

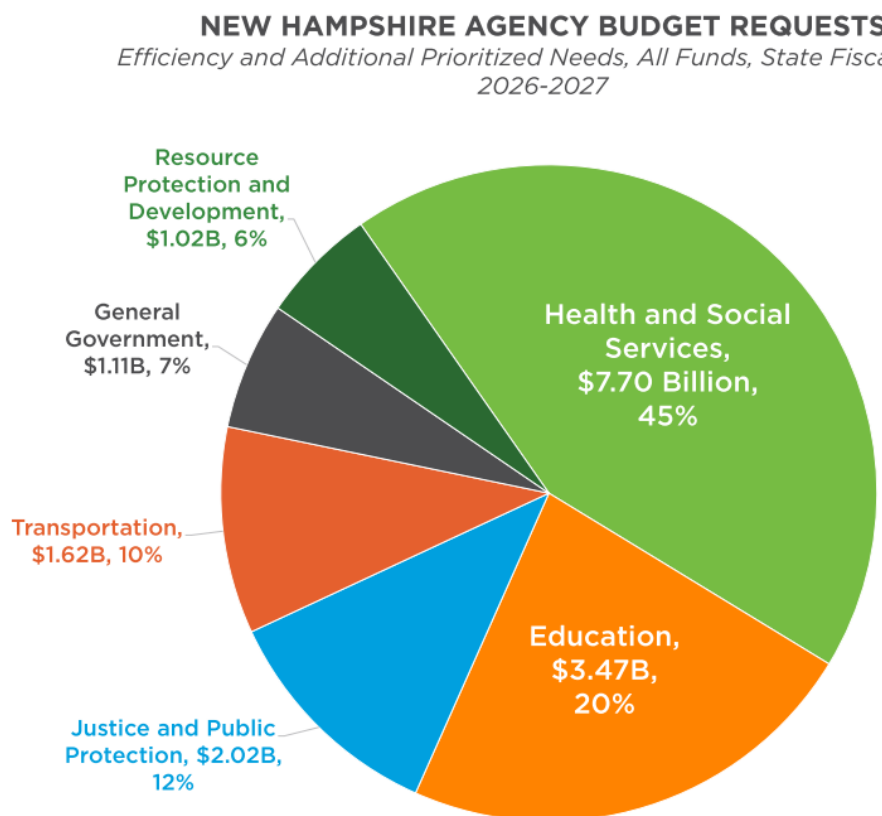
State Agency Budget Requests Identify \$16.9 Billion in Priorities for Fiscal Years 2026 and 2027

State agencies submitted their budget requests at the beginning of October, offering insights into the results of the first phase in the State Budget process, as well as into the needs State agencies have identified to fulfill their missions.

Crafting New Hampshire's State Budget typically includes [five key phases](#), beginning in the summer of even-numbered years and lasting until June of the following year, when the final State Budget is enacted after moving through the Legislature. The first step in the process includes the State Agency phase. In this early phase, State departments and other agencies are required to [submit budget requests](#) for the two-year operating period beginning July 1 of the following year. Requests are informed by projected revenue estimates provided by the Governor's Office in August; these revenue estimates, parsed out among State agencies in the form of expenditure targets, help determine each agency's Efficiency Budget Request.

According to [State law](#), Efficiency Budget Requests are based on the preceding budget's funded services, and the objective of funding the minimum services needed to meet all legal requirements. Agencies are also permitted to [submit requests](#) for Additional Prioritized Needs, which include identified changes to help enhance existing services beyond the funding levels permitted under the Efficiency Budget's expenditure targets, provided by the Governor's office. Agency [requests](#) for State Fiscal Years (SFYs) 2026 and 2027 were required to be submitted by October 1, 2024.

All State agencies fall under one of six expenditure categories: Health and Social Services, Education, Transportation, Justice and Public Protection, Resource Protection and Development, and General Government.



