



THE NEW HAMPSHIRE STATE BUDGET: A BRIEF OVERVIEW OF THE PROCESS AND COMPOSITION

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IN THIS PRESENTATION

- What is the State Budget?
- How is the State Budget created?
- What is in the State Budget?
- What funds the State Budget?
- What are some current considerations?
- Where is there more information?

WHAT IS THE STATE BUDGET?

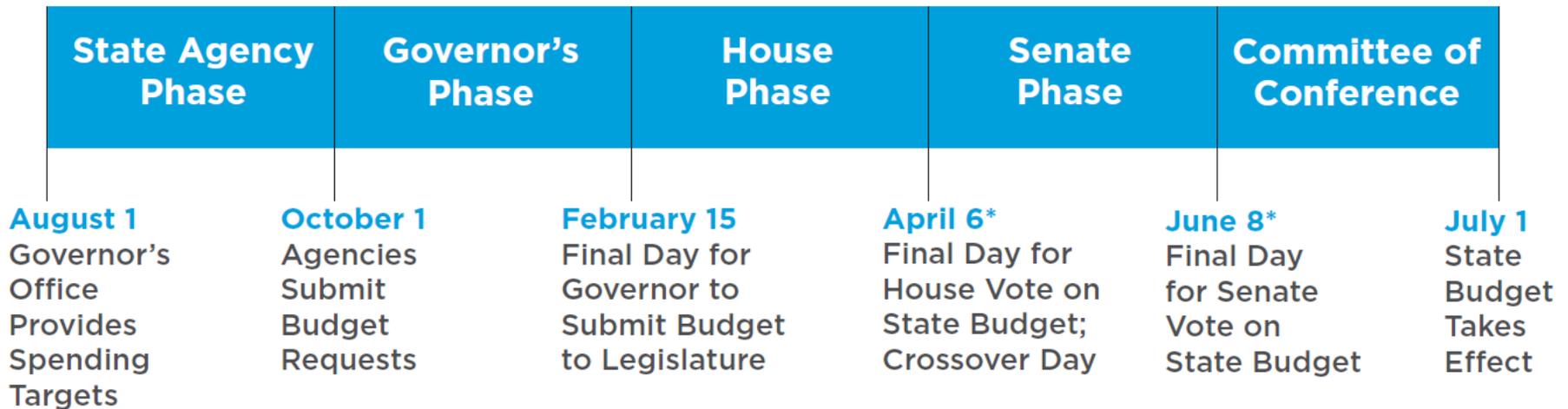
BASICS OF THE STATE BUDGET

- Two-year, or biennial, operating budget
 - Funds *most* State operations for two State Fiscal Years (SFYs)
 - Current State Budget provides funding for SFYs 2022-2023 (July 1, 2021 to June 30, 2023), more than \$13 billion in appropriations
- Comprised of two separate pieces of legislation
 - Operating Budget Bill, typically House Bill 1 or “HB 1,” holds the line-item appropriations, amount of money in each component of State programs
 - Trailer Bill, typically House Bill 2 or “HB 2,” is the companion omnibus bill with policy changes and appropriations separate from HB 1
- Not all State expenditures, spending plans are in State Budget
 - Capital Budget (HB 25), covers six years with changes every two years
 - Ten Year Transportation Improvement Plan, altered every two years
 - Separately authorized expenditures, such as bills that appropriate funds, spending requests granted by the Joint Legislative Fiscal Committee, or separate off-budget funds; Medicaid Expansion under the Patient Protection and Affordable Care Act enacted outside of the State Budget

HOW IS THE STATE BUDGET CREATED?

BUDGET CREATED IN A YEARLONG PROCESS WITH FIVE PHASES

STATE BUDGET PROCESS TIMELINE



*Dates set by legislative leadership for the 2023 session; all other dates specified in statute.

