the state **budget process**

Funding our Communities



today's **presenters**



Kate Frey

Vice President of Advocacy, New Futures



Phil Sletten

Research Director, *New Hampshire Fiscal Policy Institute*

who we are

Solving problems through policy change.

New Futures works to improve the health and well-being of all Granite Staters through public policy change and civic empowerment.



what we **support**

Our policy priority areas span all stages of life.



Early Childhood

Improving access to quality child care, strengthening families, and reducing adverse childhood experiences.



Children's Behavioral Health

Supporting a comprehensive system of care for children's mental health.



Health Care Access

Ensuring access to quality, affordable health care.



Healthy Aging

Supporting choices and access to care for older adults.



Substance Use Disorder

Addressing stigma and discrimination in care for those struggling with substance misuse.



Public Health

Protecting New Hampshire's public health system.



Regulation of Addictive Products

Preventing substance use through community education and regulatory strategies.

ABOUT NHFPI

The New Hampshire Fiscal Policy Institute:

- is a **nonpartisan, independent research nonprofit organization** that examines issues related to the State Budget, the economy, policy decisions, and the financial security of Granite Staters, particularly issues relevant to people with low and moderate incomes.
- **does not lobby for or against specific pieces of legislation**.
- receives **no funding from governments**. Individuals, foundations, and other organizations support NHFPI's work.

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During 2025:	111	5,455	744,104	852
	Research Publications	Event Attendees	Video Views	News Mentions

NEW HAMPSHIRE FISCAL POLICY INSTITUTE

overview of **today's training**

- **Reviews how the state operating budget is developed, processed, and implemented**
- **Learn the various stages of budget process**
- **Illustrate different ways you can advocate throughout those stages**
- **Peek ahead to 28-29 Budget; Considerations and Priorities**

NH's state **budget Process**

A 6 Act Play

Comedy | Tragedy | Drama

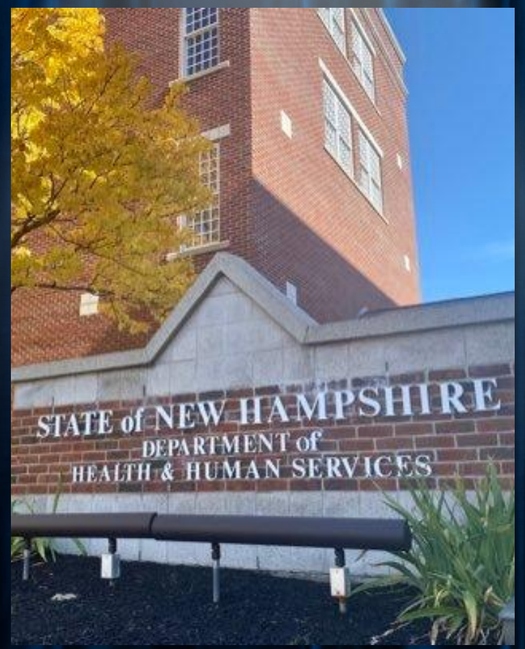


“A government’s budget is often considered **a statement of the public’s priorities**, a reflection of the choices that the people – through their elected representatives – make about the **amount of resources they wish to devote to meeting shared goals** and the **relative importance they assign to each** of those goals.”

- New Hampshire Fiscal Policy Institute

starring

State Agencies



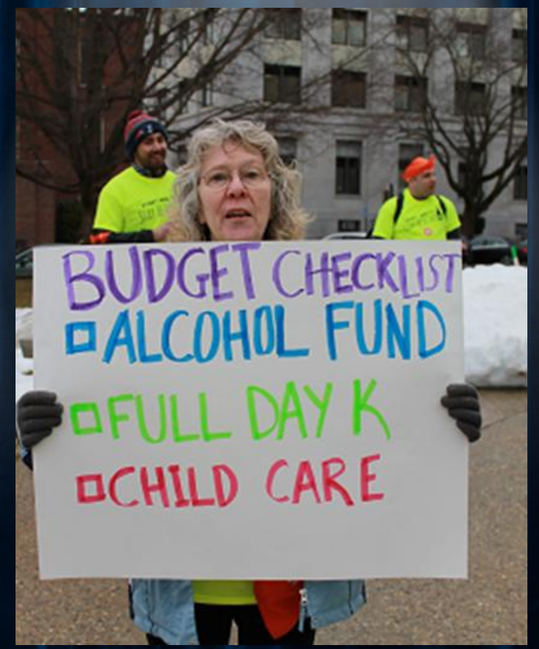
Governor



Legislature



YOU!



