

HOUSE FINANCE COMMITTEE

DIVISION II

OPERATING BUDGET ORIENTATION

January 2011

Office of Legislative Budget Assistant
Telephone Directory

Office Main Line

271-3161

Direct Lines

Division II

Mike Kane	271-3085
Gerard Murphy	271-3090
Steve Giovinelli	271-3160

OPERATING BUDGET PROCESS

Timeline of Activity

AGENCY PHASE:

May 1 – July 30:

Preliminary planning at the agency level including reviewing the budget organization structure, reviewing personnel information, identifying performance measures, and gathering performance measures.

July 28 – Sept 10:

Agency inputs budget data.

September 22:

Agency budget package due to the Department of Administrative Services.

October 1:

Agency budget requests available in accordance with RSA 9:4.

GOVERNOR'S PHASE:

November – December:

The Governor holds public hearings on the agency budget requests. Agency officials attend and testify in support of their requests.

February 15:

The Governor submits the Operating Budget to the general court no later than February 15 of each odd numbered year.

OPERATING BUDGET PROCESS

Timeline of Activity

LEGISLATIVE PHASE:

February 16 – February 28:

House Finance Committee:

The operating budget bill is written and usually incorporates the Governor's recommended Budget presented February 15. The sponsor of this bill is the Chairman of the Finance Committee, but sometimes the Chairman of Senate Finance Committee cosponsors the bill.

The Committee holds public hearings on the bill, then divides the bill by category of government and refers those sections to the Committee's Divisions.

March 1 – March 31:

House Finance Divisions I – III:

The Divisions meet with agencies to determine the Division's recommendations to the full committee. These recommendations are presented to the full committee for review and approval. When the bill passes this committee, the House votes to approve the bill and sends it to the Senate where it is referred to the Senate Finance Committee.

Early April:

House Finance:

House Finance Division recommendations are presented to the full committee for review and approval. The committee bill is then passed to the full House. House Rule 48a requires a detailed briefing on the general budget bill be presented to the House at least two days before final action is taken on such a bill.

Mid April:

Full House:

The full House reviews the bill that House Finance has produced and when approved, the bill is sent to the Senate.

Mid April:

Senate Finance Committee:

The Committee holds public hearings on the bill. The Committee will break into Divisions to work on the bill, with the Divisions presenting recommendations to the full Committee for review and approval.

The bill is approved by this Committee and the full Senate. If the bill has been amended, it is sent back to the House where the House can either concur, non concur, or non concur and request a Committee of Conference.

End of May:

Joint House and Senate Committee of Conference:

If a Committee of Conference is appointed, the Committee meets to work out differences between the House and Senate positions.

Beginning of June:

Committee of Conference Report Adopted

End of June:

Operating Budget Bill to the Governor to sign

Fiscal Year 2010 Actual Expenditures and Fiscal Year 2011 Adjusted Authorized Appropriations

