



New Hampshire Department of Transportation

Agency Budget 2026-2027

Governor's Budget Briefing

November 14, 2024

Mission and Purpose

Mission

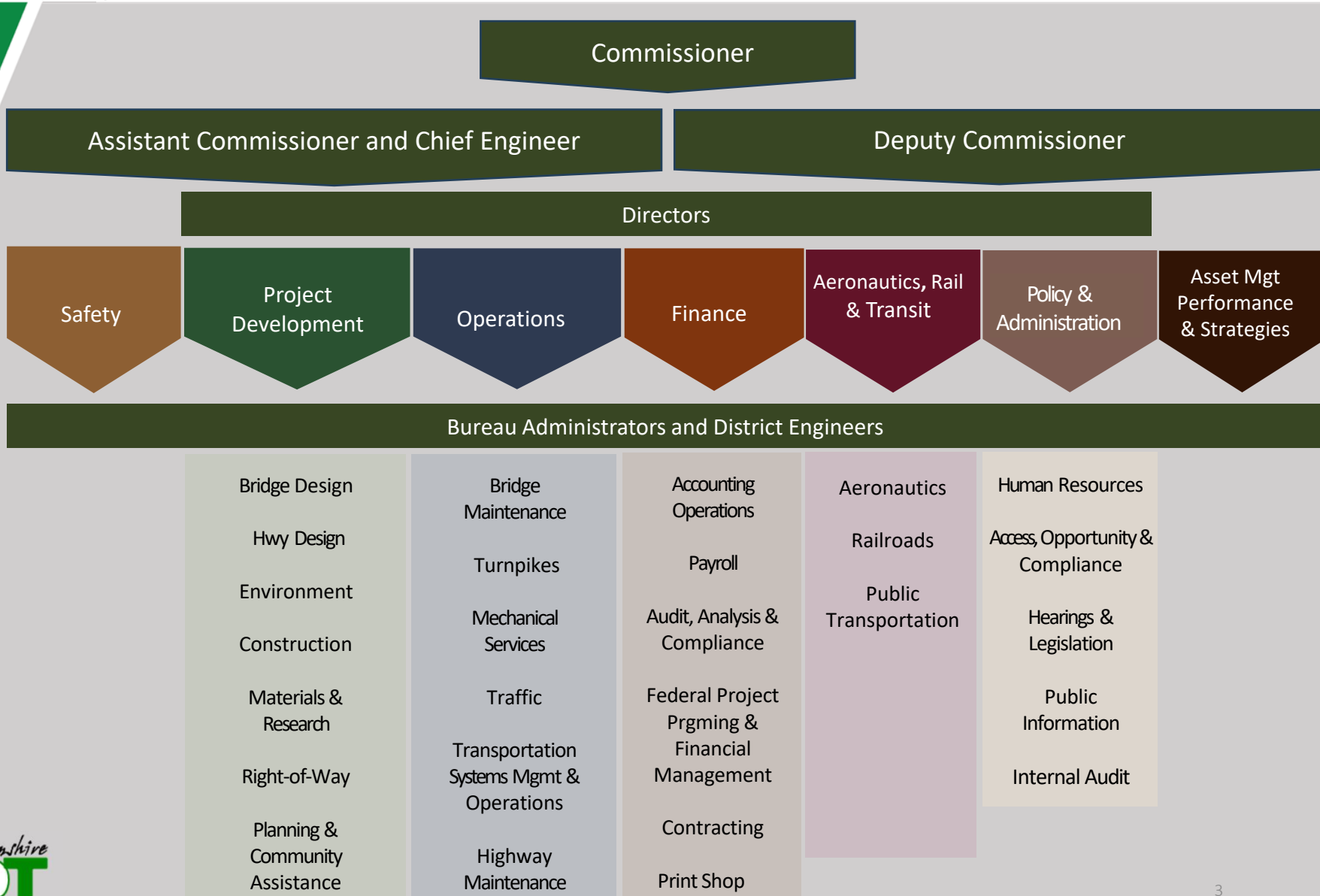
Transportation excellence enhancing the quality of life in New Hampshire