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GOVERNOR HAS SCHEDULED HIS BUDGET ANNOUNCEMENT FOR FEBRUARY 14

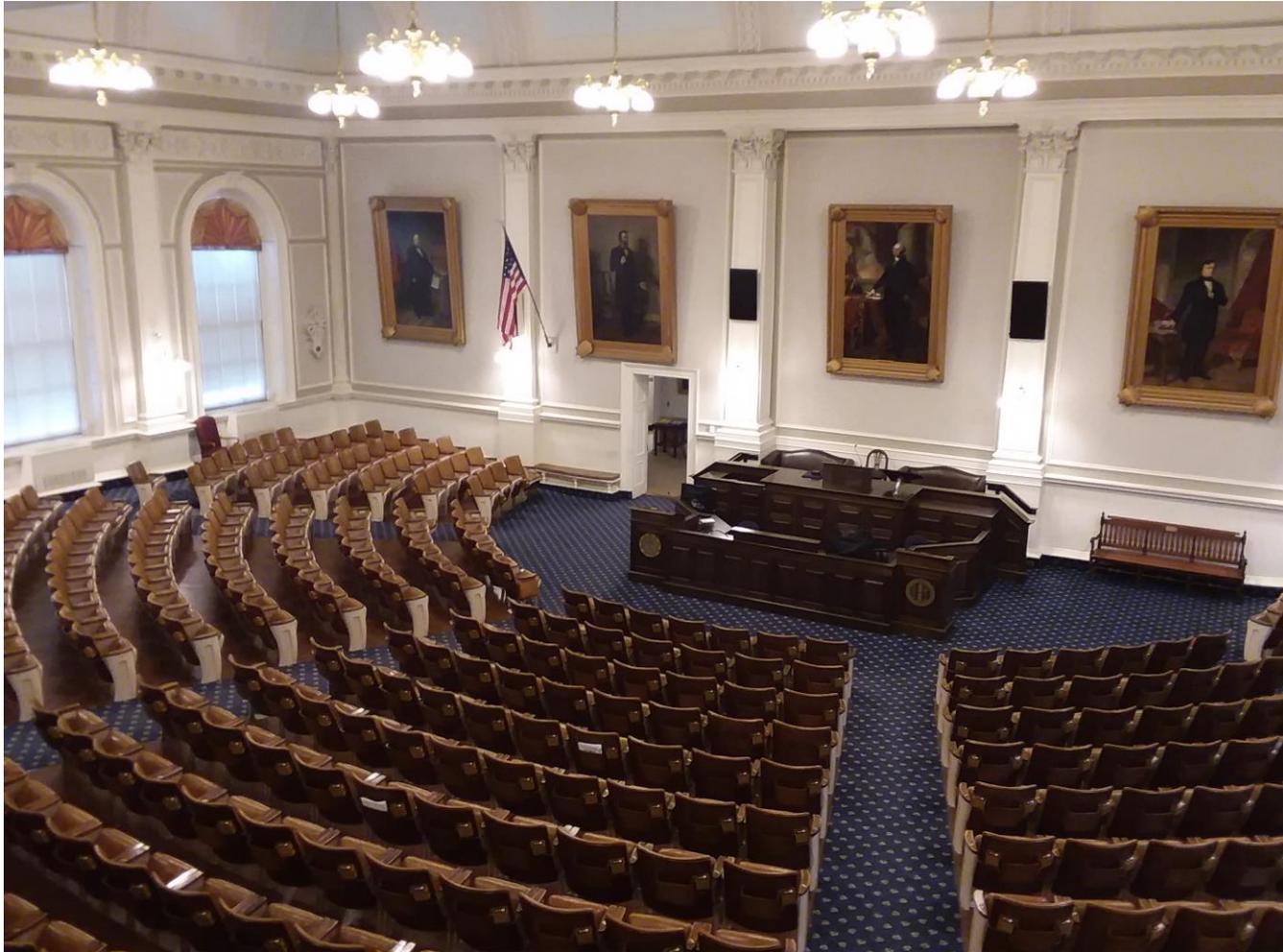
- Agency budget requests required to be submitted by **October 1** of even-numbered years, per statute, with “Efficiency” request based on revenue figures provided by the Governor’s office, and “Additional Prioritized Needs” for any level requested beyond those revenue targets
- Agency budget presentations on **November 28-30**
- Governor’s budget proposal to be announced **February 14**
- House must pass a budget, created largely by House Finance Committee, by crossover scheduled for **April 6**
- Senate due to pass a budget, largely created by Senate Finance Committee, by **June 8**
- Committees of Conference scheduled for **June 15-22**
- Fiscal year **ends June 30**, new spending authority needed

Sources and additional information on the State Budget process: NHPFI, Building the Budget, February 2017; House and Senate Calendars January 19 and 20

