



# **New Hampshire Department of Transportation**

## **Division II Finance – House FY2026 – FY2027 Budget**

March 5, 2025

# Mission and Purpose

## Mission

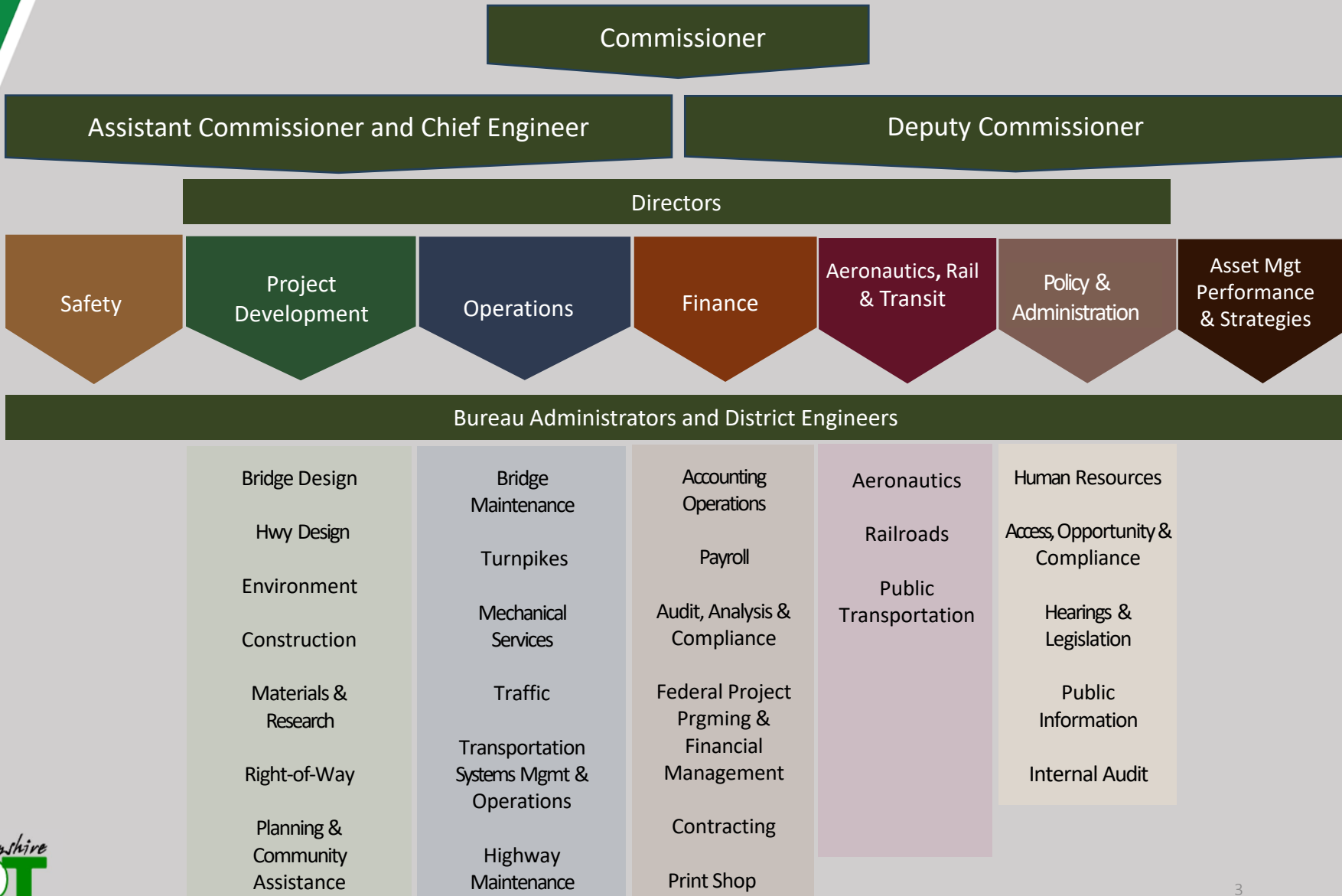
Transportation excellence enhancing the quality of life in New Hampshire