Purpose

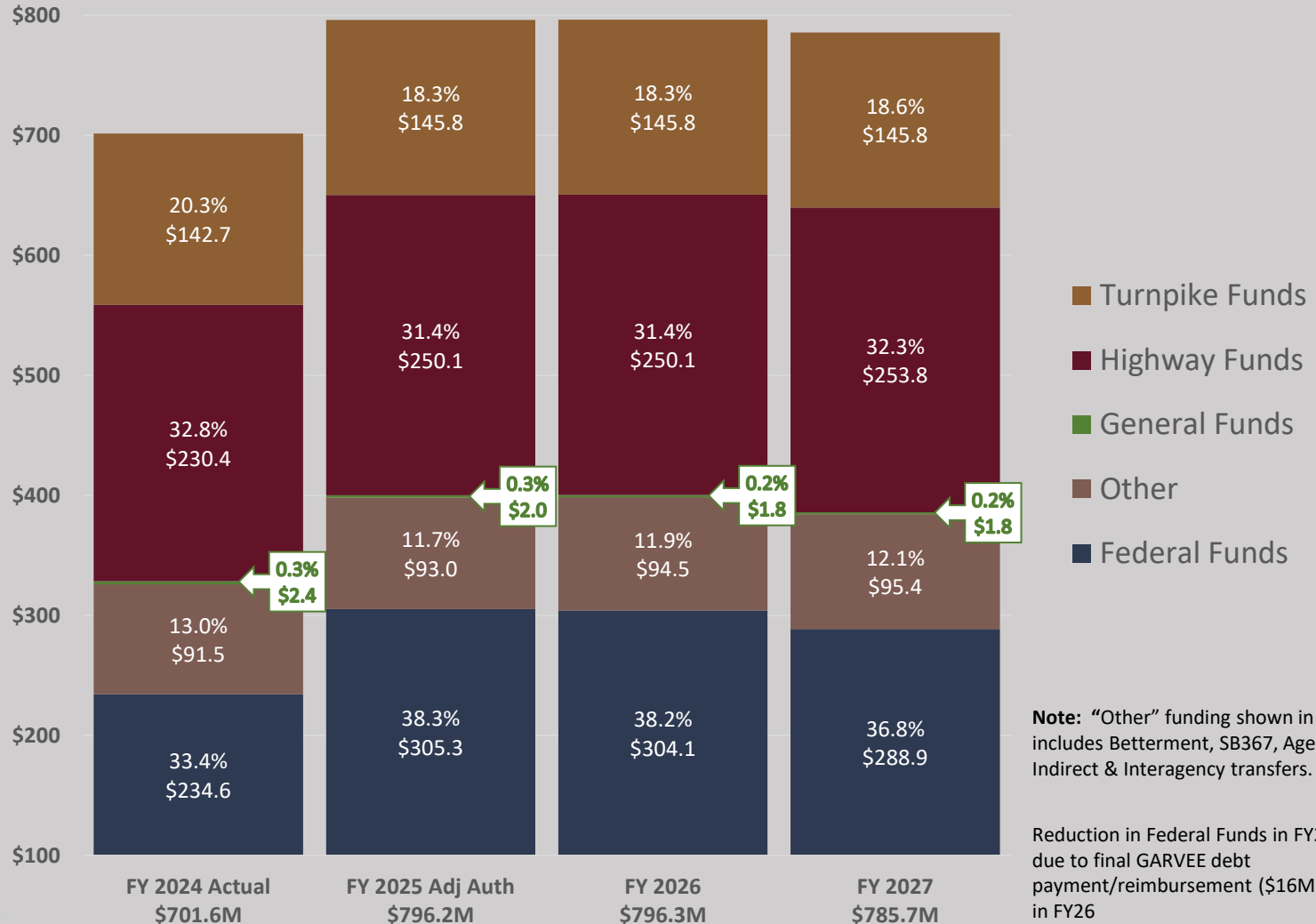
Transportation excellence in New Hampshire is fundamental to the state of NH's economic development and land use, enhancing the environment, and preserving the unique character and quality of life.

