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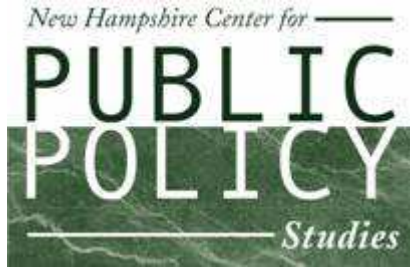
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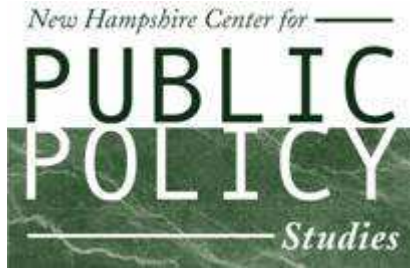
Managing the Great Recession: The On-going Local Challenge & the Coming Budget

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



We're still in the shadow of the Great Recession

- Several trends are fueling pressure on municipal budgets:
 - Continued high demand for services
 - Continued cuts in state aid to communities
 - Slump in real estate values
- Other long-term factors to consider:
 - Changing state demographics
 - Continued downshifting from state, without changes in policy.

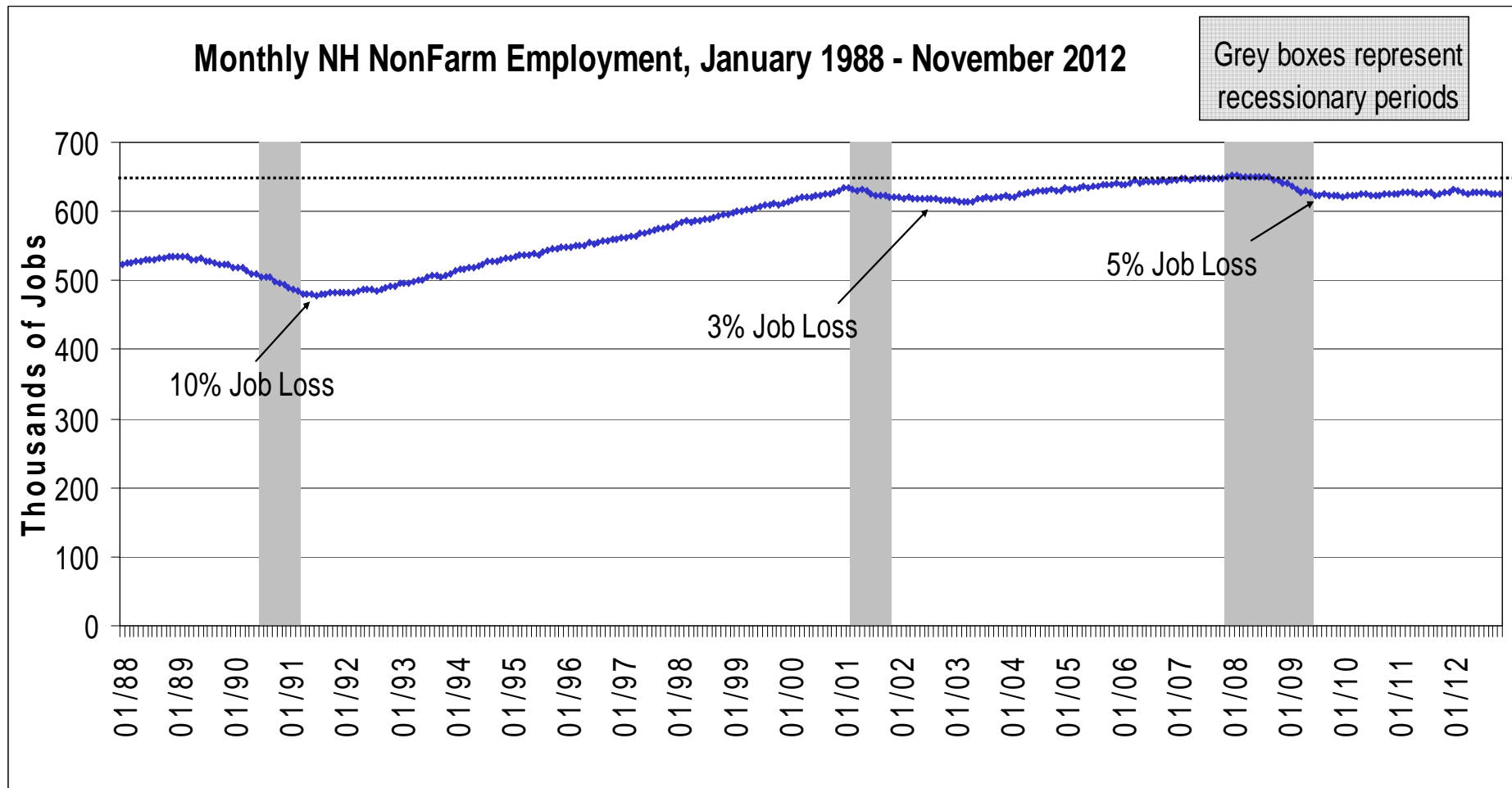


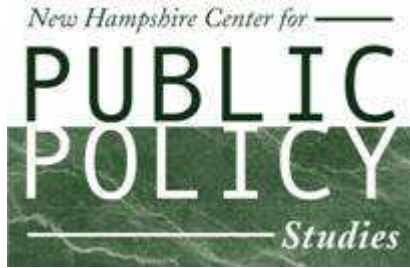
Demand for services

- Growth in demand for social services has slowed since recession, but caseloads have not declined and still remain at historic highs.
 - Food stamp recipients
 - Up 29.4% since 2009
 - Up 100% since June 2007, to ~119,000 people
 - Medicaid caseloads
 - Up 13.2% since 2009
 - Up 27.9% since June 2007, to ~130,000 people
 - Homeless “bed nights”
 - Up 14.5% since 2010

Source: NH Department of Health and Human Services

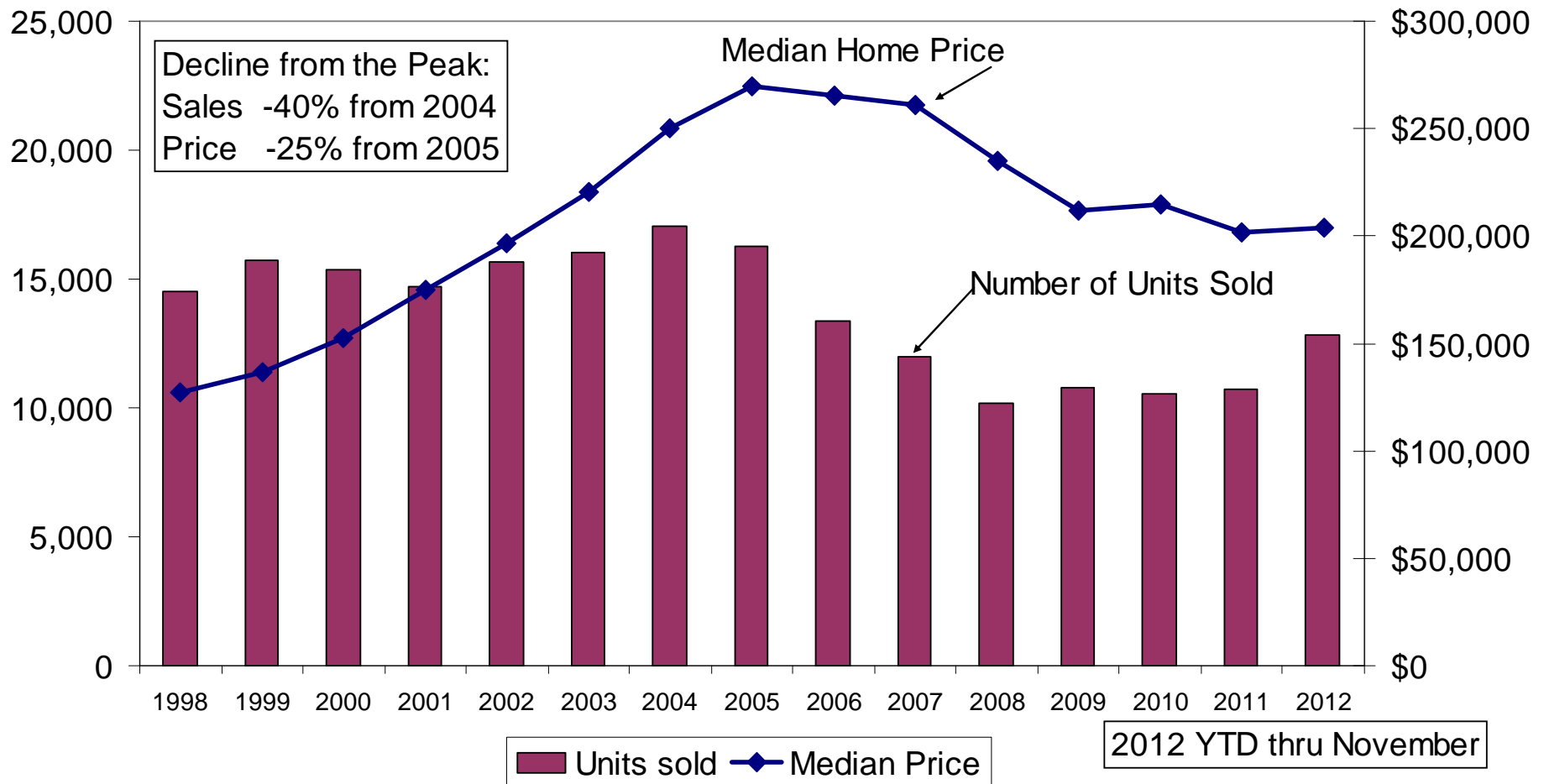
NH's Great Recession: The Jobs Impact

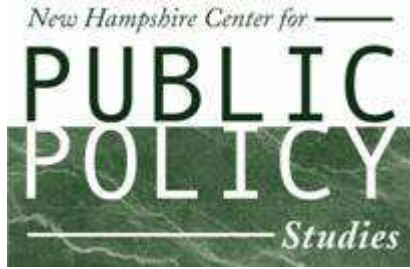




Both home prices & sales have stabilized, though remain flat

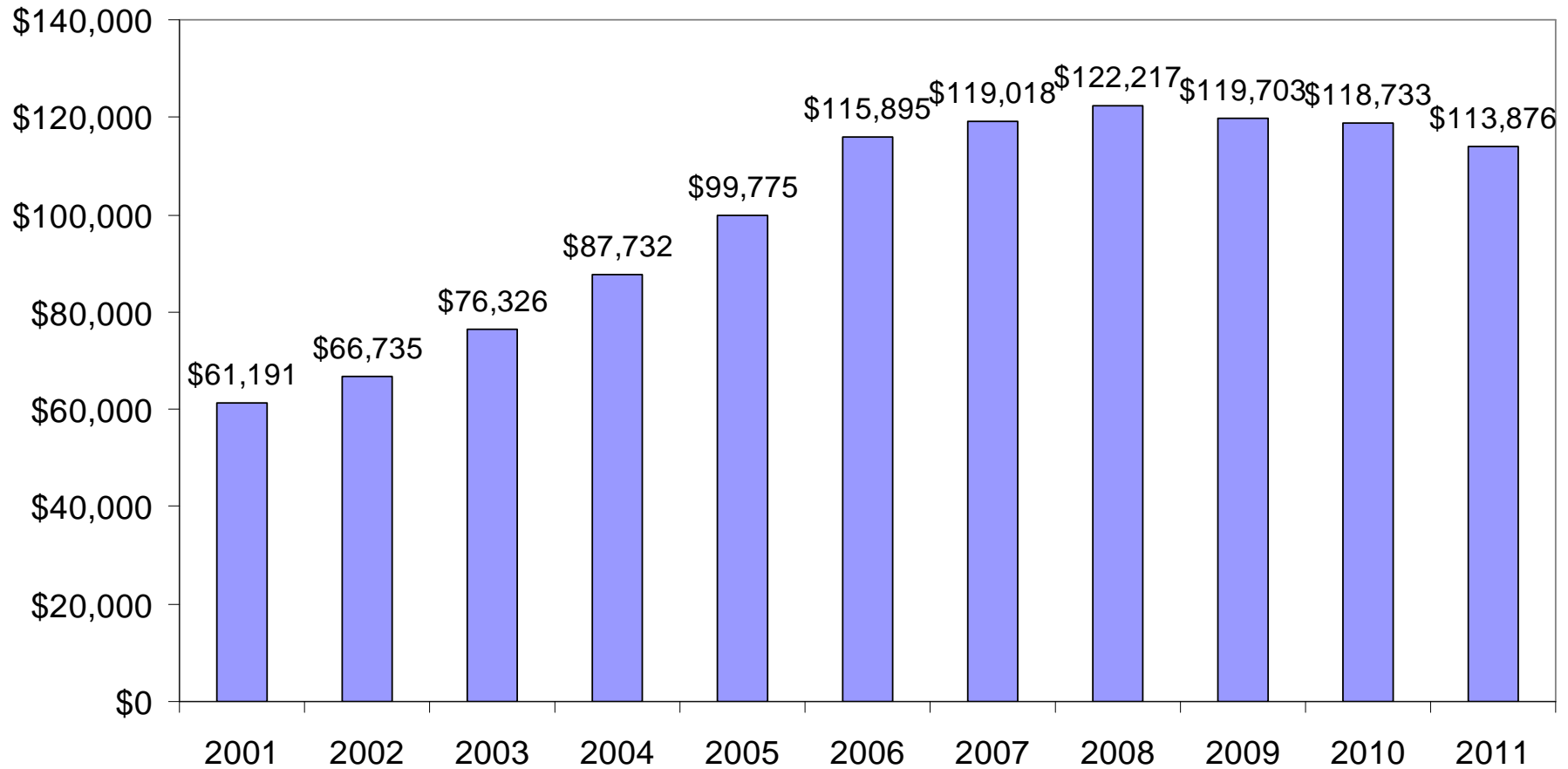
NH Single-Family Residential Home Sales and Price (MLS)
 Source: NH Association of REALTORS

