



THE NEW HAMPSHIRE STATE BUDGET AND THE GOVERNOR'S PROPOSAL

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THE BASICS OF THE STATE BUDGET

Two-year, or Biennial, Operating Budget

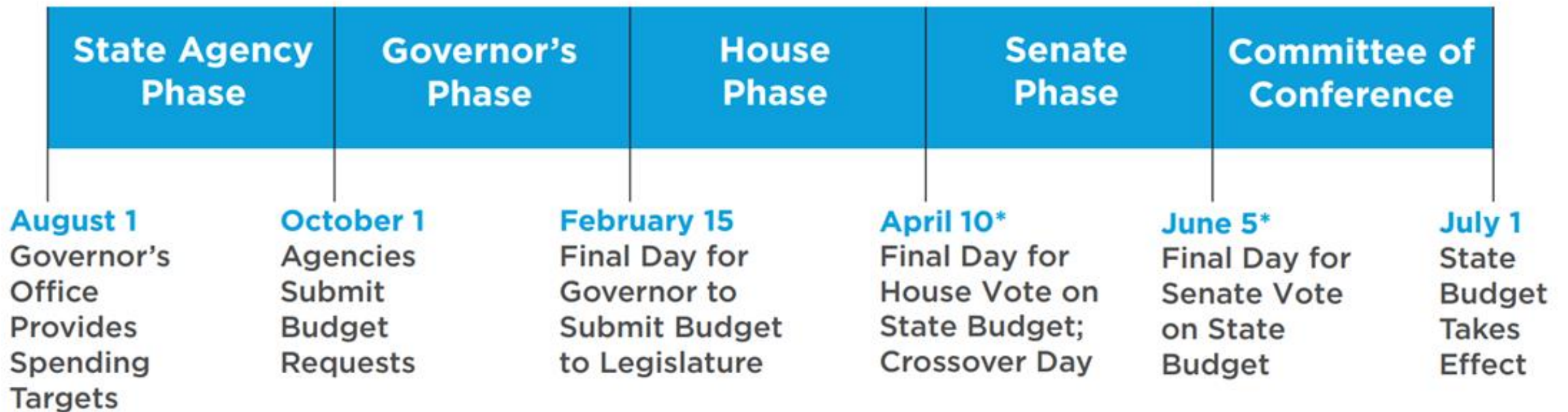
- Funds *most*, but not all, State operations for two State Fiscal Years (SFYs), typically beginning shortly after the budget is approved
- Current State Budget provides funding for SFYs 2024-2025, which spans July 1, 2023 to June 30, 2025, from SFY 2023 surplus carried forward and two years of revenue projected when budget passed
- State Budget, currently being implemented, appropriated approximately \$15.17 billion for SFYs 2024-2025 combined

Comprised of Two Separate Pieces of Legislation

- Operating Budget Bill, typically House Bill 1 or “HB 1,” holds the line-item appropriations with the amount of money in each component of State programs, standardized class lines for expenditures
- Trailer Bill, typically House Bill 2 or “HB 2,” is the companion omnibus bill with policy changes and appropriations separate from HB 1