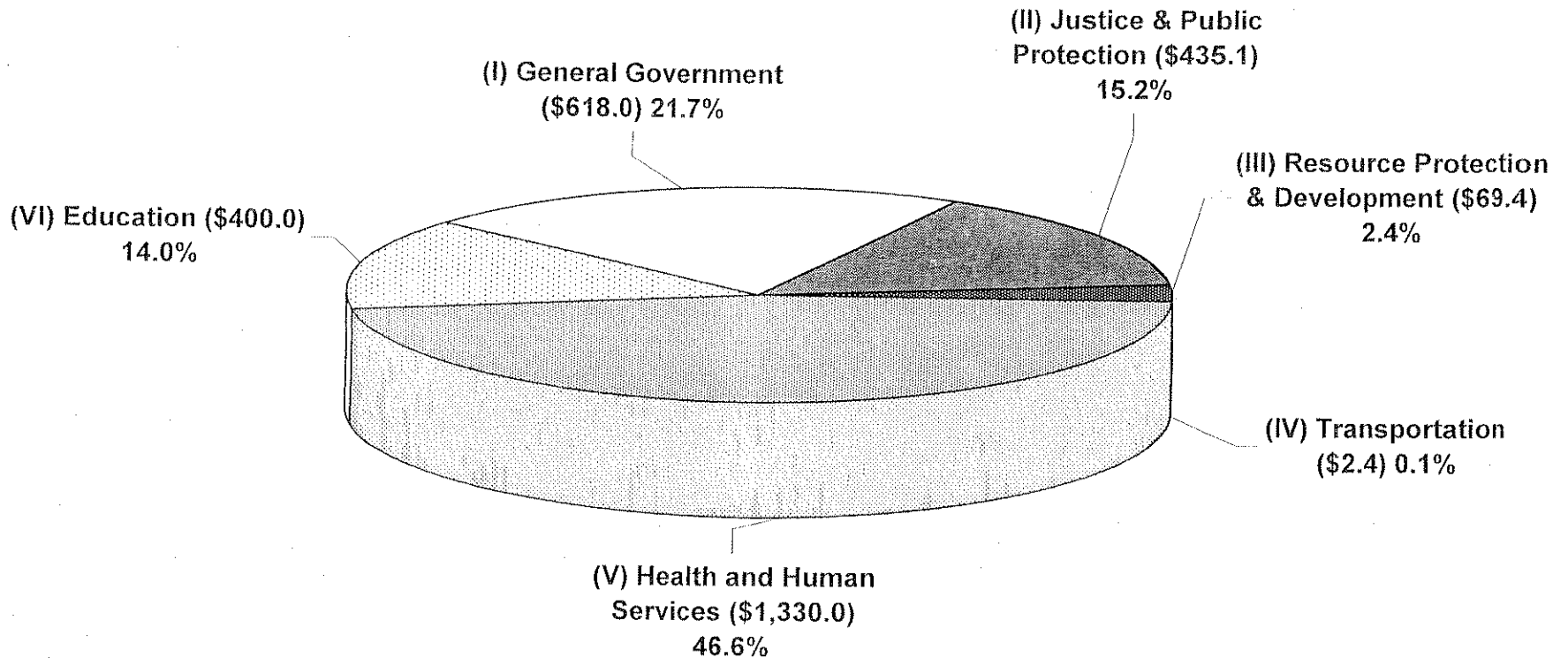
Totals by Category - General Funds

CATEGORY	FY 2010 (Actuals)	FY 2011 (Adjusted Authorized)	BIENNIUM TOTAL	%OF TOTAL
Category 1 - General Government	302,265,056	315,737,253	618,002,309	21.65%
Category 2 - Justice and Public Protection	216,112,015	219,016,363	435,128,378	15.24%
Category 3 - Resource Protection and Development	35,556,186	33,836,176	69,392,362	2.43%
Category 4 - Transportation	1,304,688	1,082,363	2,387,051	0.08%
Category 5 - Health and Social Services	635,378,703	694,625,145	1,330,003,848	46.58%
Category 6 - Education	206,506,273	193,586,424	400,092,697	14.01%
Total	1,397,122,921	1,457,883,724	2,855,006,645	100.00%

Totals by Category - All Funds

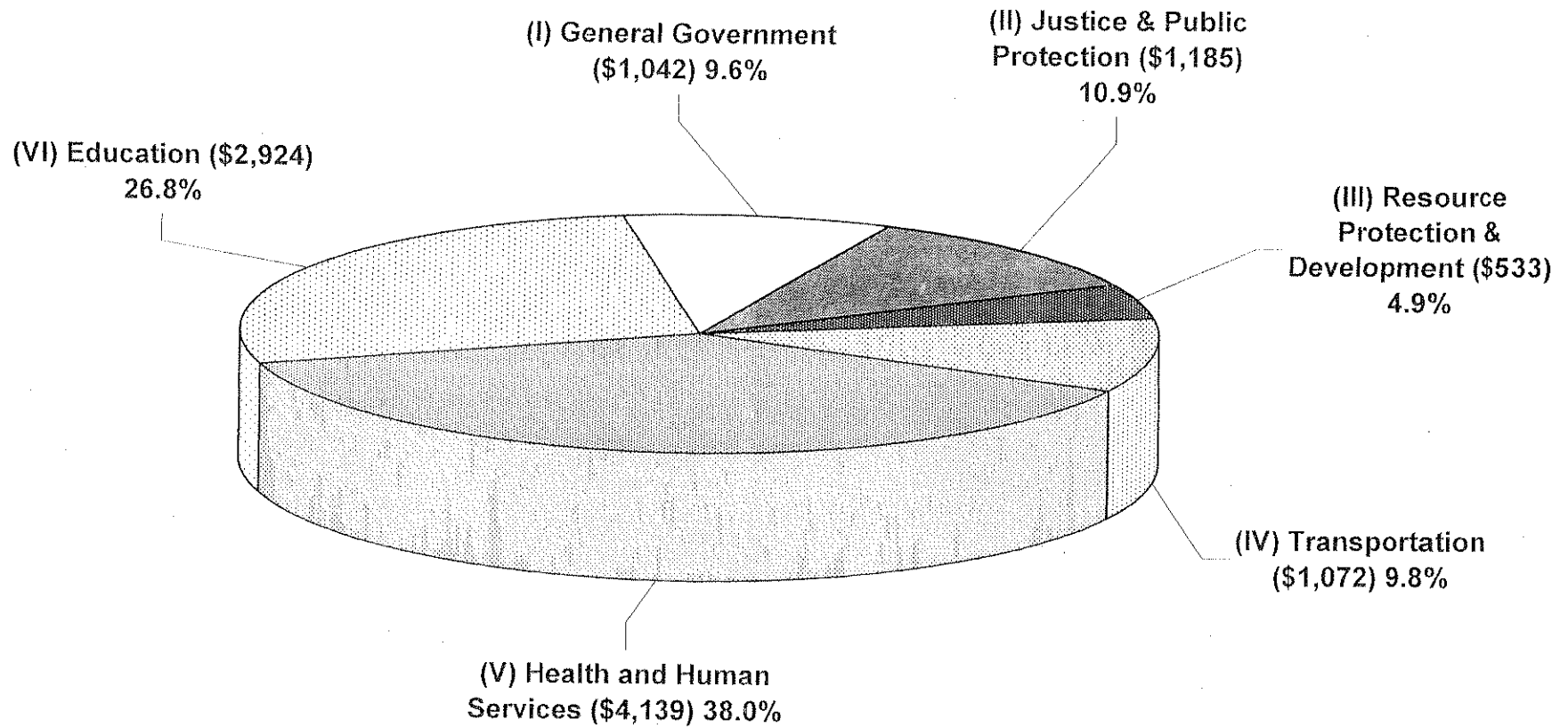
CATEGORY	FY 2010 (Actuals)	FY 2011 (Adjusted Authorized)	BIENNIUM TOTAL	%OF TOTAL
Category 1 - General Government	498,861,312	543,113,130	1,041,974,442	9.56%
Category 2 - Justice and Public Protection	527,628,323	657,632,300	1,185,260,623	10.88%
Category 3 - Resource Protection and Development	201,257,732	332,077,085	533,334,817	4.89%
Category 4 - Transportation	486,785,628	585,405,527	1,072,191,155	9.84%
Category 5 - Health and Social Services	1,981,572,272	2,157,627,767	4,139,200,039	37.99%
Category 6 - Education	1,429,708,289	1,494,408,944	2,924,117,233	26.84%
Total	5,125,813,556	5,770,264,753	10,896,078,309	100.00%

**FISCAL YEAR 2010 GENERAL FUND ACTUAL EXPENDITURES
AND FISCAL YEAR 2011 ADJUSTED AUTHORIZED GENERAL
FUND APPROPRIATIONS BY CATEGORY \$2,855**