Source: NH Department of Administrative Services, Budget Office

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Overall, State agencies requested \$16.29 billion in their Efficiency Budget requests, and another \$653.1 million in Additional Prioritized Needs, for a total of \$16.95 billion in prioritized expenses identified and forecast by State agencies in the SFYs 2026-2027 biennium. If enacted, the total agency budget requests would be a \$1.78 billion (11.7 percent) increase over the [current State Budget](#), as enacted during the next biennium, unadjusted for inflation. However, State agency budget requests are often higher, in nominal terms, than the actual final budgets as enacted due to both policy decisions and accounting differences.

This analysis compares budgets proposed by State agencies for both years to the current State Budget as previously enacted. While all agencies account for new positions and salary changes in their proposed budgets for SFYs 2026-2027, State employee pay increases funded in the current State Budget were not included in the individual State agency budgets as enacted for SFYs 2024-2025; this may impact department-level changes between the two budget cycles. To control for this variable, comparisons are also made between the SFY 2025 adjusted authorized budget, as currently established, and the SFY 2026 single-year budget as requested by the State agencies.

HEALTH AND SOCIAL SERVICES

The Health and Social Services category includes the State's largest agency, the Department of Health and Human Services (DHHS), which is responsible for the administration of key programs and services, including [Medicaid](#), the [Supplemental Nutrition Assistance Program](#), supports for housing and the unhoused population, public health services, and the [Child Care Scholarship Program](#). As part of its Efficiency Budget Request for SFYs 2026-2027, DHHS requested around \$7.2 billion in total funds. For SFY 2026 alone, the Efficiency Budget request included \$1.1 billion in [General Funds](#) for SFY 2026, which excludes federal funds and dollars drawn from funds for dedicated purposes. The largest allocations were proposed for components of the Medicaid program, including managed care, developmental services, and nursing facilities. In addition to its Efficiency Budget, DHHS's Additional Prioritized Needs budget proposed adding \$406.3 million in total funds to its budget across the two years beyond the Efficiency Budget Request, including \$104.4 million in General Funds for SFY 2026. The DHHS Bureau of Developmental Services would receive the majority of this request for additional payments to providers, if it were enacted as proposed.