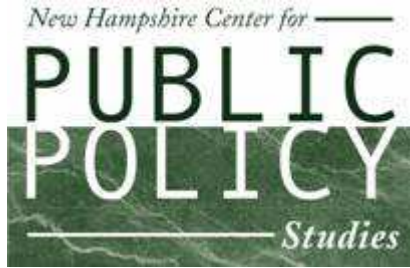




Result: Slump in Property Valuations

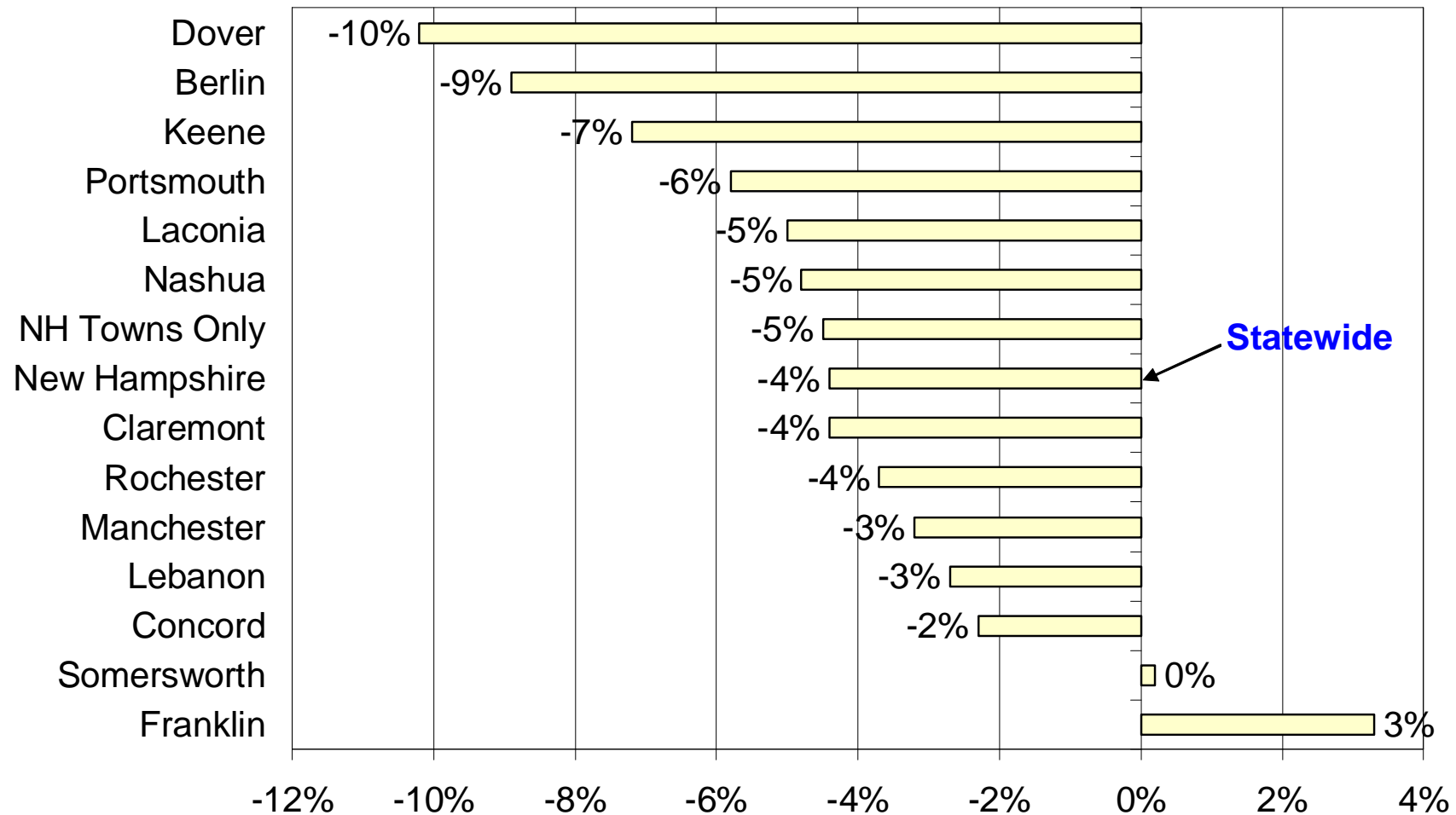
Total NH Local Property Valuation per Person





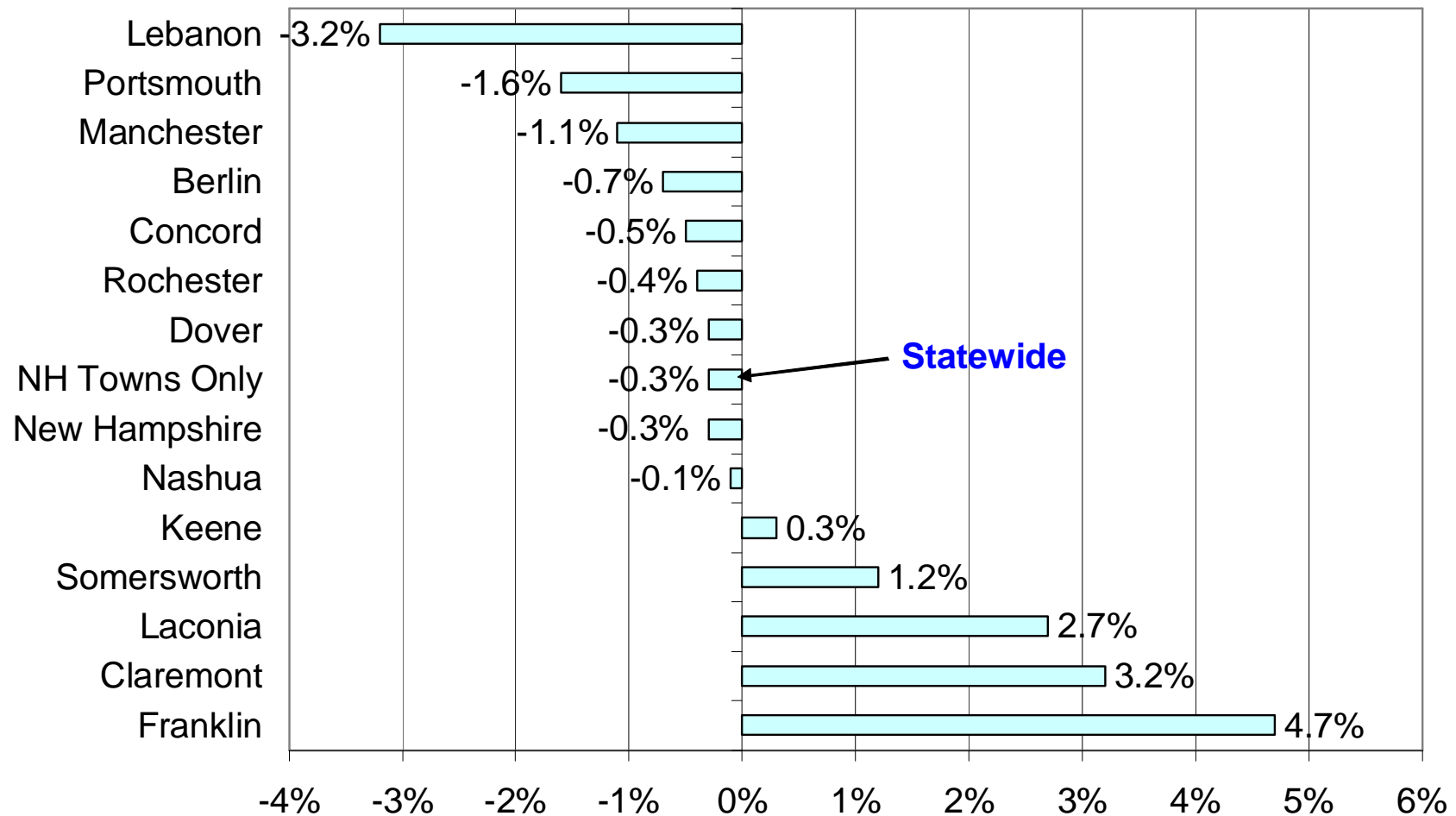
State Contribution falls by 4% on per capita basis

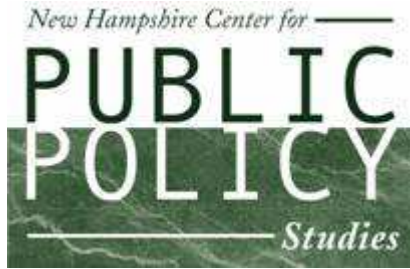
Change in Inflation Adjusted Per Capita State Municipal Contribution, 2007 - 2011



Spending growth has slowed, but not everywhere

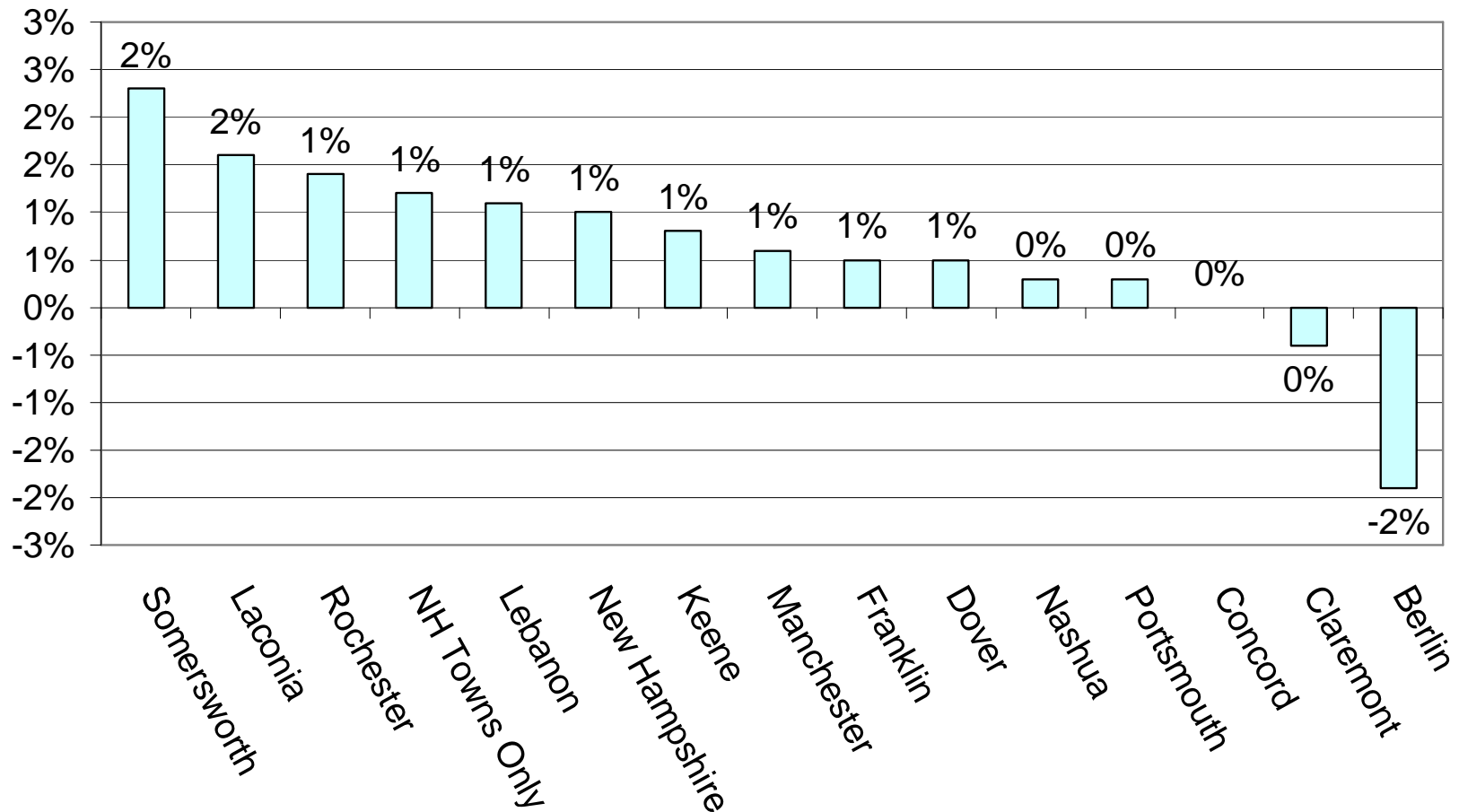
Annual Change in Total Per Capita Inflation Adjusted
 Appropriations, 2007 to 2011

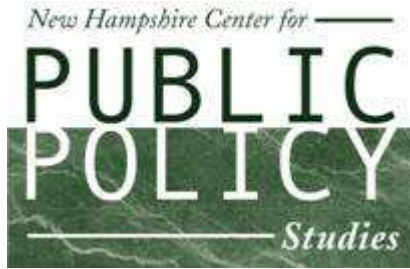




Per-person property tax burden continues to grow

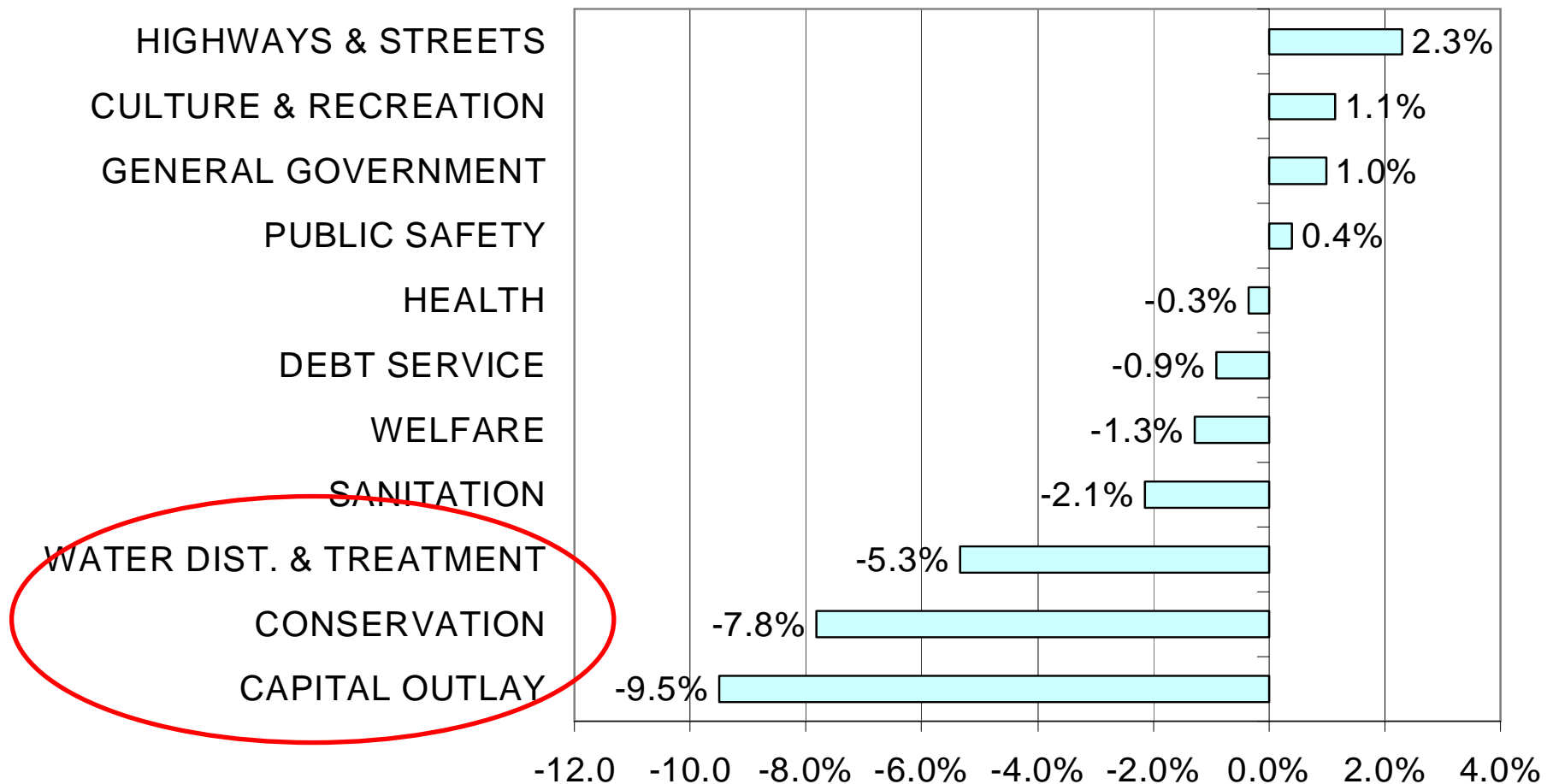
Change in Property Tax Receipts Per Person, Inflation Adjusted
2007 - 2011