Source of Funds in Millions
LBAO
January 2011

**FISCAL YEAR 2010 ACTUAL EXPENDITURES AND FISCAL YEAR
2011 ADJUSTED AUTHORIZED APPROPRIATIONS BY
CATEGORY - ALL FUNDS \$10,896**



Source of Funds in Millions
LBAO
January 2011

Fiscal Year 2010 Actual Expenditures and Fiscal Year 2011 Adjusted Authorized Appropriations

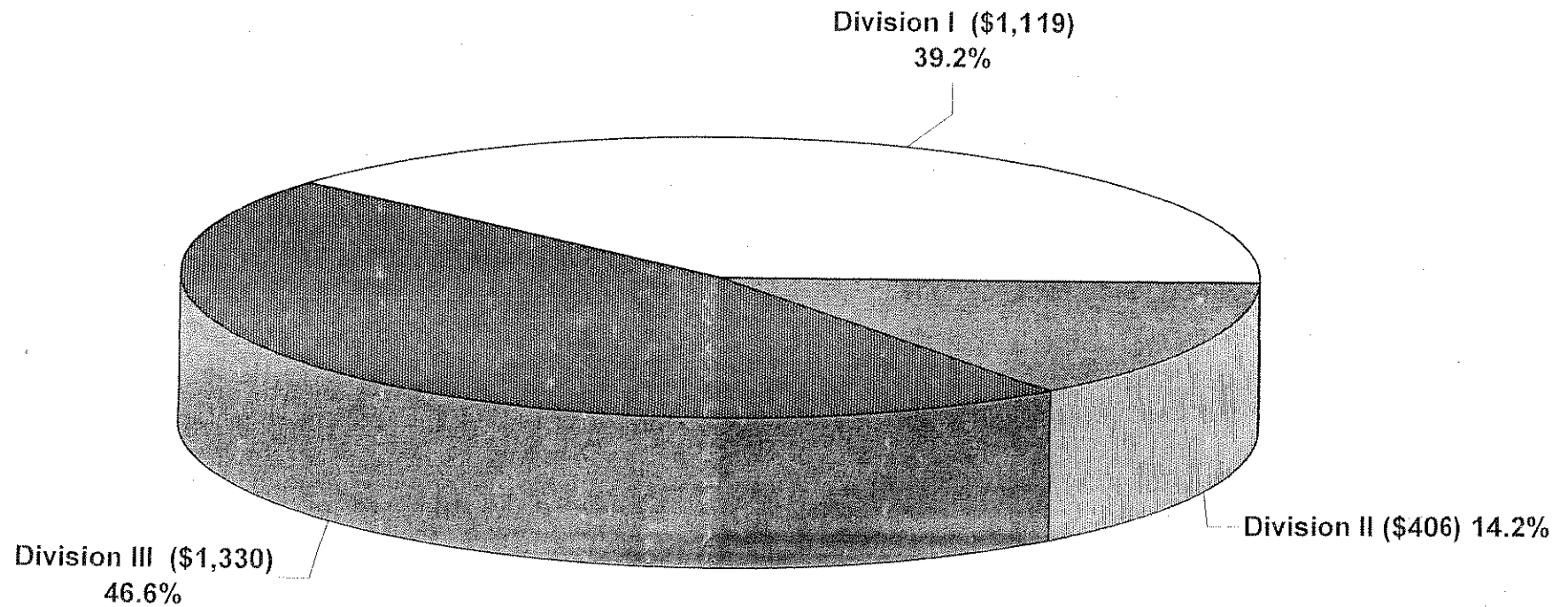
Totals by Division - General Funds

DIVISION / CATEGORY	FY 2010 (Actuals)	FY 2011 (Adjusted Authorized)	BIENNIUM TOTAL	%OF TOTAL
Division I - Categories 1,2,&3 (except Safety and Fish and Game)	550,830,051	567,719,958	1,118,550,009	39.18%
Division II - Categories 4 & 6, plus Safety and Fish and Game	210,914,167	195,538,621	406,452,788	14.24%
Division III - Category 5	635,378,703	694,625,145	1,330,003,848	46.58%
Total	1,397,122,921	1,457,883,724	2,855,006,645	100.00%

Totals by Division - All Funds

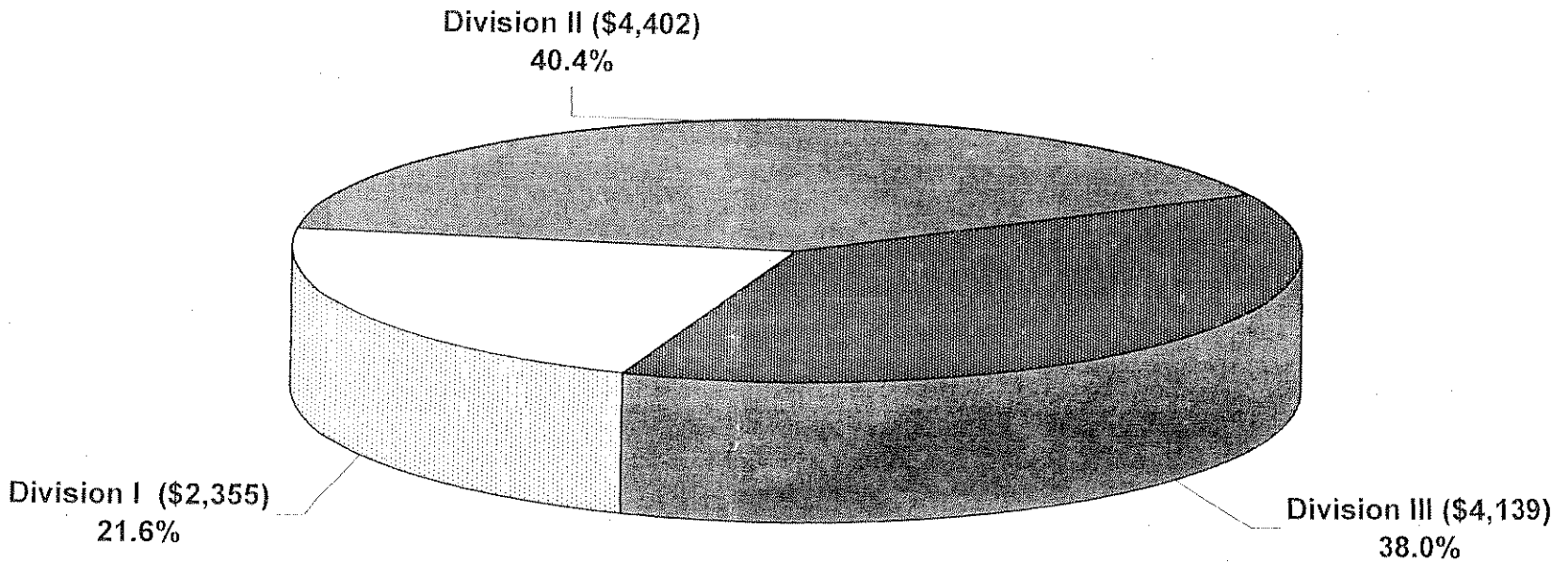
DIVISION / CATEGORY	FY 2010 (Actuals)	FY 2011 (Adjusted Authorized)	BIENNIUM TOTAL	%OF TOTAL
Division I - Categories 1,2,&3 (except Safety and Fish and Game)	1,052,151,085	1,302,790,653	2,354,941,738	21.61%
Division II - Categories 4 & 6, plus Safety and Fish and Game	2,092,090,199	2,309,846,333	4,401,936,532	40.40%
Division III - Category 5	1,981,572,272	2,157,627,767	4,139,200,039	37.99%
Total	5,125,813,556	5,770,264,753	10,896,078,309	100.00%

