derived from criminal record information requests is retained by the Department to operating the Criminal Records Unit and the Permits and Licensing Unit, both within the Division of State Police. In the past few years, the actual expenditures of these two units has exceeded revenue collected, which led to the passage of HB 1316 (2018). This bill allocated \$400,000 of general fund revenue related to firearm permitting to the Permits and Licensing Unit in FY 2019 to reduce its draw on criminal records revenue. This bill also included a provision that prohibits criminal records revenue from funding the Permits and Licensing Unit in FY 2020 and beyond. The Department’s budget request for the Permits and Licensing Unit is approximately \$600,000 in each FY 2020 and FY 2021, plus and additional prioritized need request of \$100,000 per year for two positions.

Operation Granite Hammer / Operation Granite Shield - In the 2016 legislative session, HB 1000 expanded Operation Granite Hammer statewide to support state and local law enforcement in combating the heroin and opioid crisis. The bill made an appropriation for \$1.5 million in FY 2017 to be granted to county and local law enforcement agencies, as well as to the Division of State Police. Of the total \$1.5 million, nearly \$1.3 million was granted to county and local agencies and the remainder supported the Division of State Police, which includes the forensic laboratory. In the 2017 legislative session, SB 131 established the Cross Border Drug Interdiction Program, or “Operation Granite Shield”, which provided \$2.1 million to the Department for focused drug enforcement purposes including the hiring of five new troopers and overtime costs for the mobile enforcement unit, forensic lab, and narcotics and investigations unit. In addition, \$2.4 million was appropriated for grants to county and local law enforcement agencies for overtime costs relative to the program. The Department’s budget request includes funding to continue the five trooper positions, but does not include any additional funding for overtime or grants to county and local agencies.

DIVISION II THINGS TO KNOW

Category 3

Department of Fish and Game

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.

Most 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 off-highway recreation vehicles (OHRV) and snowmobile registrations; "non-refunded" road tolls for boats and OHRV, transfers and other agency income. Like the general and highway funds, the fish and game fund requires a surplus/deficit statement to compare expenditures to available revenue and also requires coordination between the Finance Committee that determines the level of spending and the Ways and Means Committee that estimates available revenue.

The Department traditionally has been appropriated \$50,000 per year of general funds for the non-game species management program, however, HB 1411 of the 2018 session increased this appropriation to \$100,000 in FY 2020 and each year thereafter. This is usually the only state general funds provided to the Department, however since 2015, the additional general fund support has ranged from \$600,000 to \$900,000 per year. The Department's budget request includes additional general fund support of \$3.5 million in FY 2020 and \$3.8 million in FY 2021.

DIVISION II THINGS TO KNOW

Category 4

Department of Transportation

The Department of Transportation is comprised of the Divisions of Policy and Administration, Aeronautics, Rail and Transit, Finance, Operations, and Project Development, as well as the Office of the Commissioner. The Department is funded mainly through state highway funds, turnpike funds, and federal funds. While comprised of multiple sources of funds, the Department’s budget has two major categories; operating (e.g., highway/winter maintenance, retiree health, Turnpike System collections, etc...) and municipal aid and construction (e.g., highway block grants, highway and bridge betterment account, “SB 367” funds, etc...).

Winter Maintenance – The Department of Transportation budgets much of its direct winter operation activities in a separate accounting unit within the Division of Operations. Over the past few budgets, winter maintenance has been funded at a level below actual realized need. The five-year average (FY 2014-18) for winter maintenance expense is approximately \$29.2 million.

	FY 2014	FY 2015	FY 2016*	FY 2017	FY 2018	FY 2019
Budgeted Amount	\$22.16	\$22.83	\$22.75	\$23.11	\$23.14	\$23.14
Transfer From Highway Surplus	<u>\$10.02</u>	<u>\$8.84</u>	<u>\$0.00</u>	<u>\$9.11</u>	<u>\$10.20</u>	<u>\$6.48</u>
<i>Total Available (Not including Other Transfers)</i>	<i>\$32.18</i>	<i>\$31.66</i>	<i>\$22.75</i>	<i>\$32.22</i>	<i>\$33.34</i>	<i>\$29.62</i>
Total Actual Expenditures	\$29.30	\$31.10	\$19.70	\$32.80	\$33.00	TDB

* In 2016, it was identified there was excess appropriations in the winter maintenance and highway maintenance accounts, attributable to a light winter. Through HB 2016, a total of \$8.6 million was allocated for other purposes; \$4 million for highway and bridge betterment district resurfacing and rehabilitation programs, \$2.3 million for the state aid bridge program, and \$2.3 million for the purchase of fleet vehicles.