BUDGET CREATED IN A YEARLONG PROCESS, TYPICALLY WITH FIVE PHASES

State Budget Process Timeline

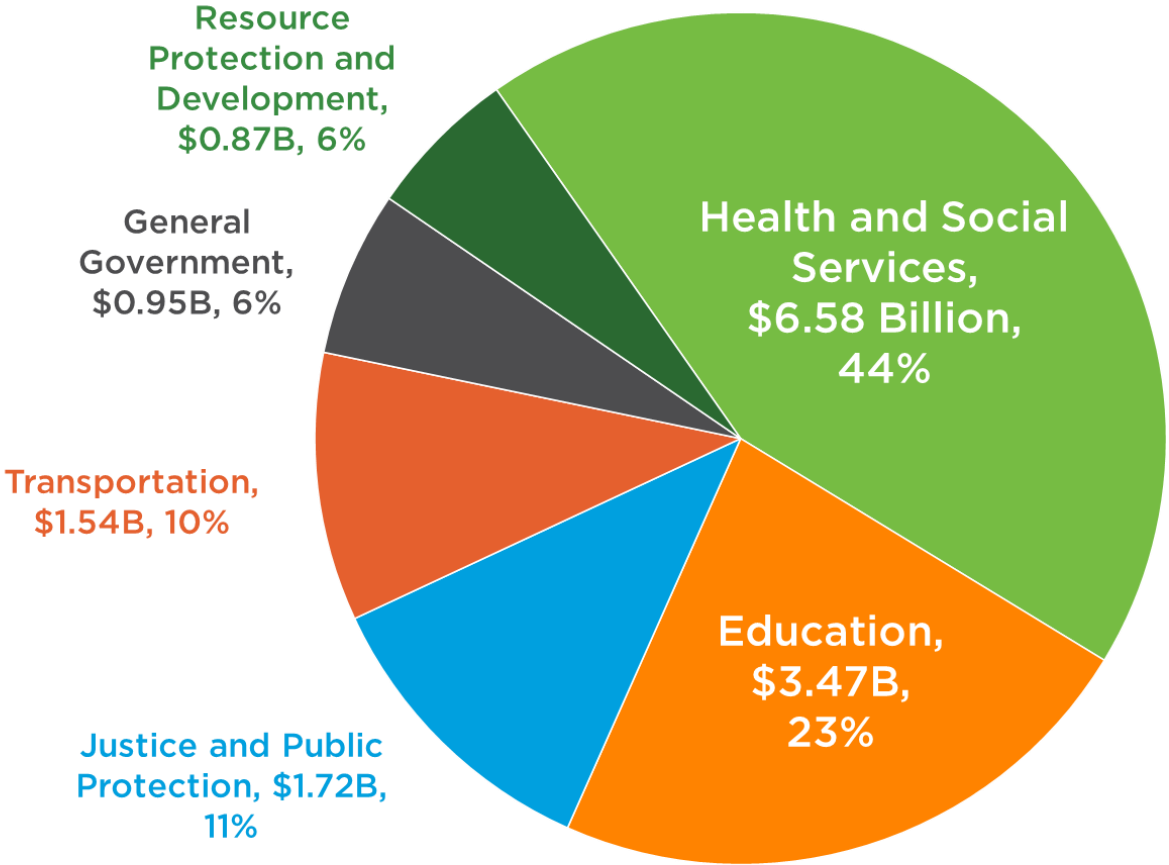


*Dates set by legislative leadership each session; all other dates specified in statute.

BUDGET APPROPRIATIONS IN SIX CATEGORIES

STATE BUDGET APPROPRIATIONS BY CATEGORY

*State Fiscal Years 2024-25 and Surplus Appropriations,
Includes Trailer Bill Appropriations*



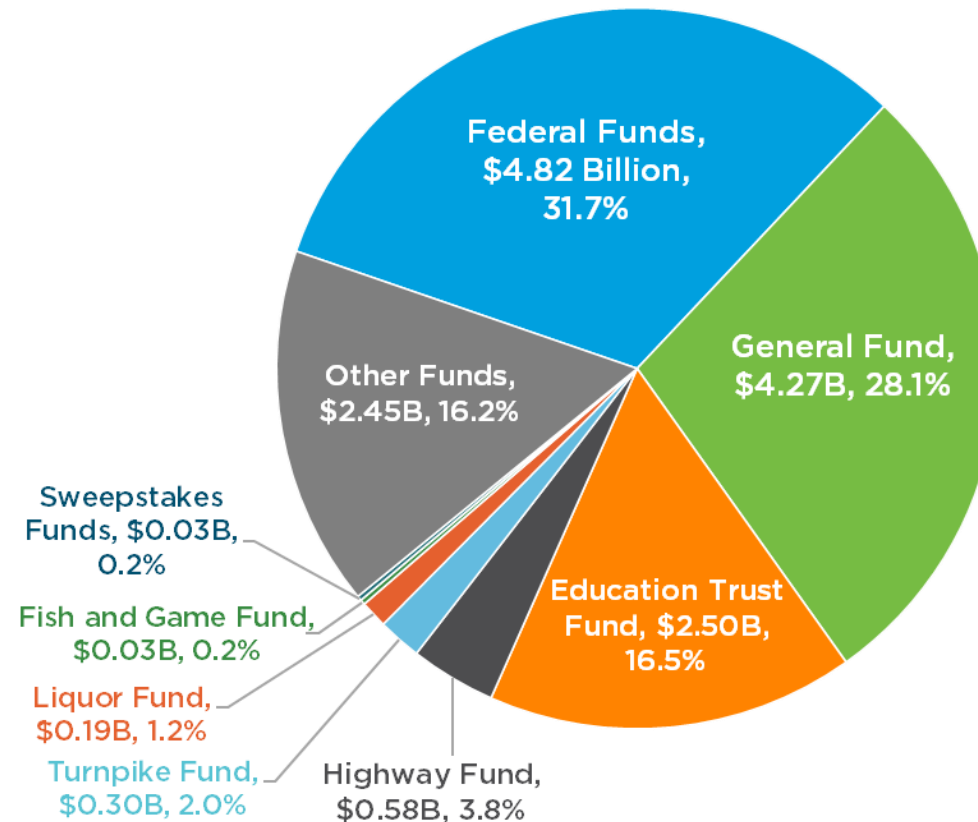
Note: General Government includes HB 2 appropriations for the Affordable Housing Fund, InvestNH, and all State employee pay raises defined by and funded through appropriations made in House Bill 2, as amended by the House.

