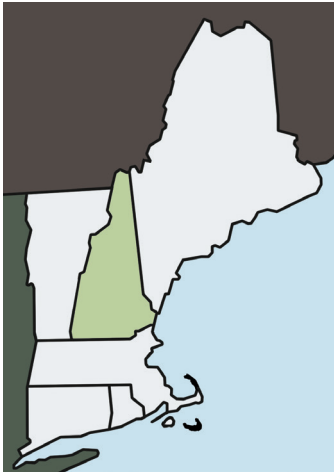


## NEW HAMPSHIRE Budget Report Card



NEW HAMPSHIRE'S MIX of B and D average grades for fiscal 2015 through 2019 reflects a state that carries out some budgetary practices relatively well and others poorly. Its D average in budget forecasting, for example, was driven partly by revenue and expenditure projections that failed to extend farther than the biennial budget. In 2018–19, New Hampshire also lacked explanatory information for its short-term revenue growth projections in the governor's biennial executive budget summaries or the monthly revenue reports from the Department of Administrative Services.

The state's D average in legacy costs, which include public worker pensions and other postemployment benefits (OPEB), primarily health care, shows a disparity in retirement funding practices. While New Hampshire made annual pension contributions on an actuarial basis, it did not do so for OPEB, which had a net liability of \$1.8 billion as of June 30, 2019. That year, New Hampshire's pension funding ratio was 66 percent, 5 percentage points below the total for all states.

In the remaining three categories, New Hampshire fared better. In budget maneuvers, it averaged B. While it avoided one-time actions to balance budgets in 2016–17, it used transfers from special funds in the following two years. In 2019, \$146.3 million of New Hampshire Liquor Commission profits were used for general fund expenses.

New Hampshire's B in reserve funds reflected its lack of consideration of revenue volatility in policies governing the Revenue Stabilization Reserve Account, a shortcoming shared with twenty-nine other states. That fund held \$115 million in fiscal 2019, equivalent to 7.7 percent of general fund expenditures, up from \$22 million, or 1.7 percent, in fiscal 2015.

### NEW ENGLAND STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	C	D-	A	B
New Hampshire	D	B	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	B	D	B	B
US AVERAGE	C	B	C	B	B


**NOTE** States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preparing for the Storm* at [VolckerAlliance.org](http://VolckerAlliance.org).


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## NEW HAMPSHIRE Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING						
	2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	D	D	D	D	D
	Consensus Revenue Forecasts	X	X	X	X	X
	Multiyear Expenditure Forecasts	X	X	X	X	X
	Multiyear Revenue Forecasts	X	X	X	X	X
	Revenue Growth Projections	✓	✓	✓	X	X
5-YEAR AVERAGE						D
	'15	'16	'17	'18	'19	

BUDGET MANEUVERS						
	2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	A	A	B	B
	Deferring Recurring Expenditures	✓	✓	✓	✓	✓
	Revenue and Cost Shifting	✓	✓	✓	X	X
	Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	X	✓	✓	✓	✓
5-YEAR AVERAGE						B
	'15	'16	'17	'18	'19	

LEGACY COSTS						
	2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	D	D	D	D	D
	Public Employee OPEB Funding	X	X	X	X	X
	Public Employee Pension Funding	✓	✓	✓	✓	✓
	Public Employee Pension Funded Ratio*	65%	58%	63%	65%	66%
5-YEAR AVERAGE						D
	'15	'16	'17	'18	'19	

RESERVE FUNDS						
	2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	B	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X	X	X
5-YEAR AVERAGE						B
	'15	'16	'17	'18	'19	

TRANSPARENCY						
	2015	2016	2017	2018	2019	TREND
	CATEGORY GRADE	B	B	B	B	B
	Consolidated Budget Website	✓	✓	✓	✓	✓
	Provides Debt Tables	✓	✓	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X
	Discloses Tax Expenditures	✓	✓	✓	✓	✓
5-YEAR AVERAGE						B
	'15	'16	'17	'18	'19	

### KEY

✓	Followed best practice
X	Did not follow best practice

**BUDGET FORECASTING** evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

\* **SOURCE** Bloomberg.

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