**FISCAL YEAR 2010 ACTUAL EXPENDITURES AND FISCAL YEAR
2011 ADJUSTED AUTHORIZED APPROPRIATIONS BY DIVISION -
GENERAL FUNDS \$2,855**



Source of Funds in Millions
LBAO
February 2011

**FISCAL YEAR 2010 ACTUAL EXPENDITURES AND FISCAL YEAR
2011 ADJUSTED AUTHORIZED APPROPRIATIONS BY DIVISION -
ALL FUNDS \$10,896**



Source of Funds in Millions
LBAO
January 2011

FISCAL YEAR 2010 ACTUAL EXPENDITURES AND FISCAL YEAR 2011 ADJUSTED AUTHORIZED APPROPRIATIONS

Division II by Agency - General Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2010 (Actual)	FY2011 (Adj. Auth)	BIENNIUM	% OF DIVISION
						TOTAL
1	06-50	UNIVERSITY SYSTEM	97,000,000	100,000,000	197,000,000	48.47%
2	06-56	DEPARTMENT OF EDUCATION	60,486,274	51,193,296	111,679,570	27.48%
3	06-58	COMMUNITY COLLEGE SYSTEM OF NH	43,961,721	37,555,490	81,517,211	20.06%
4	06-57	POSTSECONDARY EDUCATION COMMISSION	4,245,780	4,316,485	8,562,265	2.11%
5	02-23	DEPARTMENT OF SAFETY	3,053,206	819,834	3,873,040	0.95%
6	04-96	DEPARTMENT OF TRANSPORTATION	1,304,688	1,082,363	2,387,051	0.59%
7	06-61	CHRISTA MCAULIFFE PLANETARIUM	812,498	521,153	1,333,651	0.33%
8	03-75	FISH & GAME DEPARTMENT	50,000	50,000	100,000	0.02%
9	06-87	POLICE STANDARDS AND TRAINING COUNCIL	-	-	-	0.00%
10	06-83	NH LOTTERY COMMISSION	-	-	-	0.00%
11		TOTAL	210,914,167	195,538,621	406,452,788	

FISCAL YEAR 2010 ACTUAL EXPENDITURES AND FISCAL YEAR 2011 ADJUSTED AUTHORIZED APPROPRIATIONS

Division II by Agency - All Funds

ROW	CATEGORY- AGENCY CODE	AGENCY/DEPARTMENT	FY 2010 (Actual)	FY2011 (Adj. Auth)	BIENNIUM	% OF DIVISION
						TOTAL
1	06-56	DEPARTMENT OF EDUCATION	1,193,366,349	1,266,177,674	2,459,544,023	55.87%
2	04-96	DEPARTMENT OF TRANSPORTATION	486,785,628	585,405,527	1,072,191,155	24.36%
3	02-23	DEPARTMENT OF SAFETY	148,852,768	198,036,850	346,889,618	7.88%
4	06-58	COMMUNITY COLLEGE SYSTEM OF NH	117,236,278	108,285,798	225,522,076	5.12%
5	06-50	UNIVERSITY SYSTEM	100,000,000	100,000,000	200,000,000	4.54%
6	03-75	FISH & GAME DEPARTMENT	26,743,514	31,995,012	58,738,526	1.33%
7	06-83	NH LOTTERY COMMISSION	8,718,963	7,498,432	16,217,395	0.37%
8	06-57	POSTSECONDARY EDUCATION COMMISSION	5,081,067	6,353,758	11,434,825	0.26%
9	06-87	POLICE STANDARDS AND TRAINING COUNCIL	3,407,125	4,202,032	7,609,157	0.17%
10	06-61	CHRISTA MCAULIFFE PLANETARIUM	1,898,507	1,891,250	3,789,757	0.09%
11		TOTAL	2,092,090,199	2,309,846,333	4,401,936,532	

State of New Hampshire
10 Year History of Authorized Positions - Division II
(Fiscal Years 2000 through 2009)