Sources: New Hampshire Office of Legislative Budget Assistant, Compare House Finance to Governor, March 28, 2023, Surplus Statements, April 6 and 7, 2023, Briefing on Senate Finance Changes to House Passed Budget, June 6, 2023; 2023-2092s; 2023-2171s; 2023-2139s

FEDERAL FUNDS, GENERAL FUND, AND EDUCATION TRUST FUND ARE LARGEST PARTS

THE STATE BUDGET FOR FISCAL YEARS 2024 AND 2025, BY FUND

Includes Operating Budget and Trailer Bill Appropriations



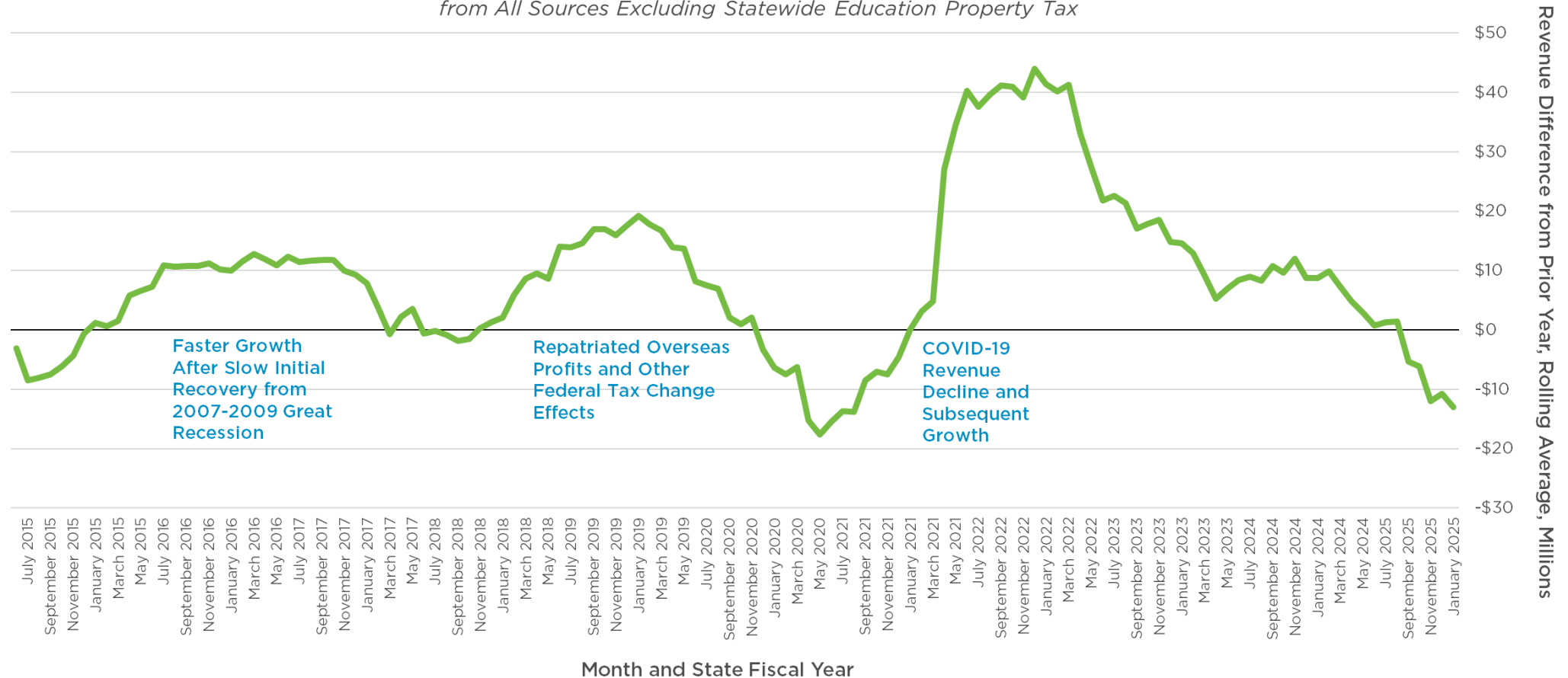
Sources: New Hampshire Office of Legislative Budget Assistant, Senate Finance Committee Surplus Statements, June 2023; 2023-2054s; 2023-2092s; 2023-2171s; 2023-2139s

