

**Summary of  
Governor's Proposed  
2014-2015  
Biennial Budget Bills**

**Prepared by the  
Office of Fiscal & Program Review**

**March 1, 2013**

***\*Revised March 18, 2013***

**Summary of Governor's Proposed  
2014-2015 Biennial Budget  
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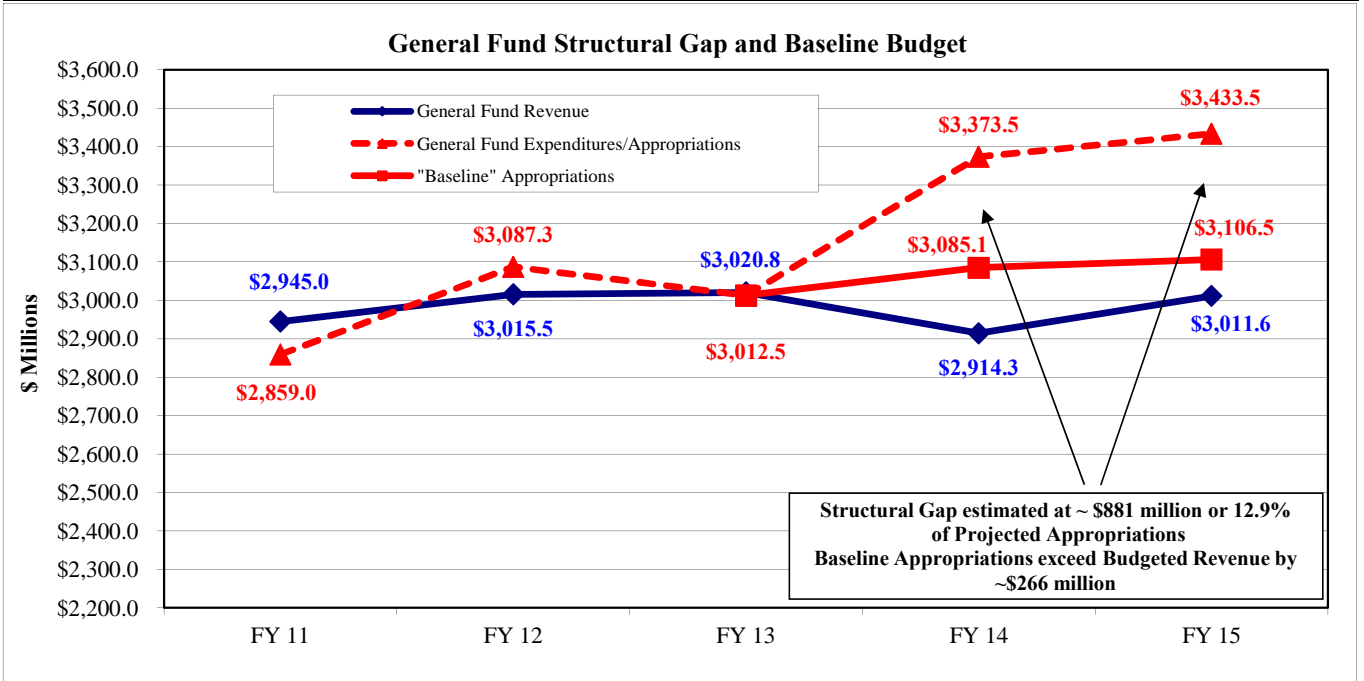
## General Fund Structural Gap - Beginning 126th Legislature

The 2014-2015 biennium is the 4th biennium that has used a modified flat-funded budget starting point for program spending, referred to as the "Baseline Budget" approach. This approach was recommended by the Commission to Reform the State Budget Process and adopted by the Legislature (see PL 2005, c. 601). This "Baseline Budget" approach allows Personal Services appropriations to grow based on currently authorized positions, collective bargaining agreements and projected growth of contribution rates for retirement, health insurance and fringe benefits, but provides All Other funding at current year (FY 13) funding. The FY 13 base is adjusted for one-time initiatives. Capital Expenditures (items costing more than \$5,000) are considered one-time and are not included in the Baseline Budget. Adjustments to this new Baseline Budget starting point are proposed as new initiatives.

