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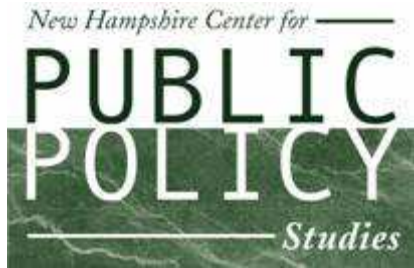
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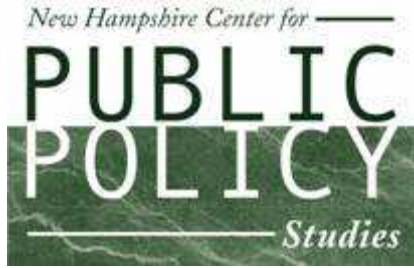
The State Budget NHABSO 7/30/10

"... to raise new ideas and improve policy debates through quality information and analysis on issues shaping New Hampshire's future."



One-Time Monies in 2010-2011: \$471m

- ARRA → \$326m
 - FMAP Stimulus - \$145m (2009 COC Surplus Statement)
 - Education Stimulus \$160m (2009 COC Surplus Statement)
 - Fiscal Stabilization \$21m (2009 COC Surplus Statement)
- Other Non-Repeatable → \$145m
 - Bonding of School Building Aid \$80m
 - Bonding of USNH Maintenance/Capital \$25m
 - Refinancing/Restructuring Debt Payments \$40m
 - RGGI and LCHIP \$?



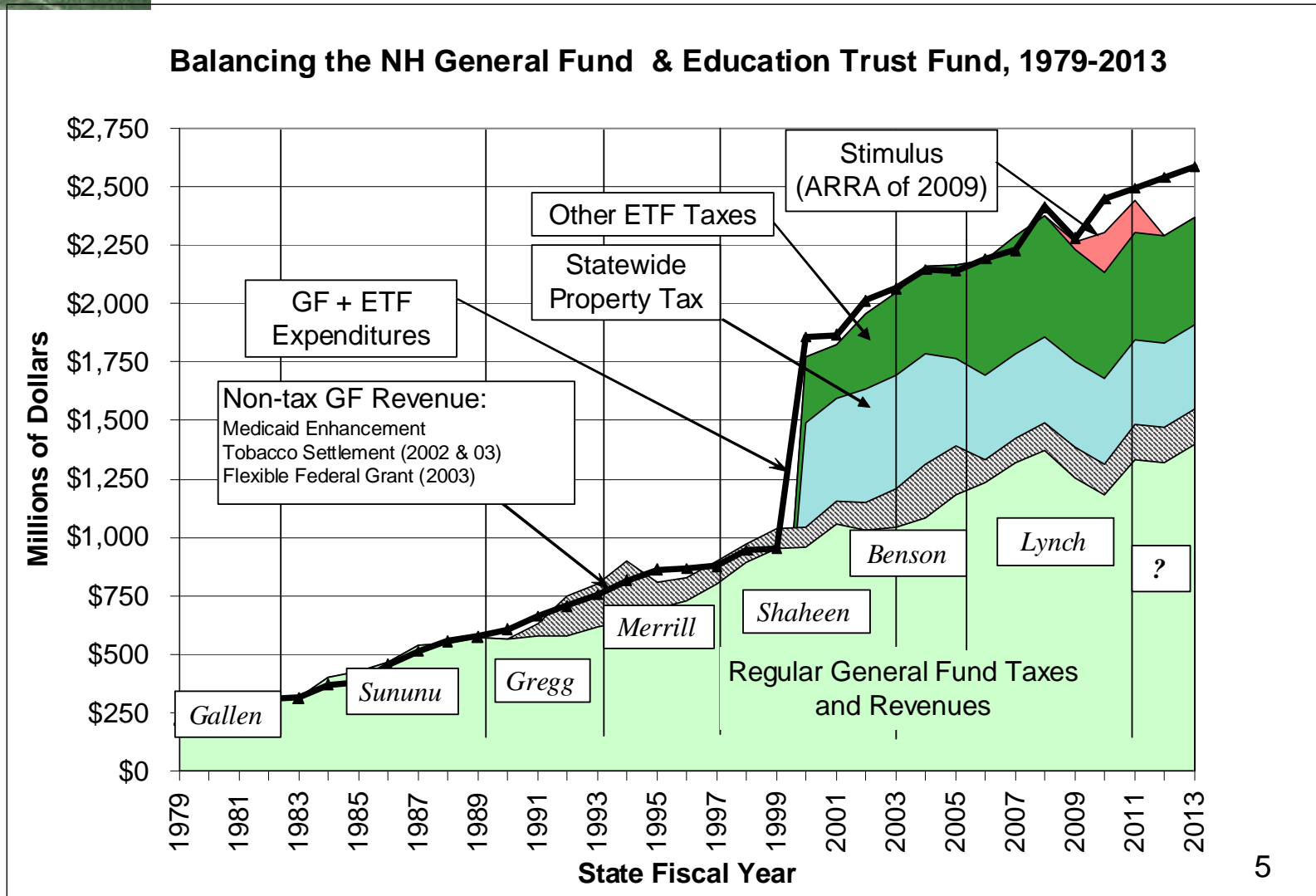
Other Risk Points for 2011 (\$108m +)