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
- The State Budget provides funding for SFYs 2026-2027, which spans July 1, 2025 to June 30, 2027, from two years of projected revenue
- State Budget, currently being implemented, appropriated approximately $15.9 billion for SFYs 2026-2027 combined, with about 33% funded with federal transfers

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

STATE BUDGET IS IN TWO BILLS

STATE BUDGET

Operating Budget Bill
(Typically House Bill 1)

Operating Budget Line Items
(House Bill 1, Sections 1.00 to 1.07)

Line Item 1	$X,XXX
Line Item 2	$XX
Line Item 3	$XXX
Organization, Class, and Agency Notes	
Line Items Total	$XX,XXX

Text Following Line Items

- Sections 1.08 Through Final Section
- Back of Budget Funding Adjustments
- Revenue Estimates
- Budget Footnotes

+

Trailer Bill
(Typically House Bill 2)

Omnibus Bill Text

Policy Language in Sentences, Which Can Include:

- Policy Changes Paired With Line Item Changes
- Additional Appropriations
- Allocations of Surplus Revenue from the Prior Biennium
- Policy on Other Topics

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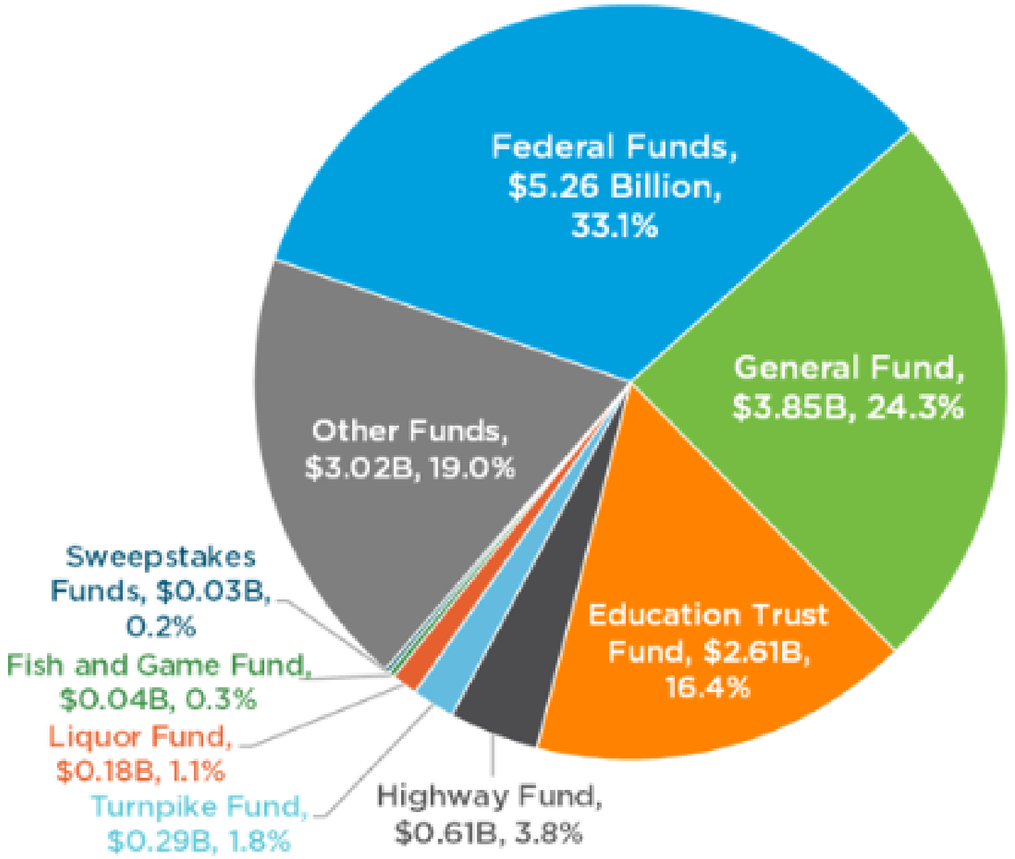
STATE BUDGET EXPENDITURES AND REVENUE SOURCES ORGANIZED INTO FUNDS

THE NEW HAMPSHIRE STATE BUDGET FOR FISCAL YEARS 2026 AND 2027, BY FUND

Includes Operating Budget and Trailer Bill Appropriations



Sources: New Hampshire Office of Legislative Budget Assistant Surplus Statements; Chapters 140-142, Laws of 2025

- Funds act like accounts
- Interact with one another
- General Fund most flexible, often the most discussed by legislators
- General Fund fills any Education Trust Fund shortfall, Education Trust Fund surplus over $20M goes to General Fund
- 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.