Agency Name	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
1										
2 McAuliffe-Sheperd Discovery Center	12	12	13	13	12	13	13	13	13	13
3 <i>Class 10 Positions</i>	6	6	8	8	12	12	13	13	13	13
4 <i>Class 59 Positions</i>	6	6	5	5	0	1	0	0	0	0
5										
6 Education	313	316	325	336	331	326	340	305	310	307
7 <i>Class 10 Positions</i>	304	306	312	312	316	305	316	297	302	302
8 <i>Class 59 Positions</i>	9	10	13	24	15	21	24	8	8	5
9										
10 Fish & Game Department	197	198	209	211	201	202	217	197	196	200
11 <i>Class 10 Positions</i>	171	171	173	173	165	164	200	194	194	194
12 <i>Class 59 Positions</i>	26	27	36	38	36	38	17	3	2	6
13										
14 Lottery Commission	60	60	60	60	60	52	52	49	49	49
15 <i>Class 10 Positions</i>	60	60	60	60	60	52	52	49	49	49
16 <i>Class 59 Positions</i>	0	0	0	0	0	0	0	0	0	0
17										
18 Police Standards & Training	24	24	25	25	25	25	25	25	25	25
19 <i>Class 10 Positions</i>	24	24	25	25	25	25	25	25	25	25
20 <i>Class 59 Positions</i>	0	0	0	0	0	0	0	0	0	0
21										
22 Postsecondary Education Comm.	6	6	6	6	6	6	6	7	8	8
23 <i>Class 10 Positions</i>	6	6	6	6	6	6	6	6	8	8
24 <i>Class 59 Positions</i>	0	0	0	0	0	0	0	1	0	0
25										
26 Community College System	680	687	712	754	757	764	792	802	837	820
27 <i>Class 10 Positions</i>	619	619	629	629	707	707	753	753	785	785
28 <i>Class 59 Positions</i>	61	68	83	125	50	57	39	49	52	35
29										
30 Safety	885	895	949	968	1,086	1,096	1,132	1,137	1,156	1,169
31 <i>Class 10 Positions</i>	840	840	859	865	1,027	1,036	1,092	1,094	1,131	1,138
32 <i>Class 59 Positions</i>	45	55	90	103	59	60	40	43	25	31
33										
34 Transportation	1,978	1,978	1,979	1,979	1,918	1,889	1,862	1,841	1,836	1,838
35 <i>Class 10 Positions</i>	1,913	1,913	1,913	1,913	1,868	1,868	1,841	1,820	1,815	1,817
36 <i>Class 59 Positions</i>	65	65	66	66	50	21	21	21	21	21
37										
38 Total Authorized Positions	4,155	4,176	4,278	4,352	4,396	4,373	4,439	4,376	4,430	4,429
39 <i>Total Class 10 Positions</i>	3,943	3,945	3,985	3,991	4,186	4,175	4,298	4,251	4,322	4,331
40 <i>Total Class 59 Positions</i>	212	231	293	361	210	198	141	125	108	98
41 <i>Source: Department of Administrative Services, 10 Year Personnel Analysis (FY1997-2006), and FY2007 - FY2009 Division of Personnel Annual Reports.</i>										
42										
	CY 00	CY 01	CY 02	CY 03	CY 04	CY 05	CY 06	CY 07	CY 08	CY 09
44 New Hampshire Population (in thousands)	1,236	1,259	1,275	1,288	1,306	1,315	1,315	1,315	1,316	1,325
45 <i>Source: Office of State Planning, NH State Data Center Estimates, Population Estimates.</i>										

DIVISION II HIGH PROFILE ITEMS

Category 2

Department of Safety – Overview

Under the State Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operator's licenses, gasoline taxes or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within the State, including the supervision of traffic.

Accordingly, the Department of Safety is to only use highway funds to support the cost of collection and administration related to collecting motor vehicle fees and gasoline taxes, with the remainder used by the Department of Transportation for public highways. Prior to fiscal year 2010, allocations of gross highway fund appropriations between the Department of Transportation, the Department of Safety, and any other agency supported by highway funds were based on a revenue based formula. As a result of changes made to RSA 9:9-b in 2008, Chapter 237, these appropriations are now being made based on a percentage based formula. The changes made as a result of 2008, Chapter 237 gradually decreases the Department of Safety's allocation of highway funds from 30% in fiscal year 2010 to 28% in fiscal year 2012, and 26% in fiscal year 2014.

Category 3

Department of Fish and Game – Overview

As the guardian of the State's fish, wildlife, and marine resources, the New Hampshire Department of Fish and Game works in partnership with the public to conserve, manage, and protect these resources; inform and educate the public about these resources; and provide the public with opportunities to use and appreciate these resources.

DIVISION II HIGH PROFILE ITEMS

Seventy percent of the Department's conservation work is funded by fishing and hunting licenses and fees, plus dedicated federal funds from the sale of hunting and fishing equipment. The rest of the funding comes from OHRV registrations; un-refunded motorboat road tolls, transfers and other agency income. Less than 0.2% of Fish and Game's funding is derived from the State's general fund. This relationship between revenue and expenditures requires a fish and game fund surplus/deficit statement to compare expenditures to available revenue. The preparation of this statement requires coordination between the Finance Committee that determines the level of spending and the Ways and Means Committee that estimates available revenue. See the appendix for an example of the fish and game surplus/deficit statement.

Category 4

Department of Transportation – Overview

As stated earlier, the State Constitution, states that all revenues in excess of the necessary cost of collection and administration accruing to the State from motor vehicle registration fees, operator's licenses, gasoline taxes or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within the State, including the supervision of traffic. The Department of Transportation (DOT) uses highway funds for capital and operating activities. The capital account is comprised of four main construction accounts (federal construction aid, state aid, municipal bridge and betterment) and the operating account represents the total highway fund less the capital account activities. Cash raised from current year revenue transactions, such as gasoline road toll, licenses, fees etc, are maintained in the operating account and transferred to the capital accounts on demand as cash is needed to fund current year construction.

DIVISION II HIGH PROFILE ITEMS

Like the fish and game fund, the highway fund requires a surplus/deficit statement to compare expenditures to available revenue. The preparation of this statement requires coordination between the Finance Committee that determines the level of spending and the Ways and Means Committee that estimates available revenue. See the appendix for an example of the highway fund surplus/deficit statement.