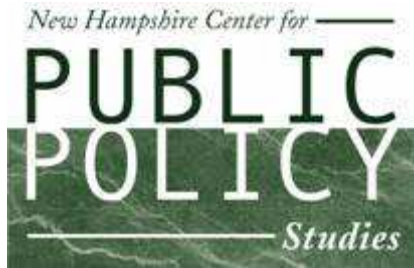
- Monetization of state assets \$60m(LBA documents)
- FMAP Stimulus Extension \$48m
- State Lease of Liquor \$35m
- Other changes that are sunsetting?
 - + Education Collar – No changes \$30m
 - Retirement changes / Local Aid Distribution
 - DSH Program (in compliance?)

Total Problem?

- \$470m dollars in 2012 – 2103 in non-repeatable revenues.
- \$100m+ in additional risk points in 2011 budget
- Offset by
 - Spending levels? What has been discussed?
 - Discretionary funds should not be confused with not important (e.g. should we be shutting down a wing of New Hampshire hospital or other changes?)
 - Education
 - Municipal aid
 - Medicaid Program
 - Disability waitlist
 - Provider reimbursements
 - Etc....
 - Revenues? What has been discussed?
 - Statewide property tax with homestead exemption
 - Expanded gambling
 - Capital Gains (and other house proposals in last legislative session)
 - Among Others?