DIVISION II THINGS TO KNOW

“SB 367” (2014 Road Toll Rate Increase) – Passed in the 2014 Session, SB 367 required a consumer price index (CPI) adjustment to the road toll rate effective July 1, 2014 (FY 2015). This resulted in the road toll rate per gallon increasing \$0.042 from \$0.18 to \$0.222, an increase of approximately \$34.0 million per year. The law requires any revenue raised by this adjustment be non-lapsing and continually appropriated to, and expended exclusively by, the Department of Transportation. In FY 2020, and each year thereafter, the funds, less required highway block grant payments, will be (1) debt service for bonds issued to complete the widening of I-93, (2) \$6.8 million for the state aid bridge program, and (3) the remainder to the highway and bridge betterment account.

Highway Fund State Aid – The Department of Transportation’s budget includes two major state aid programs; the state aid bridge program and highway block grants.

- **State Aid Bridge Program:** This program allows for municipalities to apply for an 80% state contribution for certain bridge projects. Prior to the FY 2016/17 budget, this program had been funded at \$6.8 million for several years. In FY 2015, the first year of SB 367 revenue, this program was appropriated \$6.8 million in unrestricted highway funds as well as \$9.1 million from SB 367 revenue, for a total of \$15.9 million. Since then, the program has received \$6.8 million per year from SB 367 revenue, a one-time transfer of excess winter maintenance funds of \$2.3 million in FY 2016 (HB 2016, 2016), and general fund appropriations of \$6.8 million in FY 2017 (SB 38, 2017) and \$10.4 million in FY 2019 (HB 1817, 2018).
- **Highway Block Grants:** Also referred to as Apportionment A, highway block grants are distributed by the Department to all municipalities. The total amount disbursed is equal to 12 percent of the previous year’s total gross road toll and motor vehicle revenue. In addition to the unrestricted highway fund appropriation for highway block grants, the SB 367 accounting unit also includes a class line for highway block grants attributable to the revenue collected under the SB 367 road toll rate increase. Also, in FY 2017, a one-time general fund appropriation of \$30.0 million was made (SB 38, 2017), to be disbursed pursuant to the highway block grant formula.

DIVISION II THINGS TO KNOW

Category 6

Department of Education

Adequate Education Aid – The Department distributes grants from the state education trust fund based on the number of students in grades kindergarten through grade 12 who were legal residents of New Hampshire to municipalities. Kindergarten students are counted as no more than half. The base cost and differentiated aid per pupil for FY 2020 and FY 2021 are as follows –

Base Cost	\$3,708.78
<i>Differentiated Aid</i>	
Free or Reduced Lunch	\$1,854.38
English Language Learner	\$ 725.63
Special Education	\$1,995.21
Grade 3 Reading Non-Proficient	\$ 725.63

The State Wide Education Property Tax assessment (SWEPT) is deducted from the calculated cost of an adequate education to arrive at a preliminary grant amount (prior to the application of a stabilization grant). SWEPT rates are established by the Department of Revenue Administration by determining the rate needed to raise the statutorily required amount of approximately \$363 million statewide. The stabilization grant, if applicable, is then added to the preliminary grant. The stabilization grant for each municipality remained the same dollar amount from FY 2012 through FY 2016. Beginning in FY 2017, the stabilization grant will be reduced by 4% of the original amount until phased out in 25 years. Also beginning in FY 2017, any town which has no students or raises an amount equal to their calculated cost of an adequate education through SWEPT, shall receive no stabilization grant.

The total amount appropriated for adequacy grants in FY 2019 is \$912.1 million, however anticipated expenditures are projected at \$915.3 million. The FY 2020 preliminary estimate is \$914.8 million.

DIVISION II THINGS TO KNOW

Public Charter School Funding - The State has paid a per pupil amount to approved chartered public schools since FY 2007. Similar to adequate education funding for traditional public schools, charter school funding comes from the state education trust fund. For the FY 2020/21 biennium, charter school per pupil funding will be calculated at the same rate of traditional public schools, plus an additional \$3,479.22 per pupil. The additional grant for the Virtual Learning Academy Charter School will be \$2,076.72 in FY 2020 and \$2,118.25 in FY 2021. Charter school payments are made in four installments over the course of the school year based on current year enrollment. The total amount appropriated for charter school funding in FY 2018 and FY 2019, was \$34.1 million and \$36.4 million, respectively, and the Department has included approximately \$40 million per year in its budget request for payments to charter schools.

School Building Aid / School Infrastructure Fund - The School Building Aid program pays an amount of local school districts bond principal payments for qualifying construction projects. Since FY 2011, with the exception of FY 2018, there has been a moratorium in place on aid for new projects. Under current law, this moratorium is set to expire on June 30, 2019. In the current budget, appropriations relative to school building aid are included in both the Treasury Department, debt service payments for bonds issued for school building aid payments in 2009/10, and Department of Education, to cover the so-called "tail" (previously approved projects) payments for school building aid.