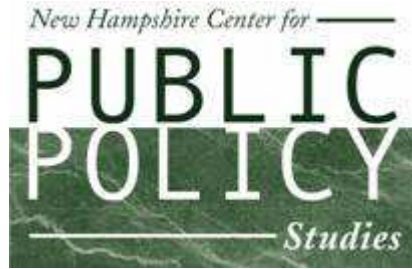




Losers? NH's Infrastructure

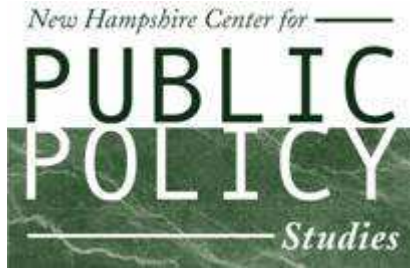
Change in Per Capita, Inflation Adjusted Appropriations
2007 to 2011



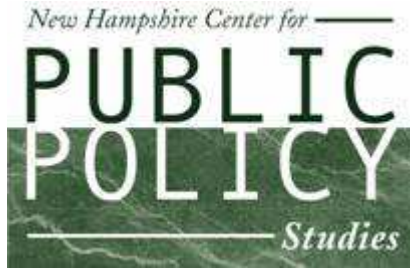


No surprise: Spending needs vary by region

Municipal Spending by Region (2011)								
Region	General Gov't	Public Safety	Sanitation	Highways & Streets	Operating Transfers Out	Other	Total	Per Capita Spending
Great No. Woods	16.9%	22.7%	7.8%	16.1%	15.0%	21.4%	\$43,906,103	\$1,588
White Mtns	22.0%	21.0%	6.5%	16.3%	9.3%	25.0%	\$75,433,199	\$1,476
Lakes Region	16.9%	23.0%	6.6%	14.7%	14.0%	24.8%	\$215,287,626	\$1,717
Dartmouth/Sunapee	16.1%	18.1%	9.1%	17.4%	9.6%	29.6%	\$190,799,750	\$1,904
Monadnock	17.2%	20.2%	11.4%	15.2%	10.9%	24.9%	\$167,528,417	\$1,239
Seacoast	18.1%	27.7%	9.2%	9.9%	10.3%	24.8%	\$398,144,780	\$1,346
Concord area	16.9%	29.0%	11.8%	12.0%	6.1%	24.2%	\$129,804,210	\$1,387
Manchester area	20.5%	24.5%	3.5%	14.3%	20.5%	16.7%	\$413,412,069	\$1,582
Nashua area	20.7%	33.9%	14.4%	9.9%	7.1%	14.0%	\$294,030,532	\$1,299
Total	\$359.9m	\$493m	\$167.8m	\$252.9m	\$234.7m	\$420.1m	\$1,928.3m	\$1,465

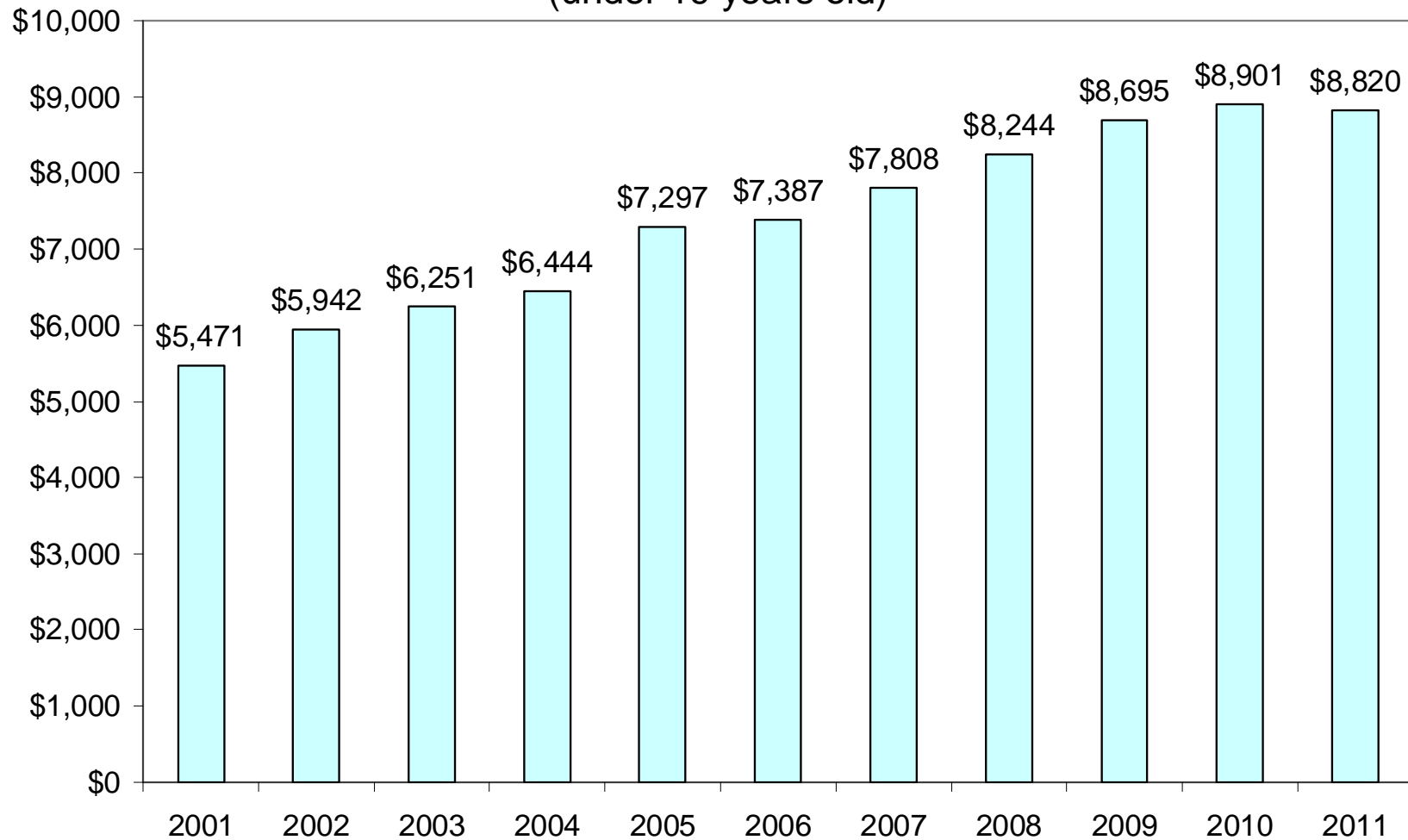


EDUCATION



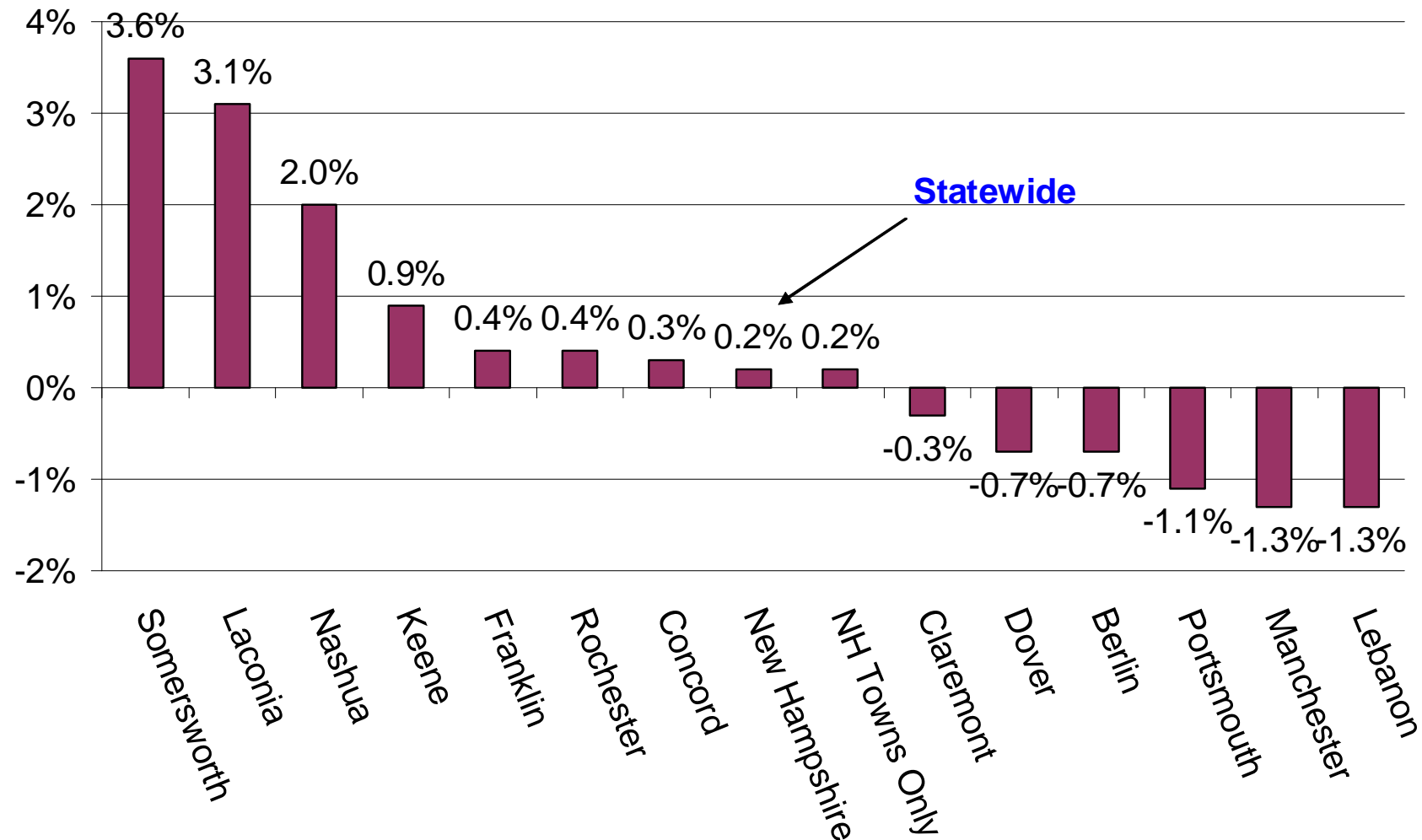
Per-pupil spending has slowed, though still rising

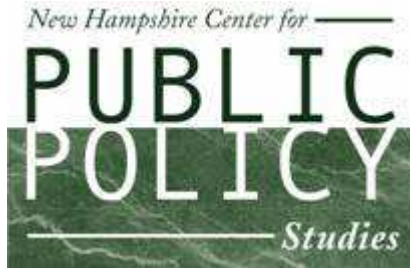
Local Education Appropriations per school-aged child
(under 19 years old)



Local school spending continues to rise slightly

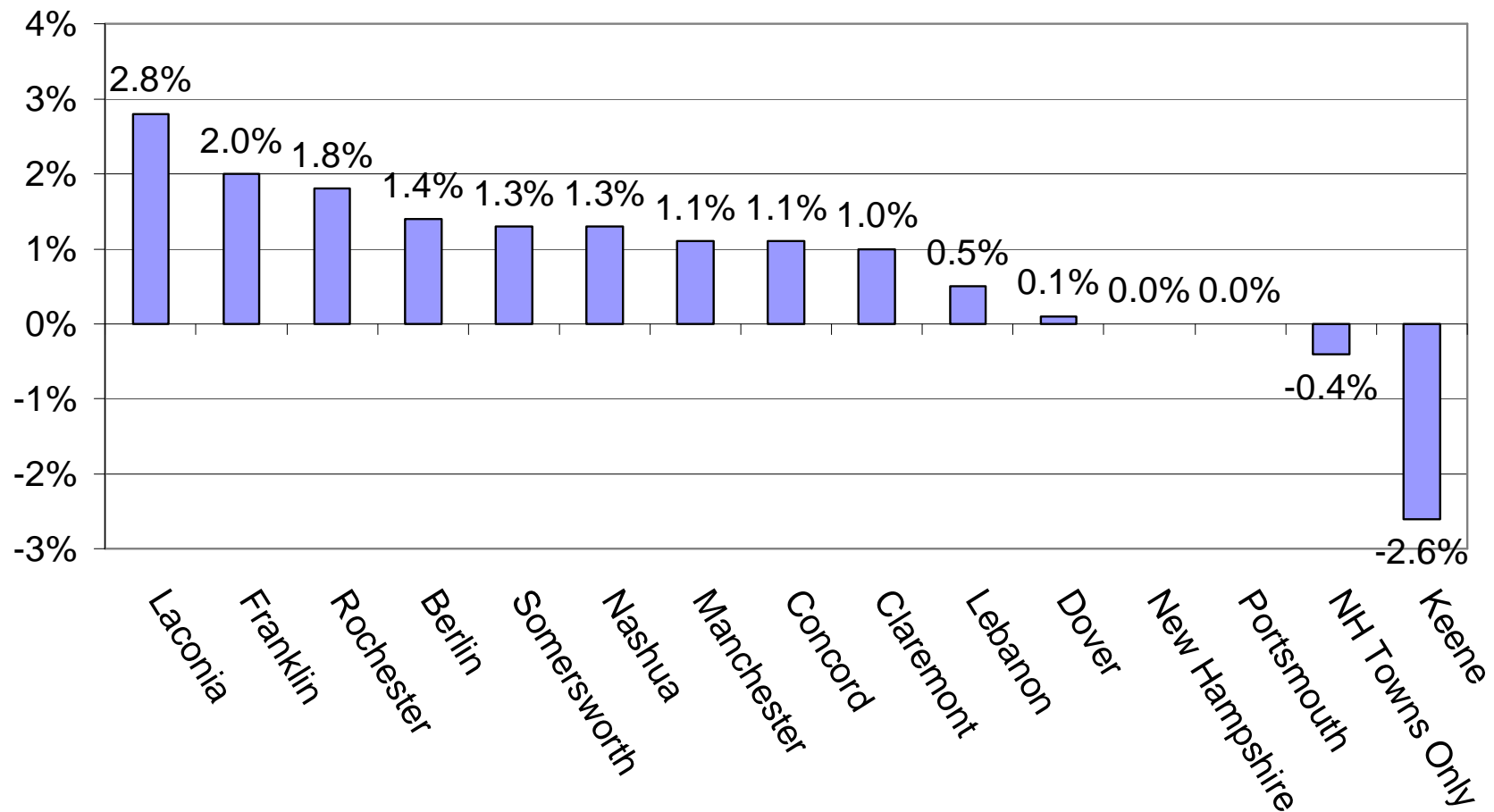
Change in Per Capita Local School Appropriations, 2007 to 2011