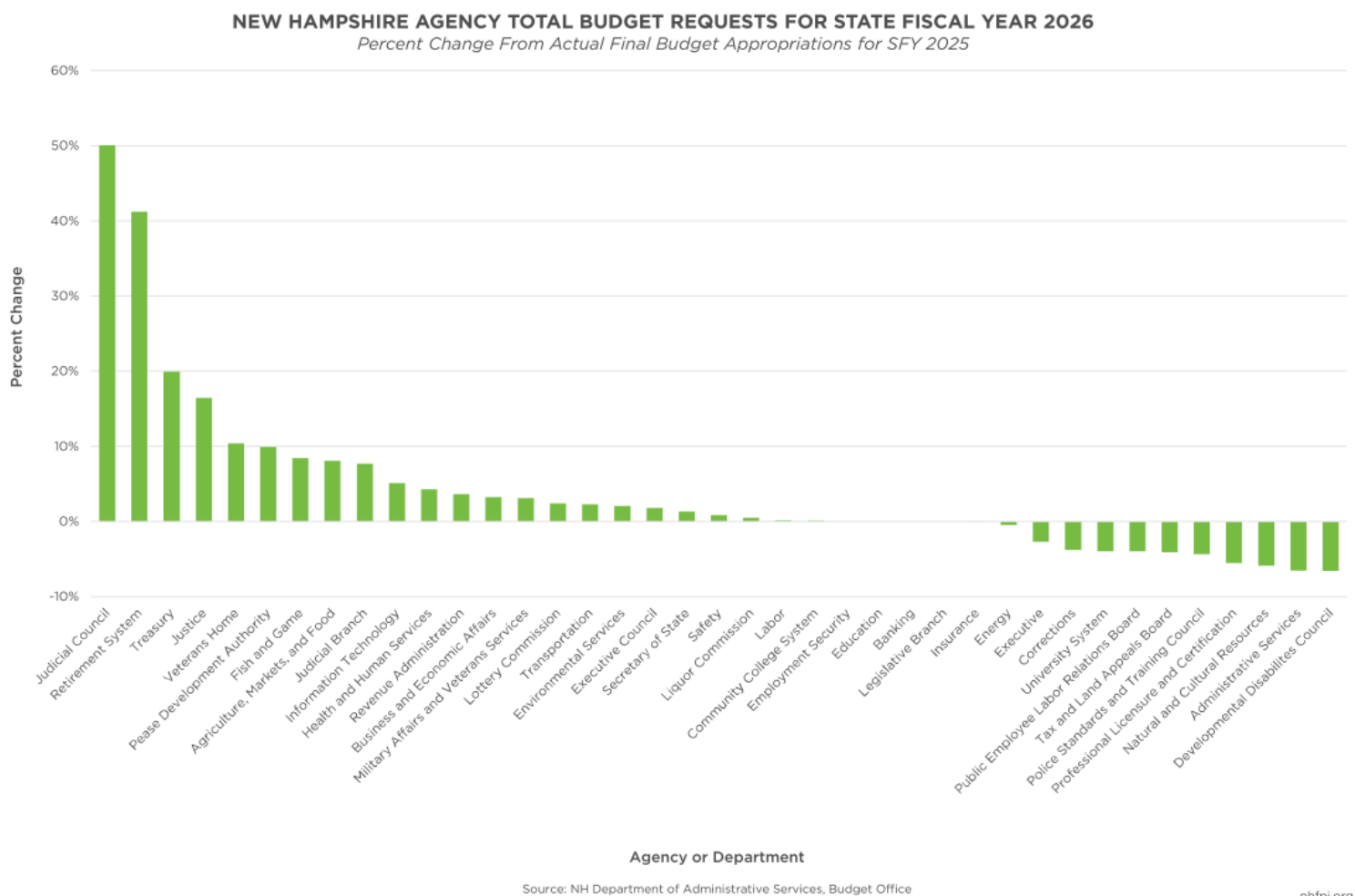
DHHS's request reflects an increase of around \$1.0 billion (15.2 percent) compared to its total budget as enacted for SFYs 2024-2025. The DHHS budget proposal includes decreases, between amounts currently authorized for SFY 2025 and requested amounts for SFYs 2026 and 2027, for the [uncompensated care payments](#) to hospitals, likely reflecting ongoing discussions of [Medicaid Enhancement Tax](#) revenue allocations. The DHHS agency budget also decreased appropriations for the [Choices for Independence Medicaid Waiver Program \(CFI\)](#) services, but did not decrease appropriations below the actual SFY 2024 spending levels in the CFI program, while increasing funding for nursing facilities. Year over year, DHHS's request for SFY 2026 General Funds would increase appropriations by about \$31.7 million (2.6 percent) from its current SFY 2025 adjusted authorized appropriation.

Separate from DHHS but within the budget category of Health and Social Services, the Veterans' Home requested a 21.3 percent (about \$18.2 million) increase in total funds from SFYs 2024-2025, with its Efficiency Budget and Additional Prioritized Needs Requests both totaling \$103.6 million for SFYs 2026-2027; the Additional Prioritized Needs identified by the Veterans' Home totaled only \$712 over the two

years. Included in the full amount was a request for \$22.8 million in General Funds for SFY 2026, an increase from the SFY 2025 adjusted authorized amount of about \$1.4 million (6.5 percent).

EDUCATION

The State's Department of Education asked for an increase to its budget relative to the SFYs 2024-2025 cycle's final budget, requesting about \$17.0 million (0.6 percent) more in total funds for SFYs 2026-2027. Its General Funds request for SFY 2026 increased by \$767,319 (3.1 percent) from its adjusted authorized amount for SFY 2025. The Department of Education's largest proposed allocation is the Education Trust Fund's \$2.17 billion funding for [Adequate Education Aid](#) to local public school districts across the two years of the State Budget, with a 2.0 percent increase each year relative to the previous year. The Department's Additional Prioritized Needs would add \$6.2 million in total funds for SFYs 2026-2027, including \$1.6 million in General Funds for SFY 2026, with the majority of funds allocated to contracts for program services for both State testing and instructional support.