	Actual Expenditures							Budget Amount	Agency Budget Request	
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Building Aid Debt Service	\$14.6	\$14.4	\$14.0	\$13.6	\$13.2	\$12.7	\$12.3	\$11.9	\$11.5	\$8.3
Building Aid Tail Payments	\$48.9	\$47.1	\$44.2	\$43.3	\$40.8	\$37.1	\$34.2	\$33.0	\$32.0	\$30.0
Funding For New Projects	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.3	\$0.0	\$6.5	\$11.7
Total	\$63.5	\$61.5	\$58.2	\$56.9	\$54.0	\$49.8	\$48.8	\$44.9	\$50.0	\$50.0

DIVISION II THINGS TO KNOW

Public School Infrastructure Fund – As part of the FY 2018/19 budget, the Public School Infrastructure Fund was established with \$18.7 million from the general fund surplus and in FY 2018 (HB 1415) another \$10.0 million was appropriated to the fund. Expenditures of the fund, which must be approved by the Fiscal Committee and Executive Council, have mostly been school security improvements. The entirety of the fund’s balance has been committed and under current law the fund will be repealed effective July 1, 2019.

Special Education Aid – Special Education Aid, formally referred to as “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. Special Education 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. In the FY 2018/19 budget, the Special Education program was funded at \$22.3 million in each year. In FY 2018, the total calculated “entitlement” for all districts was \$30.8 million, resulting in an overall program proration of 72.4%.

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 education centers. 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. The Department calculates a statewide tuition rate through the administrative rules process to be used by every district. Under this calculation, all districts will receive the same dollar amount of aid per student. From FY 2012 through FY 2019, the general fund appropriation for this program has been between \$6.9 million and \$7.5 million, and the Department estimates an additional \$3.5 million in each FY 2020 and FY 2021 above traditional funding levels, would fully fund this aid program. State aid tuition and transportation is used as a substantial portion of the Department’s maintenance of effort requirement for the federal funds it receives as part of the Carl Perkins grant program.

DIVISION II THINGS TO KNOW

University System of New Hampshire

In the state operating budget, funding for the University System of New Hampshire (USNH) is made through a block appropriation. For each FY 2017 and FY 2018, state general fund appropriations for USNH are \$81.0 million. For the past several budgets, all state appropriations to USNH have been used to subsidize the tuition rate for NH residents and fund statutory programs, such as the cooperative extension. The USNH ongoing state operating support request is \$83.0 million in FY 2020 and \$84.0 million in FY 2021. Also in the USNH budget request \$27.0 million in additional prioritized needs (\$12 million in FY 2020 and \$15 million in FY 2021) for a one-time investment, allocated over the biennium equally between the University of New Hampshire, Plymouth State University, and Keene State College.

Community College System of New Hampshire

Similar to the University System, the Community College System of New Hampshire (CCSNH) receives state funding through a block appropriation. For FY 2018 and FY 2019, state general fund appropriations for CCSNH are \$46.5 million and \$47.1 million, respectively. CCSNH has stated its budget request of \$55.9 million in FY 2020 and \$57.2 million in FY 2021 would avoid a tuition increase, fund anticipated personnel and other cost increases, and provide targeted scholarships to students.

Lottery Commission

The Lottery Commission includes the Lottery Division and the Racing and Charitable Gaming Division, which was merged into the Lottery Commission in the last budget. The Lottery Commission's budget includes only sweepstakes fund appropriations, with all net revenue transferred to the education trust fund.

Police Standards and Training Council

The Police Standards and Training Council (PSTC) sets the hiring and educational standards for state law enforcement officers, as well as operates the NH Police Academy, NH Corrections Academy and regional part-time officer basic training classes. The PSTC budget is 100% general funds.

Division III

LBA

January 2019

FISCAL YEAR 2018 ACTUAL EXPENDITURES AND FISCAL YEAR 2019 ADJUSTED AUTHORIZED APPROPRIATIONS

Division III by Agency - General Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2018 (Actual)	FY 2019 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	05-95-42	HUMAN SERVICES	88,093,290	88,767,105	176,860,395	12.4%
2	05-95-45	TRANSITIONAL ASSISTANCE	35,395,154	42,405,709	77,800,863	5.5%
3	05-95-47	OFFICE OF MEDICAID & BUSINESS POLICY	218,032,894	246,383,000	464,415,894	32.5%
4	05-95-48	ELDERLY & ADULT SERVICES	33,817,270	38,326,866	72,144,136	5.1%
5	05-95-90	DIVISION OF PUBLIC HEALTH	16,113,229	16,614,422	32,727,651	2.3%
6	05-95-91	GLENCLIFF HOME	6,964,975	8,110,425	15,075,400	1.1%
7	05-95-92	DIVISION OF BEHAVIORAL HEALTH	25,757,437	30,515,527	56,272,964	3.9%
8	05-95-93	DIVISION OF DEVELOPMENTAL SERVICES	154,587,297	168,044,872	322,632,169	22.6%
9	05-95-94	NEW HAMPSHIRE HOSPITAL	32,524,528	31,406,840	63,931,368	4.5%
10	05-95-95	OFFICE OF THE COMMISSIONER	49,363,576	62,669,515	112,033,091	7.8%
11	05-43	NH VETERANS HOME	15,112,493	16,965,443	32,077,936	2.2%
12	05-66	NH OFFICE OF VETERANS SERVICES	535,762	684,059	1,219,821	0.1%
13		TOTAL	676,297,905	750,893,783	1,427,191,688	100.0%