State Budget Gap in 2012-2013



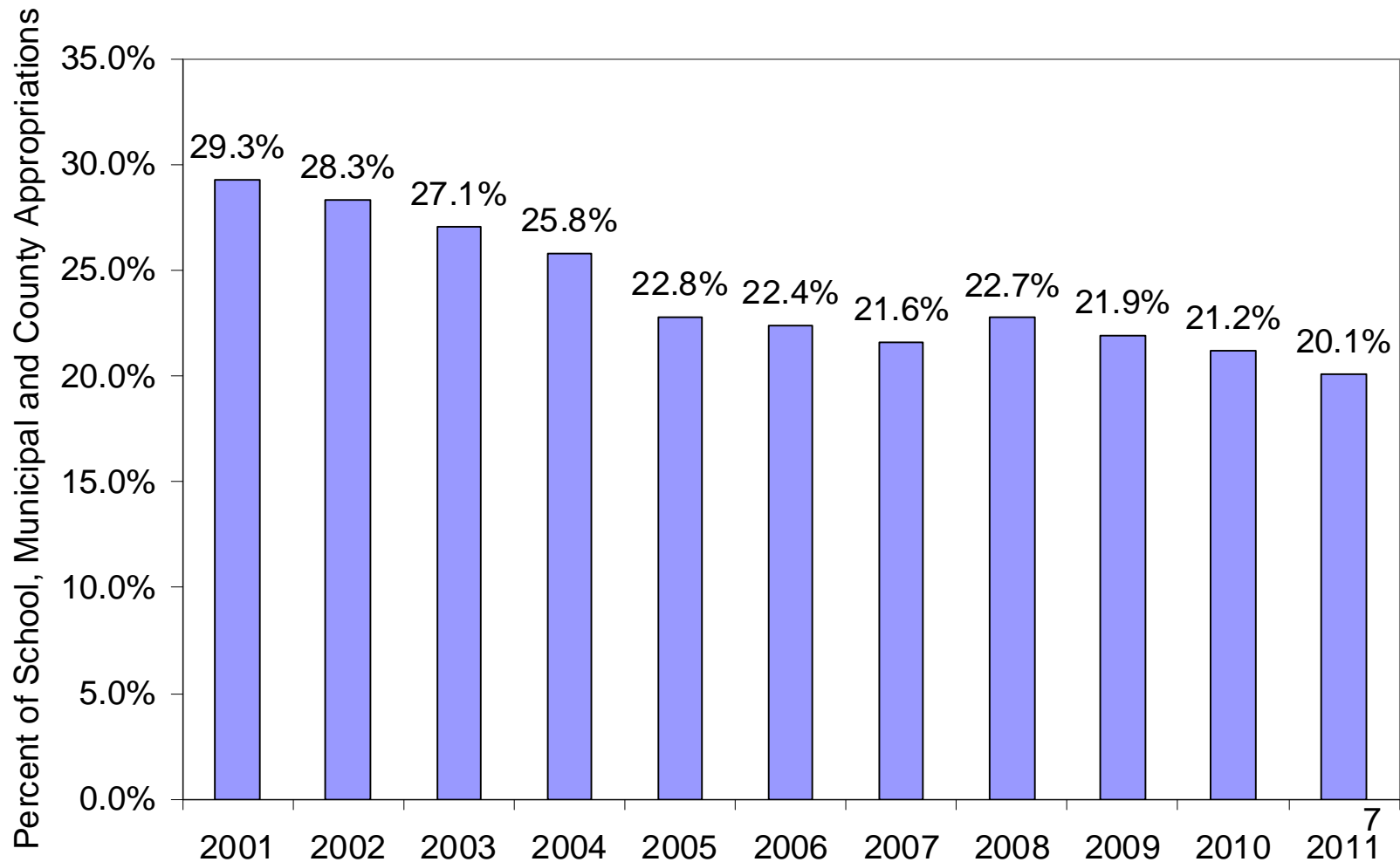


And the Potential Response?