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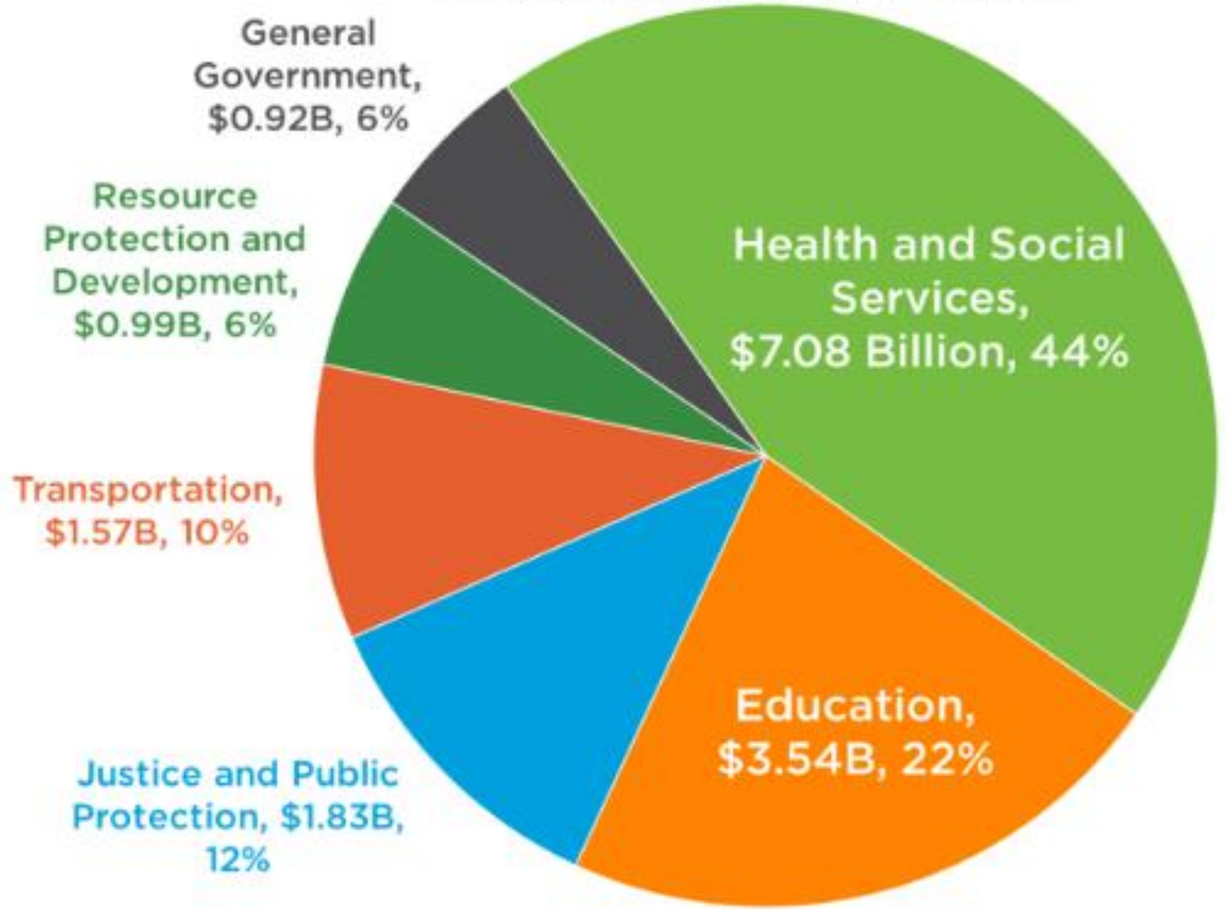
BUDGET APPROPRIATIONS IN SIX CATEGORIES

STATE BUDGET APPROPRIATIONS BY CATEGORY

State Fiscal Years 2026-2027 Appropriations,
Includes Trailer Bill Appropriations



Note: These figures account for inter-agency transfers.
Sources: Chapters 140-142, Laws of 2025; Office of Legislative Budget Assistant Surplus Statements

