



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
25 Capitol Street – Room 120
Concord, New Hampshire 03301

Charles M. Arlinghaus
Commissioner
(603) 271-3201

October 17, 2019

The Honorable Mary Jane Wallner, Chairman
Fiscal Committee of the General Court
State House
Concord, New Hampshire 03301

Dear Representative Wallner:

INFORMATIONAL ITEM

In accordance with RSA 9:11, II, Monthly Reporting, I respectfully submit this report regarding the status of the State's fund expenditures. The report, titled State Share Expenditure Report (SSE), is for the first quarter of fiscal year 2020 through September 30, 2019.

The report presents a comparison of actual YTD expenditures to a projected YTD budget, presented at the agency level within each of the required State funds. As a result, of the Continuing Resolution that was in place at the time of preparing this report, we are presenting an abridged version at the agency level only. In lieu of obtaining agency specific explanations, we analyzed the variances and they appear to be reasonable as compared to variances noted in the prior year September SSE report for FY19. We noted in our review, that 75% (\$99.3 million) of the FY20 General Fund favorable variance of \$133.3 million, is related to a calculated under-budget for Treasury, DHHS, Education and Administrative Services. The favorable variances can be attributed to 2 main factors:

- The calculated projected burn rate did not represent expected spending patterns and therefore the excess budget is not expected to materialize at year-end. For example, Meals and Rooms distributions occur in the second quarter and no payments were made in quarter one, creating an artificial underspent budget as of September 30th.
- Delayed spending patterns due to the unknown outcomes of pending legislation, in then HB1 and 2.

Due to the Continuing Resolution, the results of this SSE report may not be representative of what the actual FY20 spending patterns would be and the excess budget variances may not be realized.

Spreadsheet and PDF versions of the fund expenditure analysis presented for each agency will be available online at: <https://das.nh.gov/accounting/reports.asp>.

I am available to address any questions you may have regarding the design of the report or of the assumptions used in the report. Questions regarding the agency variance explanations may best be answered by the individual agencies themselves.

Respectfully Submitted,

Dana M. Call
Comptroller

EXPENDITURES BUDGET VERSUS ACTUAL
STATE SHARE EXPENDITURE REPORT - EXPENDITURE ANALYSIS SUMMARY
FY2020 YTD THROUGH SEPTEMBER
REPORT DATE: 10/07/2019