CURRENT STATE REVENUES AND CHALLENGES

STATE REVENUES LOWER THAN LAST YEAR AFTER PERIOD OF SUBSTANTIAL GROWTH

DIFFERENCES OVER TIME IN NEW HAMPSHIRE COMBINED GENERAL AND EDUCATION TRUST FUNDS MONTHLY CASH RECEIPTS

Twelve-Month Rolling Averages of Monthly Cash Receipts to the General and Education Trust Funds Relative to Prior Year from All Sources Excluding Statewide Education Property Tax



Note: Medicaid Enhancement Tax excluded from historical data. Statewide Education Property Tax excluded due to tax targeting a certain amount collected.
Sources: New Hampshire Department of Administrative Services, Monthly Revenue Focus Reports

FISCAL CONSTRAINTS AND LOOMING QUESTIONS

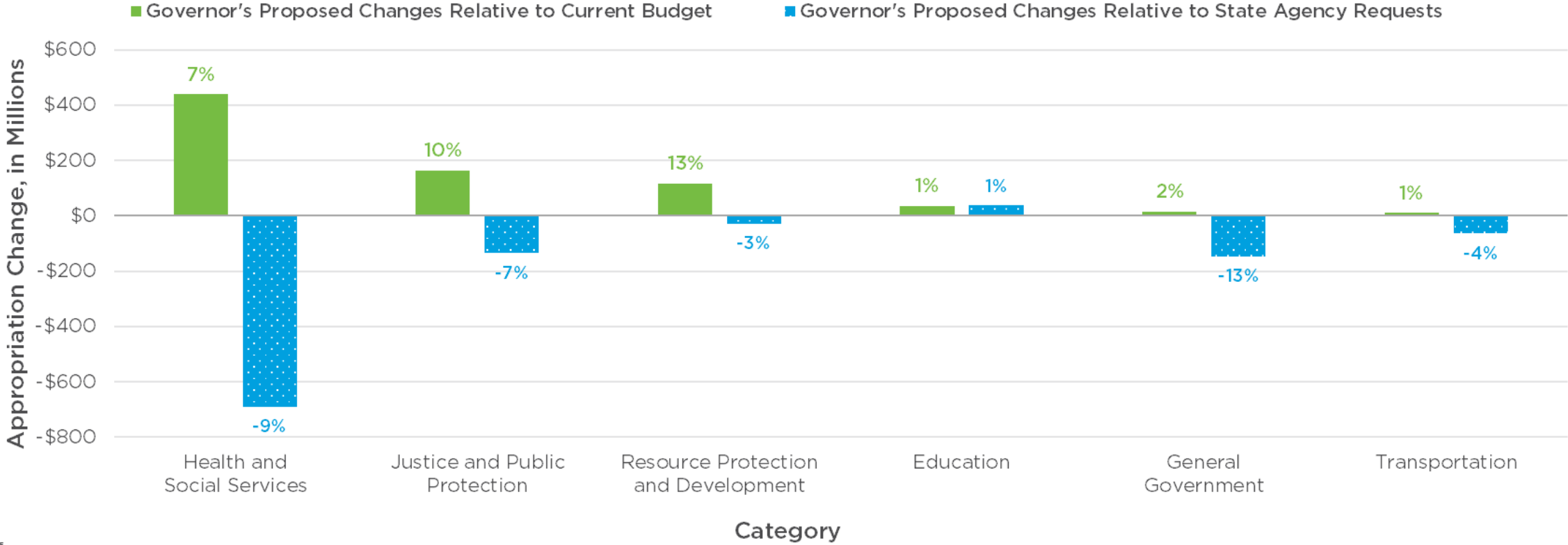
- Interest and Dividends Tax (\$184 million to General Fund, or 8.8 percent of General Fund revenues, last fiscal year) repealed effective January 2025
- State will earn less interest on cash holdings due to smaller cash reserves
- Youth Development Center settlements: paid \$127 million in 242 settled claims as of December 2024, \$792 million pending in 606 filed claims, claims period open until June 2025; \$160 million to settle claims appropriated previously, outlays capped at \$75 million per year
- Court cases associated with the Youth Development Center and children in the care of the State could generate substantial liabilities
- Decisions related to education funding from the State Supreme Court; second-largest State expenditure, small changes can lead to large funding commitments
- Construction of a new State prison for men, potentially \$500-\$600 million, annual bond payments may be substantial
- Changes to federal funding to the State for operations, with about one in three dollars to fund State services coming from the federal government