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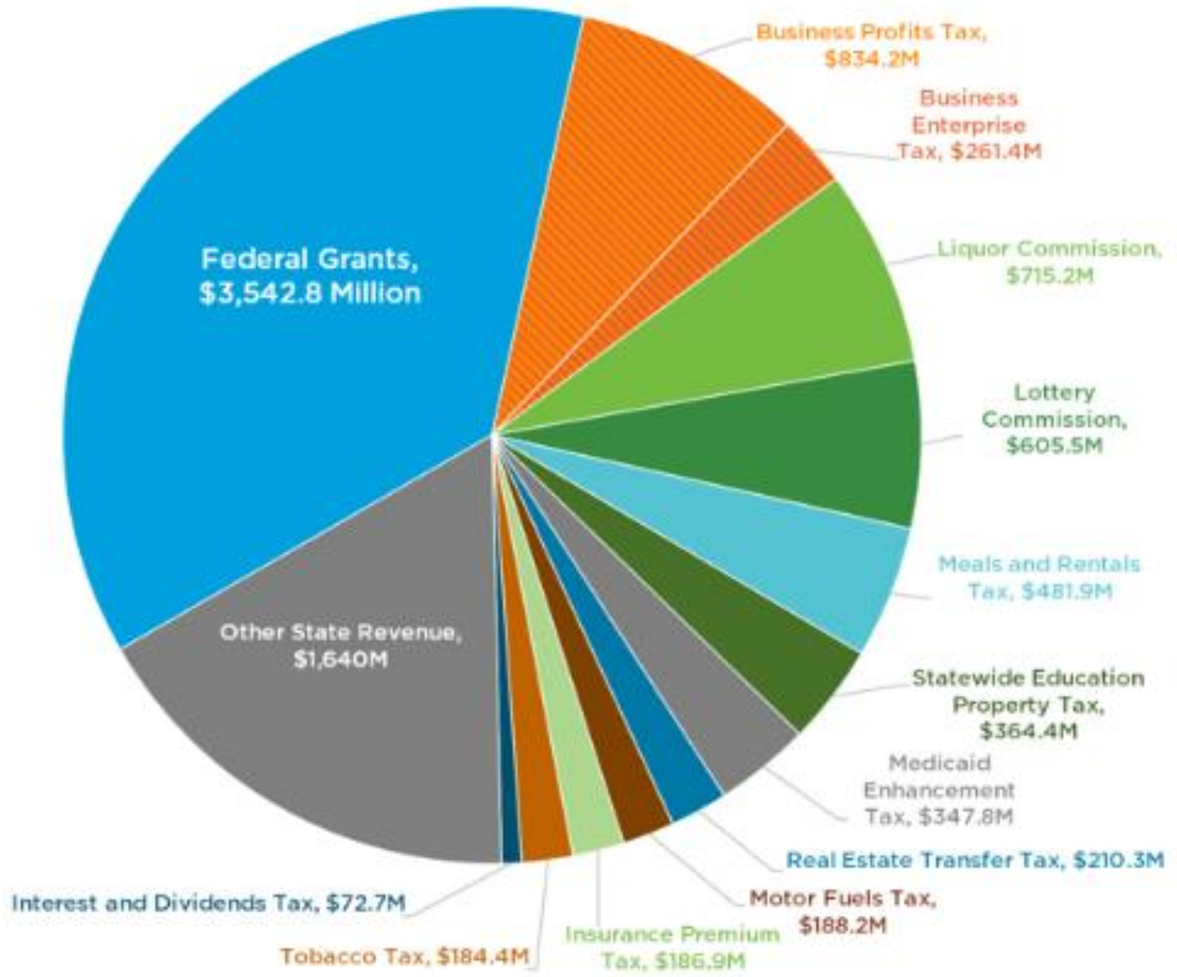
A DIVERSE ARRAY OF STATE REVENUES