LEGISLATURE'S PROCESS BEGINS IN THE HOUSE OF REPRESENTATIVES

- House Finance Committee hears from the Governor's office, from State agencies, and from the public
- One public hearing each in the House phase and Senate phases, may be additional hearings outside Concord
- House Finance Committee (25 members) separates into three separate committees to consider different portions of the State Budget
 - House Finance Committee Division III crafts the Department of Health and Human Services budget
- Each Division makes their amendments, then meets as a full House Finance Committee to make amendments, votes
- HB 1 and HB 2 then go to the entire House for a vote
- Senate Finance Committee (7 members) hears from agencies and public, does not split work into Divisions

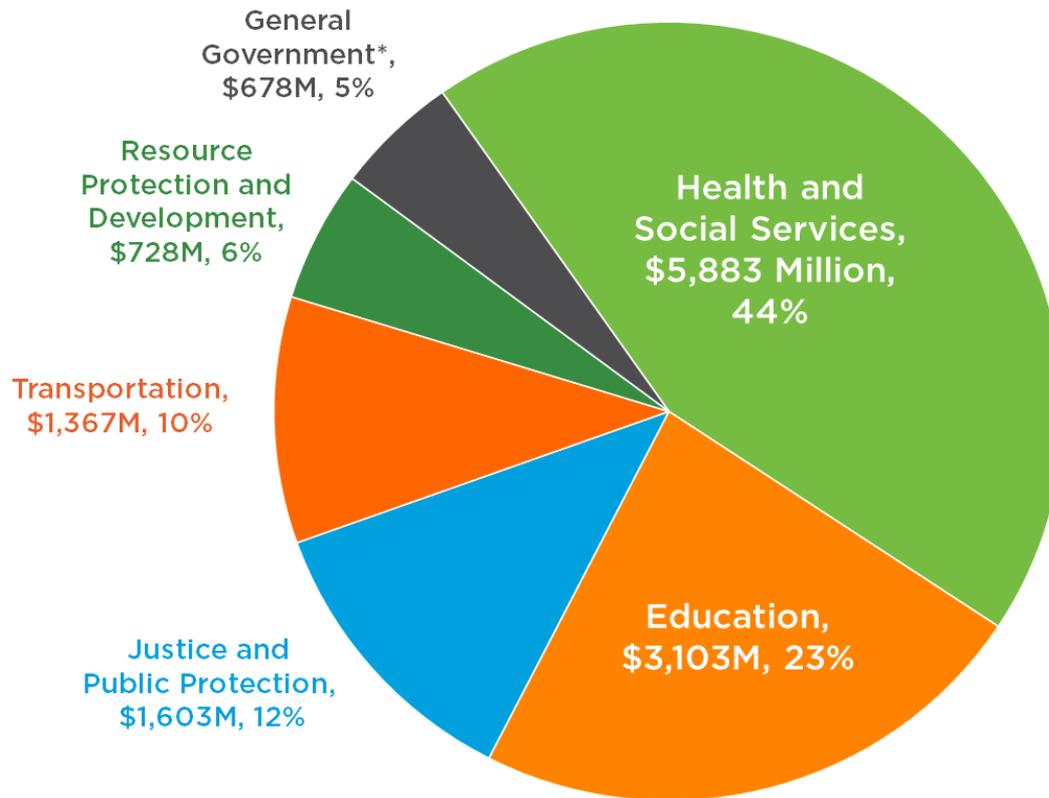
STATE BUDGET HEARINGS USUALLY HELD IN REPRESENTATIVES HALL IN CONCORD



WHAT IS IN THE STATE BUDGET?

TWO-THIRDS OF BUDGET: HEALTH, SOCIAL SERVICES, AND EDUCATION

STATE BUDGET LEGISLATION APPROPRIATIONS
State Fiscal Years 2022-23 and Trailer Bill SFY 2021 Appropriations