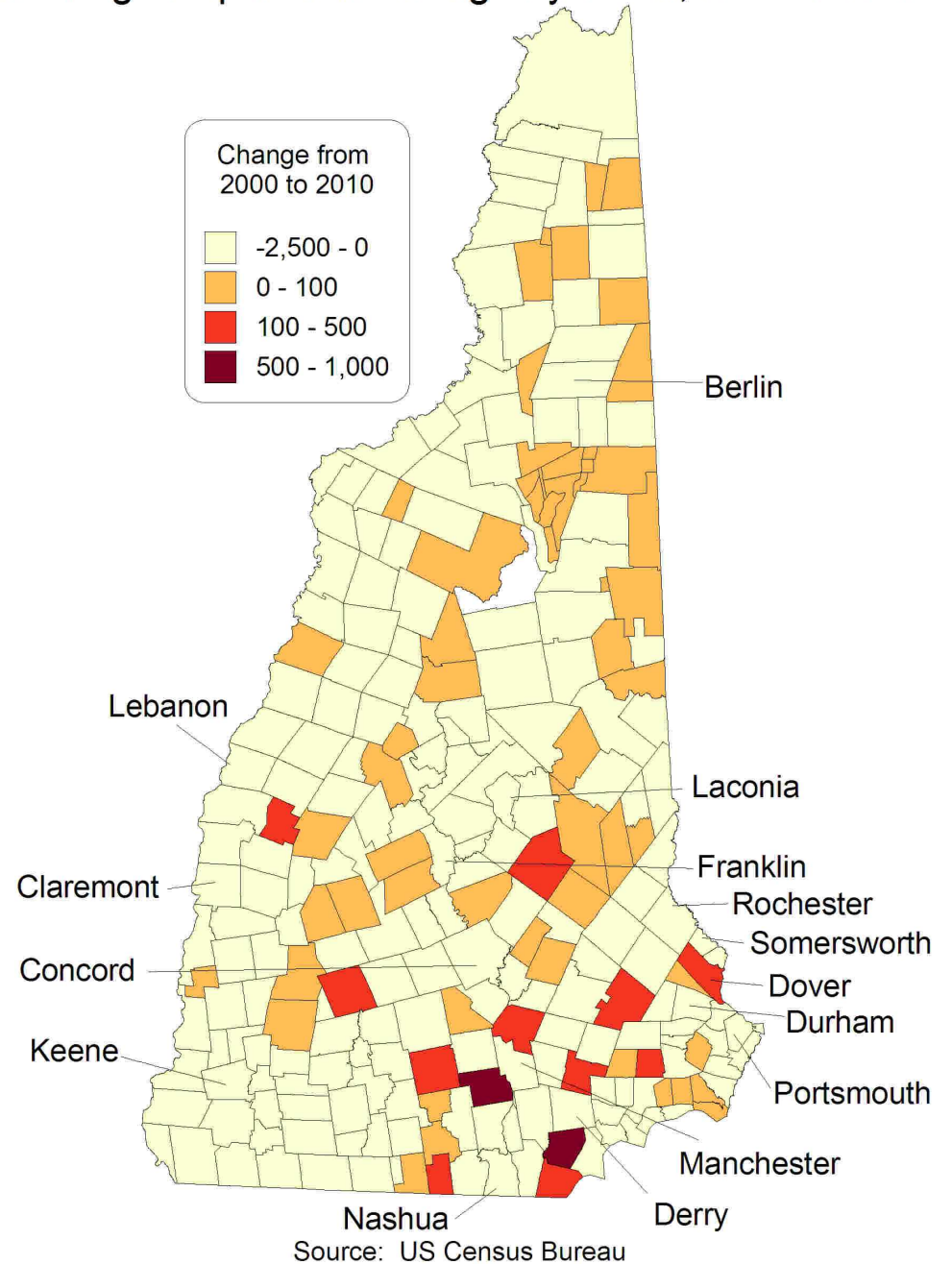
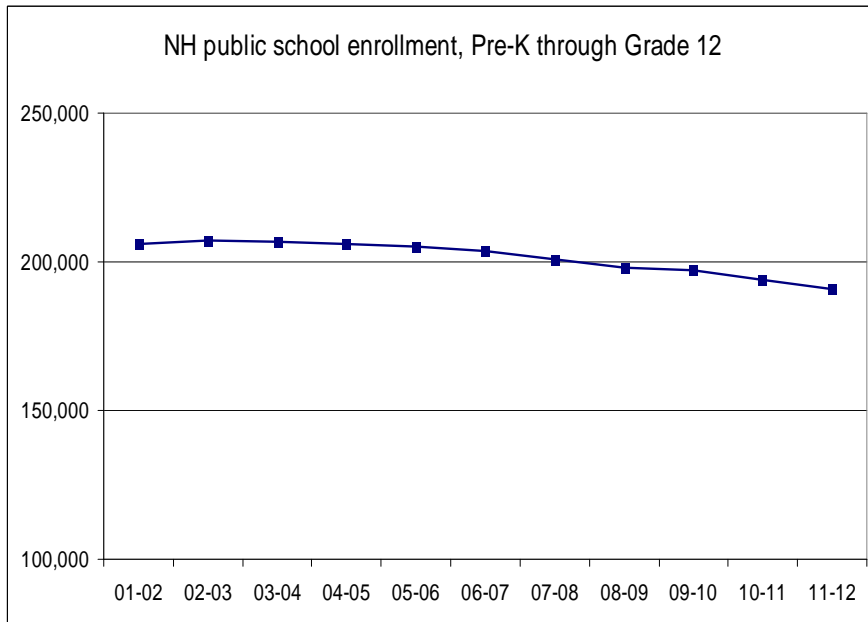
State contribution stays flat (except for most cities)

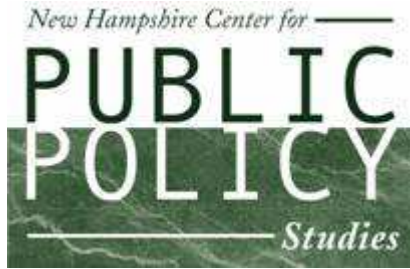
Annual Percent Change in Per-Capita State Contribution to Schools, 2007 to 2011



NH School Age Population Change by Town, 2000 to 2010

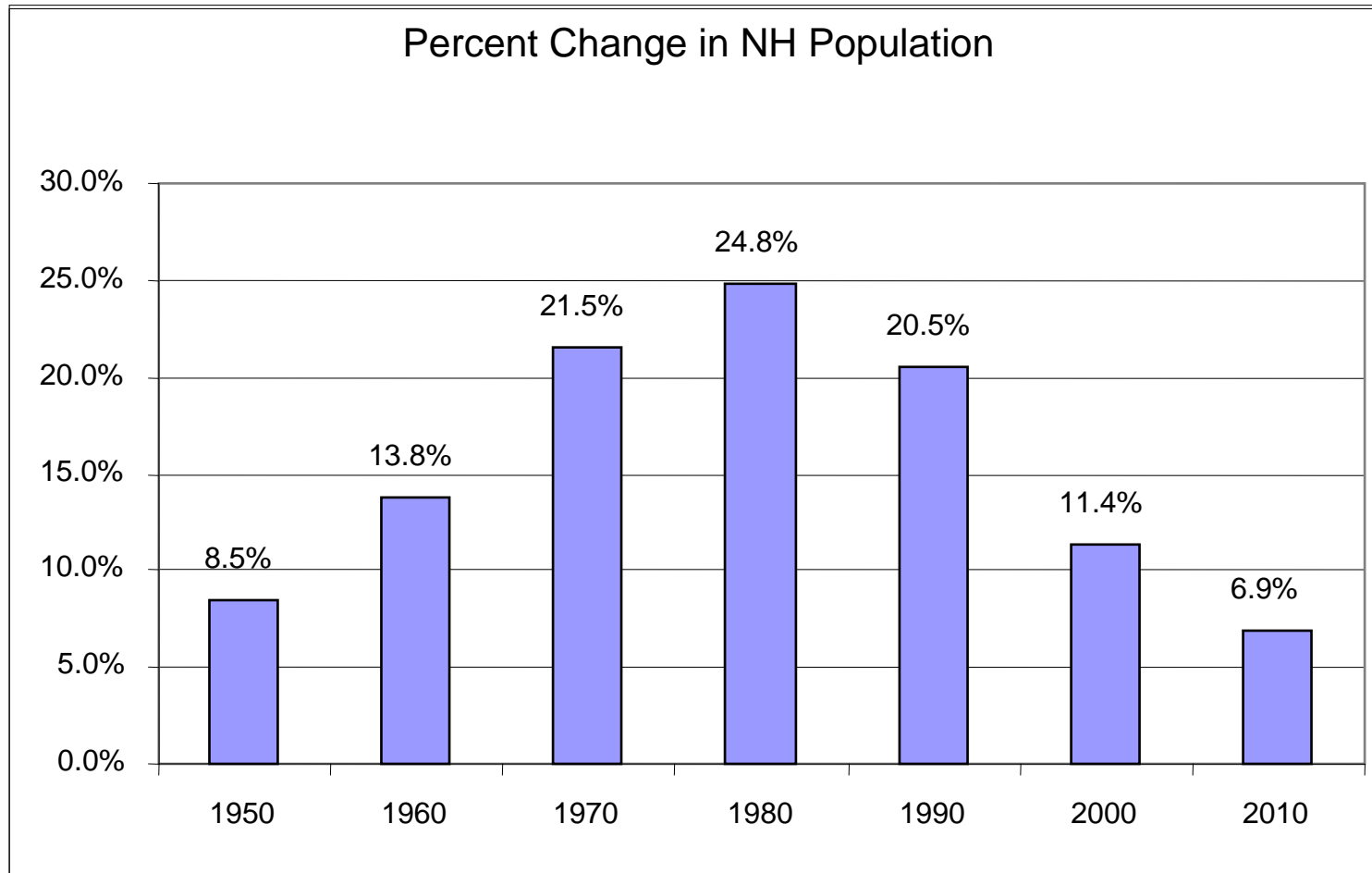
- That appropriations continue to increase while the number of school aged children declines should give policy makers a moments pause





Longer-term trends

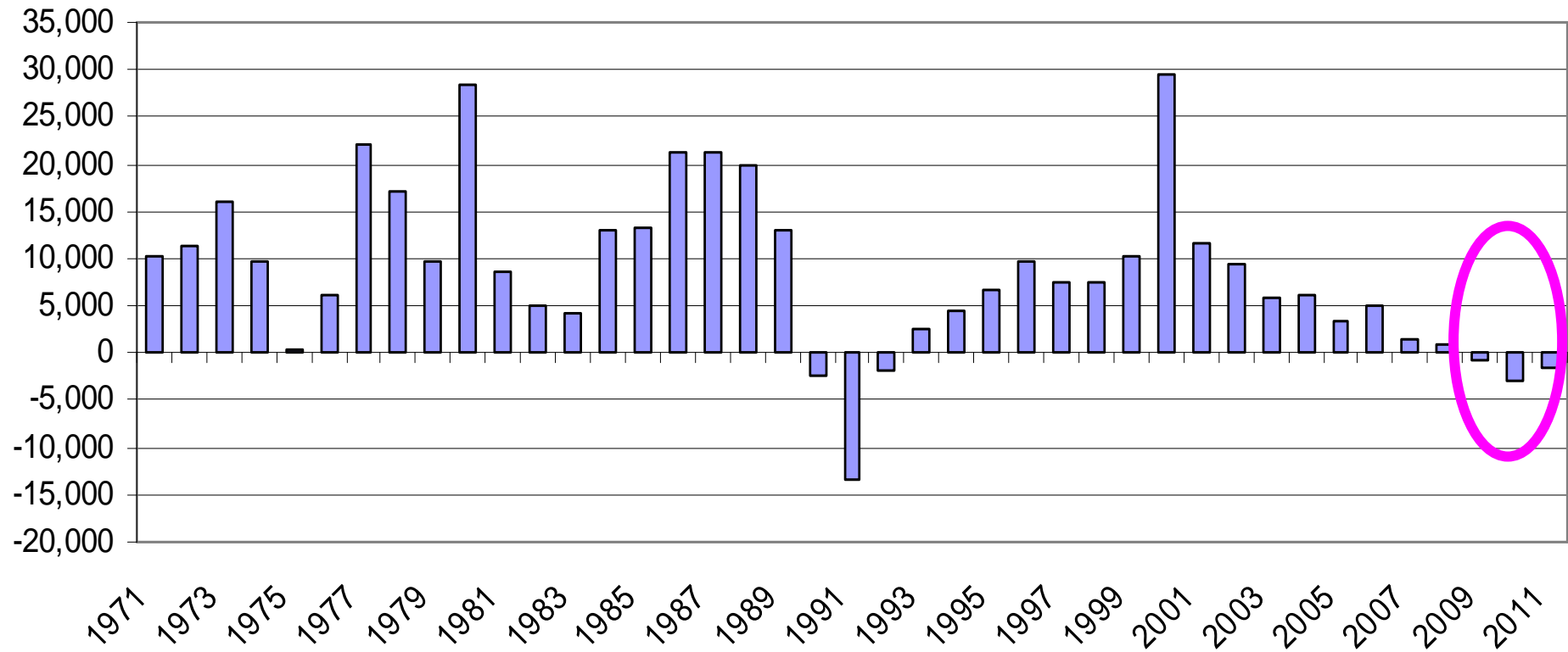
Migration has effectively stalled

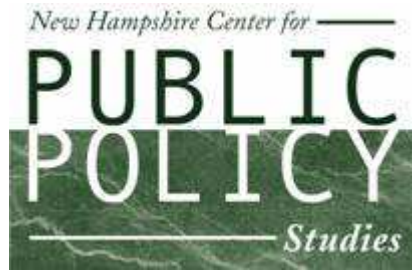


Source: New Hampshire Center for Public Policy Studies, analysis of U.S. Census data

Coming and going

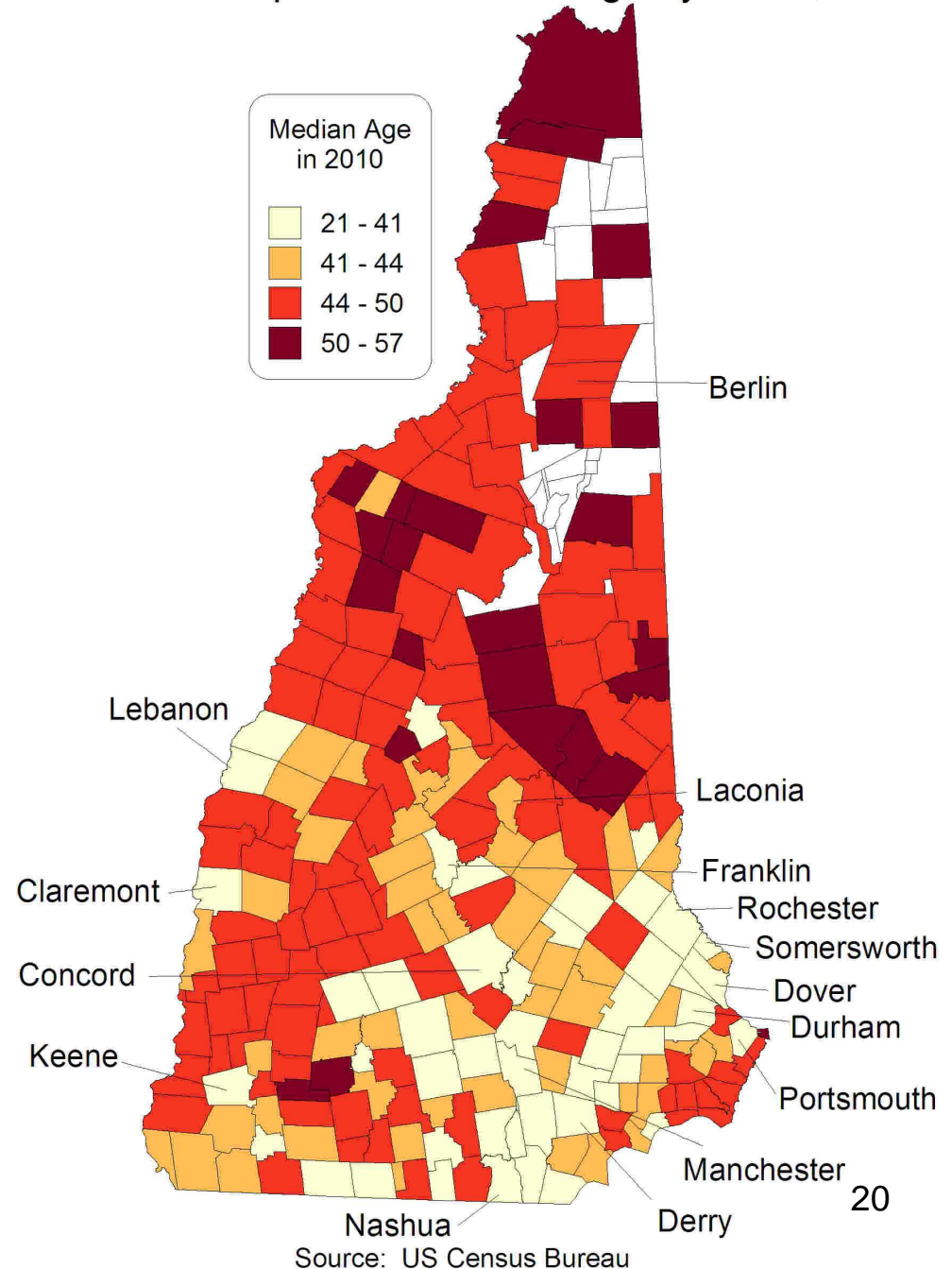
Net Migration Into and Out of New Hampshire