STATE REVENUE SOURCES, GOVERNMENTAL AND ENTERPRISE FUNDS, STATE FISCAL YEAR 2025

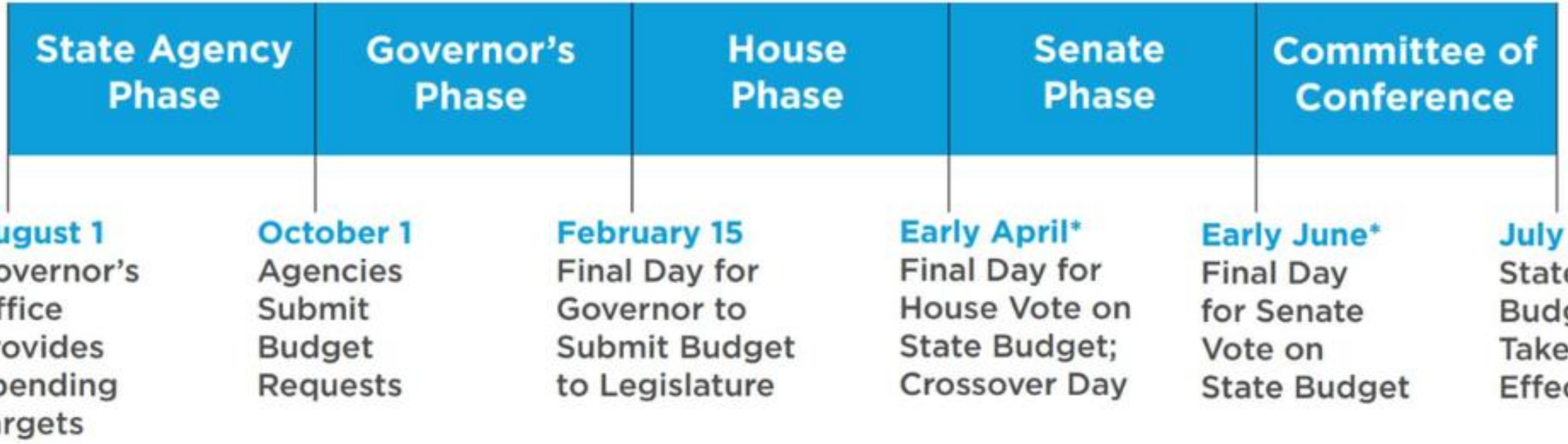


Sources: Annual Comprehensive Financial Reports for the State of New Hampshire, the Liquor Commission, and the Lottery Commission, SFY 2025; NH Department of Revenue Administration, 2025 Annual Report; NH Department of Health and Human Services

- Federal transfers significant, typical among U.S. states as fraction of total revenue
- Gross revenues from the Liquor Commission and the Lottery Commission are among largest State revenue sources, but most revenues generated used to support internal operations
- Business Profits Tax is the largest State tax revenue source, and revenues are commonly combined with Business Enterprise Tax revenues prior to final audits

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.

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AGENCY AND GOVERNOR'S PHASES

- Governor's office provides targeted expenditure amounts to State agencies by **August 1**, per statute, based on revenue projections and divided among State agencies
- Agency budget requests must be submitted by **October 1** of even-numbered years, per statute
- Agency requests include "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 **November 16-18** this cycle
- Governor's budget presented by **February 15 (probably February 11 next year)**, but not all Trailer Bill documents may be ready by that time
- Governor typically explains budget in an address to the Legislature and a written Executive Summary

Sources and additional information on the State Budget process: NHFPI, Building the Budget, February 2017; House and Senate Calendars