Highway Fund Revenue Challenges

In the 2009 legislative session, a motor vehicle fee surcharge fee increasing the average cost of registering a passenger vehicle by \$30 was put in place for the 2010 – 2011 biennium. This surcharge, which is set to expire at the end of the current fiscal year, generated approximately \$86 million of revenue for the biennium. Also during the 2009 legislative session, the Department of Transportation conveyed to the Bureau of Turnpikes a portion of I-95 in Portsmouth. The revenue from this transaction will decrease from \$50 million during the current biennium to only \$11.8 million in the FY 2012/2013 biennium, for an additional loss of \$38.2 million.

Interstate-93 Widening Project

The Interstate-93 widening project is a major, multi-year construction project. The work currently being done on exit 3 remains unfunded by \$230 million and is currently not included in the 10 year plan. Without a revenue source or dedicated revenue, this project may not be completed until at least 2030.

Transfers to Other Agencies

This is the area of the budget that transfers Highway Funds to agencies other than the Department of Transportation. Chapter 237, Laws of 2008 sets new guidelines for these transfers beginning in the FY 2010. Prior to fiscal year 2010, allocations of gross highway fund appropriations between the Department of Transportation, the Department of Safety, and any other agency supported by highway funds were based on a revenue based formula. As a result of changes made to RSA 9:9-b in 2008, Chapter 237, these appropriations are now being made based on a percentage based formula. The changes made as a result of 2008, Chapter 237 gradually increases the Department of Transportation's

DIVISION II HIGH PROFILE ITEMS

allocation of highway funds. The Department's allocation shall not be less than 68.5% in fiscal year 2010 not less than 70.75% in fiscal year 2012, and not less than 73% in fiscal year 2014.

Category 6

Adequate Education Aid

In September 2006, the NH Supreme Court ruled the State's current education funding plan unconstitutional. During the 2008 Session, SB 539 was passed (Ch. 173, Laws of 2008), creating a new formula to determine the cost of an adequate education effective July 1, 2009. This new formula provided a base cost per pupil (\$3,450) and additional amounts for English language learners (\$675) and special education students (\$1,856). The formula also provided additional funds based on school concentration of eligibility for a free or reduced-price meal, ranging from \$431 per eligible student attending a school with a concentration less than 12%, to \$3,450 for each student, whether eligible or not, attending a school with a concentration equal to or greater than 48%. SB 539 also established Fiscal Capacity Disparity Aid, which is separate from the cost of an adequate education. Fiscal Capacity Disparity Aid provides additional per pupil amounts, either \$1,250 or \$2,000, to certain towns with low equalized valuation per pupil and a median family income below the state average.

SB 539 also contained a "transition" formula for the FY 2010 / FY 2011 biennium. Under the transition, once the grant and total aid were determined for each municipality, the amounts were adjusted so that no municipality received a grant that increased in excess of 15% above its FY 2009 grant, and total aid did not fall below the FY 2009 level. The transition formula expires on June 30, 2011.

For the FY 2012/2013 biennium (beginning July 1, 2011), pursuant to RSA 198:40-d, the Department of Education shall adjust the base cost per pupil amounts contained in RSA 198:40-a, English language learners, and special education students based on the average change in Consumer Price Index (CPI) for All Urban Consumers, Northeast Region, using the "services less medical care services" special

DIVISION II HIGH PROFILE ITEMS

aggregate index published by the Bureau of Labor Statistics, US Department. The average change is calculated using the 3 calendar years ending 18 months before the beginning of the biennium for which the calculation is to be performed. For the FY 2012/2013 biennium, the CPI adjustment used is approximately 2.6% which results in the following per pupil aid amounts -

RSA 198:40-a, I Per pupil cost of providing the opportunity for an adequate education	\$3,540
RSA 198:40-a, I(a) Additional per pupil eligible for F&R, school F&R concentration < 12%	\$442
RSA 198:40-a, I(b) Additional per pupil, school F&R concentration $\geq 12\%$, < 24%	\$885
RSA 198:40-a, I(c) Additional per pupil, school F&R concentration $\geq 24\%$, < 36%	\$1,770
RSA 198:40-a, I(d) Additional per pupil, school F&R concentration $\geq 36\%$, < 48%	\$2,655
RSA 198:40-a, I(e) Additional per pupil, school F&R concentration $\geq 48\%$	\$3,540
RSA 198:40-a, II Additional per pupil English language learner (ELL)	\$693
RSA 198:40-a, III Additional per pupil receiving special education special education	\$1,904

DIVISION II HIGH PROFILE ITEMS

Under current law, for the FY 2012/2013 biennium the Department of Education calculates annual state education aid at \$1,010,979,530. This represents an annual increase of approximately \$70M, or \$140M over the previous biennium. In addition, approximately \$180 million in Federal State Fiscal Stabilization and Education Jobs Funds used to fund adequacy grants in FY 2010 and FY 2011 will no longer be available for the FY 2012/2013 biennium.

Charter School Tuition

The State has paid per pupil tuition directly to charter schools authorized by the State Board of Education since FY 2007. There are currently 11 charter schools authorized by the State Board of Education in operation. Charter school tuition is paid in four installments over the course of the school year based on current enrollment. Funding comes from the education trust fund, and the amount necessary to fund tuition is appropriated to the Department of Education under RSA 198:42, IV.

For the FY 2010/2011 biennium, charter schools receive tuition equal to the amounts in the adequate education formula, including \$3,450 per pupil, plus additional amounts for English language learners, special education students, and free and reduced-price lunch eligibility. Charter schools also receive an additional \$2,000 per pupil in Fiscal Capacity Disparity Aid; therefore, the minimum per pupil state payment is \$5,450 (\$3,450 + \$2,000) in the FY2010/2011 biennium. In FY 2010 total charter school per pupil and differentiated aid payments totaled approximately \$6.7M.

For the FY 2012/2013 biennium, the minimum per pupil state payment will increase to \$5,540 (\$3,540 + \$2,000) based on current law.