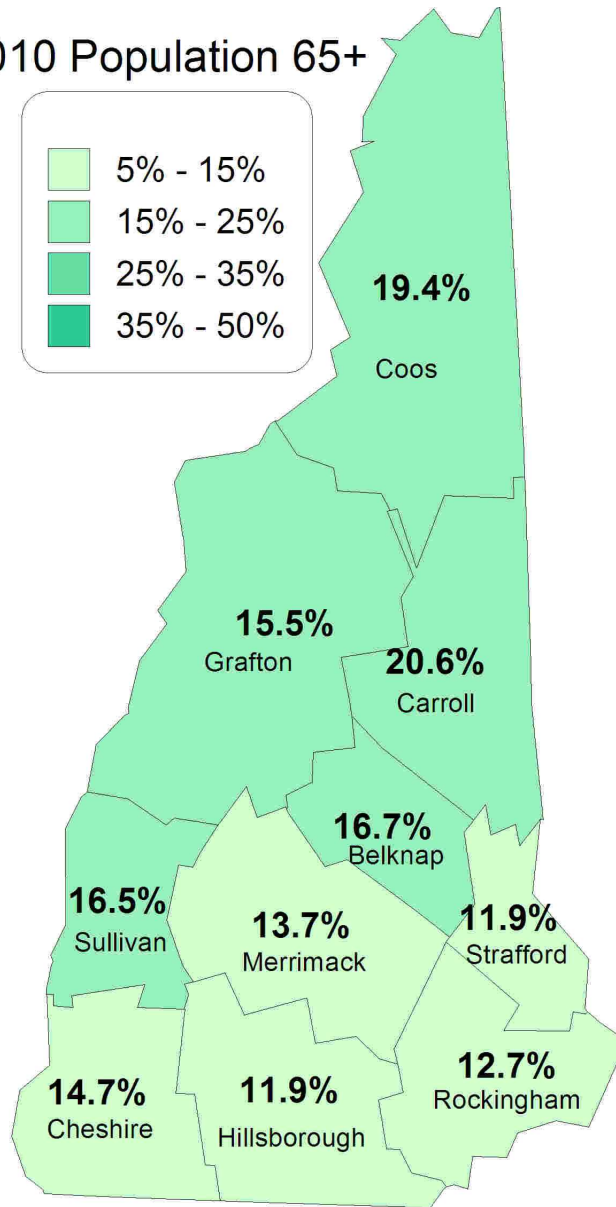
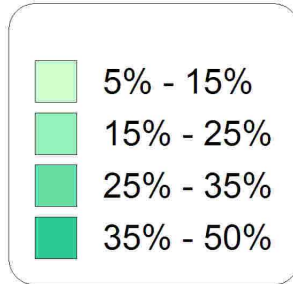
NH Population Median Age by Town, 2010

- NH's median age:
2010 = 41.1 years
2000 = 37.1 years
- Geographic variation
- Implications for:
 - health care
 - public education
 - public spending?

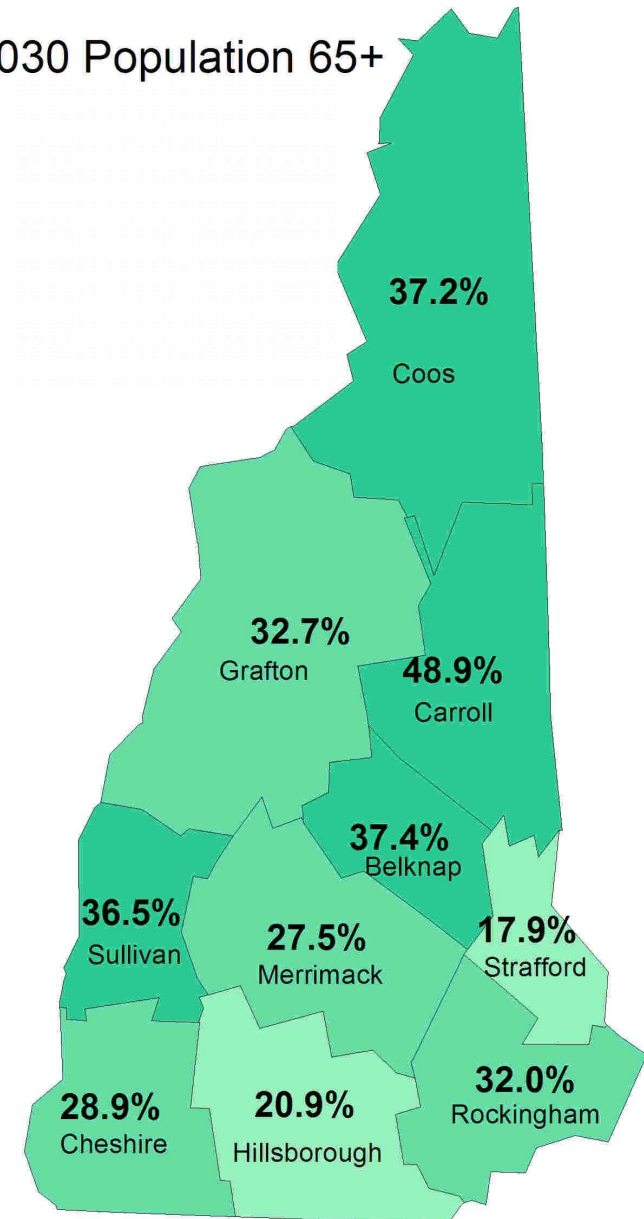


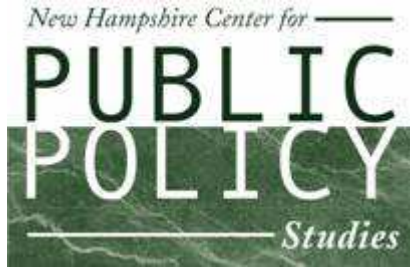
(Source: U.S. Census Bureau)

2010 Population 65+



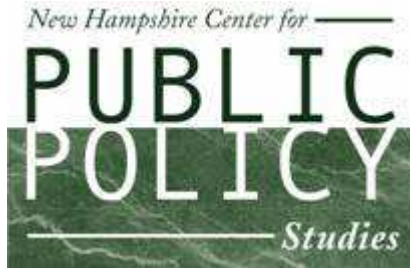
2030 Population 65+



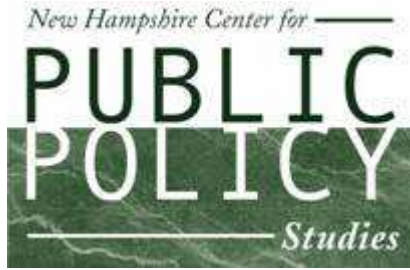


Potential responses

- Regionalization
 - Schools & districts
 - Public services (police, fire, public works)
- Policy reform
 - How to realign existing programs with changing demands and resources?
 - E.g. – School Building Aid program
 - How might program goals be redefined in light of demographic and other changes?

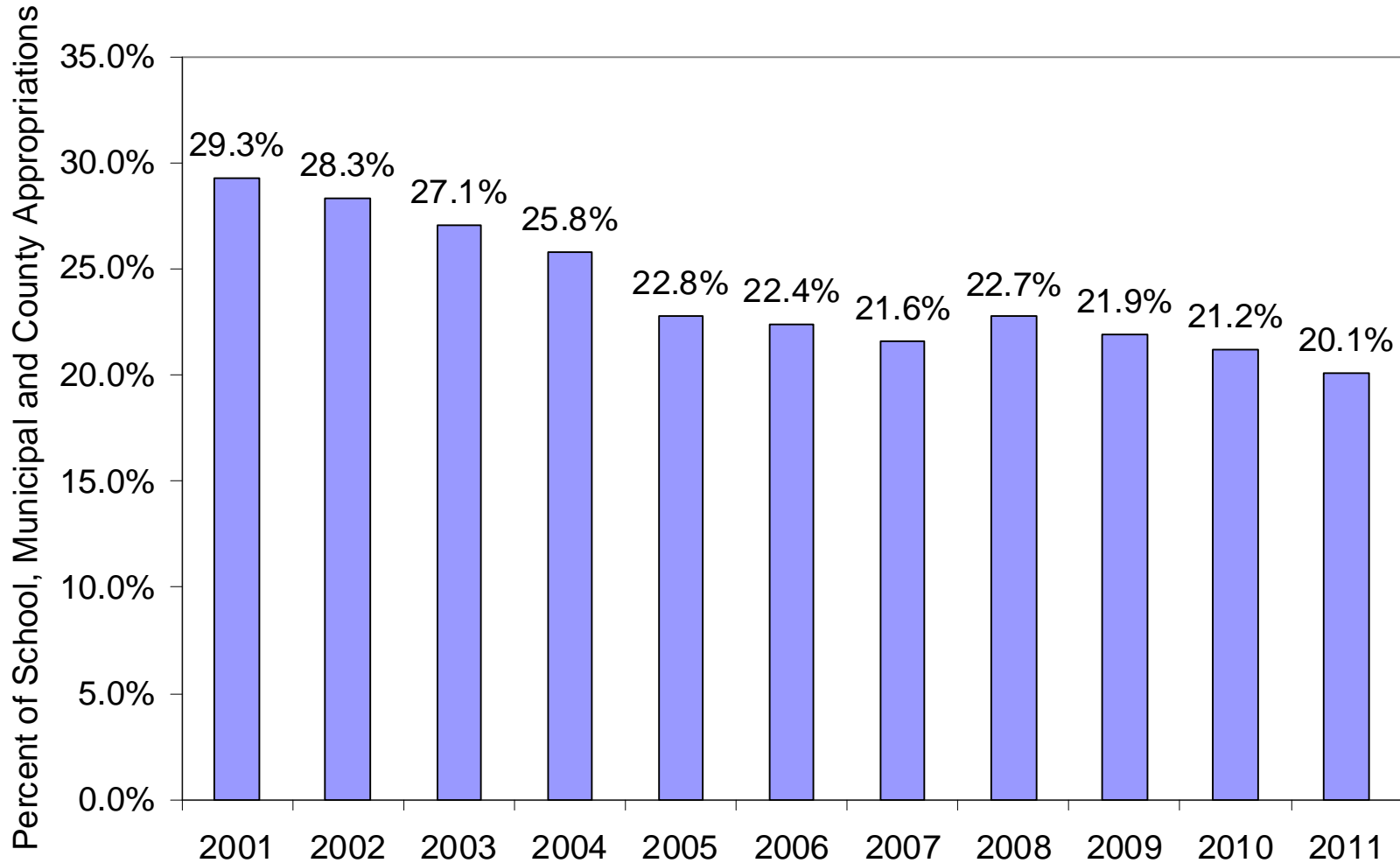


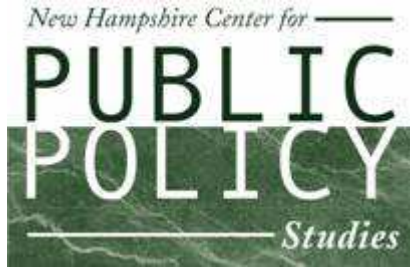
The state-local relationship



State Aid is Down, While Local Appropriations Up

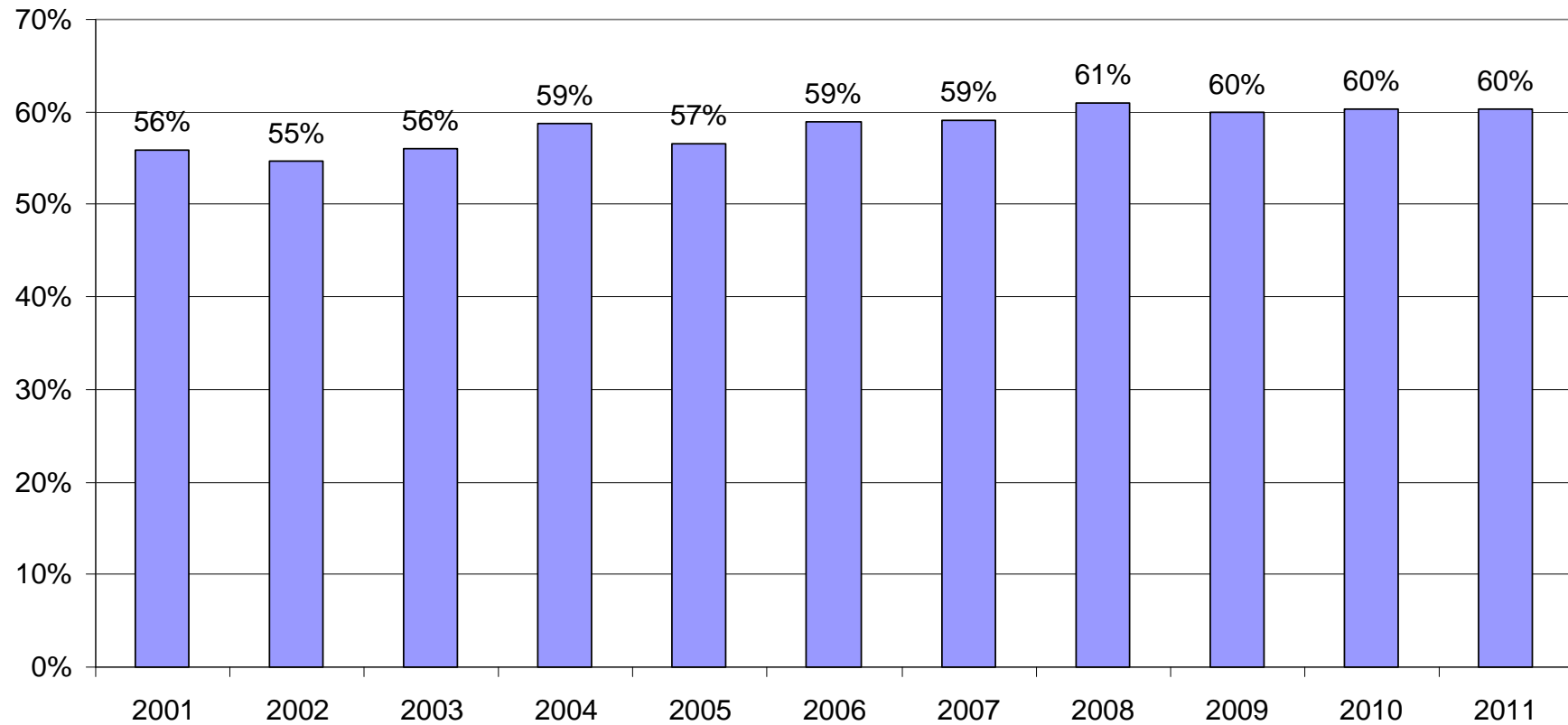
New Hampshire State Aid to Cities, Towns and School Districts