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



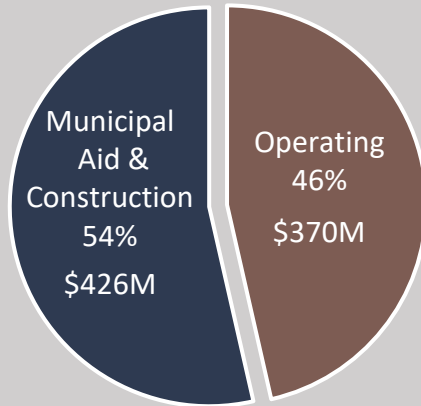
Funding Summary – Type of Funds



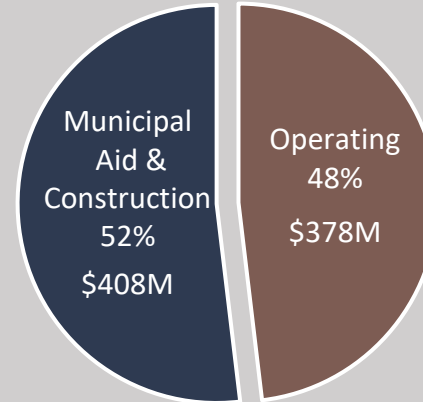
Funding Summary

FY 2026-2027 Agency Budget

FY 2026 - \$796M



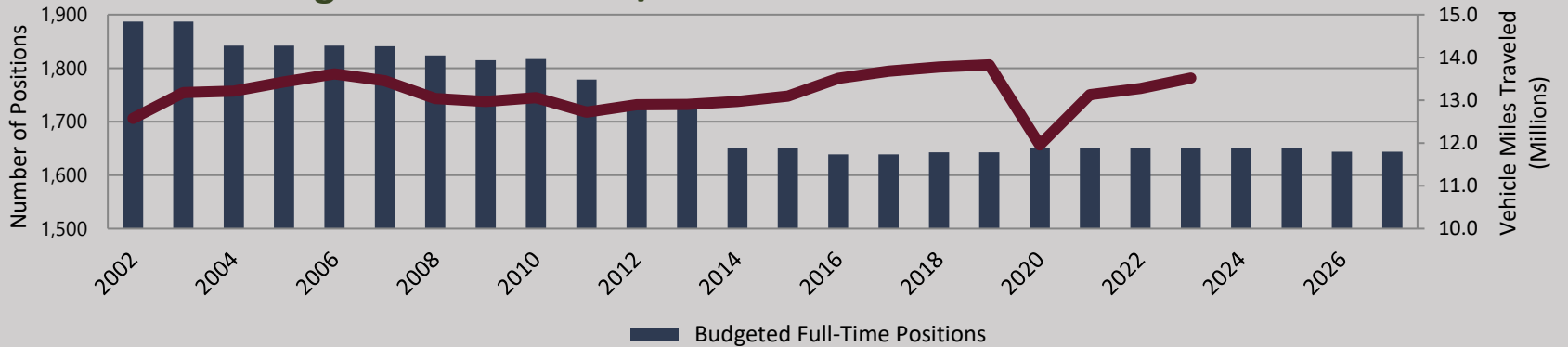
FY 2027 - \$786M



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

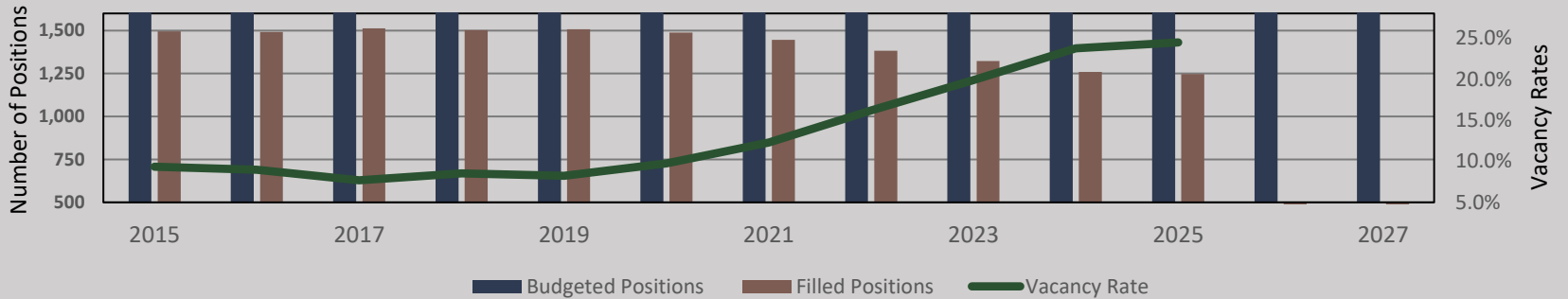
Positions and Trends

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	Aero, Rail & Transit
Finance	Finance Administration: Debt Service. Transfers to Other Agencies, General Fund Overhead, Compensation Benefits Consolidated Fed Aid: GARVEE Debt Service
Policy & Administration	Policy & Administration Administration: Executive Office, Office of Asset Management, Safety Office
Project Development	Project Development Municipal Aid Consolidated Fed Aid: Consolidated Federal, SB367
Operations	Ops Division Highway Turnpikes Construction Program: Betterment

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



- 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.