A BRIEF LOOK AT THE GOVERNOR'S PROPOSAL

GOVERNOR'S BUDGET BOOSTS ALL CATEGORIES, FALLS SHORT OF AGENCY REQUESTS

CHANGES IN GOVERNOR'S PROPOSED TOTAL STATE BUDGET BY CATEGORY FOR FISCAL YEARS 2026 AND 2027

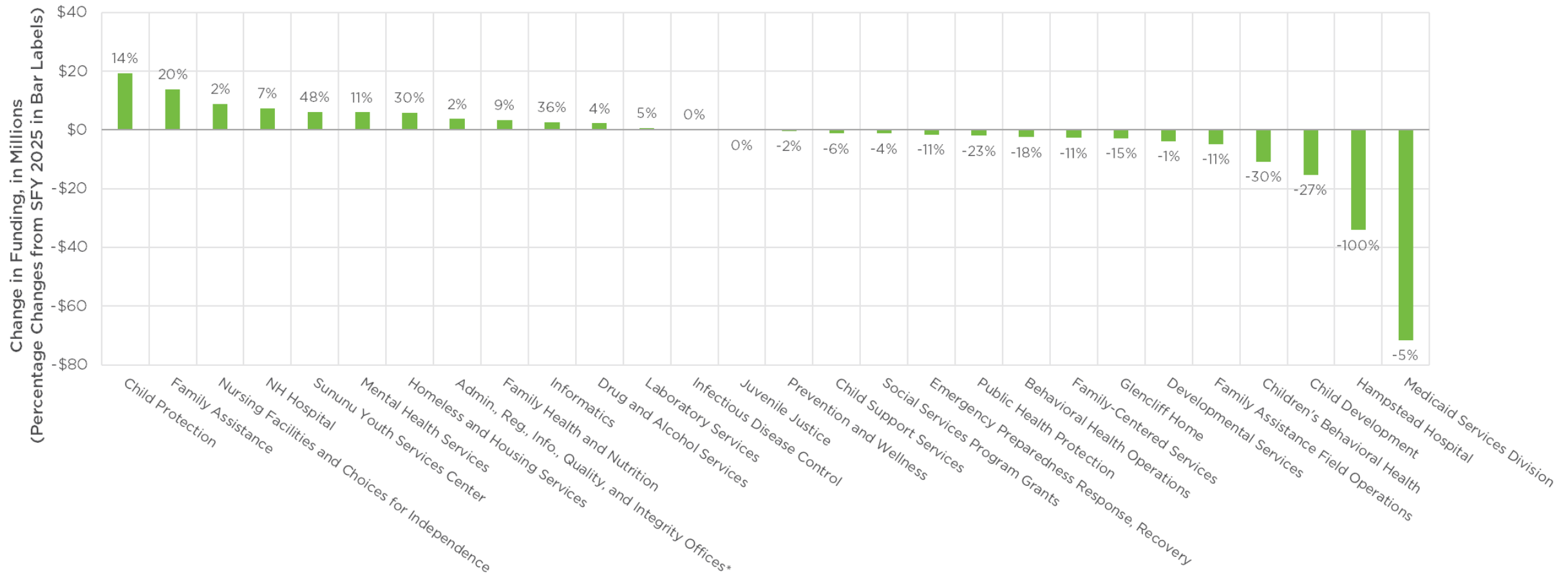
Appropriation Change Relative to Actual Final Budget Appropriations for SFYs 2024-2025 and Agency Budget Requests for SFYs 2026-2027, for New Hampshire