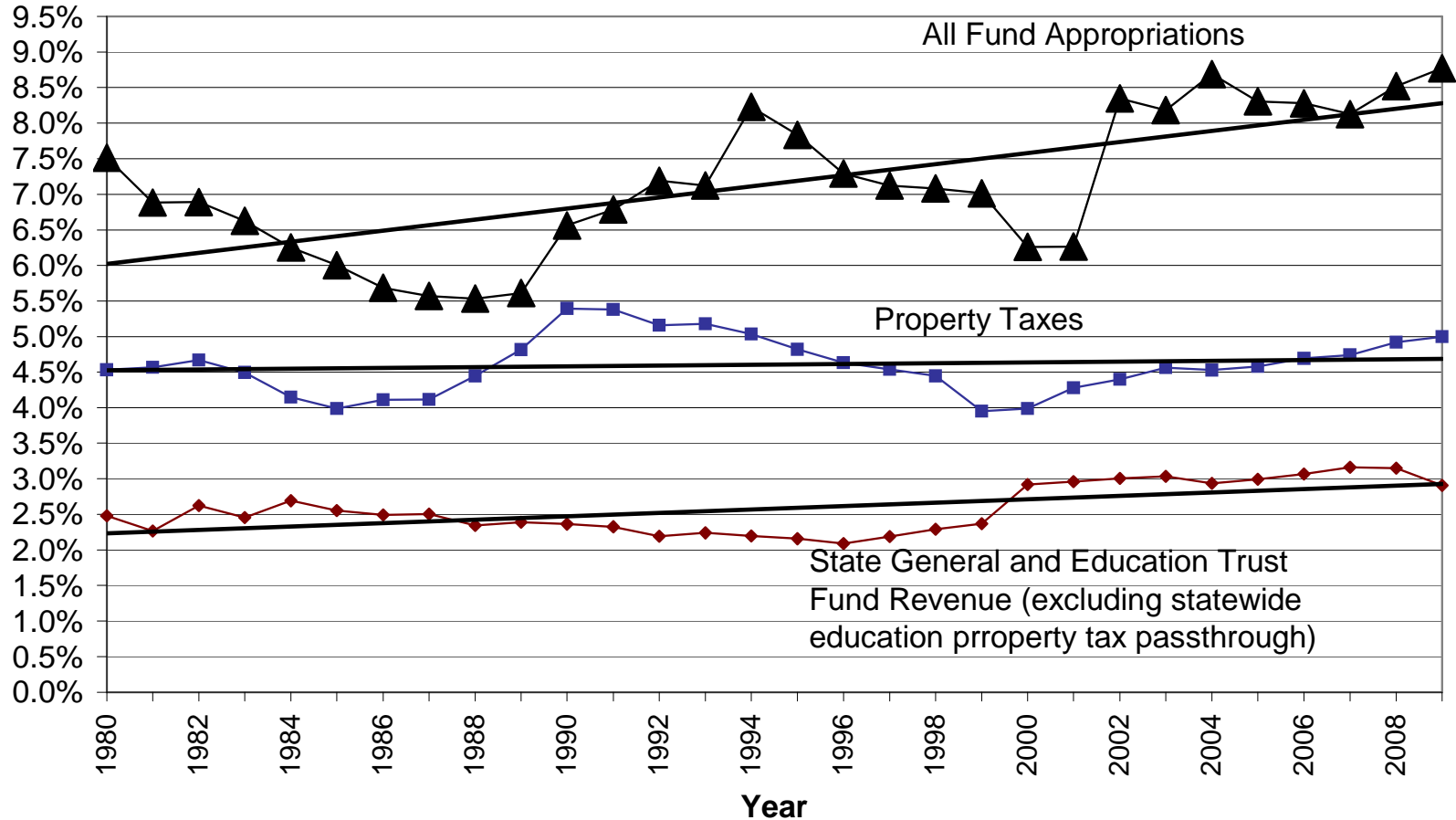
The Shifting Burden
Spending Reductions
Revenue Options