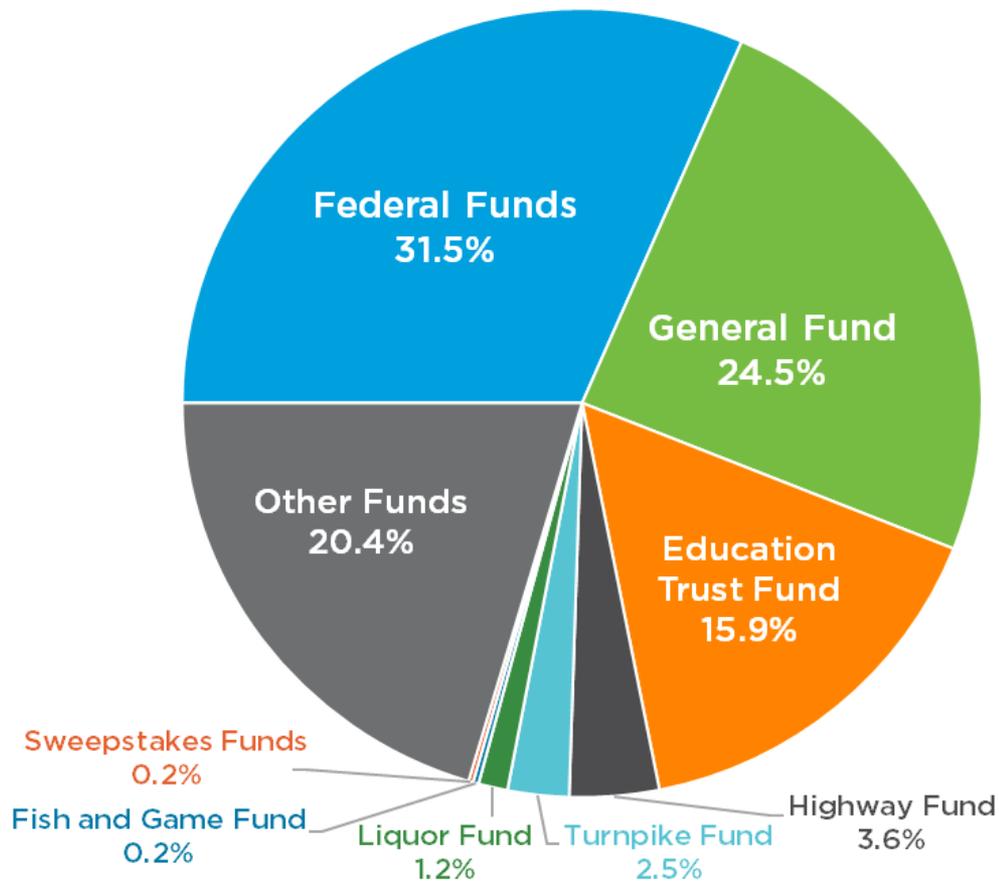


Note: General Government includes HB 2 appropriations for the Affordable Housing Fund, FRM Victim's Fund, and State employee pay raises.
Source: HB 1 and HB 2 as Approved, 2021 Session; New Hampshire Office of Legislative Budget Assistant, Surplus Statements, June 2021

NEW HAMPSHIRE'S STATE BUDGET FUNDS

NEW HAMPSHIRE STATE BUDGET, STATE FISCAL YEARS 2022-2023

Source: Chapter 90, Laws of 2021, Section 1.07



- Funds act like accounts
- Interact with one another
- General Fund most flexible
- General Fund fills any Education Trust Fund shortfall
- Lottery revenues, gasoline and motor-vehicle revenues directed by the State Constitution
- Other funds directed by statute
- Federal Funds support about a third of the State Budget