LBA

January 2019

FISCAL YEAR 2018 ACTUAL EXPENDITURES AND FISCAL YEAR 2019 ADJUSTED AUTHORIZED APPROPRIATIONS

Division III by Agency - All Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2018 (Actual)	FY 2019 (Adj. Auth)	BIENNIUM	% OF DIVISION TOTAL
1	05-95-42	HUMAN SERVICES	187,470,530	194,183,427	381,653,957	7.7%
2	05-95-45	DIVISION OF FAMILY ASSISTANCE / CLIENT SERVICES	87,924,519	93,842,255	181,766,774	3.7%
3	05-95-47	OFFICE OF MEDICAID & BUSINESS POLICY	1,023,667,396	1,011,694,748	2,035,362,144	41.0%
4	05-95-48	ELDERLY & ADULT SERVICES	441,150,734	441,470,347	882,621,081	17.8%
5	05-95-90	DIVISION OF PUBLIC HEALTH	79,371,953	86,596,058	165,968,011	3.3%
6	05-95-91	GLENCLIFF HOME	14,519,683	16,221,299	30,740,982	0.6%
7	05-95-92	DIVISION OF BEHAVIORAL HEALTH	60,553,949	73,595,210	134,149,159	2.7%
8	05-95-93	DIVISION OF DEVELOPMENTAL SERVICES	327,486,058	363,105,910	690,591,968	13.9%
9	05-95-94	NEW HAMPSHIRE HOSPITAL	69,425,405	74,652,028	144,077,433	2.9%
10	05-95	OFFICE OF THE COMMISSIONER	116,566,631	129,113,426	245,680,057	5.0%
11	05-43	NH VETERANS HOME	31,172,749	36,550,392	67,723,141	1.4%
12	05-66	NH OFFICE OF VETERANS SERVICES	535,762	884,059	1,419,821	0.0%
13		TOTAL	2,439,845,369	2,521,909,159	4,961,754,528	100.0%

DIVISION III THINGS TO KNOW

Category 5

Division of Human Services

Child Development Program - The Child Development Program is responsible for complying with the regulations of the federal Child Care and Development Fund (CCDF), including both the child care scholarship and mandatory child care quality improvement initiatives. The NH Child Care Scholarship program supports family self-sufficiency and reduces family dependence on public assistance programs by providing assistance with the cost of child care so families may maintain gainful employment, participate in training for a vocation, or participate in short-term job search. The program's operating budget contained \$11.4 million in general funds in FY 2018 and \$11.8 million FY 2019. The general fund component of the agency budget request is \$15.7 million in FY 2020 and \$15.6 million in FY 2021.

Child Protection / Child & Family Services- In response to an independent review of the Division for Children, Youth, and Families (DCYF) which, among other things, found social worker caseloads significantly above the national average, the FY 2018/19 budget added funding for 20 child protective service workers above the FY 2016/17 level. The following year, Chapter 337, Laws of 2018 (SB 592) funded an additional 17 child protective social workers, eight child protective service workers, two contracted licensed alcohol and drug counselors, two staff attorneys, and two social worker supervisors. The same bill also provided additional funding for foster care rates and foster care and adoption programs, home visiting services, child care services, and voluntary services for children, youth, and families. The general fund component of the agency budget request for Child Protection and Child & Family Services, the two accounts that are the biggest components of DCYF, is \$71.5 million in FY 2020 and \$81.2 million in FY 2021. This compares to general fund appropriations of \$41.4 million in FY 2018 and \$43.6 million in FY 2019. In part, the increase reflects 89 positions above the FY 2019 level in FY 2020 and another 49 positions in FY 2021. These additional positions consist of program specialists, public health nurses, child protective service workers, case aides, secretaries, and supervisors. The Department also proposes to use the increased funds for overtime costs, services for 2,000 high-risk families, rate-setting and program redesign for community-based services and out-of-home placement, and to raise the age for foster care and adoption to 21.