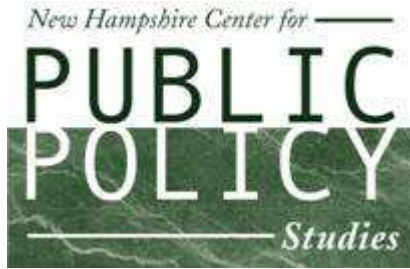




Increased pressure on Property Tax

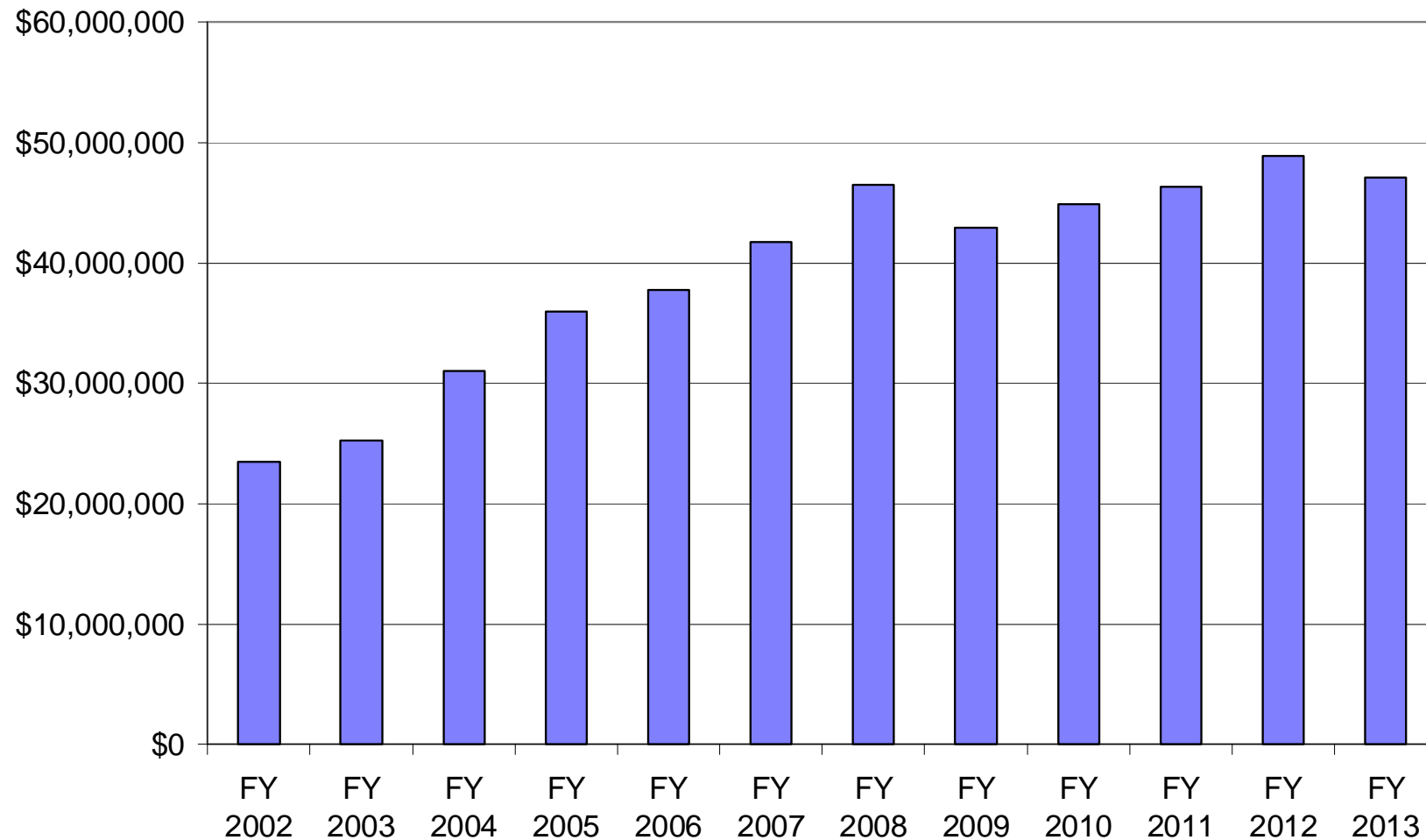
Share of Total Local Activities Funded by the Property Tax in New Hampshire, 2001-2011

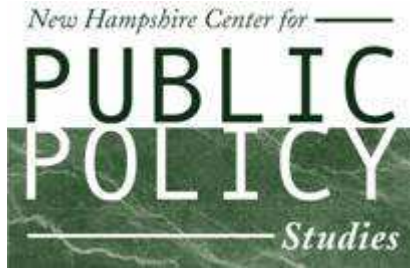




School Building Aid

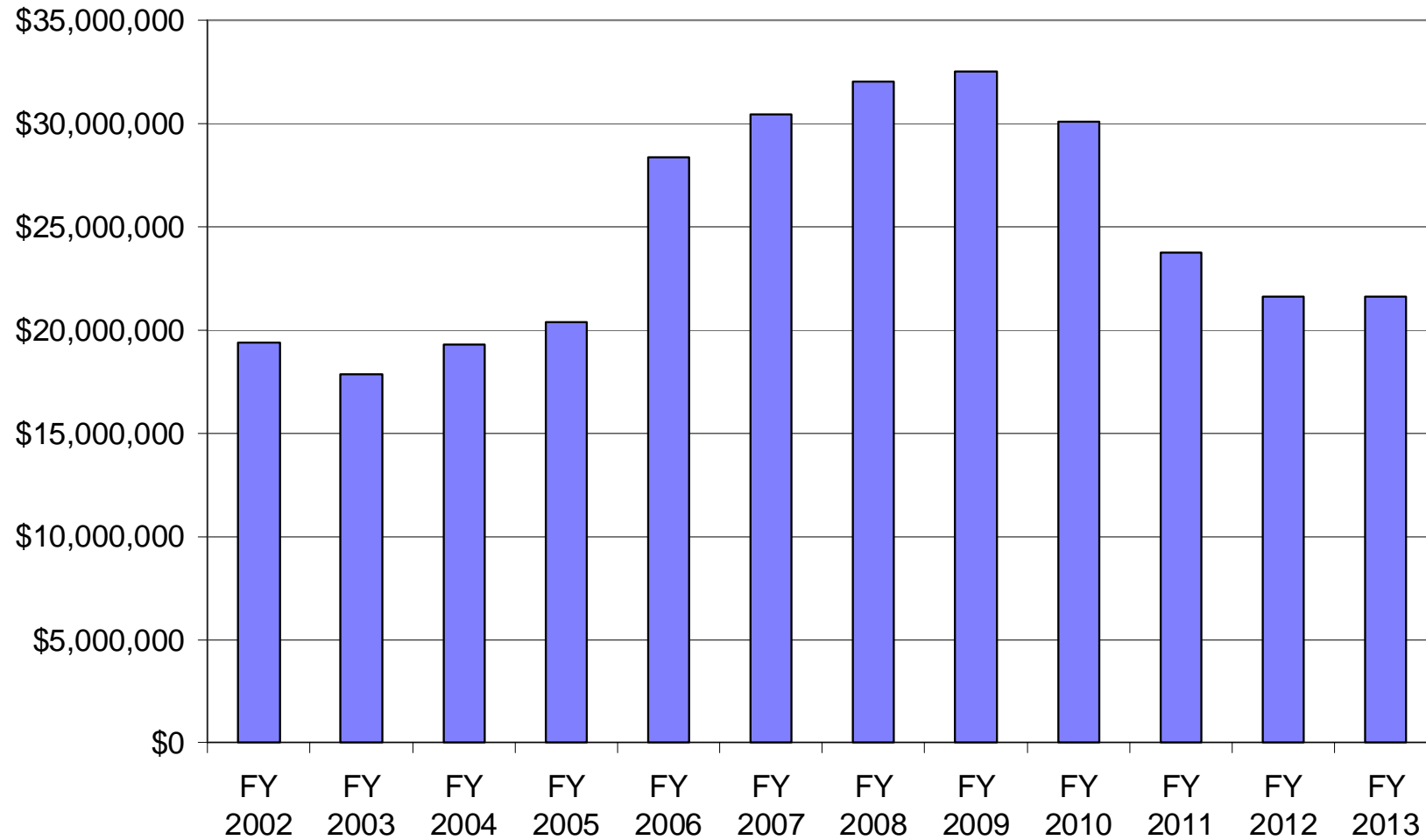
Changes in NH School Building Aid spending, 2002-2013

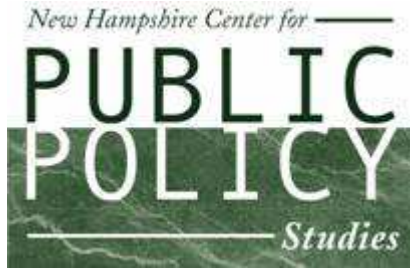




Special Education

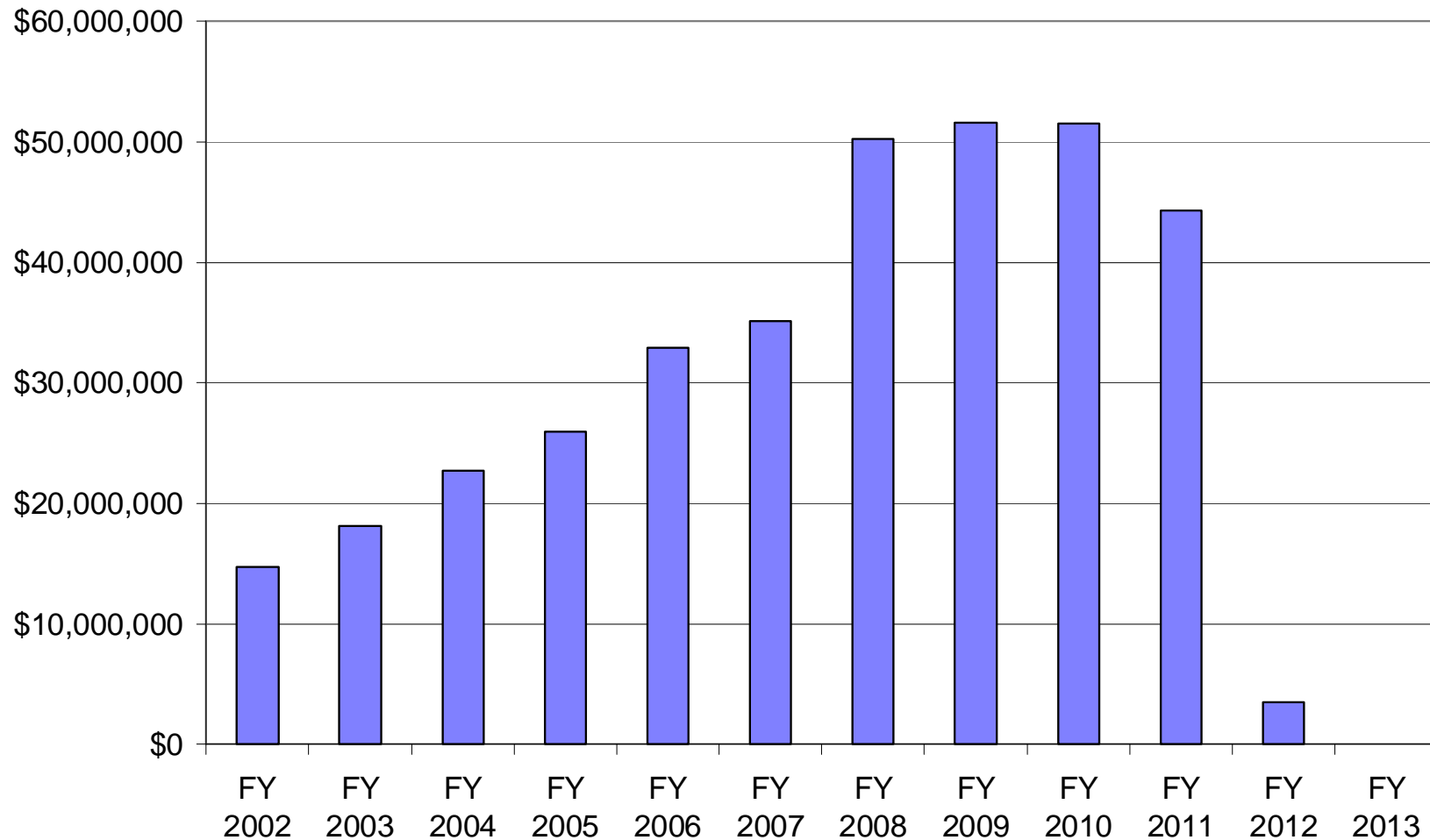
Changes in NH Catastrophic Aid payments, 2002-2012