## Purpose

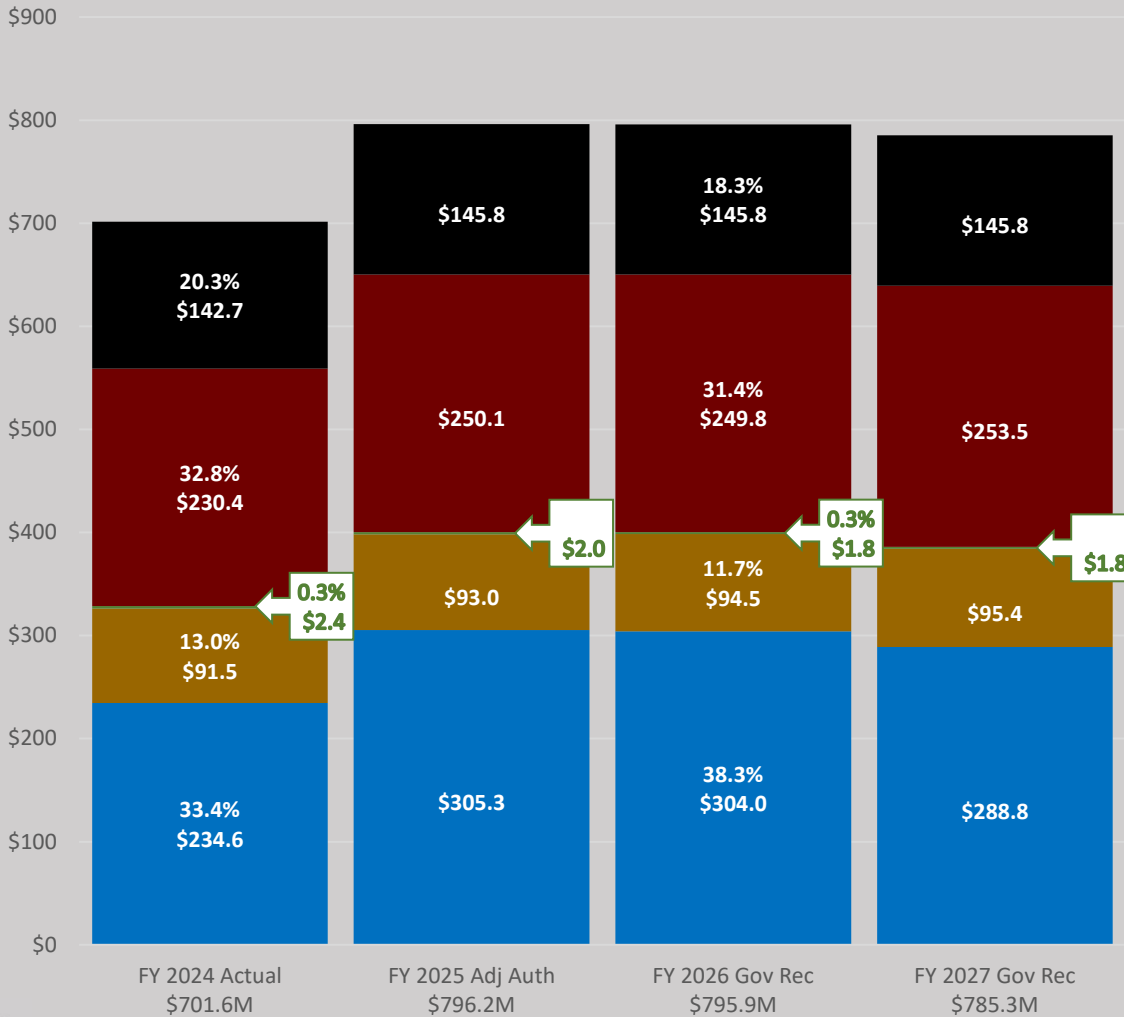
Transportation excellence in New Hampshire is fundamental to the state of NH's economic development and land use, enhancing the environment, and preserving the unique character and quality of life.

The Department of Transportation will provide safe and secure mobility and travel options for all the state's residents, visitors, and goods movement, through a transportation system and services that are well-maintained, efficient, reliable, and provide seamless interstate and intrastate connectivity.