DIVISION III THINGS TO KNOW

Sununu Youth Services Center - The John H. Sununu Youth Services Center (SYSC) is a 144-bed secure rehabilitation and detention facility. The co-ed facility serves both adjudicated and detained youth. Chapter 156:158-174, Laws of 2017 (HB 517, the budget trailer bill) made a variety of changes to the SYSC, with the general goals of reducing the census, serving a larger number of youth in community settings, and repurposing the Center's unused capacity. To this end, the budget and trailer bill appropriated \$8.7 million in total funds over the biennium for rate increases and additional capacity for out-of-home placements, as well as \$2 million in unspent Governor's Commission funds (see Bureau of Drug and Alcohol Services below) for the construction of a drug treatment facility in the unused portion of the Center. (Neither appropriation was contained within the SYSC's own budget, but was instead budgeted elsewhere within the Department.) The drug treatment facility opened in November 2018 and houses 36 beds for youth aged 12 to 18.

In addition to these changes, the operating budget reduced the SYSC's appropriation from \$12.2 million in FY 2018 to \$7.2 million in FY 2019, a reduction partially restored with the passage of HB 1743 the following year. That bill (codified as Chapter 355, Laws of 2018) restored up to \$2.7 million in FY 2019 contingent upon Fiscal Committee approval, and established a committee to study alternatives to the continued use of the SYSC facility. The committee issued its report on November 1, 2018, and, among other things, recommended that the unused "Pod G" be converted into either (1) a privately run substance use disorder outpatient facility for juveniles, or (2) a facility for pregnant teen and teen parent programs. The agency's budget request for the SYSC is \$14.4 million in FY 2020 (\$13.6 million general funds) and \$14.7 million in FY 2021 (\$13.9 million general funds).

Bureau of Child Support Services - The core mission of the Bureau of Child Support Services (BCSS) is to locate parents, establish paternity, establish and enforce legal orders for support, and collect and distribute child support. Services provided by BCSS allow families with children to receive the support they are owed in order to maintain or achieve self-sufficiency. Recipients of assistance under the Temporary Assistance to Needy Families (TANF) program are automatically provided services as a condition of their eligibility for public assistance. TANF recipients must assign their rights to child support to the state, and amounts collected help the state and federal government recover a portion of the cost of public assistance expenditures. The operating budget contained \$3.2 million in FY

DIVISION III THINGS TO KNOW

2018 and \$3.3 million in FY 2019 in general funds for child support services. The agency's general fund request is \$4.6 million in FY 2020 and \$4.7 million in FY 2021.

Division of Transitional Assistance

Temporary Assistance to Needy Families (TANF) - Provides cash assistance and emergency assistance to families with children in which one parent is absent, incapacitated, or deceased, who meet financial eligibility requirements. The four purposes of the program are to:

- 1) Assist needy families so that children can be cared for in their own homes;
- 2) Reduce dependency of needy parents by promoting job preparation, work and marriage;
- 3) Prevent and reduce out-of-wedlock pregnancies; and
- 4) Encourage the formation and maintenance of two-parent families.

New Hampshire receives a \$38.0 million federal block grant and must spend \$32.0 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 amount of noncompliance; and
- 2) The state will be required to expend additional state TANF MOE funds in the TANF program equal to the amount by which the state fell short of meeting the MOE requirement.

After the state MOE has been met, any unspent federal TANF funds are held in a TANF reserve account. As of September 30, 2018, the TANF reserve contained \$55 million. SB 313 and SB 592 from the 2018 session each made appropriations from the reserve in FY 2019, but stipulated that those appropriations could only be spent if the reserve maintained a balance of at least \$40 million.

Employment Support - The New Hampshire Employment Program (NHEP) supports purchased services for barrier resolution and job skills training for public assistance recipients to increase self-sufficiency and reduce the need for

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public assistance. Part of this functional area is the Food Stamp Employment and Training Program. To meet Federal requirements, the division operates a voluntary employment and training program to assist with job search training and reimbursement for some job search expenses, such as mileage. The operating budget contained general fund appropriations of \$3.7 million in each of FY 2018 and FY 2019. The general fund component of the agency budget request is \$5.2 million in each of FY 2020 and FY 2021.

Supplemental Nutrition Assistance Program (SNAP) - This program, formerly known as the Food Stamp program, helps to alleviate hunger and malnutrition by enabling needy households to purchase a nutritionally adequate diet through the normal channels of trade. SNAP benefits are funded 100% by the Federal Government. The State and Federal Government share administrative costs on a 50/50 basis. Nutrition Education is provided to Food Stamp clients through a contract with UNH Cooperative Extension. Food Stamps are issued via Electronic Benefit Transfer (EBT cards).