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 Auth	Proposed FY26	Proposed FY27	Funding
Division Appropriations	31,147,134	32,761,565	34,507,497	Fed: 88% Other: 7% General Fund: 5%

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



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	4,515,395	4,512,727	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%
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>
39	38	38

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	3,735,951	3,820,049	Fed: 51% Other: 9% Hwy: 40%
Executive Office	3,077,367	3,045,137	3,068,383	Fed: 18% Other: 6% Hwy: 76%
Asset Management	1,192,871	1,558,400	1,596,035	Fed: 18% Other: 6% Hwy: 76%
Safety	1,022,899	1,038,835	1,075,041	Fed: 42% Other: 4% Hwy: 54%

	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>
Total	52	64	64

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
Project Development	50,719,795	48,931,874	49,665,598	Fed: 37% Other: 15% Hwy: 48%
Municipal Aid	75,197,260	75,313,974	75,819,973	Fed: 50% Other: 7% Hwy: 43%
Consolidated Fed Aid	215,927,852	214,535,051	197,652,950	Fed: 97% Other: 3%
SB367 Capital Investment	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>
Total	385	374	374

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

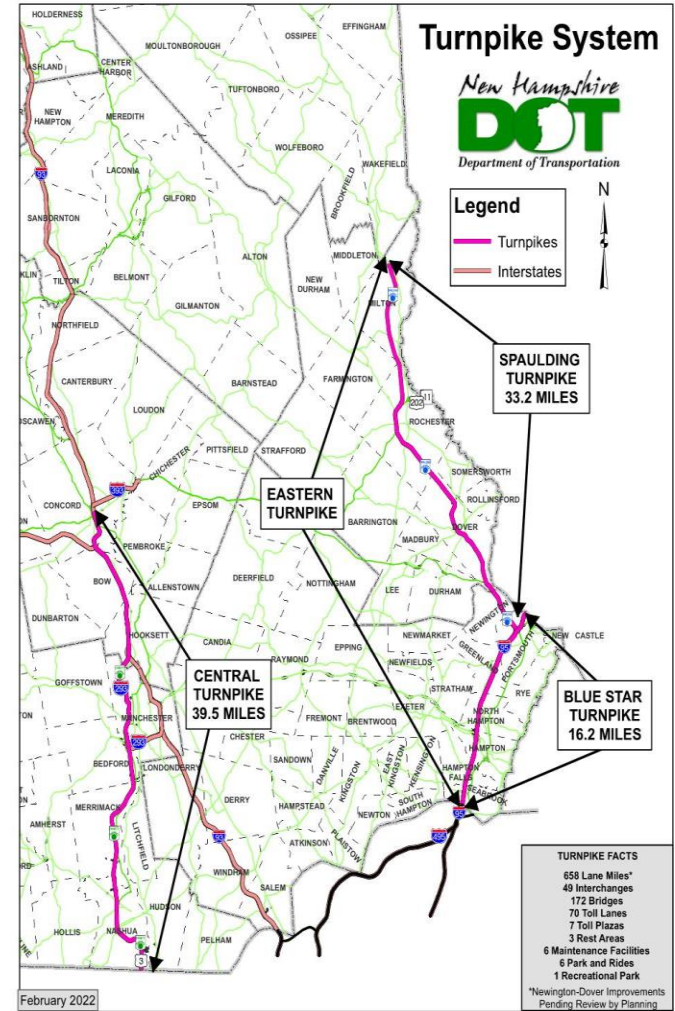
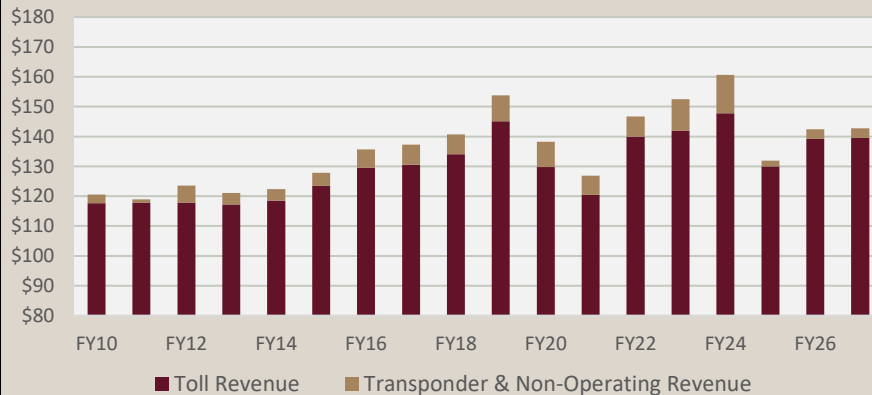
Operations – Turnpike Fund Overview

- 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 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
Ops Division Highway	164,285,840	166,111,719	167,955,338	Fed: 4% Other: 9% Hwy: 87%
Turnpikes Division	148,261,422	147,826,978	147,826,977	Fed: 1% Other: 1% Tpk: 98%
Betterment	21,619,894	21,611,830	21,644,249	Other: 100%

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

FY 2026-2027 Governor's Budget Presentation Wrap Up

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.