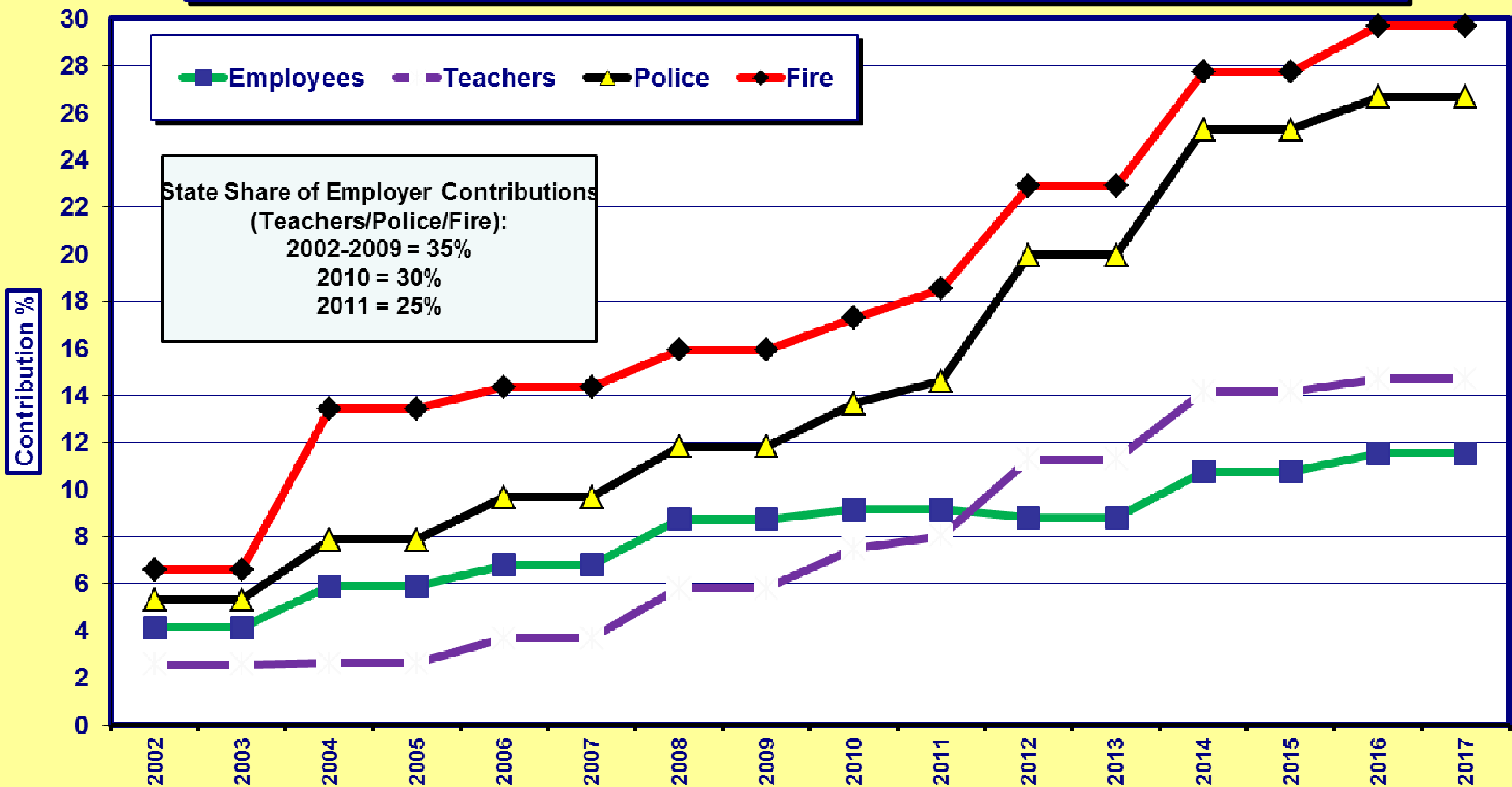


Retirement system

State Retirement Contribution to Municipalities, 2002-2013

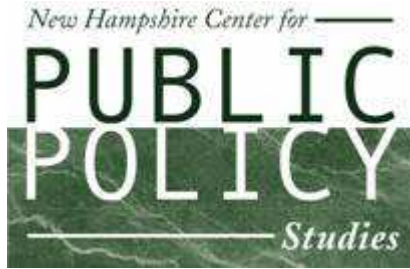


NHRS Local Employer Rates (Without State Contributions) 2002-2017 As a Percent of Payroll



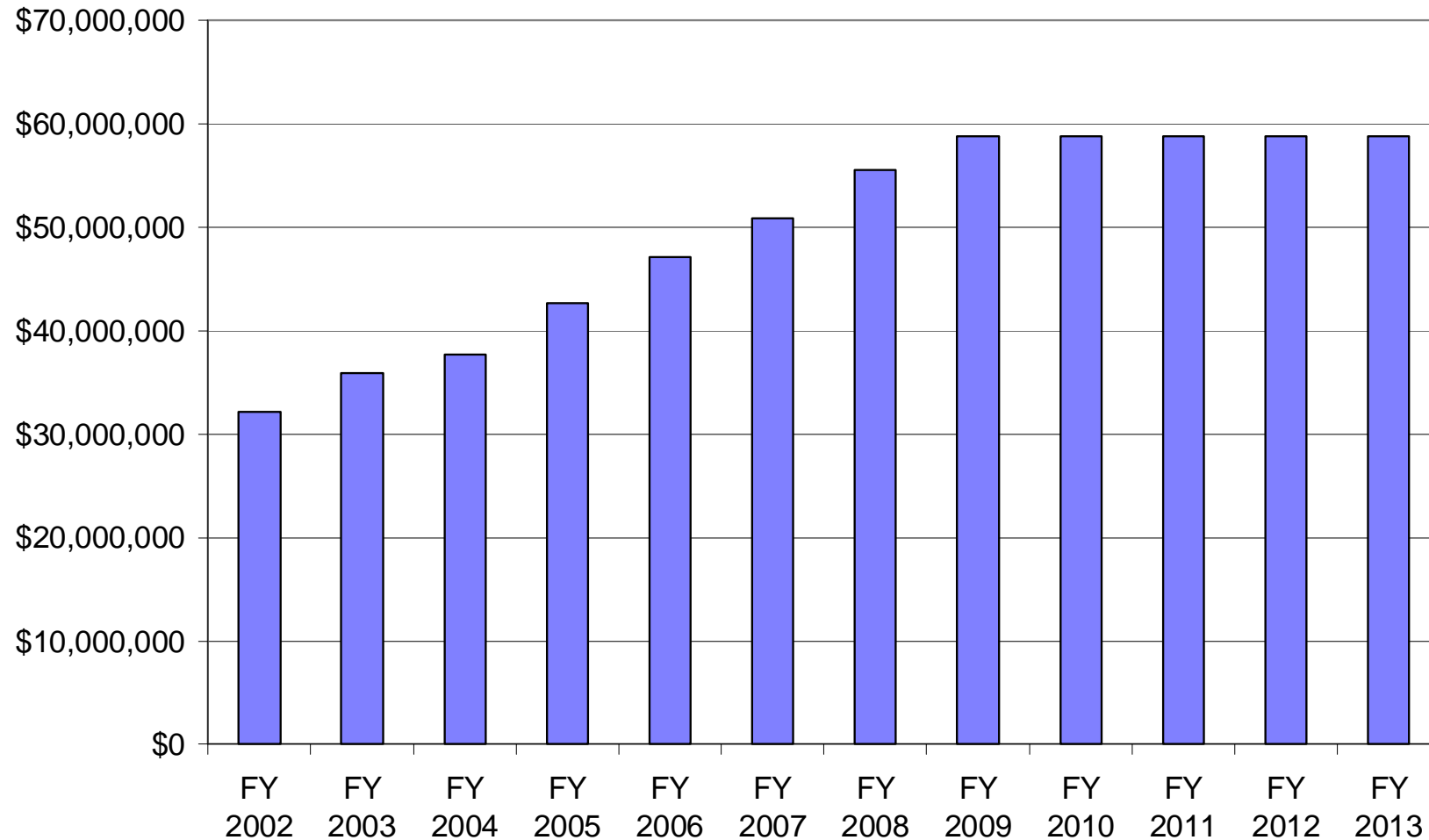
Prepared by NHMA, January 2013

Note: FY 2016/2017 are estimated rates

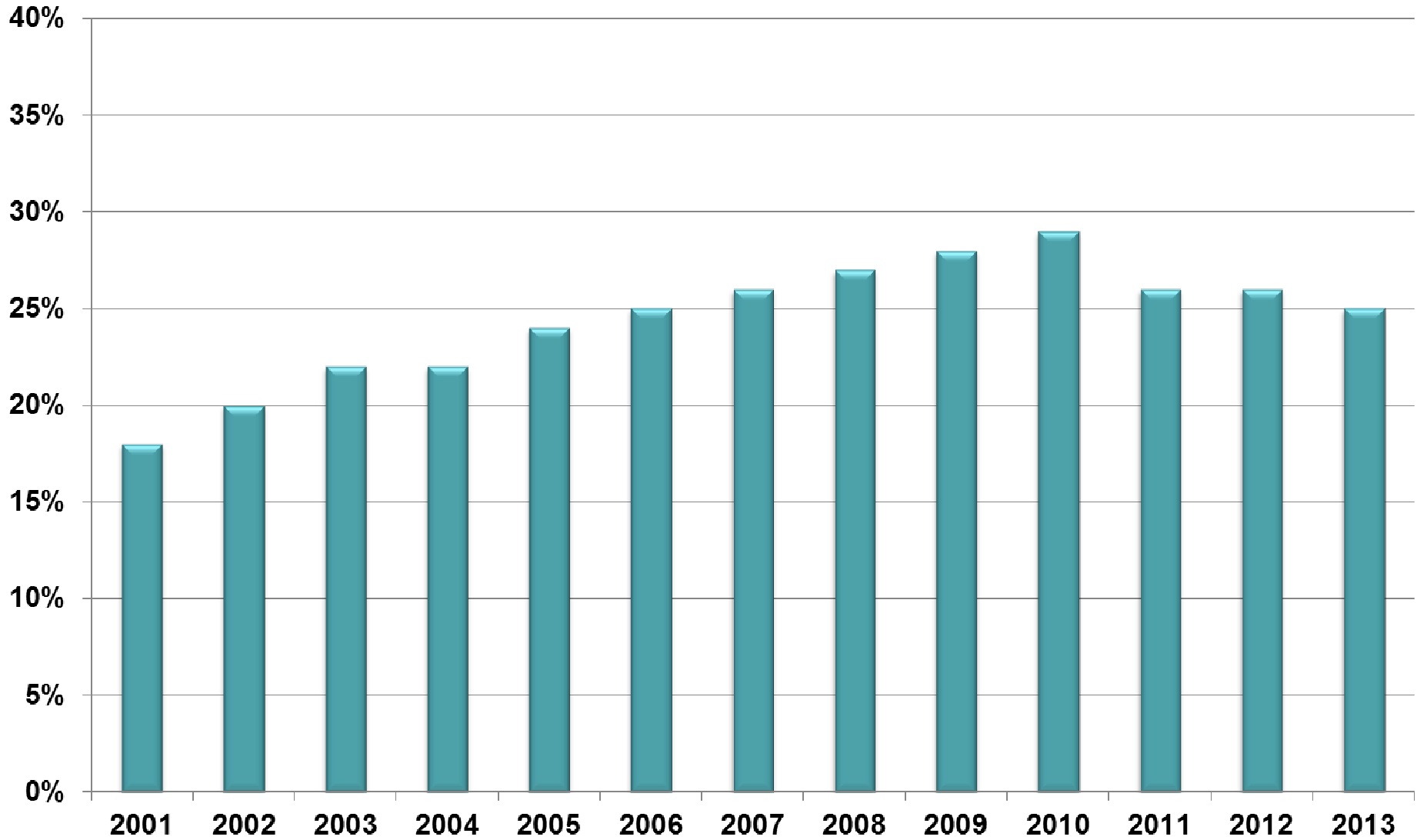


Meals & Rooms payments

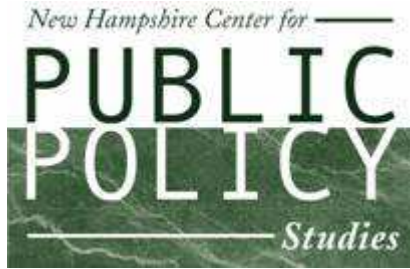
Meals & Rooms Distributions to Local Communities, 2002-2013