HB 2 of the 2009 Session (Chapter 144:153, Laws of 2009) established a moratorium on the approval of additional charter schools by the State Board of Education until June 30, 2011.

DIVISION II HIGH PROFILE ITEMS

Kindergarten Construction Program

During the 2008 Session, SB 530 (Ch. 384, Laws of 2008) extended and expanded the Kindergarten Construction Program. The program provides school districts either 75% or 100% of the cost of construction of kindergarten facilities, with 100% available for "basic code compliant" facilities. In addition, the State will pay 100% of the cost of temporary kindergarten classrooms for three years for kindergarten programs that begin operation in FY 2009 or FY 2010. Also, SB 530 provided that a school district that does not currently operate a public kindergarten program may contract with a private entity to provide kindergarten for up to three years.

\$3,600,000 was appropriated for the purposes of the kindergarten construction program in FY 2010, and these funds will not lapse until June 30, 2011. In addition, Chapter 29 of the 2010 Session appropriated \$1,279,529 for the kindergarten construction in Milford, which will not lapse until July 1, 2011.

Building Aid

Building Aid pays a percentage of local school districts bond principal payments for qualifying construction projects. Currently, the State pays a minimum of 30% and for certain buildings and for certain types of school districts pays up to 55%. An alternative method for calculating the percentage the State will pay became effective in FY 2006. The alternative method is based on income and equalized valuation and can provide for a 60% State share of the principal payment. When the need for building aid is greater than the appropriation, every school district receives a prorated share of aid.

Although previously included as a general fund appropriation in the State's operating budget, Chapter 144:11 of the 2009 Session contained bond appropriations of \$44,943,448 in FY 2010 and \$46,260,234 in FY 2011 for payment of building aid grants.

The Department is requesting maintenance appropriations of \$52 million in FY 2012 and \$50 million in FY 2013 for the building aid program.

DIVISION II HIGH PROFILE ITEMS

Catastrophic Aid

Catastrophic Aid is paid to school districts that have a special education student for whom costs of special education exceed three and one half times the estimated state average expenditure per pupil of the school year preceding the year of distribution. Catastrophic Aid is equal to 80% of the amount of the special education cost that is between three and one half times and ten times the state average expenditure per pupil plus 100% of the amount over ten times the state average expenditure per pupil. If the amount appropriated is not sufficient to fund the amount entitled, the appropriation will be prorated proportionally among the school districts.

The Catastrophic Aid program originally received appropriations of \$30.6 million in FY 2010 and \$31.4 million in FY 2011 for Catastrophic Aid. Due to budget reductions, actual expenditures totaled \$29,875,338 in FY 2010 (approximately 85% of the entitlement amount) and the adjusted appropriation in FY 2011 totals \$23,537,308 (approximately 69.9% of the entitlement amount).

The Department is requesting state general fund appropriations of approximately \$38.1M in FY 2012 and \$40.3M in FY 2013 for the purposes of this program.

Court Ordered Placements

A school district is liable for the expense of special education or for special education and educationally related services related to educationally disabled children who are placed in facilities pursuant to RSA 169-B, Delinquent Children, RSA 169-C, Child Protection Act or RSA 169-D, Children in Need of Services. However, the school district is only liable for up to 3 times the estimated state average expenditure per pupil for the school year preceding the year of distribution. The state is responsible for expenses over three times the state average.

Actual expenditures in FY 2010 totaled approximately \$2.2M, and the FY 2011 adjusted appropriation totals \$1.4M. For the FY 2012/2013 biennium, the Department is requesting state general fund appropriations of \$3.5M each year.

The Budget

Section 9:4

9:4 Requests for Appropriations and Statement of Objectives. –

I. On or before October 1 prior to each biennial legislative session, all departments of the state shall transmit to the commissioner of administrative services, on blanks to be furnished by the commissioner, estimates of their expenditure requirements for each fiscal year of the ensuing biennium for administration, operation, maintenance expenditure, and program services, including costs for workers' compensation and unemployment compensation. In case of the failure of any department to submit such estimates within the time above specified, the commissioner of administrative services shall cause to be prepared such estimates for such department as in the commissioner's opinion are reasonable and proper.

* **II. In this section "maintenance expenditure" means:**

(a) The cost of providing the same level of service authorized and funded in the preceding fiscal year, incorporating changes in the population, economic conditions, and other factors outside the control of the PAU. The governor shall provide criteria for the development of maintenance expenditures which may include the following:

- (1) Any increases or decreases in the cost of purchased goods or services due to general price changes in the economy at large;
- (2) Salary steps within grade;
- (3) New positions necessary to provide the same level of service;
- (4) Additional operating costs associated with previously authorized capital improvement projects to be completed during the biennium;
- (5) Reductions for non-recurring costs of the prior fiscal year.

(b) The maintenance level shall not include new programs or changes in the kind, quantity, or quality of service when the change is at the agency's discretion or is the result of changes in federal or state law or regulation.

(c) Within the meaning of this section, the governor shall make the final determination as to whether a particular cost shall be deemed to be a maintenance expenditure.