# Organizational Structure



# Funding Summary – Type of Funds



- Turnpikes
- Highway
- General
- Other
- Federal

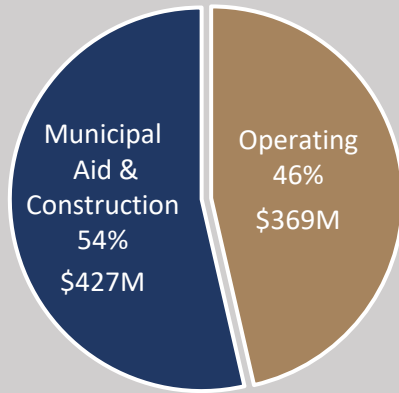
**Note:** "Other" funding shown in table includes Betterment, SB367, Agency Indirect & Interagency transfers.

Reduction in Federal Funds in FY27 due to final GARVEE debt payment/reimbursement (\$16M) in FY26

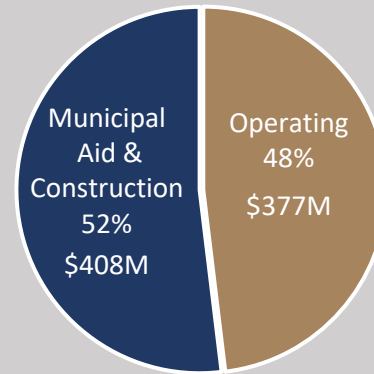
# Funding Summary

## FY 2026-2027 Governor's Recommended Budget

FY26 Budget



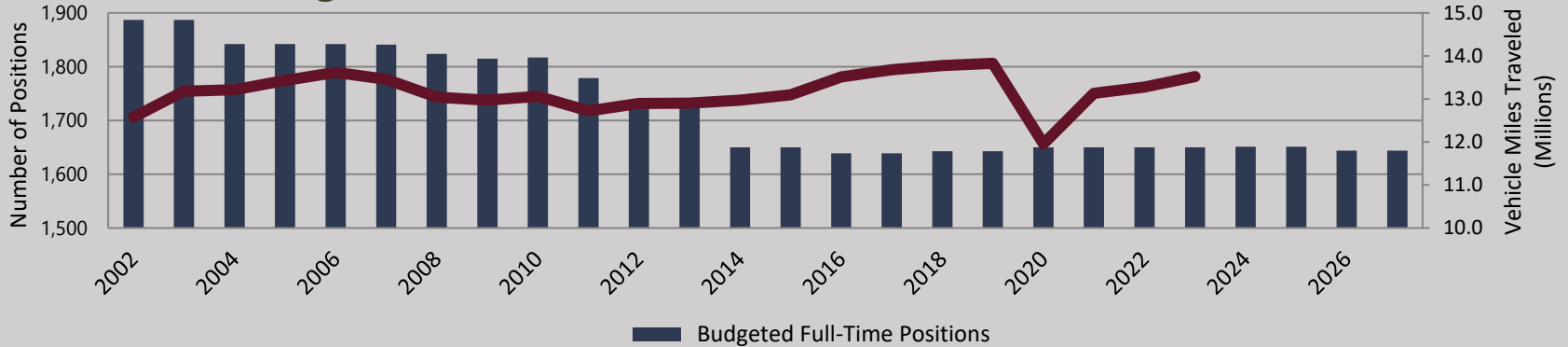
FY27 Budget



| Funding Sources                | FY 2026            | FY2027             |
|--------------------------------|--------------------|--------------------|
| <b>Unrestricted Funds</b>      | <b>% of Budget</b> | <b>% of Budget</b> |
| Highway Funds                  | 31.4%              | 32.3%              |
| Turnpike Funds                 | 18.3%              | 18.6%              |
| General Funds                  | 0.2%               | 0.2%               |
| <b>Restricted Funds</b>        |                    |                    |
| Federal Funds - FHWA, FTA, FAA | 38.2%              | 36.8%              |
| Other Funds - Fees, Matches    | 11.9%              | 12.1%              |