acts I and II: **Agency and Governor's phase**



Agency Phase

Governor's Phase

August 1

Governor provides spending targets to agencies

October 1

Agencies submit funding requests

By Feb 15

Governor presents their budget

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Ways to Advocate

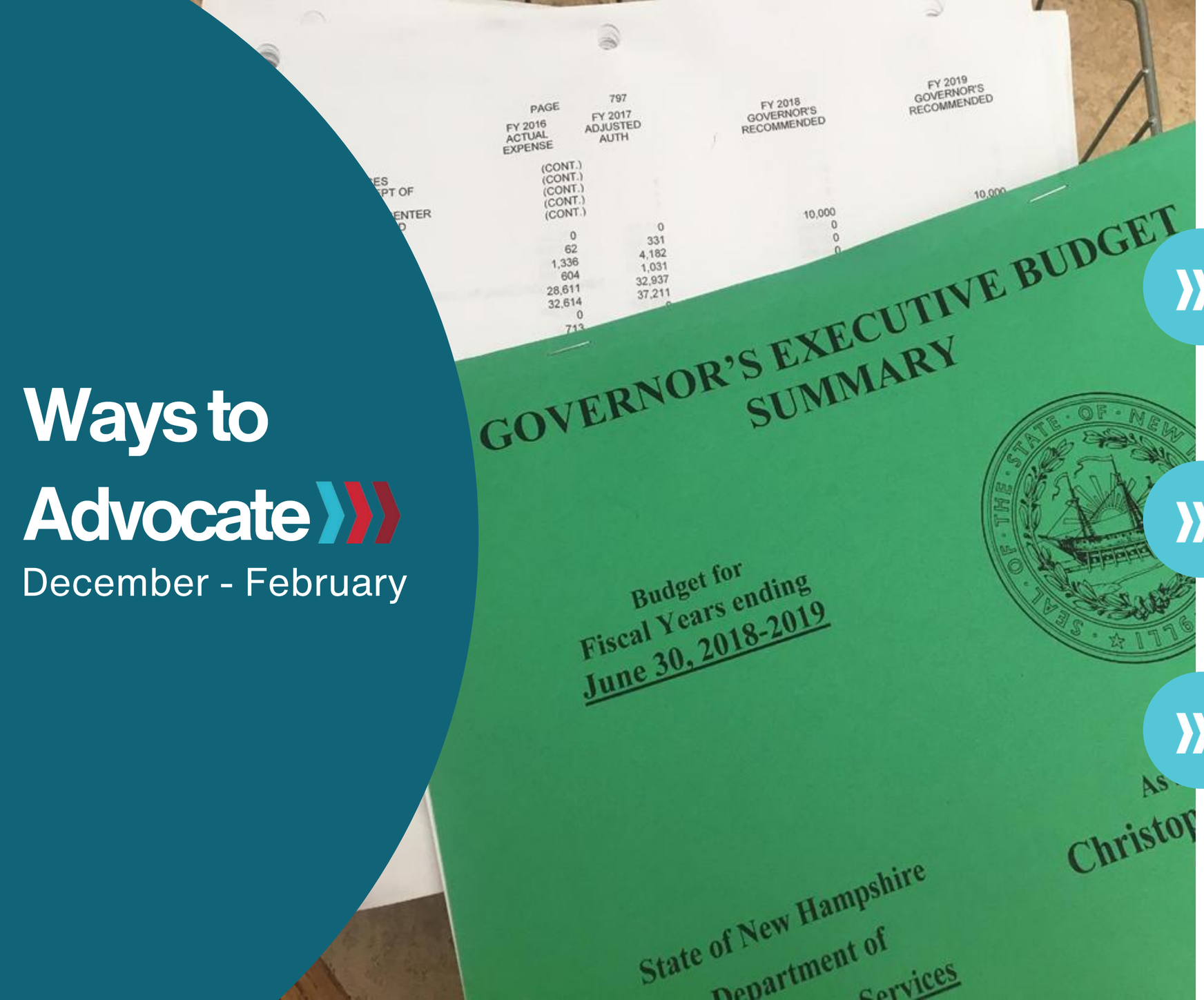
August - October



- **Work to understand issues and budget needs**
- **Educate and prepare advocates**
- **Develop educational materials and begin engaging media**

Ways to Advocate

December - February



- **Analyze the budget (quickly) to determine priorities**
- **Update and mobilize community on priorities**
- **Utilize media to uplift priorities**

LEGISLATURE'S PROCESS BEGINS IN THE HOUSE OF REPRESENTATIVES

- House Finance Committee hears from the Governor's office, from State agency staff, and from the public (public engagement underlined)
- One public hearing in the House phase, and possibly additional hearings outside Concord depending on the Legislature's preference
- House Ways and Means Committee creates revenue estimates for House budget
- House Finance Committee (currently 24 members) separates into three separate committees, or "Divisions," to consider different portions of the budget
- Generally, House Finance **Division III** covers health and social services, **Division II** transportation and education, **Division I** most other services
- Each Division makes their amendments, meets as a full House Finance Committee to accept Division amendments, make more amendments, and vote
- HB 1 and HB 2 then go to the entire House for a vote
- House deadline to pass a budget, created largely by House Finance Committee, by crossover, typically early April

house committees: **finance divisions**

Division I

- General Government
- Justice and Public Protection
- Resource Protection & Development

Division II

- Transportation
- Education
- Departments of Safety and Fish & Game

Division III

- Health and Social Services

act III:
house phase



Agency Phase

August 1

Governor provides spending targets to agencies

Governor's Phase

October 1

Agencies submit funding requests

By Feb 15

Governor presents their budget

House Phase

Early April

House works to pass their version

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Ways to Advocate

March - April



- Attend public hearings and work sessions
- Support community in advocating
- Continuing trying to gain media attention on priorities

budget advocacy



Participate in a Budget Hearing

Contact Committee Members

Contact Your Legislator

Write a Letter to the Editor

Share on Social Media

Get Others to Take Action

Connect with NF and get timely updates about **when and how to take action** on issues you care about!