State Supplemental Programs - Develop and implement income and resource criteria for eligibility for cash assistance in the Old Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Needy Blind Programs. All three State supplemental categories are mandated in the Social Security Act and are budgeted based on historical trend data and to reflect federally mandated maintenance of effort (“MOE”) requirements. To maintain federal Medicaid funds the State must maintain minimum payment levels in its State Supplemental Programs.

- ***Old Age Assistance (OAA)*** - Provides financial assistance for low-income seniors. This grant is generally a supplement to Social Security or Supplemental Security Income benefits and helps low-income seniors maintain a standard of living compatible with decency and health. This program is funded solely with general state funds.
- ***Aid to the Permanently and Totally Disabled (APTD)*** - Provides financial assistance to needy individuals between the ages of 18 and 64 who meet the eligibility requirements including a physical or mental disability that is expected to last at least 4 years. The program is also funded entirely by state general funds.

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- *Aid to the Needy Blind (ANB)* - Provides financial assistance to individuals who meet other eligibility requirements and either have no eyesight or have eyesight with corrective glasses so defective as to prevent accomplishing everyday activities requiring eyesight. This program is also funded by state general funds.

Office of Medicaid Business and Policy

Uncompensated Care Fund - Disproportionate Share Hospital (DSH) payments were authorized by the federal government in the early 1980s as a form of relief for hospitals that served a disproportionate share of indigent patients. The intent was for the Medicaid program to reimburse hospitals for uncompensated care costs, defined as the Medicaid shortfall (the difference between the actual cost of services and the amount paid by Medicaid), plus the unpaid cost of care for uninsured individuals.

RSA 84-A requires hospitals to pay a Medicaid Enhancement Tax (MET) on net patient services revenue. Prior to 2011, the state made uncompensated care payments to each hospital equal to the amount of MET paid by that hospital. These payments were effectively funded half with MET revenue and half with federal matching funds, while the other half of MET collections were retained by the state as unrestricted general fund revenue. Between FY 2011 and FY 2014, the state made multiple changes to the DSH distribution formula, eventually instituting a comprehensive revision in 2014. This comprehensive revision was the result of a settlement agreement with the hospitals, which had filed suit over the constitutionality of the MET. In 2016, the hospitals, along with hospitals in other states, filed suit against the federal Centers for Medicare and Medicaid Services (CMS) over the federal methodology for determining uncompensated care costs. This second round of lawsuits resulted in another settlement agreement with the state in 2018, linking uncompensated care payments to MET revenue through FY 2024.

The 2018 settlement agreement was codified in state law by Chapter 162:31-34, Laws of 2018 (HB 1817). The agreement requires the state to make the following payments to hospitals from FY 2020-24 (the agreement was effective beginning in FY 2018, with a slightly different distribution formula in the first two years):

- (1) An amount equal to 86 percent of MET revenue in the form of uncompensated care payments;

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- (2) An amount equal to 5 percent of MET revenue in the form of provider rate increases; and
- (3) Up to \$250,000 per year to each “deemed disproportionate share hospital” as defined in federal law, of which New Hampshire typically has two to three per year.

Although the agreement directly ties uncompensated care payments to the amount of MET revenue collected, it does so only in the aggregate, unlike the pre-2011 arrangement in which individual hospitals received payments equal to the amount of MET they paid to the state. As with the 2014 agreement, MET revenue remaining after the above items are fulfilled is dedicated to the state’s Medicaid managed care program, effectively freeing up general funds that would otherwise be spent on that program. In keeping with the assumptions made during settlement negotiations, the agency budget request for FY 2020 assumes \$260.9 million in MET revenue, of which \$118.7 million will be distributed to the hospitals (along with matching federal funds) and \$142.2 million will be available for Medicaid managed care.

Medicaid Care Management - This account (the largest in the DHHS budget) includes appropriations for payments to the managed care organizations (MCOs) under contract with the state. Medical services are provided by medical providers enrolled in the Medicaid program. The MCOs pay negotiated contracted rates to the providers for the services they provide to Medicaid clients. The Medicaid program pays the MCOs actuarially-determined per member per month rates for coverage of the Medicaid population. The current operating budget appropriated \$709.9 million in FY 2018 and \$737.7 million in FY 2019, while the agency budget request is \$673.0 million in FY 2020 and \$684.4 million in FY21. The reduction is attributable to the movement of the Children’s Health Insurance Program (CHIP) out of the managed care accounting unit. Including CHIP, the agency’s total managed care request is \$747.5 million in FY 2020 and \$759.0 million in FY 2021. (These numbers reflect total funds, including general funds, federal funds, and MET funds).