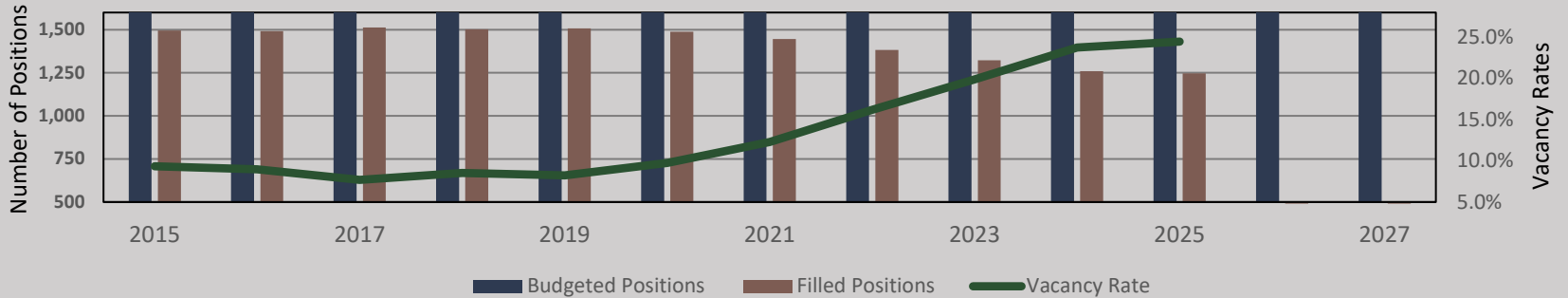
# Positions and Trends

## Budgeted Positions w/ Vehicle Miles Traveled Trendline



Note: 2023 VMT data is provided per HSIP reporting by NHDOT to FHWA. Release date for 2023 FHWA Highway Statistics TBD.

## Budgeted and Filled Positions w/Vacancy Rate Trendline



# FY26-FY27 Budget Targets and Presentation Crosswalk

The Department of Transportation had 3 budget targets to meet:

|               |               |   |
|---------------|---------------|---|
| General Fund  | \$1,797,994   | approx. 10% decrease from FY25 Adj Auth |
| Turnpike Fund | \$145,818,621 | Flat                                    |
| Highway Fund  | \$249,883,543 | Flat                                    |

This presentation will discuss how these targets were met for each organizational Division.

The agency’s organizational divisional structure loosely follows its budgeted divisional structure and will be discussed within each area as follows:

| Organizational Division (chart on p.3) | Budgeted Divisions (Budget Book) – financial oversight   |
|--|--|
| Aeronautics, Rail & Transit            | <b>Aero, Rail &amp; Transit</b>  |
| Finance                                | <b>Finance</b><br><b>Administration:</b> Debt Service. Transfers to Other Agencies, General Fund Overhead, Compensation Benefits<br><b>Consolidated Fed Aid:</b> GARVEE Debt Service |
| Policy & Administration                | <b>Policy &amp; Administration</b><br><b>Administration:</b> Executive Office, Office of Asset Management, Safety Office   |
| Project Development                    | <b>Project Development</b><br><b>Municipal Aid</b><br><b>Consolidated Fed Aid:</b> Consolidated Federal, SB367   |
| Operations                             | <b>Ops Division Highway</b><br><b>Turnpikes</b><br><b>Construction Program:</b> Betterment   |

# FY 2026-2027 Budget Review by Division Aeronautics, Rail, and Transit FND 10

## How budget targets were met:

- Unfunded State Transit Operating Match (\$1 .7M per year)
  - \$200k reallocated to pay for Retiree Health and indirect cost increases
- Alternatively funded a UAS position with Highway Funds (restricted to Highway needs per constitution)

## Budget Implications:

- Unfunded State match impedes public transit agencies' delivery of services
- Maintenance of existing rail trails and construction of new trails will be deferred.

## Factors to consider:

- Escalating indirect cost (bargained benefits, overhead and indirect charges) vie for limited General Funds along with services. FAA and FTA pass-through funds limit/preclude reimbursement for administrative and overhead costs.
- Railroad section is particularly vulnerable and can no longer adequately respond to significant events or system failures. Recruitment/retention issues in locating experienced railroad staff exacerbate concerns.

Aeronautics,  
Rail & Transit

Aeronautics

Railroads

Public  
Transportation

## FY 2024 Accomplishments

Administration of Federal relief funding in addition to traditional funding sources.