ADEQUATE EDUCATION FUNDING

	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	
Total Cost of Adequacy	1,010,979,530	941,830,717	940,762,976	891,013,576	890,426,556	836,147,136	
Equalized Valuation	156,181,193,525	166,024,708,158	170,101,092,341	169,931,316,051	162,083,031,757	144,467,198,903	
State Property Tax Rate	2.325	2.190	2.135	2.140	2.240	2.515	
State Property Tax Raised	363,121,283	363,594,112	363,165,834	363,653,009	363,065,989	363,335,002	
State Tax Remitted to State	16,977,637	-	-	-	57,996	-	
State Tax Retained Locally	346,143,646	363,594,112	363,165,834	363,653,009	363,007,993	363,335,002	
Net Grants	\$ 664,835,884	\$ 578,236,605	\$ 577,597,142	\$ 527,360,567	\$ 527,360,567	\$ 472,812,134	
	FY 2006	FY 2005	FY 2004	FY 2003	FY 2002	FY 2001	FY 2000
Total Cost of Adequacy	836,204,501	804,800,238	895,141,619	896,869,535	880,657,284	824,657,539	824,657,539
Equalized Valuation	127,955,059,167	111,502,112,177	96,208,389,435	83,737,423,488	73,196,682,063	66,988,613,263	66,988,613,263
State Property Tax Rate	2.840	3.330	4.920	5.800	6.600	6.600	6.600
State Property Tax Raised	363,392,367	371,302,036	473,345,275	485,677,056	483,098,102	442,113,450	442,124,848
State Tax Remitted to State	-	20,934,231	29,843,911	32,680,275	28,963,331	24,149,944	24,149,944
State Tax Retained Locally	363,392,367	350,367,805	443,501,364	452,996,781	454,134,771	417,963,506	417,974,904
Net Grants	\$ 472,812,134	\$ 454,432,433	\$ 451,640,255	\$ 443,872,754	\$ 426,522,513	\$ 406,817,393	\$ 406,817,393
Source: NH Department of Education, NH Department of Revenue Administration							

LBAO
January 2011

State of New Hampshire
Statement of Undesignated Surplus - Highway Fund
(Dollars in Thousands)

	FY 2010 Actual			FY 2011 Projected		
	OPER	CAP	TOTAL	OPER	CAP	TOTAL
Balance, July 1 (Budgetary)	1,331	(36,692)	(35,361)	45,837	226,044	271,881
Additions:						
Unrestricted Revenue:						
Gasoline Road Toll	123,741		123,741	126,500		126,500
Motor Vehicle Fees	150,158		150,158	134,835		134,835
Miscellaneous	18,697		18,697	21,392		21,392
I-95/1.6 mile Sale	30,000		30,000	20,025		20,025
Bonds Authorized		240,000	240,000			-
Other Additions	16,900		16,900	4,000		4,000
Total Additions	339,496	240,000	579,496	306,752	-	306,752
Net Appropriations:						
Appropriations Net of Estimated Revenues	(278,419)	(21,133)	(299,552)	(312,423)	(8,500)	(320,923)
Lapses	12,389	2,860	15,249	6,144		6,144
Appropriation Adjustment		19,770	19,770			-
Net Appropriations	(266,030)	1,497	(264,533)	(306,279)	(8,500)	(314,779)
Other Adjustments:						
Refunded Road Toll	(2,420)		(2,420)	(2,525)		(2,525)
Increase in Inventory	1,541		1,541			-
Transfer from General Fund	(6,842)		(6,842)			-
Reserve for GARVEE (I-93 project)					(80,000)	(80,000)
Miscellaneous				(4,097)		(4,097)
Total Other Adjustments	(7,721)	-	(7,721)	(6,622)	(80,000)	(86,622)
Current Year Balance	65,745	241,497	307,242	(6,149)	(88,500)	(94,649)
Transfer to Highway Capital	(21,239)	21,239	-	(8,500)	8,500	-
Balance, June 30 (Budgetary)	45,837	226,044	271,881	31,188	146,044	177,232
GAAP Adjustments	(18,817)	(244,168)	(262,985)	(18,000)	(163,000)	(181,000)
Balance, June 30 (GAAP)	27,020	(18,124)	8,896	13,188	(16,956)	(3,768)

LBAO			
January 2011			
State of New Hampshire			
Statement of Undesignated Surplus - Fish and Game Fund			
(Dollars in Thousands)			
	FY 2010		FY 2011
	Actual		Budgeted
Balance, July 1 (Budgetary)	5,845		5,031
Additions:			
Unrestricted Revenue:	9,944		11,250
Other Additions	1,819		1,500
Total Additions	11,763		12,750
Net Appropriations:			
Appropriations Net of Estimated Revenues	(12,915)		(13,499)
Lapses	838		405
Net Appropriations	(12,077)		(13,094)
Other Adjustments:	(500)		
Balance, June 30 (Budgetary)	5,031		4,687
GAAP Adjustments	(1,450)		(1,000)
Balance, June 30 (GAAP)	3,581		3,687

House Finance Committee - Division II
Checklist of State Agencies

ROW	CAT-AGY CODE	AGENCY/DEPARTMENT	PLANNED COMPLETION DATE	COMPLETED	BRIEFING TO FULL COMMITTEE	ADOPTED BY FULL COMMITTEE	BRIEFING TO FULL HOUSE	ADOPTED BY FULL HOUSE
1	02-23	DEPARTMENT OF SAFETY					TWO DAYS PRIOR TO FULL HOUSE VOTE	
2	03-75	FISH & GAME DEPARTMENT						
3	04-96	DEPARTMENT OF TRANSPORTATION						
4	06-57	POSTSECONDARY EDUCATION COMMISSION						
5	06-56	DEPARTMENT OF EDUCATION						
6	06-58	COMMUNITY COLLEGE SYSTEM OF NH						
7	06-87	POLICE STANDARDS & TRAINING COUNCIL						
8	06-61	CHRISTA MCAULIFFE PLANETARIUM						
9	06-83	NH LOTTERY COMMISSION						
10	06-50	UNIVERSITY SYSTEM						

List of Helpful Websites

<http://admin.state.nh.us/accounting/reports.asp>

Department of Administrative Services -Division of Accounting Services – Bureau of Financial Management

- Comprehensive Annual Financial Reports (CAFR)
- Revenue Reports

<http://www.nh.gov/transparency/index.htm>

Department of Administrative Services

- Governor's Monthly Expenditure Reports

<http://www.gencourt.state.nh.us/lba/index.html>

Office of Legislative Budget Assistant

- Operating Budget Documents
- Capital Budget Documents
- Audit Reports

<http://admin.state.nh.us/budget/>

Department of Administrative Services – Budget Office

- Agency Budget Submissions
- Governor's Operating Budget