

Debt Affordability and Bonding Authorizations

NEW HAMPSHIRE STATE TREASURY

FEBRUARY 19, 2021

FY2020 Debt Affordability Study

Using Biennial Bonding Authorizations of \$120 million

	Fiscal Year (in thousands)					Moody's Median
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2020⁽¹⁾</u>
Net General Fund Debt ⁽²⁾	\$568,434	\$532,338	\$562,511	\$544,367	\$526,281	
Total Net Debt to Personal Income	0.6%	0.6%	0.6%	0.6%	0.5%	2.0%
Total Net Debt Per Capita	\$417	\$390	\$411	\$397	\$383	\$1,071
Net Debt Service to General Fund Revenues ⁽³⁾	6.7%	6.2%	6.7%	6.5%	6.5%	3.8% ⁽⁴⁾

(1) From Moody's 2020 State Debt Medians Report, which is based on calendar year and FY 2019 data.

(2) Includes school building aid debt.

(3) Using FY2020 General Fund revenues and conservative revenue assumptions thereafter.

(4) "Rule of thumb" of 10% is used by credit analysts to warn of excessive debt service burden.

Bonding Considerations

- The rating agencies consistently praise the State’s debt levels and debt management practices as conservative, one of the credit positives that responds predictably to budgetary policy.
- From 2000-2011, NH’s ratio averaged 6.1%, however, the average reached 7.3% from 2012-2020 (2020 ratio is preliminary). The debt to revenue ratio of 10% is the “warning” level monitored by rating agencies.

2012	2013	2014	2015	2016	2017	2018	2019	2020
7.8%	7.7%	8.4%	8.2%	7.3%	6.8%	6.4%	6.4%	6.7%

- Maintaining borrowing capacity for unanticipated capital needs is prudent (ex. Concord steam, PFAS remediation project, deteriorating infrastructure, policy initiatives that require significant funding).
- Presently, the amount of “authorized and unissued” General Obligation debt is \$174 million, which represents bonding authorizations for capital projects that have not yet begun spending.