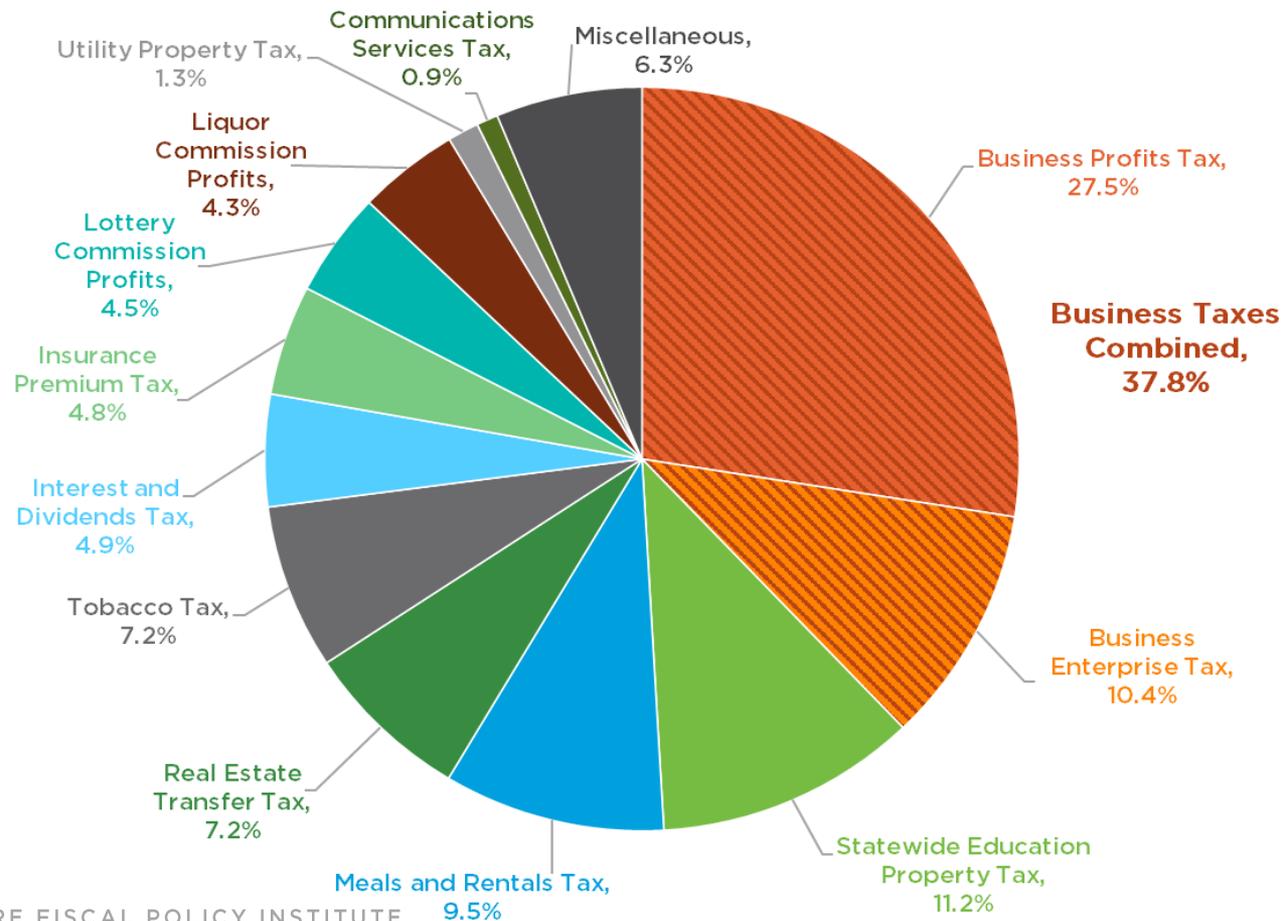
Sources: New Hampshire State Constitution, Part 2, Articles 6-a and 6-b; NHFPI, *Building the Budget*, February 2017.

WHAT FUNDS THE STATE BUDGET?

GENERAL AND EDUCATION TRUST FUNDS SHARE MANY REVENUE SOURCES

GENERAL AND EDUCATION TRUST FUNDS COMBINED REVENUE IN STATE FISCAL YEAR 2022

Source: New Hampshire Annual Comprehensive Financial Report, State Fiscal Year 2022



FEDERAL FUNDING AND STATE SERVICES

Medicaid

- Approximately \$2.3 billion expenditure in SFY 2021 from all sources, with more than half of the total supported by federal funds
- About 250,000 Granite Staters had access to health care through the program at the end of January 2023, significant increase (40 percent) during pandemic