Company	Agency	FY20 Bal Fwd	FY20 Encumbered	FY20 Adj Auth Bud (CR)	FY20 Add/Del	FY20 YTD Budget	FY20 YTD Actual	Burn Rate	FY20 Bud Var \$	FY20 Bud Var %
10-General	002-EXECUTIVE DEPT	7,773,981	42,098	2,076,661	28,866	4,019,002	729,300	24.48	3,289,703	82%
10-General	003-INFORMATION TECHNOLOGY DEPT	79,492	72,201	197,974	5,568	247,758	99,020	29.15	148,737	60%
10-General	004-LEGISLATIVE BRANCH	12,197,023	38,047	4,475,904	172,134	7,723,566	4,391,952	25.14	3,331,614	43%
10-General	005-EXECUTIVE COUNCIL	1,380	1,380	61,959	7,979	70,604	61,788	24.14	8,817	12%
10-General	007-JUDICIAL COUNCIL	141,371	133,813	7,329,722	319,204	7,768,511	7,440,682	43.46	327,828	4%
10-General	010-JUDICIAL BRANCH	1,765,358	1,585,574	21,466,505	1,212,791	23,472,185	19,647,938	23.66	3,824,247	16%
10-General	012-MILITARY AFFRS & VET SVCS DEPT	114,627	71,967	1,089,108	83,876	1,220,813	756,836	25.63	463,977	38%
10-General	014-ADMINISTRATIVE SERV DEPT	3,296,681	195,039	17,067,807	649,335	18,704,626	13,185,593	28.28	5,519,033	30%
10-General	018-AGRICULT, MARKETS & FOOD DEPT	27,203	13,767	819,983	40,534	870,862	682,908	25.25	187,954	22%
10-General	020-JUSTICE DEPT	483,305	357,533	2,549,905	733,850	3,503,453	2,681,862	26.13	821,592	23%
10-General	021-PROF LICENSURE & CERT OFFICE	82,655	5,564	1,626,045	81,614	1,728,621	1,545,476	23.76	183,145	11%
10-General	022-BUS & ECON AFFAIRS DEPT	2,657,608	2,035,265	2,685,526	197,739	4,444,760	2,885,752	33.27	1,559,008	35%
10-General	023-SAFETY DEPT	332,053	183,089	1,029,921	290,272	1,461,996	3,587,164	27.53	-2,125,167	-145%
10-General	030-BOXING & WRESTLING COMMISSION	0	0	1,732	0	1,732	4	25.00	1,728	100%
10-General	032-STATE DEPT	10,000	1,395	524,456	119,020	646,543	396,036	26.92	250,507	39%
10-General	035-NATURAL & CULTURAL RESRCS DEPT	91,151	44,288	1,867,648	216,128	2,122,912	1,898,716	28.90	224,197	11%
10-General	037-COMMUNITY DEV FINANCE AUTH	0	0	43,077	0	43,077	0	25.00	43,077	100%
10-General	038-TREASURY DEPT	1,513	509	42,097,771	681,813	42,779,881	1,436,528	14.65	41,343,352	97%
10-General	042-HHS: HUMAN SERVICES	1,472,217	1,986,171	22,102,461	6,667,947	29,649,621	27,529,921	25.42	2,119,700	7%
10-General	043-VETERANS HOME	546,600	549,597	4,163,479	583,424	5,041,794	3,555,220	26.90	1,486,573	29%
10-General	044-ENVIRONMENTAL SERVICES DEPT	1,079,320	682,525	4,637,239	1,810,577	6,950,366	5,674,035	28.52	1,276,332	18%
10-General	045-HHS: TRANSITIONAL ASSIST DIV	1,187,756	1,818,892	9,914,934	1,288,664	11,964,870	12,136,152	25.32	-171,282	-1%
10-General	046-CORRECTIONS DEPT	2,206,157	1,869,491	30,029,814	4,070,518	35,128,786	31,450,160	25.23	3,678,625	10%
10-General	047-HHS: OFC MEDICAID SERVICES	1,585,204	750,258	59,362,051	2,102,292	62,031,822	59,186,041	24.30	2,845,781	5%
10-General	048-HHS: ELDERLY & ADULT SVCS DIV	2,755,679	2,553,508	3,048,254	2,956	4,347,919	2,378,669	24.42	1,969,250	45%
10-General	050-UNIVERSITY SYSTEM OF NH	0	0	20,250,000	0	20,250,000	20,250,000	25.00	0	0%
10-General	056-EDUCATION DEPT	21,250,605	1,642,382	20,669,908	606,405	25,289,400	4,563,531	17.53	20,725,869	82%
10-General	058-COMMUNITY COLLEGE SYSTEM OF NH	0	0	11,768,750	0	11,768,750	11,768,750	25.00	0	0%
10-General	066-VETERANS SERVICES OFFICE	25,049	17,747	168,151	54,880	233,244	181,520	23.87	51,724	22%
10-General	073-PUBLIC EMPLOYEE LABOR REL BRD	161	161	113,726	9,224	123,055	120,311	32.61	2,744	2%
10-General	075-FISH AND GAME DEPT	0	0	12,500	0	12,500	0	100.00	12,500	100%
10-General	076-HUMAN RIGHTS COMMISSION	5,689	2,307	132,415	9,702	144,114	129,157	24.97	14,957	10%
10-General	084-REVENUE ADMINISTRATION DEPT	224,744	223,634	4,658,240	273,949	5,038,849	4,127,181	23.79	911,668	18%
10-General	087-POLICE STDS & TRAINING COUNCIL	75,679	33,213	889,025	51,973	969,497	730,064	26.17	239,434	25%
10-General	089-TAX AND LAND APPEALS BOARD	2,285	1,244	215,356	21,815	238,034	206,269	24.44	31,765	13%
10-General	090-HHS: PUBLIC HEALTH DIV	1,524,436	1,426,010	3,929,019	292,352	5,043,208	3,136,676	27.85	1,906,532	38%
10-General	091-HHS: GLENCLIFF HOME	943,950	621,178	1,875,905	100,409	2,415,193	2,012,387	28.04	402,805	17%
10-General	092-HHS: BEHAVIORAL HEALTH DIV	14,989,645	5,694,004	7,335,776	86,886	11,916,209	5,708,621	21.73	6,207,588	52%
10-General	093-HHS: DEVELOPMENTAL SVCS DIV	400,197	462,387	41,237,426	11,240,429	52,665,043	36,182,864	21.70	16,482,178	31%
10-General	094-HHS: NH HOSPITAL	1,166,990	1,260,893	7,714,998	609,758	8,943,146	7,337,959	25.47	1,605,187	18%
10-General	095-HHS: COMMISSIONER'S OFFICE	6,776,464	4,651,989	15,529,817	689,140	19,260,684	15,854,287	26.62	3,406,397	18%
10-General	096-TRANSPORTATION DEPT	33,042,348	50,986	266,680	222,412	8,911,958	250,951	25.45	8,661,006	97%
	TOTAL Gen Fund	120,316,573	31,080,104	377,037,628	35,636,432	449,168,965	315,898,281		133,270,684	
12-Liquor C	077-LIQUOR COMMISSION	5,090,688	3,844,403	18,611,240	257,365	21,206,319	16,483,178	26.16	4,723,141	22%
13-Sweepst	083-LOTTERY COMMISSION	374,418	249,699	2,578,972	37,643	2,756,488	2,130,924	22.41	625,564	23%
15-Highway	020-JUSTICE DEPT	1,088	862	83,371	1,013	84,737	14,739	18.12	69,998	83%
15-Highway	022-BUS & ECON AFFAIRS DEPT	31,824	0	0	0	8,542	0	26.84	8,542	100%
15-Highway	023-SAFETY DEPT	1,731,535	601,997	7,834,602	397,279	8,884,243	5,918,862	27.96	2,965,381	33%
15-Highway	096-TRANSPORTATION DEPT	12,886,810	6,625,685	50,888,190	4,025,416	59,957,104	43,765,021	25.85	16,192,084	27%
17-Turnpike	022-BUS & ECON AFFAIRS DEPT	0	0	0	0	233,424	0	24.97	-233,424	#DIV/0!
17-Turnpike	023-SAFETY DEPT	0	0	13,137	0	13,137	-13,436	35.19	26,573	202%
17-Turnpike	096-TRANSPORTATION DEPT	162,617,805	62,908,481	32,842,773	8,646,458	111,707,157	27,254,857	31.14	84,452,299	76%
20-Fish & C	075-FISH AND GAME DEPT	416,316	196,881	3,569,142	248,987	3,963,568	2,959,906	23.72	1,003,661	25%
40-Educatio	056-EDUCATION DEPT	5,512,528	0	0	237,129,165	238,863,905	123,141,181	31.47	115,722,725	48%
40-Educatio	084-REVENUE ADMINISTRATION DEPT	0	0	462,500	0	462,500	208,530	0.00	253,970	55%