Departmental UAS implementation and integration and establishment of relationships with other state agencies

|                                | FY25 Adj<br>Auth | Proposed<br>FY26 | Proposed<br>FY27 | Funding                                |
|--------------------------------|------------------|------------------|------------------|--|
| <b>Division Appropriations</b> | 31,147,134       | 32,755,160       | 34,500,488       | Fed: 88% Other: 7%<br>General Fund: 5% |

|              | Permanent Positions |           |           |
|--------------|---------------------|-----------|-----------|
|              | FY25<br>Adj<br>Auth | FY<br>26  | FY<br>27  |
| Aero         | 8                   | 8         | 8         |
| Rail         | 5                   | 5         | 5         |
| Transit      | <u>7</u>            | <u>7</u>  | <u>7</u>  |
| <b>Total</b> | <b>20</b>           | <b>20</b> | <b>20</b> |

# FY 2026-2027 Budget Review by Division

## Finance (includes items from Administration Division, Non-Par Construction)

### How budget targets were met:

- Reduction of 2 FTEs (1 permanent, 1 temporary)
- Reduction of Print Shop equipment purchases by 63+%
- Deeper cuts in FY27 in overtime, temp help, equipment and supplies.

### Factors to consider:

- 43% turnover with significant loss of historical knowledge, technical depth and 13% additional anticipated retirements with additional 90 years of collective experience loss

### Budget Implications:

- Overtime and upward pressures to meet deadlines with fewer resources
- Significant backlog in Federal project closeouts increases risk of Federal non-compliance
- Escalating indirect cost pressure on Highway funds and need to implement further cuts to meet targets
- Risk of Print Shop equipment down-time impacting project schedules.

### FY 2024 Accomplishments

**Processed and Audited 48k payments and 33K paychecks ~ Programmed over 900 Federal Projects ~ Clean Opinion on Turnpike System Audit & Federal Audits**

|                                 | FY25 Adj Auth | FY26       | FY27       | Funding                             |
|---------------------------------|---------------|------------|------------|-------------------------------------|
| Finance Division                | 4,497,750     | 4,508,190  | 4,504,781  | Fed: 17% Other: 9% Hwy: 74%         |
| Debt Service                    | 15,915,697    | 15,497,324 | 15,497,324 | Hwy: 100%                           |
| Transfers to Other Agencies     | 14,013,405    | 14,101,945 | 14,190,364 | Hwy: 99% Intra-Agency Transfers: 1% |
| GF OH (Rent, SWCAP, Maint Fund) | 2,966,336     | 3,642,183  | 3,678,150  | Hwy: 100%                           |
| Compensation Benefits           | 8,718,426     | 7,287,665  | 8,320,924  | Hwy: 100%                           |
| Non-Par Construction            | 450,000       | 450,000    | 450,000    | Hwy: 100%                           |

|  |
|--|
| Finance  |
| Accounting Operations                          |
| Payroll  |
| Audit, Analysis & Compliance                   |
| Federal Project Prgming & Financial Management |
| Contracting                                    |
| Print Shop                                     |

| Permanent Positions |           |           |
|---------------------|-----------|-----------|
| FY25 Adj Auth       | FY 26     | FY 27     |
| <u>39</u>           | <u>38</u> | <u>38</u> |
| <b>39</b>           | <b>38</b> | <b>38</b> |

# FY 2026-2027 Budget Review by Division

## Policy & Administration (includes items from Admin Division managed by this Division)

### How budget targets were met:

- Eliminated temporary full-time position
- Reduced budgeted overtime and temporary help

### Budget Implications:

- Reclassified available Turnpike positions to Human Resources and Asset Management resulting in no increase in total Agency position
- Realigned Safety Section to report to the Chief Engineer for emphasis and prioritization.
- Shifted away from Highway funding to Federal funding for most employee training

### Factors to consider:

- 24+% average agency vacancy rate with 29% in Winter Maintenance and 25% in engineering positions
- Pressures on recruitment and retention to meet program targets

Policy &  
Administration

Human Resources  
Access, Opportunity  
& Compliance

Hearings &  
Legislation

Public  
Information

Internal Audit

### FY 2024 Accomplishments

Implemented the CDL Training Program.

Designed and implemented enhanced training program.

