



STATE OF NEW HAMPSHIRE
OFFICE OF THE GOVERNOR

CHRISTOPHER T. SUNUNU
Governor

March 13, 2020

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

Dear Representative Wallner and Members of the Fiscal Committee,

As the impact of COVID-19 continues to unfold, as responsible leaders, we must begin to prepare for how this pandemic might affect New Hampshire's finances. It is clear that the national and global economy will feel an impact, but it is not yet clear how serious that impact could be.

While New Hampshire has taken a number of steps to make our economy stronger than our neighbors, there is no way we can predict the ultimate impact on New Hampshire's economy and subsequent state revenues over the next 18 months.

As such, we need to begin making preparations and taking actions now to ensure that our budget remains balanced in the face of a likely decline in revenues.

Accordingly, I have asked all Department heads to start making plans to potentially reduce expenditures in the future. In the coming days, I am going to ask some Department heads to take immediate actions to cut expenses and, in other cases, will be providing departments with guidance to identify savings. This guidance will include steps to identify savings as a result of the phased implementation of programs, reviewing of outside contracted services, internal departmental efficiencies, savings from programs that cannot be implemented as enacted, and savings from anticipated reduced demand.

While it is our intention at this time to continue funding core critical programs and services, we must be prepared to make adjustments as the full extent of the economic disruption of COVID-19 are understood, including its impact on travel and tourism, trade, and business revenues. It would be financial malpractice to wait until revenues decline so substantially that even greater cuts would be necessary.

Further, the Department of Health and Human Services has informed me that you are requesting additional details on specific potential reductions the Department will make with respect to their statutorily required \$25 million back of the budget reduction. On behalf of the Department, I wish to respond to that request.

As you know, the Department has met its legal obligation to produce a plan prior to December 31, 2019. The plan submitted allows for an outcome I think we both want: to provide the Department with the utmost flexibility to fund key programs, to make nimble decisions on the ground, and address unexpected challenges that arise. This has never been truer than in how they respond to COVID-19. The state is taking all steps necessary to address this pandemic, but we obviously do not know what actions, and what funding, will be needed as we move forward.

As this virus has shown, no one can predict what priorities may change the next 18 months. As with all of our departments, time and flexibility will be needed to understand where spending adjustments might be possible and what reductions might be made without disrupting core services.

We have tasked the Department to manage, and they have committed to lapsing an additional \$25 million above their lapse target. They have assured me that this is their goal and their intention, and we must provide the Department with space and flexibility to make those decisions.

Sincerely,



Christopher T. Sununu
Governor