New Hampshire Granite Advantage Health Care Program - Chapter 3, Laws of 2014 (SB 413) established the New Hampshire Health Protection Program. Restructured and renamed the Granite Advantage Health Care Program by Chapter 342, Laws of 2018 (SB 313), the program provides health coverage to citizens with incomes up to 138 percent of the federal poverty level. In accordance with the federal Patient Protection and Affordable Care Act,

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federal Medicaid funds initially paid for 100% of benefits, with the federal share declining on an annual basis beginning January 1, 2017. The federal share is 93% as of January 1, 2019 and will drop to 90% effective January 1, 2020, where under current federal law it will permanently remain. For the duration of the program's current reauthorization, which lasts from December 31, 2018 through December 31, 2023, the non-federal share of costs is to be funded primarily from the following three sources:

- (1) Insurance Premium Tax revenue attributable to premiums written for services provided to the Program's population;
- (2) Revenue transferred from the alcohol abuse prevention and treatment fund (see the Governor's Commission on Alcohol and Drug Abuse Prevention, below); and
- (3) Revenue received from the assessment on insurers under RSA 404-G.

Program expenditures are made from a special non-budgeted trust fund established by RSA 126-AA:3. In addition to the three main revenue sources noted above, the trust fund may accept gifts, grants, and donations, as well as surplus funds generated as a result of MCOs managing the cost of services below the medical loss ratio established by the commissioner. The 2018 reauthorization altered the program by providing coverage through MCOs. Previously, most participants received coverage via qualified health plans offered on the federally facilitated exchange. The Department has projected that the shift to MCO coverage will have the effect of keeping program expenditures lower than they would have been under the previous model. Total expenditures for the New Hampshire Health Protection Program in FY 2018, at which time participants were covered through qualified health plans, were \$426.9 million. As of December 2018, total enrollment was approximately 52,000.

Bureau of Elderly and Adult Services (BEAS)

County-State Cost Sharing – Under the current statutory structure for funding of long-term care services, federal funds pay 50% of the rates for long-term care and medical services, while the State or counties pay the non-federal share (50%). The State pays the non-federal share of costs for medical services, while the counties pay the non-federal share of nursing home and home and community based care services. County payments are capped in RSA 167:18-a at \$117.6 million for FY 2018 and \$119.9 million for FY 2019. Caps in future years are established by the

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Legislature on a biennial basis. Counties also receive an aggregate credit of \$5 million per year, intended to prevent them from paying more than they would have paid under a previous cost sharing arrangement with the state.

Medicaid Quality Incentive Program (MQIP) - MQIP is funded by the Nursing Facility Quality Assessment (also known as the "Bed Tax"). In accordance with RSA 84-C:2, a 5.5% assessment on nursing facilities net patient services revenues is collected by the Department of Revenue Administration. The Department transfers the amount 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 supplement the Medicaid rate paid to nursing facilities. Payments are based on Medicaid bed days.

Proportionate Share Program (Proshare) - Proshare provides additional federal funds to county-owned nursing facilities. The additional payments make up the difference between the Medicaid rates paid 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 the aggregate, each additional dollar of MQIP funds received by county nursing facilities results in a one dollar decrease in Proshare payments. The Department revised its ProShare calculation methodology in 2018, resulting in increased ProShare payments to counties.

Budget Neutrality - The Department is permitted by the federally approved State Medicaid Plan to apply a budget neutrality factor to rates to ensure payments do not exceed 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 nursing services at each facility and projected nursing home bed utilization. If the Department estimates the expenditures will exceed available appropriations, they apply a budget neutrality factor, or rate reduction. For example, if the Department estimates nursing services expenditures will total \$220 million and appropriations are \$200 million, they would apply a budget neutrality factor in order to reduce total expenditures by \$20 million. In this instance, the neutrality factor applied to rates would be 9.1%.

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Grants to Locals - Other non-Medicaid social services. These include a variety of home and community-based services designed to prevent nursing home placement for individuals age 60 and older and promote their independence. The services are part of the safety net targeted to the low-income elderly who may not meet Medicaid eligibility criteria. The primary programs administered in this unit are funded with federal funds under the Older Americans Act and the Social Services Block Grant and with State general funds. Services provided include: home-delivered and congregate meals programs, transportation services, homemaker and home health aide services, and personal care services. These services are provided by BEAS' community partner agencies statewide. The operating budget appropriated general funds of \$12.2 million in each of FY 2018 and FY 2019. The general fund component of the agency budget request is \$13.0 million in FY 2020 and \$13.1 million in FY 2021.

Division of Behavioral Health

Bureau of Drug and Alcohol Services - The Bureau of Drug and Alcohol services provides administrative oversight, in collaboration with the Division of Public Health Services, of regional public health networks for the development and implementation of strategies relative to substance misuse prevention and school-based student prevention programs. In addition to other responsibilities, the Bureau administers impaired driver rehabilitation service programs, including impaired driver care management intervention programs and approximately 150 independent impaired driver treatment service providers. The Bureau is also responsible for oversight of substance use disorder treatment programs as well as for-profit methadone clinics.