www.new-futures.org/training/sign-up

SENATE FOLLOWS HOUSE, BENEFITS FROM MORE INSIGHT INTO REVENUES

- Senate Finance Committee (currently 8 members) works on the State Budget resulting from House process, does not split work into Divisions
- Senate Finance Committee also has a different set of hearings from House Finance Committee, hears from State agency staff, and has at least one public hearing, repeating the patterns from the House Finance Committee
- Revenues collected in April can provide greater insight into the future of State revenues, and Senate Ways and Means Committee creates a new set of revenue estimates for the Senate to use in its version of the State Budget
- Senate Finance Committee amends the budget, often including Trailer Bill amendments with entire Senate bills previously passed and tabled
- Full Senate due to pass a budget, as amended by Senate Finance Committee and full chamber, typically by **early June**
- If House disagrees with Senate version, the House can ask for a Committee of Conference, typically happening during a week in **mid-June**

act IV:
senate phase



Agency Phase

August 1

Governor provides spending targets to agencies

Governor's Phase

October 1

Agencies submit funding requests

By Feb 15

Governor presents their budget

House Phase

Early April

House works to pass their version

Senate Phase

Early June

Senate works to pass their version

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Ways to Advocate

April - May



- Attend public hearings and work sessions
- Support community in advocating
- Continue trying to gain media attention on priorities

budget advocacy



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COMMITTEE OF CONFERENCE FINAL LEGISLATIVE STEP IN USUAL PROCESS

- Conferees from the House and Senate Finance Committees, although they can include Ways and Means Committee members
- Committee of Conference not always needed; for example, the Legislature skipped having a Committee of Conference in 2023 because the House concurred with the Senate version of the State Budget
- Committee of Conference develops its own revenue estimates, makes amendments to the final budget package
- No amendments allowed in the floor votes after Committee of Conference; both House and Senate votes are for or against the final Conference report
- Governor then considers budget; signature, veto, or lack of signature (outcome for whether the bill becomes law is dependent on timing)
- If vetoed (most recent in 2003, 2015, 2019), the Legislature typically passes a House Joint Resolution to extend funding for three or six months, and a final compromise is reached and approved, typically in September

act V: conference committee



Agency Phase

August 1

Governor provides spending targets to agencies

October 1

Agencies submit funding requests

Governor's Phase

By Feb 15

Governor presents their budget

House Phase

Early April

House works to pass their version

Senate Phase

Early June

Senate works to pass their version

Committee of Conference

End of June

House and **Senate** compromise

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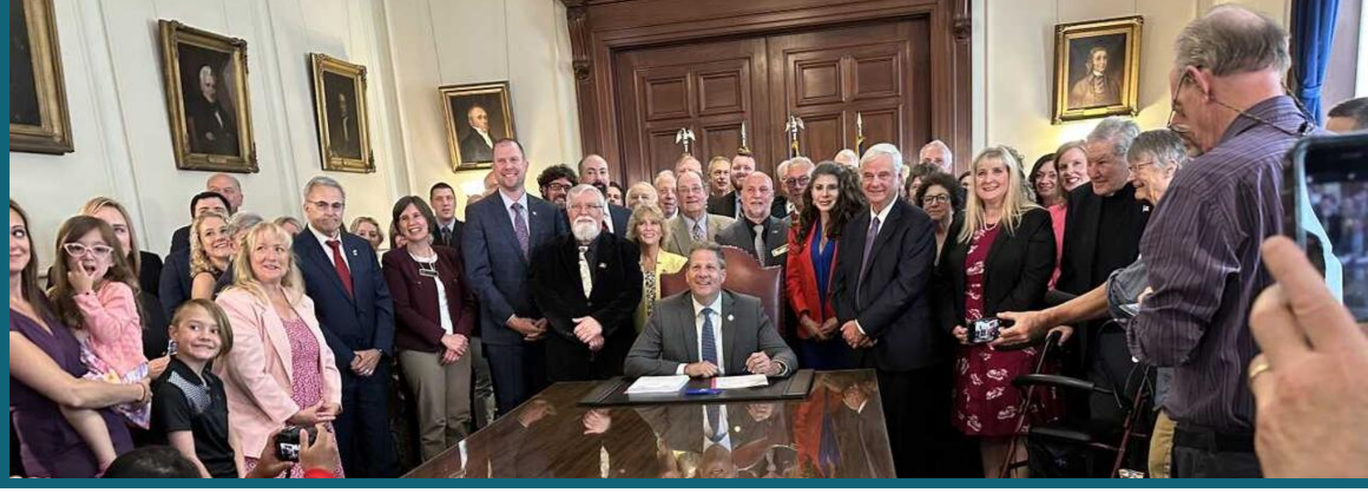
Ways to Advocate