For SFYs 2026-2027, the Community College System requested \$127.2 million in total funds for its Efficiency Budget only, with no Additional Prioritized Needs identified; this was a decrease of about \$8.8 million (-6.5 percent) from the appropriations made during the prior budget cycle, including appropriations made for specific, targeted projects by the Legislature. Additionally, the University System requested \$182.5 million in total funds, a decline of about \$16.5 million (-8.3 percent) from SFYs 2024-2025. Neither the Community College System of New Hampshire nor the University System of

New Hampshire requested funds for specific projects outside the General Funds in their operating support lines. In its budget request, the University System identified that it had received [clear direction](#) to reduce requested appropriations by four percent relative to current funding levels and to not request Additional Prioritized Needs under parameters applicable to the University System. The Community College System [did not address](#) why it proposed no significant increase between SFY 2025 funding and levels requested for both SFYs 2026 and 2027.

TRANSPORTATION

The Department of Transportation (DOT) requested an increase in total funds of about \$51.1 million (3.3 percent) from SFYs 2024-2025 for its budget in the upcoming two fiscal years. Included in its total fund request, the DOT asked for approximately \$1.58 billion for its Efficiency Budget and \$35.2 million in Additional Prioritized Needs, with significant allocations for expenditures in the Winter Maintenance Bureau, as well as towards the Mechanical Services Bureau for new equipment and repairs. The DOT, which historically relies on General Funds considerably less than other large entities, requested about \$3.5 million in General Funds for SFY 2026 alone, contributing to a rise of about \$1.5 million (75.0 percent) from its SFY 2025 adjusted authorized amount. These requested General Funds for SFY 2026 include about \$1.8 million towards the DOT's Efficiency Budget, as well as an additional \$1.7 million in Additional Prioritized Needs proposed for public transportation.