Overview

RSA 9:11, II, requires that spending associated with certain funding sources be reported periodically. These funding sources, referred to collectively as ‘state share’ are: General funds, Education Trust funds, Highway funds, Fish and Game funds, Turnpike funds, Liquor funds, and Sweepstakes funds. In order to report spending only for these specific state share funding sources, total spending must be multiplied by the state share percentage of the total mix of funding sources. This calculation must be done at the individual expense class line level, of which there are thousands of lines. If the state share fund mix percentage is incorrect, then the calculation of state share spending is inaccurate. Working with state agencies, we have attempted to ensure that state share fund mix percentages are accurate.

RSA 9:11, II, requires a comparison between the state share projected budget for the fiscal year to date (FYTD) and the state share actual spending FYTD, and an explanation from each agency on the variance between the two. The projected budget amount is another calculation and it is based on the rate of spending in the prior fiscal year for each individual expense class line. So even if the state share fund mix were correct in all cases, if the assumption that prior year spending rate held true for the current year was not valid, then the projected FYTD state share projected budget calculation would not be valid as well. If an agency made a payment in the current year earlier in the year than that same payment was made in the prior year then the budget variance would appear negative. However, that variance could be attributable to only to the different timing between years.

Report Calculation Descriptions

1. **Calculation of FY20 Balance Forward (state share):** The Balance Forward is the product of the balance forward amount multiplied by the prior fiscal year state-share % for the balance forward from either the fund mix override table or NH FIRST.
2. **Calculation of FY20 Encumbered (state share):** The Encumbered is the product of the total encumbered amount multiplied by the state-share % for the current year appropriations from either the fund mix override table or NH FIRST. Encumbrances are shown to illustrate additional obligations against appropriations, but only spending amounts are compared against the projected budget amounts.
3. **Calculation of FY20 Adjusted Authorized Budget (state share):** The Adjusted Authorized Budget represents the continued resolution (CR) multiplied by the state-share % for the current year appropriations from either the fund mix override table or NH FIRST. The CR was approved for the 3 month period, July through September 2019.
4. **Calculation of FY20 Additions/Deletions (state share):** The Addition/Deletions is the product of the total of any increases or decreases to appropriations made during the continuing resolution (CR) period (appropriation transfers, Fiscal Committee or Governor & Council items, etc.) multiplied by the state share % for the current year appropriations from either the fund mix override table or NH FIRST. During the CR, adjustments can only be approved through September 30, 2019.
5. **Calculation of FY20YTD Budget (state share):** The YTD Budget is the product of the projected burn rate multiplied by the Balance Forward and Encumbrances plus 100% of the Adjusted Authorized and Additions/Deletions. This formula has been modified from prior SSE reports, as a result, of the continuing resolution. This calculation is done to project a year-to-date Budget figure, in order to compare to year-to-date actual spending. For each expenditure class line, the projected burn rate is the percentage of total prior year spending that had occurred YTD through the same month in the prior fiscal year. In the absence of prior year data, the projected burn rate is the number of months completed to date in the current fiscal year divided by 12 months. *This projected burn rate is the most important assumption used in this analysis. If the assumption does not hold in the current year, then the variances may be inaccurate.*

Report Calculation Descriptions (continued)

6. **Calculation of FY20 YTD Actual (state share):** The YTD Actual is the product, at each expenditure class line, of the total spending YTD multiplied by the state share % for the current year appropriations from either the fund mix override table or NH FIRST.
7. **Calculation of Burn Rate (state share):** The FY19 YTD Actual (state share) reflected as a percentage of the total annual FY19 Actual (state share). Calculated at the class level and rolled up to agency level.
8. **Calculation of FY20 YTD Budget Variance (state share):** The YTD Budget Variance is the difference between the calculation of the FY20 YTD Budget (state share) and the calculation of the FY20 YTD Actual (state share). This is shown as both a dollar variance and a percentage variance as compared to the FY20 YTD Budget amount.