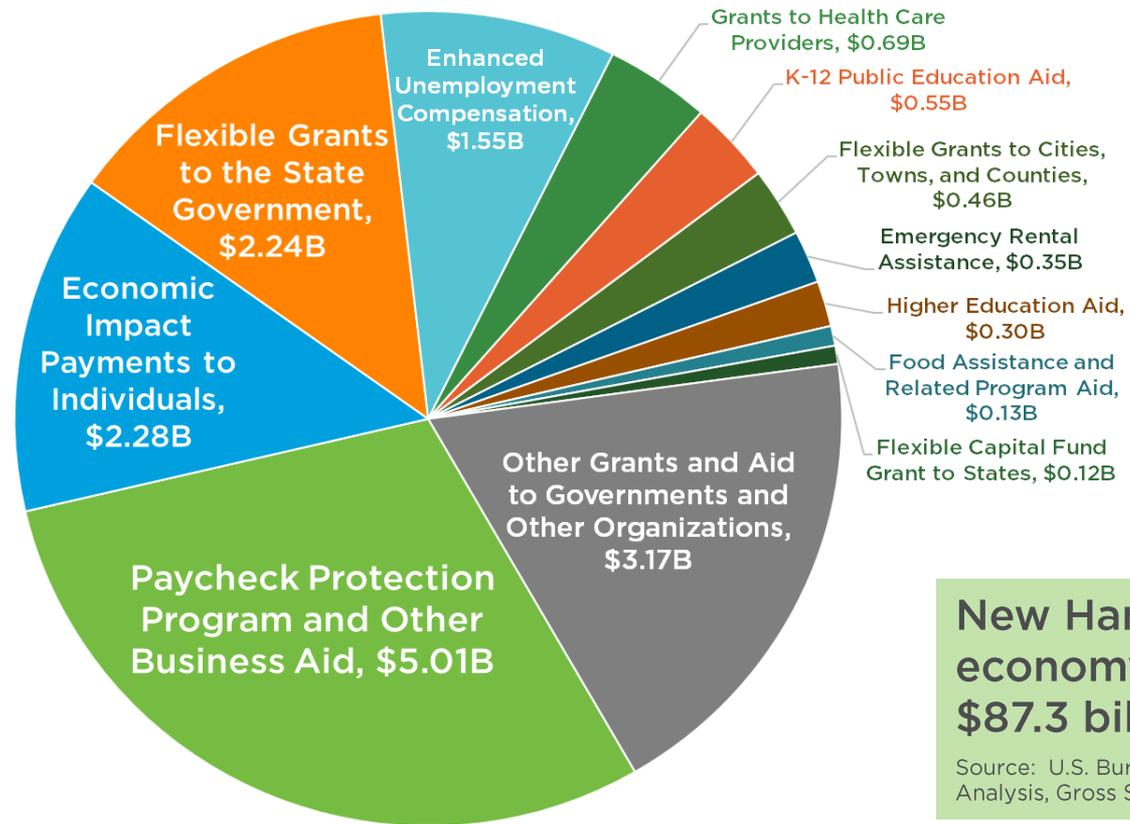
Other Program Areas

- Federal transportation aid
- Education aid – special education, school meals, professional development
- Water pollution and infrastructure funds, clean and drinking water programs
- Food Stamps/Supplemental Nutrition Assistance Program (SNAP)
- Women, Infants, and Children Nutrition Program (WIC)
- Temporary Assistance for Needy Families (TANF)
- Veterans' care aid
- Low Income Home Energy Assistance Program (State Fuel Assistance Program)
- Many other areas

Sources: New Hampshire State Treasury; Chapter 90, Laws of 2021; New Hampshire Department of Health and Human Services.

ABOUT \$17 BILLION TO NEW HAMPSHIRE FEDERAL ASSISTANCE RELATED TO COVID-19 IN NEW HAMPSHIRE

Total of Nearly \$16.9 billion Through July 7, 2022



New Hampshire economy in 2019: \$87.3 billion

Source: U.S. Bureau of Economic Analysis, Gross State Product

Note: Sums may include small amounts of double-counting due to summation mismatches. Totals presented are derivations. Small amounts of aid to individuals are also included in the "Other Grants and Aid" section, including aid for funeral expenses.

Source: New Hampshire Office of Legislative Budget Assistant, Federal COVID-19 Funds, New Hampshire Allocations, July 7, 2022.

WHAT ARE SOME CURRENT CONSIDERATIONS?

KEY CONSIDERATIONS FOR THE NEXT STATE BUDGET

- What happens with the economy, and the impacts on State revenues and service needs, over the next two years?
- How does the end of many temporary federal stimulus and economic support programs associated with the pandemic affect services and the economy overall?
- How difficult will accurately projecting revenues and key service expenditures, such as Medicaid enrollment, be for the next two-year budget biennium?
- Ongoing considerations, including key workforce supports:
 - Housing
 - Child care
 - Care for older adults and individuals with disabilities
 - Education funding

WHERE CAN I FIND MORE INFORMATION?

ADDITIONAL RESOURCES

- Blog: Ten Facts About the New Hampshire State Budget – February 1, 2023
<https://nhfpi.org/blog/ten-facts-about-the-new-hampshire-state-budget/>
- Issue Brief: The State Budget for Fiscal Years 2022 and 2023 – August 17, 2021
<https://nhfpi.org/resource/the-state-budget-for-fiscal-years-2022-and-2023/>
- Publication: Building the Budget: New Hampshire’s State Budget Process and Recent Funding Trends – February 9, 2017
<https://nhfpi.org/resource/building-the-budget-new-hampshires-state-budget-process-and-recent-funding-trends/>
- Resource Pages: Budget, Revenue & Tax
<https://nhfpi.org/topic/budget/>
<https://nhfpi.org/topic/revenue-tax/>



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