JUSTICE AND PUBLIC PROTECTION

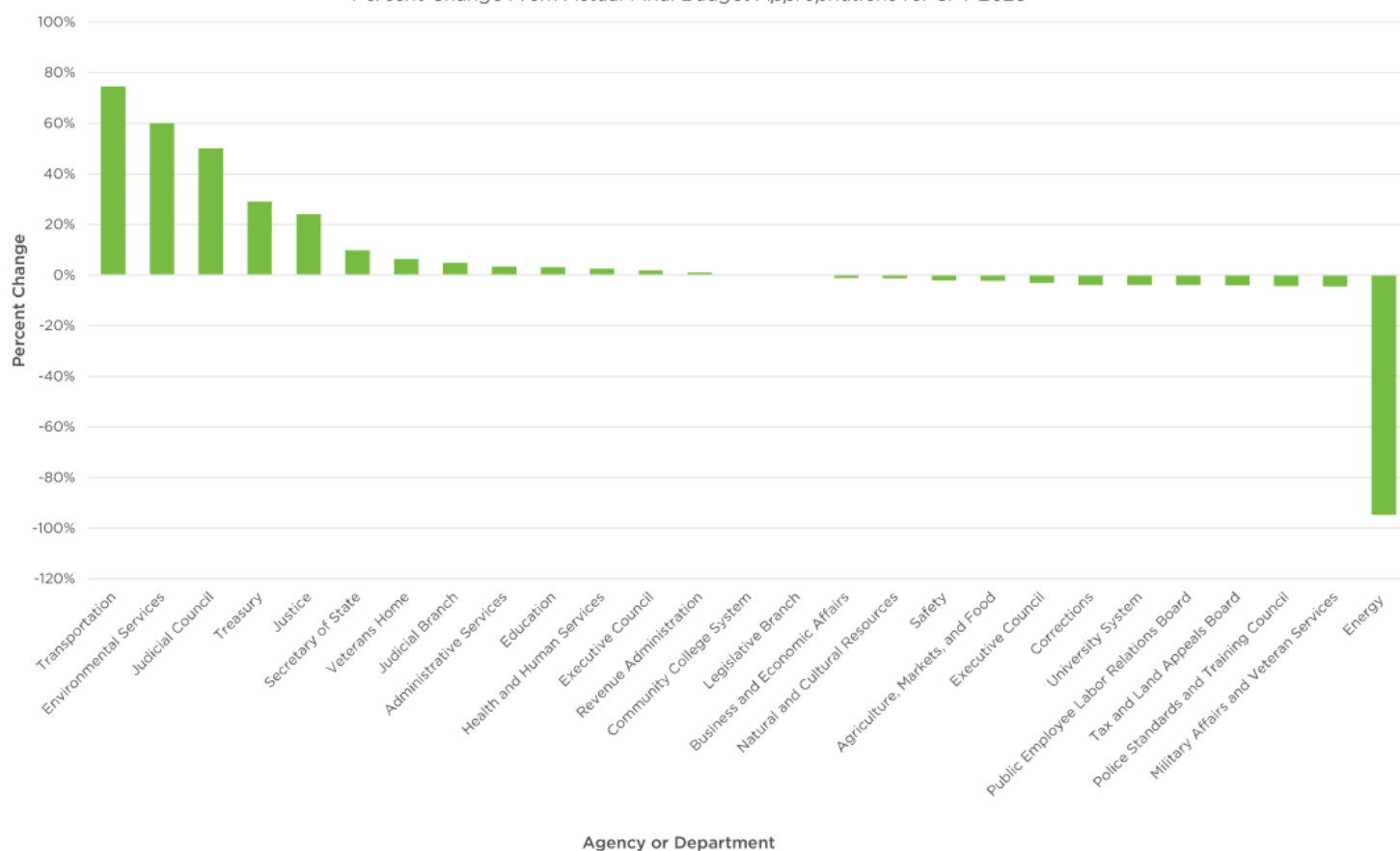
The Department of Safety had the largest total funds request among departments in the Administration of Justice and Public Protection, requesting about \$538.8 million for its Efficiency Budget and \$4.2 million for Additional Prioritized Needs across the SFYs 2026-2027 State Budget proposal. The Department of Corrections had the next highest request with about \$345.2 million in total funds for its Efficiency Budget, and just \$44,914 in Additional Prioritized Needs. The third largest budget request was from the Judicial Branch of State government, which requested \$258.8 million for its Efficiency Budget and \$17.9 million in Additional Prioritized Needs, equating to a total fund request increase of about 16.3 percent (\$38.7 million) from the enacted SFYs 2024-2025 State Budget. Additionally, the Department of Justice requested \$114.6 million in total funds, which would be an increase of about \$17.3 million (17.8 percent) from the SFYs 2024-2025 appropriations.

The Judicial Council requested \$113.1 million in total funds for its budget, constituting a 37.8 percent (\$31.0 million) increase from SFY 2024-2025, the largest percentage increase among all departments in this State Budget. The Judicial Council requested an increase of about \$18.9 million (50.1 percent) in General Funds between the adjusted authorized amount for SFY 2025 (\$37.7 million) and its request for SFY 2026 (\$56.5 million); the Council proposed devoting the majority of those new funds to the public defender program, assigned counsel legal services, contracted counsel, and other legal services.

While most agencies under the Administration of Justice and Public Protection State Budget category requested increased budgets, the Department of Energy's budget request declined relative to the appropriations authorized in the current State Budget. For SFYs 2026-2027, the Department requested \$90.3 million in total funds, equating to a decline of about \$7.6 million (-7.7 percent) from SFYs 2024-2025. The Department of Energy, which is funded largely by [federal funds and its own income](#), also proposed nearly eliminating its \$47,753 SFYs 2025 General Fund appropriation in SFY 2026.

