DHHS Oversight: Budget & Vacancy Rate

Back of Budget & Lapse

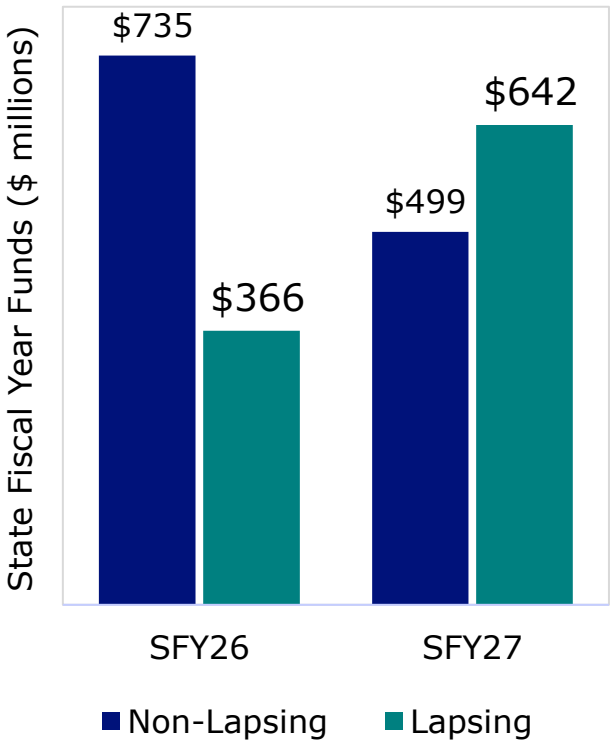
"Back of the Budget"
For the past several biennia DHHS has been legally required to reduce General Fund appropriations in accordance with House Bill 1 at the discretion of the Commissioner.

Lapse
The legislature makes assumptions, reflected in the LBA's "surplus statement" that a certain percentage of General funds appropriated in the biennial operating budget will not be spent and will lapse back to the state's coffers.

Factors that Drive Lapse

- **Utilization by NH Clients**
  A multiplicity of factors, influenced by NH clients and providers, drive spending which includes: Choices for independence, childcare scholarship, cash assistance, foster care, youth treatment, and other similar services.
- **Contract Spending**
  Payment is only made for actual costs incurred/deliverables.
- **Personnel**
  10% of the Governor's Recommended SFY26/27 budget represents personnel costs and of that 54% is comprised of General Funds.

General Funds Available to Lapse, Governor's Recommend Budget



Certain programs that do not lapse in accordance with law:

- Medicaid/Children's Health Insurance Program: Roughly $150M+/- GF each year
- Developmental Disabilities, Acquired Brain Disorders, In-home Supports: Approximately $500M GF over the biennium
- Choices for Independence/Nursing Facility Payments: Do not lapse in the first year of the biennium ($85M GF, SFY26)
- Certain Organization and Class notes in the operating budget carry forward specific class lines from the first year to the second year of the biennium.

DHHS Oversight: Funding Lapse & Vacancy Rate

Budget Overview & Estimated Lapse ($ expressed in millions)

	Final Operating Budget		Governor's Recommended Budget		House Budget as Passed	
	SFY24	SFY25	SFY26	SFY27	SFY26	SFY27
House Bill 1	$995.1	$1,047.1	$1,100.9	$1,140.2	$1,050.5	$1,074.1
House Bill 2 GF Appropriations	$110.7	$137.8	$0.0	$0.0	$0.0	$0.0
Additional Legislative 2024 GF Appropriations	$0.0	$7.7	n/a	n/a	$12.6	$1.0
HB1 Back of Budget Reduction	-$12.1	-$11.3	$0.0	$0.0	-$23.0	-$23.0
HB2 3% Medicaid Rate Reduction	n/a	n/a	n/a	n/a	-$17.5	-$35.0
HB2 Delayed Capitation Payment	n/a	n/a	n/a	n/a	n/a	-$25.0
Total	$1,093.6	$1,181.2	$1,100.9	$1,140.2	$1,022.6	$992.1

	Actual*	Estimated by DHHS**	Assumed 2% Lapse from Surplus Statement		Assumed 3% Lapse from Surplus Statement	
General Fund Expenditure Lapse	$13.5	$60.0	$22.0	$22.8	$30.7	$29.8

* Assumed 2.3% Lapse in Surplus Statement
** Assumed 3.6% Lapse in Surplus Statement

Full-Time Permanent and Unclassified Positions Counts & Vacancy Rates by Month for SFY 2025 (as of May 2025)