June



- Attend every CoC meeting, day and night
- Strategize on last minute changes and developments
- Continue providing updates and engaging media

the final act: governor's desk



Agency Phase

August 1

Governor provides spending targets to agencies

October 1

Agencies submit funding requests

Governor's Phase

By Feb 15

Governor presents their budget

House Phase

Early April

House works to pass their version

Senate Phase

Early June

Senate works to pass their version

Committee of Conference

End of June

House and **Senate** compromise

By July 1

Governor signs or vetoes

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NOT ALWAYS A CLEAR THROUGHLINE

2015

Governor vetoed HBs 1 and 2 in June. The Legislature passed a six-month House Joint Resolution to extend funding. Negotiators reached an agreement in September, and the Legislature overrode the Governor's vetoes of HBs 1 and 2 while also passing Senate Joint Resolution 9, which included the compromise policies.

2017

The House did not pass HBs 1 and 2. The Senate amended the Governor's proposed budget to HBs 144 and 517, separate bills that already passed the House, and made changes from there. The Senate agreed to negotiate with the House Finance Committee's budget in the Committee of Conference.

2019

The Governor vetoed HBs 1 and 2, and the Legislature passed a three-month House Joint Resolution extending funding. A compromise agreement was introduced as HBs 3 and 4 and passed in September.

2025

Pending a potential gubernatorial veto, House Bill 2 was modified by House Bill 282, which made modifications to the Legislature's budget to reach a compromise with the Governor. All three House Bills (1, 2, and 282) were passed at the same time and signed.

2023

There was no Committee of Conference. The House concurred with the Senate version of the State Budget.

POTENTIAL FISCAL CHALLENGES FACING THE NEW HAMPSHIRE STATE GOVERNMENT

- New education funding requirements from a mid-2025 ruling by the State Supreme Court
- Loss of revenue from federal Medicaid Enhancement Tax restrictions and federal match revenue
- Youth Development Center settlements and court cases
- Construction of a new State prison for men
- Reductions in funding in current budget may need backfilling
- Economic challenges could increase service needs and decrease revenues



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SOLVING PROBLEMS THROUGH POLICY CHANGE

Prioritizing People in Our State Budget

In New Hampshire, our health and well-being are our most critical assets. Sustained and strategic investment in people and families is vital.

By prioritizing these foundational health investments, we secure not just individual well-being, but the long-term resilience and prosperity of the entire Granite State.

Checking the Box on People First Budget Priorities:

Early Childhood

- [ ] Protect investments in NH's Child Care Scholarship Program and stabilize programs that support appropriate rates of payment and ensure access to quality child care for working families.
- [ ] Maintain funding for home visiting programs and family resource centers to prevent and mitigate childhood trauma.

Access to Mental Health Services for Children and Youth

- [ ] Support sustainable financing for the emergency behavioral health crisis system, including the 988 Suicide and Crisis Lifeline.
- [ ] Maintain investments in NH's Children's System of Care to ensure access to community- and school-based services.

Resources for Older Adults

- [ ] Support funding for the System of Care for Healthy Aging, caregiver respite, and senior volunteer programs to ensure older adults have a meaningful choice in services and care options.
- [ ] Expand eligibility for Medicare Savings Programs to ensure more older adults have access to affordable health care.

Access to Affordable Health Care

- [ ] Grow NH's health care workforce by boosting Medicaid reimbursement rates for health care providers across the state.

Access to Substance Use Treatment

- [ ] Support New Hampshire's substance use treatment network by maintaining funding for Doorways, drug courts, and other programs across the continuum of care.

Regulation of Addictive Products

- [ ] Ensure the Alcohol Abuse Prevention and Treatment Fund ('Alcohol Fund') is fully funded ($10.7 million estimated) to support prevention, treatment and recovery programs.

Public Health

- [ ] Preserve funds for local and state public health services and protect critical programs such as NH's Vaccine for Children program.

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