Note: These changes account for inter-agency transfers.
 Source: New Hampshire Department of Administrative Services, Budget Office

FUNDING WITHIN NH DHHS INCLUDES SHIFTS, REORGANIZATIONS, ONGOING INVESTMENTS

CHANGES BY SUB-AGENCY WITHIN THE NEW HAMPSHIRE DEPARTMENT OF HEALTH AND HUMAN SERVICES, CURRENTLY-AUTHORIZED EXPENDITURES FOR SFY 2025 VS. PROPOSED SFY 2026



Subagency with the New Hampshire Department of Health and Human Services

*Note: Combined nine operating units across separate budget lines, including the Commissioner's Office. The Bureau of Healthcare Access and Policy is being reorganized and does not appear here.
Source: Governor's Operating Budget and Governor's Executive Budget Summary, February 13, 2025

OTHER FACTS ABOUT, AND POLICY INITIATIVES IN, THE GOVERNOR'S BUDGET PROPOSAL

- State Budget proposal grows each year in aggregate relative to the current budget, constrained growth supported by relatively optimistic revenue projections and a new proposed revenue source: video lottery terminals
- Policy initiatives include:
 - Bail reform changes
 - New retirement system investments for police and firefighters
 - Waste disposal site evaluation process revisions
 - Streamlining State components of housing permitting process, including interactions with environmental protections and a 60-day timeline for State processing
- Medicaid copayments may be required, no details yet
- Does not include funds set aside for the new State prison for men or for the Youth Development Center-related costs

KEY TAKEAWAYS

- State Budget is two pieces of legislation constructed over a nearly year-long process, funding most (but not all) State operations
- State revenues are declining due to both external factors, such as corporate profits and interest rates, and policy choices that have reduced State revenue
- Key potential expenses could impact State Budget decision-making and limit resources available for other services, including unknown costs associated with Youth Development Center settlements and court cases, and separate State Supreme Court decisions regarding education funding
- Federal funds key to supporting services within the State Budget with significant federal policy choices likely in 2025
- Governor's proposal retains funding for most State agency operations slightly above current levels, does not include funding for certain initiatives included in the current State Budget and potential expenses
- Some components of proposal still unknown, more clarity to come as House Finance Committee considers the proposal and makes amendments

ADDITIONAL NHFPI RESOURCES

- Weekly Newsletter: <https://nhfpi.org/subscribe>
- Blog: Bigger Budget, New Lottery Revenues, and Less Money for Housing and Child Care Workforce: Five Takeaways from the Governor's Budget Proposal – February 18, 2025: <https://nhfpi.org/blog/bigger-budget-new-lottery-revenues-and-less-money-for-housing-and-child-care-workforce-five-takeaways-from-the-governors-budget-proposal/>
- Blog: January Revenues Reach Target, But Continue to Send Warning Signs – February 6, 2025: <https://nhfpi.org/blog/january-revenues-reach-target-but-continue-to-send-warning-signs/>
- Blog: Sliding Revenues, Spending Needs, and Federal Questions: Seven Facts About the New Hampshire State Budget – February 3, 2025: <https://nhfpi.org/blog/sliding-revenues-spending-needs-and-federal-questions-seven-facts-about-the-new-hampshire-state-budget/>
- State Budget Webinar Series: Register here: <https://nhfpi.org/events/examining-the-state-budget-2025-webinar-series/>
- Resource Page: Budget: <https://nhfpi.org/topic/budget/>