Working with major stakeholders, designing employee retention programs.

|                  | FY25 Adj Auth | FY26      | FY27      | Funding                     |
|------------------|---------------|-----------|-----------|-----------------------------|
| Policy & Admin   | 2,921,366     | 3,730,818 | 3,814,403 | Fed: 51% Other: 9% Hwy: 40% |
| Executive Office | 3,077,367     | 3,041,029 | 3,063,846 | Fed: 18% Other: 6% Hwy: 76% |
| Asset Management | 1,192,871     | 1,555,604 | 1,592,950 | Fed: 18% Other: 6% Hwy: 76% |
| Safety           | 1,022,899     | 1,037,267 | 1,73,312  | Fed: 42% Other: 3% Hwy: 55% |

|                  | Permanent Positions |           |           |
|------------------|---------------------|-----------|-----------|
|                  | FY25 Adj Auth       | FY 26     | FY 27     |
| Policy & Admin   | 26                  | 27        | 27        |
| Executive Office | 18                  | 18        | 18        |
| Asset Mgt        | 8                   | 11        | 11        |
| Safety           | <u>0</u>            | <u>8</u>  | <u>8</u>  |
| <b>Total</b>     | <b>52</b>           | <b>64</b> | <b>64</b> |

# FY 2026-2027 Budget Review by Division

## Project Development (includes Municipal Aid, Consolidated Fed Aid, SB367)

### How budget targets were met:

- Reduction of 12 positions - 3 permanent full-time, 9 temporary full-time positions
- Federal Aid held to currently anticipated levels
- Re-alignment of the Safety Section (with 8 positions) to report under Chief Engineer

### Budget Implications:

- Direct/indirect Federal reimbursements relieve operational costs – are not used towards funding additional projects
- Heavy reliance on consultant support to deliver the program due to high level of engineering vacancies and to meet Ten-Year Plan.
- SB367 – Appropriations shift to debt payments.

### Factors to consider:

- Funding for Construction program priorities and constraints reflect in this division (from the Ten-Year Plan).
- 100% Federal Funds relying on Turnpike Toll Credits to meet State match requirements.
- Significant ongoing civil engineer vacancies – upwards of 40% in certain bureaus.

### Project Development

Bridge Design

Hwy Design

Environment

Construction

Materials & Research

Right-of-Way

Planning & Community Assistance

### FY 2024 Accomplishments

**Advertised construction program of \$350M**  
**Obligated \$33M additional Federal Funds from redistribution**

|                                 | FY25 Adj Auth | FY26        | FY27        | Funding                      |
|---------------------------------|---------------|-------------|-------------|------------------------------|
| <b>Project Development</b>      | 50,719,795    | 48,833,449  | 49,557,680  | Fed: 37% Other: 15% Hwy: 48% |
| <b>Municipal Aid</b>            | 75,197,260    | 75,313,974  | 75,819,973  | Fed: 50% Other: 7% Hwy: 43%  |
| <b>Consolidated Fed Aid</b>     | 215,927,852   | 214,535,051 | 197,652,949 | Fed: 97% Other: 3%           |
| <b>SB367 Capital Investment</b> | 34,266,632    | 34,382,458  | 34,434,032  | Other: 100%                  |

|                     | Permanent Positions |            |            |
|---------------------|---------------------|------------|------------|
|                     | FY25 Adj Auth       | FY26       | FY27       |
| Project Development | <u>385</u>          | <u>374</u> | <u>374</u> |
| <b>Total</b>        | <b>385</b>          | <b>374</b> | <b>374</b> |

# Highway Fund Overview

Revenue to Highway Fund is generated from gas tax/road toll and registration fees and is collected by Department of Safety.

The Highway Fund is not the DOT and DOT is not the Highway Fund.

Revenue from the Highway Fund is appropriated to various agencies including DOT, Safety, the Judicial Branch, and Justice.

In 2024, Highway Fund revenue was appropriated:

- 57.1% to DOT
- 29.8% to Other Agencies
- 13.1% to Municipalities

Highway funds are DOT's primary source of funding for Operations.

Revenue is flat and incrementally declining long term.

One-time fixes and General Fund infusions have occurred to address shortages.