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 to be placed into this continually appropriated, non-lapsing fund for alcohol education and abuse prevention and treatment programs. From FY 2004 through FY 2015 the Legislature suspended this law, instead appropriating a fixed dollar amount that was generally lower than the five percent of Liquor profits required by statute. From FY 2016 through FY 2018, the share of gross Liquor profits dedicated to the Alcohol Fund fluctuated from 1.7 percent to 3.4 percent. Chapter 342:13 from 2018 (SB 313) reinstated the five percent allocation, while stipulating that alcohol funds be transferred to the Granite Advantage Health Care Trust Fund and used to partially fund the non-federal share of the Granite Advantage Program (see section on the Granite Advantage Program above.) The bill also required the Department

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to use available federal or other funds to fund any program approved by the Governor's Commission, essentially ensuring that the full five percent of Liquor profits will remain available for the Commission's use.

Community Mental Health Services - Mental health services are provided by community mental health centers under agreements with the state. These services are a 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 Americans with Disabilities Act (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. In February of 2014, in response to a class action suit, the state agreed to a settlement to expand and enhance mental health service capacity in integrated community settings. The FY18/19 budget included funding for designated receiving facility beds, transitional step-down beds, and one mobile crisis team; due to lack of responses on the part of prospective vendors, as of December 2018, the Department had not entered into contracts for any of the three services. Chapter 343:12, laws of 2018 (SB 590) authorized the Department to use the mobile crisis team appropriation for a stationary behavioral health crisis treatment center. The Commissioner has stated that he plans on bringing a contract for this service to Governor and Council in January 2019.

Community mental health services are funded partially out of the Medicaid Care Management account and partially out of a CMH Program Support account. The latter account received a general fund appropriation of \$17.5 million in FY 2018 and \$19.4 million in FY 2019. The general fund component of the agency budget request for the same account is \$30.1 million in FY 2020 and \$30.2 million in FY 2021. The increase is due in part to proposed rate increases for mobile crisis teams, additional program capacity to keep wait times for supported housing to a maximum of six months, increased step-up and step-down options for those experiencing a mental health crisis, and community-based options to divert people from the emergency room.

New Hampshire Hospital (NHH) and Glenclyff Home for the Elderly

New Hampshire Hospital (NHH) and Glenclyff Home for the Elderly are state facilities that serve individuals with mental illness. The institutions operate 24 hours per day year round. Both institutions are components of the statewide mental health system. Insufficient community mental health resources increase the need for beds at

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NHH. A shortage of beds at NHH has increased the demand on hospital emergency rooms, caused long waits in emergency rooms for citizens needing specialized treatment, and resulted in inefficient care and higher overall costs. In response to the situation, the Department opened 12 additional beds in the spring of 2013 and a 10-bed psychiatric crisis unit opened on July 1, 2016. The operating budget appropriated general funds of \$30.6 million in FY 2018 and \$30.9 million in FY 2019. The general fund component of the agency budget request is \$38.2 million in FY 2020 and \$39.0 million in FY 2021. The increase is due in part to the addition of 54 positions above the FY 2019 adjusted authorized level, and includes additional social workers, mental health workers, and registered nurses.

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 program is a significant part of the Medicaid program. Chapter 363, Laws of 2007 required, beginning in FY 2010, the Department to budget 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. 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. These lists are often referred to as the “DD Waitlist.” The operating budget appropriated general funds of \$125.5 million in FY 2018 and \$130.9 million in FY 2019; Chapter 343:3, Laws of 2018 (SB 590) added \$2.7 million to the FY 2019 amount. The general fund component of the agency’s budget request is \$157.8 million in FY 2020 and \$162.6 million in FY 2021. Among other things, the increase is due to the cost of funding students leaving the school system and entering adult services, room and board for service recipients, and a 2.5 percent rate increase for area agencies.

New Hampshire Veterans Home

The New Hampshire Veterans Home provides long-term care and treatment services to the elderly and disabled veteran population. The home has three funding sources: general funds, federal funds in the form of per diem payments based on the resident’s acuity, and payments from the residents. The general fund appropriation for the Veterans Home was \$16.5 million in FY 2018 and \$16.7 million in FY 2019. The agency has requested \$17.9 million in FY 2020 and \$18.3 million in FY 2021. The Home has a unique budget footnote permitting additional revenue to

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be expended, and permitting the home to spend appropriations if budgeted revenues are not achieved, ultimately resulting in a cost to the general fund.

Veterans Services

The objective of the Office of Veterans Services is to assist veterans or their dependents in securing all benefits or preferences to which they are entitled under any state or federal laws or regulations. The Office's appropriation (which is 100 percent general funds) was \$0.6 million in FY 2018 and \$0.7 million in FY 2019. The agency budget request is \$0.8 million in each of FY 2020 and FY 2021.