NEW HAMPSHIRE AGENCY GENERAL FUND BUDGET REQUESTS FOR STATE FISCAL YEAR 2026

Percent Change From Actual Final Budget Appropriations for SFY 2025



Source: NH Department of Administrative Services, Budget Office

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RESOURCE PROTECTION AND DEVELOPMENT

The Department of Environmental Services had the largest requested amount for SFYs 2026-2027, comprised of about \$665.6 million in funding for its Efficiency Budget and another \$55.4 million in Additional Prioritized Needs in the Resource Protection and Development category. This request was an increase of about \$100.7 million (16.2 percent) from the SFYs 2024-2025 budget as enacted. This increase is attributable in part to a proposed \$55 million in reimbursements to the State's Drinking Water and Groundwater Trust Fund, additional federal grants flowing to the Water Pollution Division, and General Funds requested to reimburse for efforts related to emerging contaminants. In total, the Department requested \$29.7 million in General Funds for SFY 2026 alone, an increase of about \$11.1 million (60.0 percent) from its adjusted authorized appropriation for SFY 2025.

While the Department of Fish and Game requested about \$1.5 million in General Funds for its SFY 2026 Efficiency Budget, this was a large increase from the adjusted authorized amount of \$100,000 in General Funds for SFY 2025. The Fish and Game Department requested most of these General Funds to [support law enforcement operations](#), which includes search and rescue operations for hikers. Non-federal [Fish and Game Fund](#) revenues came primarily from license fees, penalties, and marine fuel taxes, which may not grow with increased demand for hiker rescues.

Despite increases in budget requests among Resource Protection and Development, the Department of Natural and Cultural Resources requested \$131.7 million in total funds for the SFY 2026-2027, a decline of about \$20.9 million (-13.7 percent) from its budget for the two years prior.

GENERAL GOVERNMENT

The largest budget request within the State Budget category of General Government was from the Treasury Department, which requested about \$233.4 million for its Efficiency Budget and identified \$50.4 million in Additional Prioritized Needs. This total fund request was an increase of about \$52.8 million (22.8 percent) from SFYs 2024-2025, including a requested General Fund increase of about \$23.6 million (29.1 percent) between the SFY 2025 adjusted authorized amount and the request for SFY 2026. Almost all of the Treasury Department's proposed increase, [\\$50.4 million](#) of the \$52.8 million (95.5 percent), was due to the increases in [revenue sharing with municipalities](#) under current law that has been, as it is typically, suspended by the Legislature.

The Department of Information Technology also requested an increase of about \$28.2 million (10.6 percent) from SFYs 2024-2025. The Department's total requested amount for the next budget cycle included about \$281.4 million for its Efficiency Budget and \$12.5 million in Additional Prioritized Needs. The Secretary of State also requested about \$2.0 million (8.1 percent) more in total funds than its adjusted authorized budget for SFYs 2024-2025.

While several departments requested increases in their budgets, the Department of Administrative Services had declines in its requested amount compared to the prior budget year. The Department of Administrative Services requested about \$312.5 million in total funds, equating to a decrease of \$42.2 million (-11.9 percent) from the SFYs 2024-2025 enacted State Budget. This decline may be impacted in part by reallocations of funds for State employee pay increases to individual agencies where those employees work.

LOOKING AHEAD TO THE NEXT PHASE OF THE PROCESS

The Governor's phase of the State Budget process officially began once all agencies submitted their requests on October 1. The Department of Administrative Services was required to compile all requests into one full budget document by November 1. Before December of this year, the current Governor must hold hearings about the State agency requests and invite the Governor-elect to participate in the process. During these hearings, agencies are given the opportunity to present their requests and provide explanations for any proposed changes. By February 15, 2025, the incoming Governor will be required to submit a draft budget to the Legislature, kicking off work on the State Budget in the House of Representatives and the more public phases of the State Budget process.

- *Jessica Williams, Policy Analyst*