



DATA POINTS

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Battle lines: A Guide to the Budget Committee of Conference

Many Areas of Agreement, but a few Key Differences

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Now that the House and Senate have each passed their respective versions of the budget, the next phase in the process is the Committee of Conference, where appointees from each body will meet to hammer out a deal to reconcile the two proposed budgets. There is much common ground between the two proposals; however, there are a few key differences. While some are dollar figures others are more philosophically driven.

General Government:

LCHIP: Under the Senate budget, the Land Conservation and Heritage Improvement Program, (LCHIP) now receives all of the proceeds from the registry of deed surcharge, rather than only a portion. In past years this revenue has been diverted from this program into the General Fund to pay for other state expenses. The House added some of the money back in, while the Senate returned all of the funds. This change increases the money destined to the program by \$3 million over the biennium.

The UNIQUE Program: This program that grants income based scholarships to college students. The House budget continued to practice of using program revenue to help fund the Community College and University Systems directly, rather than issuing the scholarships. The Senate pulled the money from the two systems and replaced it with General Fund money, returning the UNIQUE program to full funding. This move results in \$22.6 million for scholarships over the biennium.

Office of Innovation and Efficiency: This new office was proposed by Governor Hassan. The House budget pared back some of the funding for the office, while the Senate eliminated it entirely, a savings of \$532,697 in General Fund money.

Back of the Budget:

- The Senate reduces the General Fund appropriations reduction proposed by the House for the Legislative Branch by \$500,000 in FY 2015.
- The Senate adds a General Fund reduction of \$1 million for the Department of Revenue Administration.

Administration of Justice and Public Protection:

FEMA: Though it appears from the bottom line that there is a cut of \$18.5 million, it is not actually a cut. Rather, Federal Emergency Management Administration (FEMA) funds are removed from the operating budget.

Green Launch Pad: The Senate eliminates the Green Launch Pad proposed by the Governor, and passed by the House, reducing expenditures by \$500,000 over the biennium.

Human Rights Commission: The Senate deletes the additional new anti-discrimination investigator added by the House while retaining the one added in the Governor's budget.

Back of the Budget:

- The Senate increases the General Fund appropriations reduction for the Judicial Branch by an additional \$424,500 over what the House proposed.

Resources and Economic Development:

Department of Environmental Services State Aid Grants: The Senate increased State Aid Grants by \$4.4 million over the House, thereby fully funding the program in FY2014. These are grants given to the municipalities to help pay for water treatment projects.

Clean Water State Revolving Fund (CWSRF): The Senate reduced Loans and Repayments to the fund by \$20 million and \$10 million respectively from the House budget. While the DES hopes to receive these Federal grants, that are not guaranteed to receive them. Rather than put uncertain money in the budget, the Senate opted to reduce the line items.

Transportation:

The only difference in the Transportation budget is the reduction of just shy of \$24 million in Federal money available for local projects. This cut, like the one for CWSRF is based on the uncertainty of the Federal grants in question.

Health and Human Services:

As discussed in an earlier piece, [*Governor, House and Senate Largely the Same in HHS Spending*](#), the both the House and Senate budgets for HHS are quite similar in key areas. There are two major differences however:

Uncompensated Care: This program makes payments to hospitals to help defray the cost of charity care, is one of the areas of greatest disagreement between the House and Senate. The Senate budget spends \$174 million less (half of which is a Federal match) than the House on this program. This is entirely due to the large discrepancy in revenue estimates for the Medicaid Enhancement Tax.

Medicaid Quality Incentive Pay (MQIP): Much like the UNIQUE program, MQIP money is

removed from the operations of Nursing Services and replaced with General Funds. The MQIP money then receives a Federal match and is returned to the nursing homes.

Back of the Budget:

- **General Fund Appropriation Reduction:** The Senate budget cuts \$7 million while the House budget cuts \$4.5 million.

Education:

UNIQUE: As detailed above, the Senate remove UNIQUE funding from the Higher Education Commission as well as for the University and Community College Systems. This money is replaced with General Fund money and the UNIQUE fund revenue is returned to the UNIQUE Program.

Charter Schools: The Senate adds an additional \$3.5 million for charter schools, most of which is funding for four new charter schools.

The Two Biggest Areas of Disagreement

General Personnel Reductions: Spread over the budget as a whole, the Senate seeks a \$50 million reduction in salary and benefit expenditures over the biennium, of which \$20 million must be cut from General Fund.

Medicaid Expansion: As part of the Affordable Care Act, (ACA), states have the option to expand Medicaid eligibility, with the increased costs borne largely in the early years by the Federal taxpayers, with cost to the state increasing in later years. The House added Medicaid Expansion into their budget trailer (HB 2) but did not include either the revenue or expenditures in HB 1. The Senate instead supports the creation of a commission to study the issue.