# FY 2026-2027 Budget Review by Division

## Operations (includes Turnpikes and Betterment)

### Operations

- Bridge Maintenance
- Turnpikes
- Mechanical Services
- Traffic
- Transportation Systems Mgmt & Operations
- Highway Maintenance

#### How budget targets were met:

- Reduction of 5 positions - 3 permanent full-time, 2 temporary full-time positions
- Underfunded winter maintenance by \$11M. Average Winter is approximately \$40.6M.
- Underfunded Fleet Replacements by \$5.2M per vehicle replacement program.

#### Budget Implications:

- Shifting operating costs relative to purchase vs. leasing of equipment
- Growing backlog (13) in salted well program
- Older fleet – decreasing reliability and increasing maintenance costs
- Ongoing requests for Highway Fund dollars to fund Winter Maintenance

#### Factors to consider:

- Significant ongoing vacancies
- Revenue concerns – Structural Deficit in Highway Fund – Appropriations outpacing Revenue

### FY 2024 Accomplishments

**Development and implementation of Electronic Permitting System**  
**Stabilized and opened roads and bridges at 79 locations from 3 declared storm events**

|                             | FY25 Adj Auth | FY26        | FY27        | Funding                      |
|-----------------------------|---------------|-------------|-------------|------------------------------|
| <b>Ops Division Highway</b> | 164,285,840   | 165,866,614 | 167,682,345 | Fed: 4% Other: 9% Hwy: 87%   |
| <b>Turnpikes Division</b>   | 148,261,422   | 147,783,770 | 147,780,079 | Fed: .6% Other: .4% Tpk: 99% |
| <b>Betterment</b>           | 21,619,894    | 21,611,830  | 21,644,249  | Other: 100%                  |

|                  | FY25 Adj Auth | FY26         | FY27         |
|------------------|---------------|--------------|--------------|
| <b>Positions</b> |               |              |              |
| Highway          | 966           | 965          | 965          |
| Turnpikes        | <u>189</u>    | <u>183</u>   | <u>183</u>   |
| <b>Total</b>     | <b>1,155</b>  | <b>1,148</b> | <b>1,148</b> |

# FY 2026-2027 Budget Review by Division

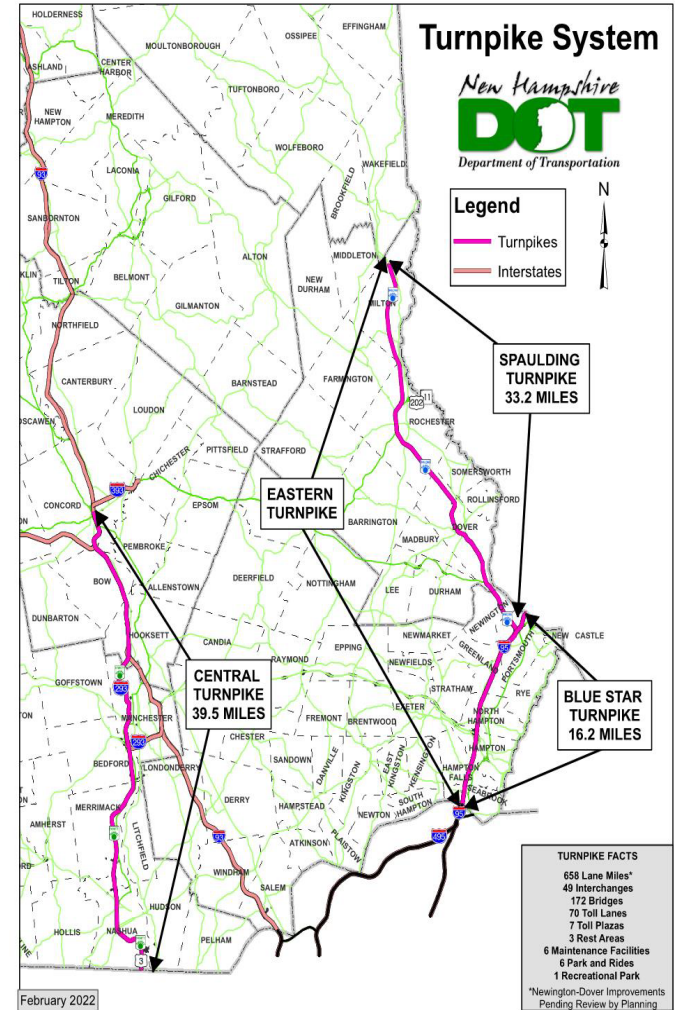
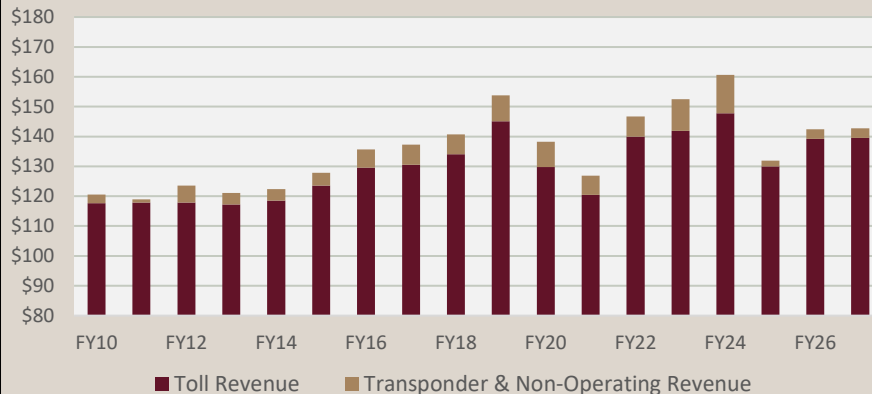
## Operations – Turnpike Fund Overview