Meals and Rooms Distribution: Municipal Percentage 2001-2013

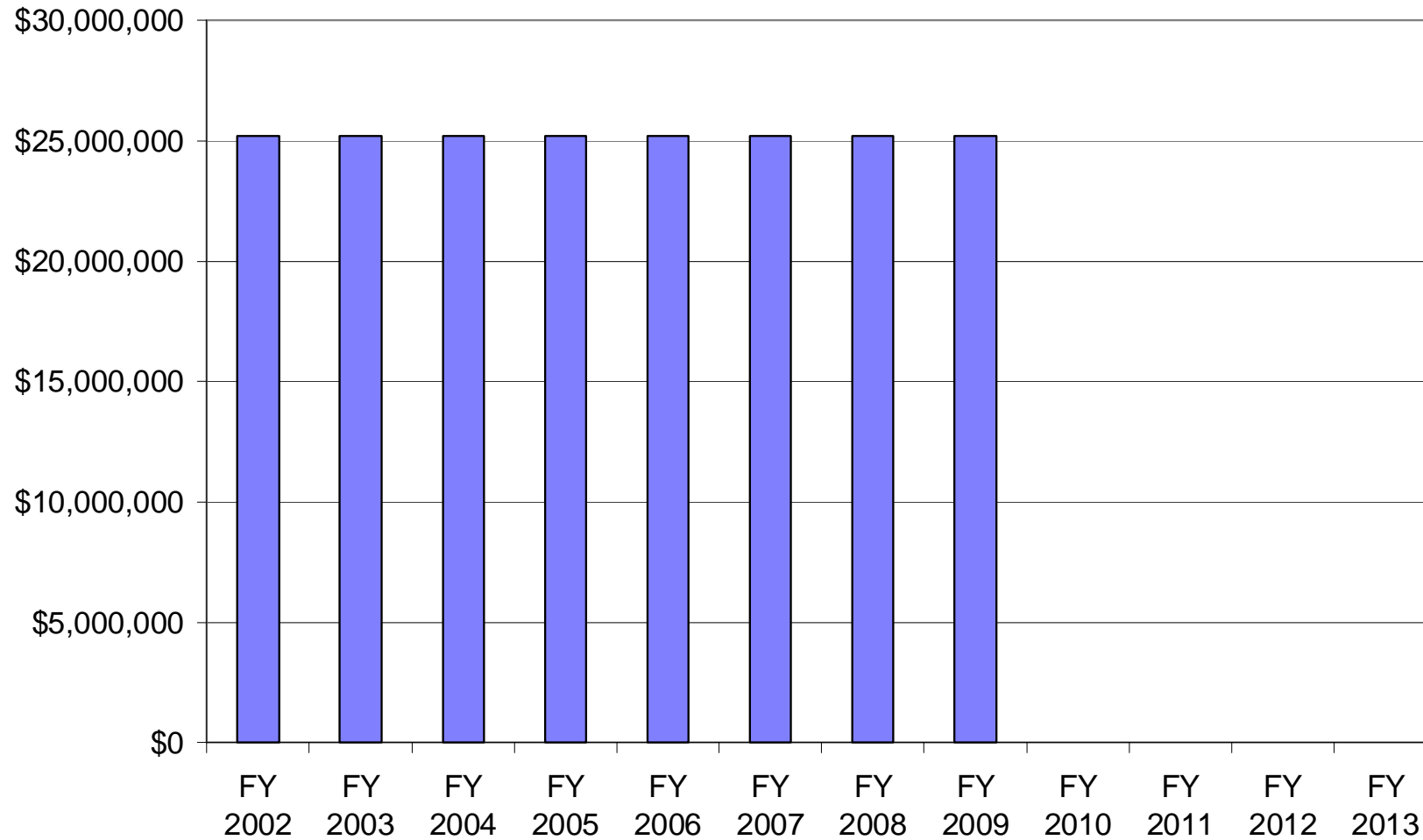


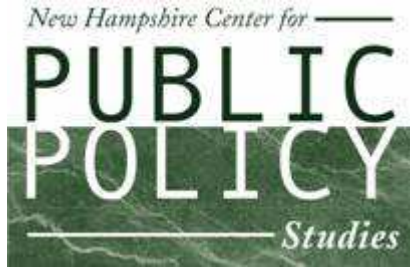
Prepared by NHMA, January, 2013



Revenue sharing

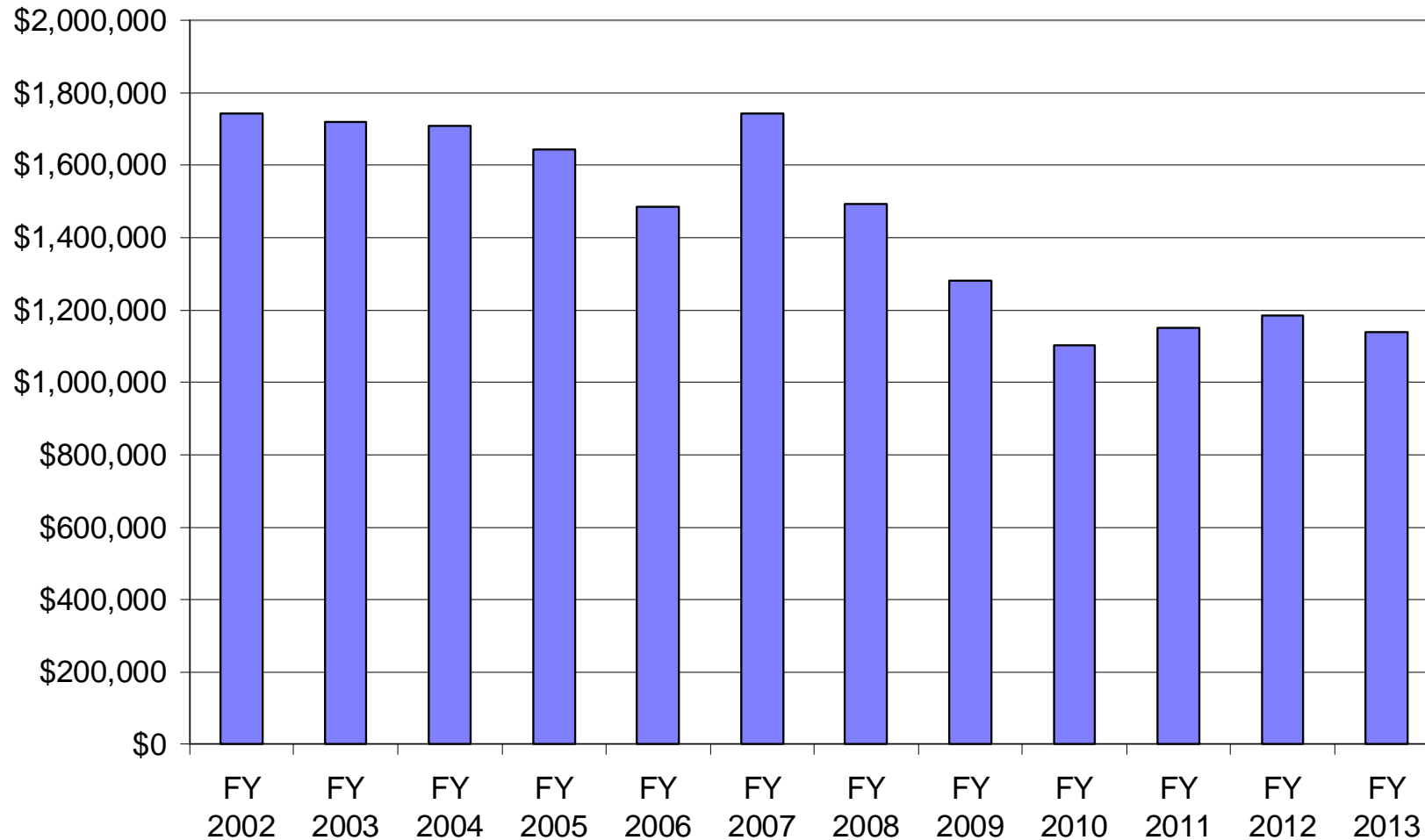
State Revenue Sharing, 2002-2012

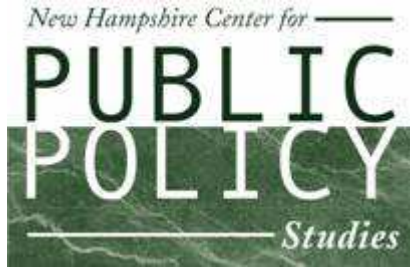




State water grants

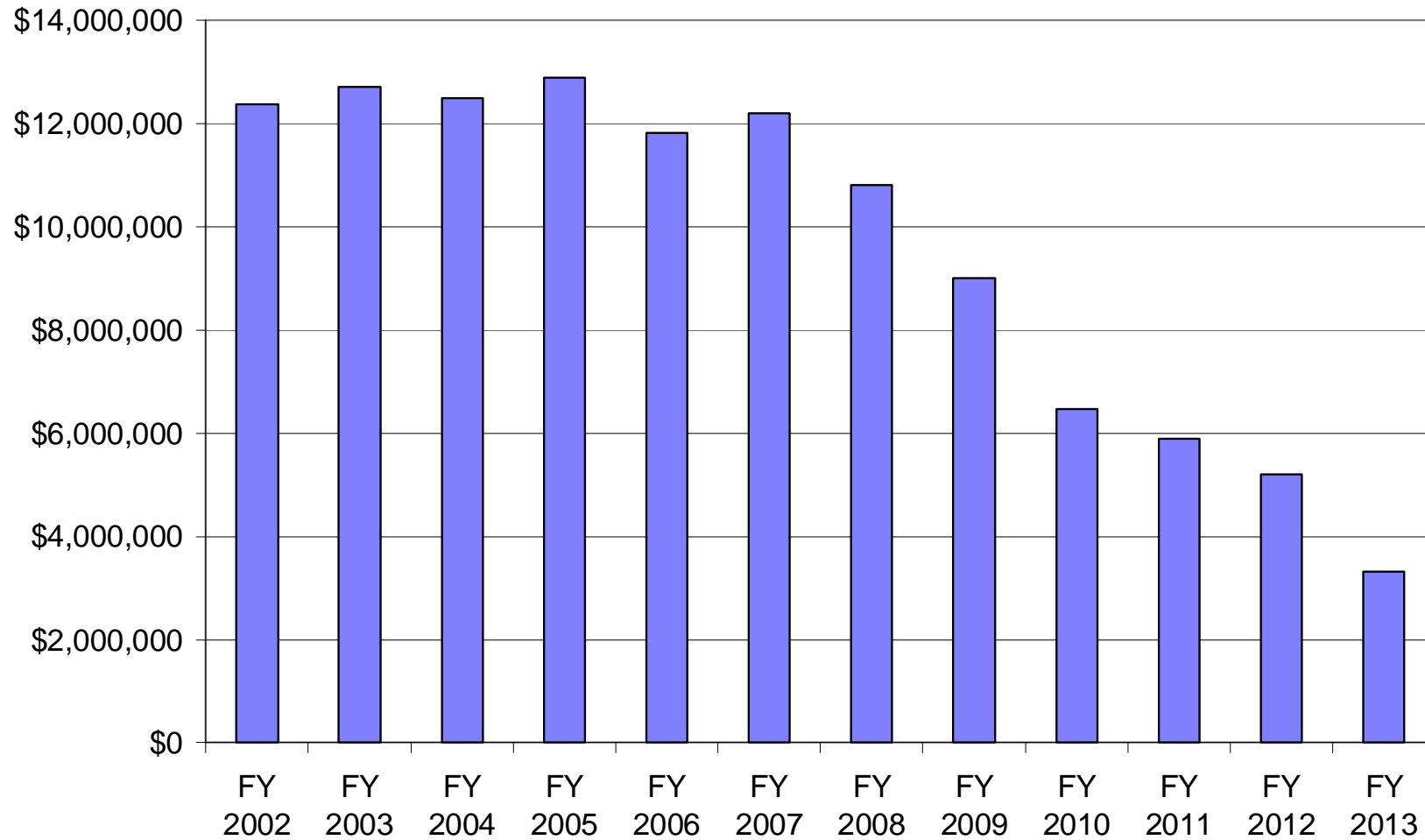
NH Public Water System Grants, 2002-2013

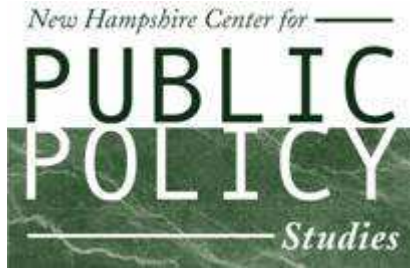




Pollution grants

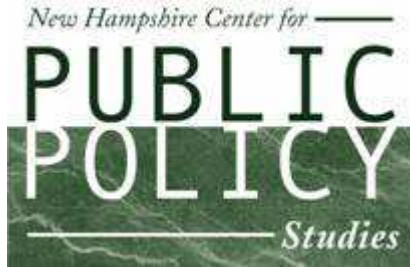
State Aid Grants for Pollution Control, 2002-2013





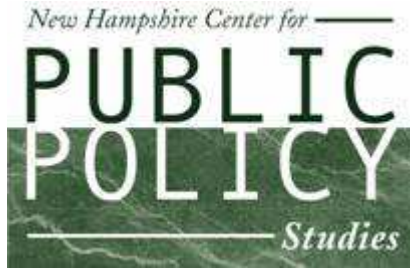
“Temporary” suspensions

- Meals and Rooms Distribution to Municipalities
 - \$10 million
- Local Revenue Sharing
 - \$50 million
- Waitlist for developmentally disabled
 - \$21 million



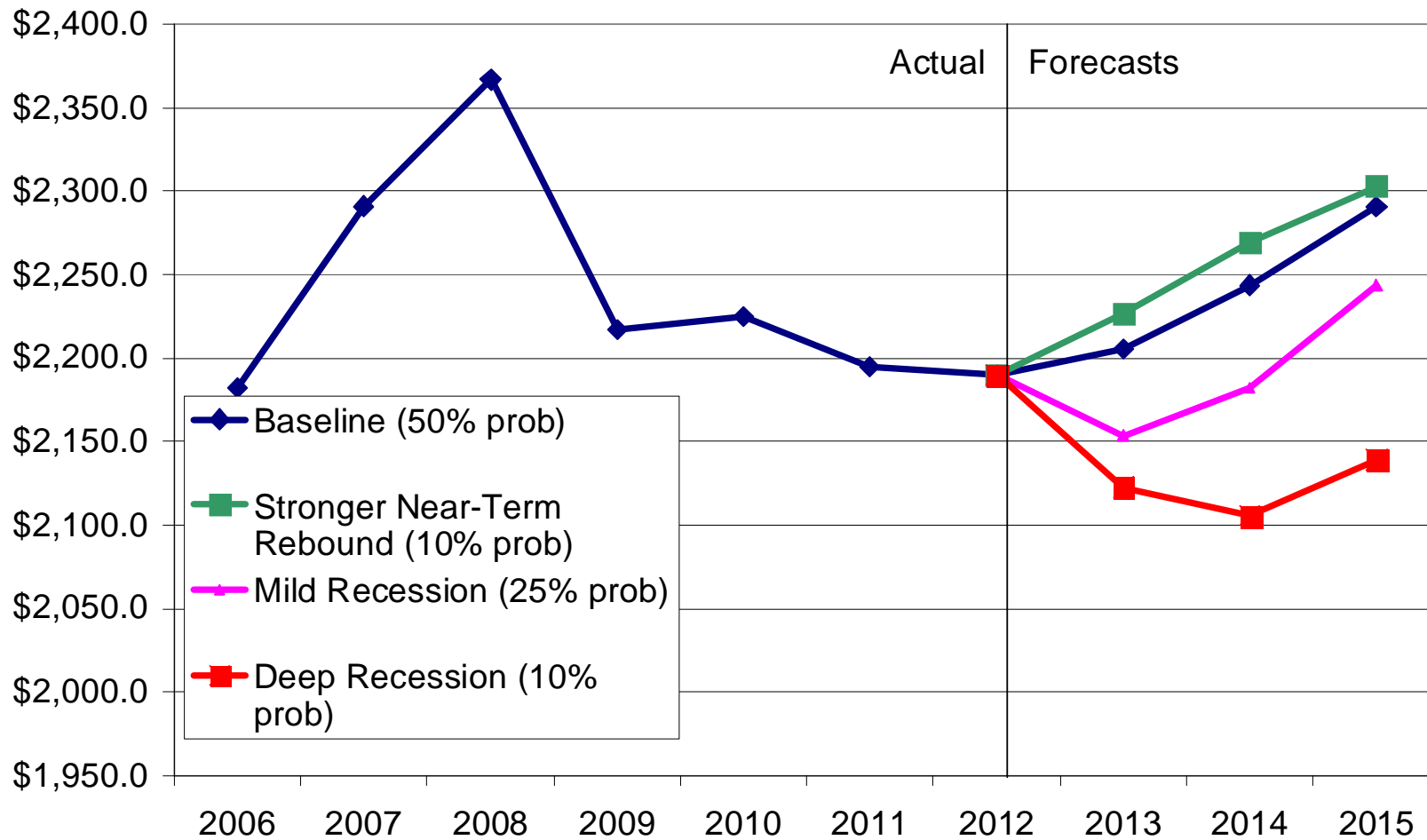
Looking ahead: 2014-15 Budget conversation

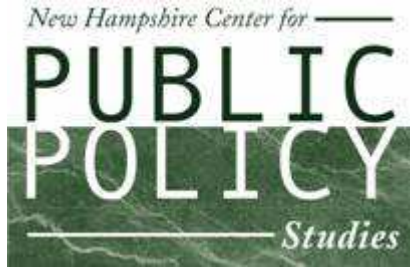
- Will continued slow growth in the economy and state revenues mean the 2014-15 budget will have to stay essentially flat?
- What might this mean for “temporary” suspensions in local aid programs, such as Meals-and-Rooms tax distribution and Revenue Sharing?



Counting on the future?

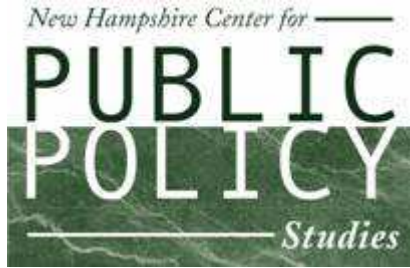
New Hampshire Unrestricted Revenue in Millions





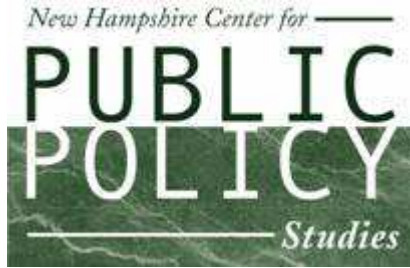
Pressure points: Revenues

- Tax changes due to take effect in 2014-2015:
 - Change in Business Enterprise Tax credit
 - ~\$8 million
 - Change in Net Operating Loss Carryover
 - ~\$40 million
 - Change in BET threshold
 - ~\$6 million



Other pressure points

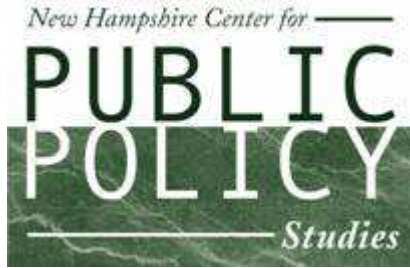
- USNH and Community College budgets
- Hospital payments
- Retirement system
- Expanded gambling?



Federal bailout? Not likely

- Continued uncertainty stemming from the resolution to the “fiscal cliff” could mean a loss of \$32 million in federal aid to NH in FY2013 alone.
- Those decisions must be made by March 1 (maybe.....)

Source: National Conference of State Legislatures

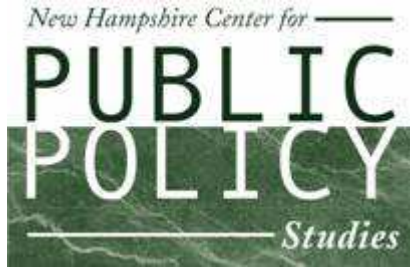


Confused? Unsure?

**“We’re up in the air
with a lot of this.”**

Rep. Mary Jane Wallner,
chairwoman of House Finance Committee

Jan. 7, 2013



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