State Aid is Level, While Local Appropriations Up

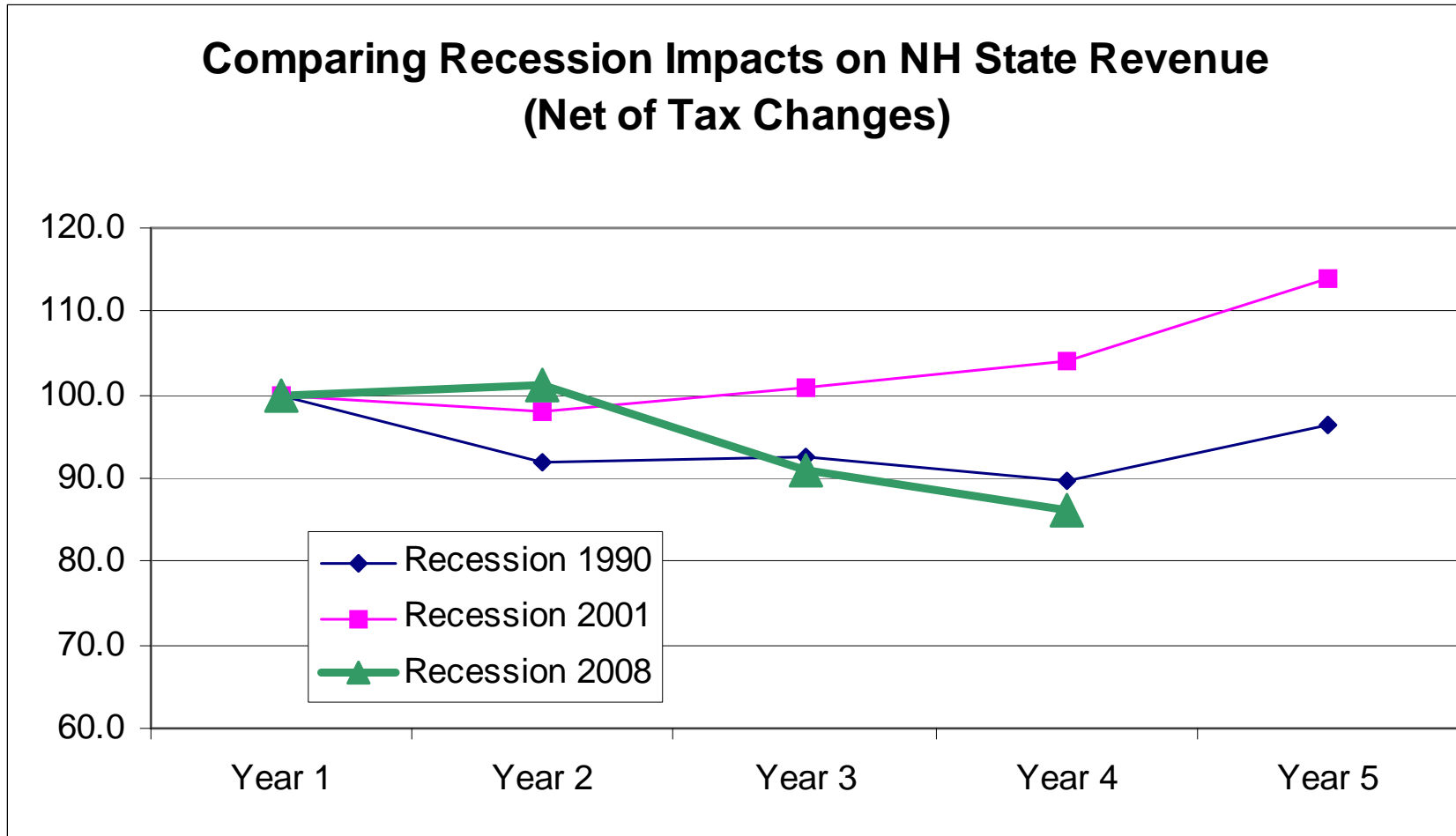
New Hampshire State Aid to Cities, Towns and School Districts



Various Indicators as % of Gross State Product

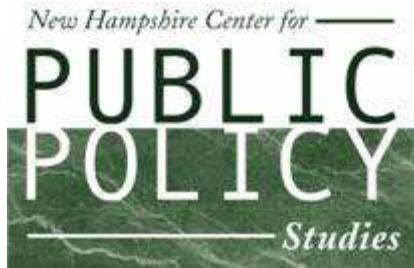


How Low Can We Go?



Revenues?

- Center's Simulations
 - Return to 3% growth after 2011
 - Reach 2008 levels by 2013
 - Business taxes don't reach former peak
- New Sources?
 - Expanded Gambling License Fees
 - House Options (e.g. capital gains, estate and legacy)
- Change in rates?
 - Tobacco Tax
 - BET/BPT



Education Funding Issues

1. Should the state reduce its commitment to education funding?
2. Should the state raise additional revenues to support the current legislated commitment?
3. Should we amend the constitution to establish a different education funding formula?

Are there more important things to worry about?

