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'I have to get a lot of school and grant money already, so I'm going to have a hard time.'

DANIELLE D'AMORE, UNH student from Hollis

New Hampshire makes painful cuts

Lawmakers slice into higher education, but reduce cigarette tax

By Vivian Yee

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CONCORD, N.H. — Facing a deficit cresting \$40 million, the increasingly conservative New Hampshire Legislature yesterday slashed state funding of higher education in half while lowering cigarette levies.

Billing it as a return to fiscal sanity, state Republicans trumpeted the budget's fiscal restraint, noting that it

does not boost taxes or fees. Spending by state agencies would be reduced by 11 percent, more than double the 5 percent cut Democratic Governor John Lynch recommended. The \$4.42 billion spending plan passed both chambers of the Legislature by veto-proof margins; Lynch has not indicated whether he will endorse it.

"It was a very difficult budget to put together, and there were many dif-

ficult choices that had to be made," House Majority Leader D.J. Betten-court, a Republican, said in a statement. "But in the end, we have delivered a balanced budget that will serve the interests of our citizens."

Democratic leaders questioned why Republicans pushed for cuts that require layoffs, increase tuition, and reduce state services while lowering

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N.H. lawmakers target higher education, reduce cigarette levies

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the tax on tobacco products.

"These are real consequences that affect real lives," Democratic state Senator Lou D'Allesandro said. "If you're poor, you should pray that you get rich quick. If you're sick, you better pray that you get healthy quick. And if you have a problem, you better pray that somebody out there is willing to listen to your problem."

Senate Democratic leader Sylvia Larsen said Republicans had not fulfilled their promise to create jobs and stimulate the New Hampshire economy. Instead, she said, the budget stifles economic growth by failing to invest in higher education.

State support for the University System of New Hampshire will shrink to about \$52 million from the current \$100 million. Next year, the university system's over-

all operating budget will total \$419 million.

The diminished funding means the cost of attending a New Hampshire public college or university will rise as much as 10 percent. But that's not enough to cover the loss in state dollars. So university trustees plan to bridge the gap by eliminating more than 200 jobs, curbing employee benefits, delaying facility repairs, dipping into rainy day funds, and trimming other costs.

University system spokesman Matt Cookson said trustees, who met Tuesday to grapple with the budget, attempted to minimize the burden on students. The system's financial aid budget will rise 16 percent, he said.

"The state budget creates a large hole and a significant challenge," Cookson said. "There will be more effort made with the Legislature to demonstrate the

value we have in the state's economic development."

For students at the flagship University of New Hampshire, tuition, room, board, and other fees will climb nearly 9 percent. That translates into \$24,702 for in-state students. Those from out of state will pay up to \$38,022, a price approaching that of some private universities.

"I have to get a lot of school and grant money already, so I'm going to have a hard time," said Danielle D'amore, from Hollis, N.H., who starts her senior year in the fall. Already working two jobs, D'amore said she may need to take on a third.

The tuition and fee increases will be especially hard on friends who do not qualify for financial aid but still struggle to pay their costs, she added. "Where are the government's priorities?"

Even as the Legislature

chopped university spending, it trimmed state cigarette taxes by a dime, solidifying New Hampshire's distinction as the Northeastern state with the lowest tobacco tariff.

Republican lawmakers said the decrease to \$1.68 a pack would encourage people from Massachusetts and other border states to buy tobacco from New Hampshire retailers, boosting local business and potentially increasing state revenue. In Massachusetts, \$2.51 in state tax is slapped on a pack. New York, which has the nation's highest tobacco levy, charges \$4.35.

New Hampshire legislators treated the cigarette tax decrease as revenue neutral — neither making nor losing money.

But the state's Department of Revenue Administration, as well as several nonpartisan groups, have projected the measure will

result in a loss of \$9 million to \$17 million over two years.

"The legislature in a very irresponsible way hasn't budgeted accordingly," said Jeff McLynch, the executive director of the New Hampshire Fiscal Policy Institute, a nonpartisan economic think tank. "So if revenues don't come up, they're going to have millions in extra cuts."

Tobacco control advocates warn that while the 10-cent difference may not be large enough to stimulate tobacco purchases, the measure does send a "lousy public health message," said Kevin O'Flaherty, New Hampshire advocacy director of the Campaign for Tobacco-Free Kids.

The Senate stipulated that the cigarette tax would revert to \$1.78 if the measure produces less revenue over the next two years, but the state may already have lost millions in revenue by

then, McLynch warned.

Even one of the budget's chief architects, Republican state Senator Chuck Morse of Salem, acknowledged that the budget remains imperfect, saying he wished legislators had not faced such difficult choices.

For example, state-run human services, such as counseling for at-risk children, sustained steep cuts. And more than 1,100 government jobs will be eliminated, resulting in an estimated 200 to 300 layoffs after attrition.

"But we've done several things in this budget to put New Hampshire businesses back in business," Morse said, including reducing the tobacco tax and eliminating the gambling tax. "People can be proud of the fact that we're not using more taxes."

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