- 3 Turnpike Segments
- 89 Miles Long, 172 Bridges 7 Toll Plazas

- Enterprise Fund – All Turnpike revenue must be used on the System
- Turnpike Revenue pays for:
  - Debt Service
  - Operating & Maintenance Costs
  - R&R Work
  - Capital Improvements

- FY24: 118M transactions \$161M total revenue
- Projected revenue budgeted flat

Turnpike Fund Historical Revenue



## FY 2026-2027 Final Thoughts

Our priorities are safety and core responsibilities - preservation, and maintenance.

Budget targets have been met – but in many cases we aren't budgeting for what we need, deferred maintenance is increasing and service levels impacted.

Workforce challenges and high vacancy rates continue to be a concern and are a double-edged sword:

- Allows us to meet projected lapse targets
- Cost increases have been buffered by lack of resources to do the work.

We are successful due to an exceptionally dedicated and committed workforce that takes great pride in the stewardship of the State's transportation system.

We are getting done what we have to, but not getting to what we should be doing.

# FY 2026-2027 Additional Needs

Source of Funds: Highway Fund

- **Retention Incentive Program** – per HB 1355-NH, Section 4, for performing winter maintenance; to mitigate further attrition during critical winter months to meet expected service levels. **Request: FY26: \$3.5M FY27: \$3.5M**
- **Equipment Replacement Program:** To maintain fleet efficiency and reduced operating costs, ongoing replacement schedule of approximately \$11M annually is required. **Request: FY26: \$5.3M FY27: \$4.5M**
- **Adequate Winter Maintenance Funding:** Winter maintenance activities include all state equipment and personnel resources but also requires significant contractor equipment and operators, sufficient salt stores, and additional seasonal help. The submitted budget falls short of the need. **Request: FY26: \$7.6M FY27: \$7.6M**

Source of Funds: General Funds

- **Transit Match** – Non-federal match to enable local public transit systems to access additional federal funding available through the IIJA for urban transit and public transit. The requested amount is in line with funds received in FY25. **Request: FY26 - \$1.68M FY27: \$1.68M**

Additional Requests:

- **Budget Additional restricted Transit revenues** for Transit per Operator Agreement for the management and operation of the Dover and Portsmouth transit facilities as follows:
  - Rent & Concessions: FY26 - \$52,750 FY27 - \$54,000
  - Sustainment Reserve: FY26 - \$0 FY27 - \$24,000
- **Transit Rent & Concessions Fund:** Non-lapsing dedicated fund for revenues generated from rent and concessions which are restricted to new or expanding transit facilities per Federal agreement
- **Transit Sustainment Fund:** Non-lapsing, interest bearing dedicated fund for revenues generated from Operator for Sustainment Reserve restricted to capital items and improvements to transit facilities in the lease agreement.