The concept of a "Structural Gap" is based on "current services" funding levels for programs that includes inflation increases, caseload growth and all funding increases necessary to meet current authorized program requirements and effort. With the change in the budgeting process beginning with the 2008-2009 biennium, there is no longer an official Governor's recommendation for "current services" appropriations and allocations upon which to report the so-called actual structural gap facing the 126th Legislature, the amount by which current services appropriations exceed budgeted resources. The analysis of the structural gap presented below is based on the estimates of "Current Services" appropriations as reported by the Bureau of the Budget on September 30, 2012 as required by 5 MRSA § 1665, sub-§7. Budgeted revenue has been updated based on the December 2012 revenue forecast. The estimated structural gap for the 2014-2015 biennium, excluding the FY 13 ending balance, is approximately \$881.1 million or approximately 12.9% of projected "current services" appropriations.

The amount that the budget starting funding, baseline appropriations, exceed available resources for the 2014-2015 biennium is \$265.7 million.

	Actual	Budgeted	Projections	
	FY 12	FY 13	FY 14	FY 15
General Fund Revenue	\$3,015,538,222	\$3,020,782,255	\$2,914,309,263	\$3,011,564,672
Annual % Change	2.4%	0.2%	-3.5%	3.3%
General Fund Expenditures/Appropriations	\$3,087,289,656	\$3,012,524,581	\$3,373,542,778	\$3,433,469,433
Annual % Change	8.0%	-2.4%	12.0%	1.8%
Transfers and Adjustments to Balance	\$95,045,143	(\$85,639,502)	\$0	\$0
Ending Balances (Projected Annual Shortfalls)	\$42,312,849	(\$35,068,979)	(\$459,233,515)	(\$421,904,761)
	<small>Actual End Balance</small>	<small>Budgeted End Balance</small>	<small>Does not reflect prior year balance</small>	
General Fund Baseline Appropriations			\$3,085,113,070	\$3,106,454,653
Annual % Change			2.4%	0.7%
Amount Baseline Appropriations are Above/(Below) Baseline Revenue			(\$170,803,807)	(\$94,889,981)



# GENERAL FUND STATUS - FUND BALANCE SUMMARY

Based on Governor's Biennial Budget Proposals <sup>1</sup>

	FY 13	FY 14	FY 15
<b><u>AVAILABLE FUNDS</u></b>			
Transfers/Adjustments to Balance:			
Through 125th Legislature	(\$85,639,502)	\$0	\$0
EFY13 Budget Bill (LD 250 as Amended)	\$81,965,487	\$0	\$0
Governor's Proposed Adjustments to Baseline Budget	\$0	\$66,550,000	(\$69,200,000)
Subtotal - Transfers/Adjustments to Balance	(\$3,674,015)	\$66,550,000	(\$69,200,000)
Undedicated Revenue:			
December 2012 Base Revenue Estimate	\$3,020,782,255	\$2,914,309,263	\$3,011,564,672
EFY13 Budget Bill (LD 250 as Amended)	(\$13,000,000)	\$0	\$0
Governor's Proposed Adjustments to Baseline Budget	\$0	\$183,123,287	\$209,353,030
Subtotal - Undedicated Revenue	\$3,007,782,255	\$3,097,432,550	\$3,220,917,702
<b>TOTAL PROJECTED RESOURCES</b>	<b>\$3,004,108,240</b>	<b>\$3,163,982,550</b>	<b>\$3,151,717,702</b>
<b><u>APPROPRIATIONS</u></b>			
Appropriations through 125th Leg. / 2014-2015 Baseline	\$3,012,524,581	\$3,085,113,070	\$3,106,454,653
EFY13 Budget Bill (LD 250 as Amended)	\$33,367,940	\$0	\$0
Governor's Proposed Adjustments to Baseline Budget	\$0	\$79,075,400	\$28,785,113
<b>TOTAL APPROPRIATIONS</b>	<b>\$3,045,892,521</b>	<b>\$3,164,188,470</b>	<b>\$3,135,239,766</b>
<b>NET CHANGE (Resources less Appropriations)</b>	<b>(\$41,784,281)</b>	<b>(\$205,920)</b>	<b>\$16,477,936</b>
<b>BEGINNING BALANCE <sup>1</sup></b>	<b>\$42,312,849</b>	<b>\$528,568</b>	<b>\$322,648</b>
<b>NET CHANGE (FROM ABOVE)</b>	<b>(\$41,784,281)</b>	<b>(\$205,920)</b>	<b>\$16,477,936</b>
<b>ENDING BALANCE</b>	<b>\$528,568</b>	<b>\$322,648</b>	<b>\$16,800,584</b>

## Summary of Major Changes

See separate summary for the Emergency FY 13 Supplemental Budget. The next 2 pages provide a summary of the major initiatives separating out "savings" initiatives (those increasing General Fund balances) from "spending" initiatives (those decreasing General Fund balances). Additional information is provided in the Appendices including: a summary of appropriations by major categories and a summary of tax and fee changes.

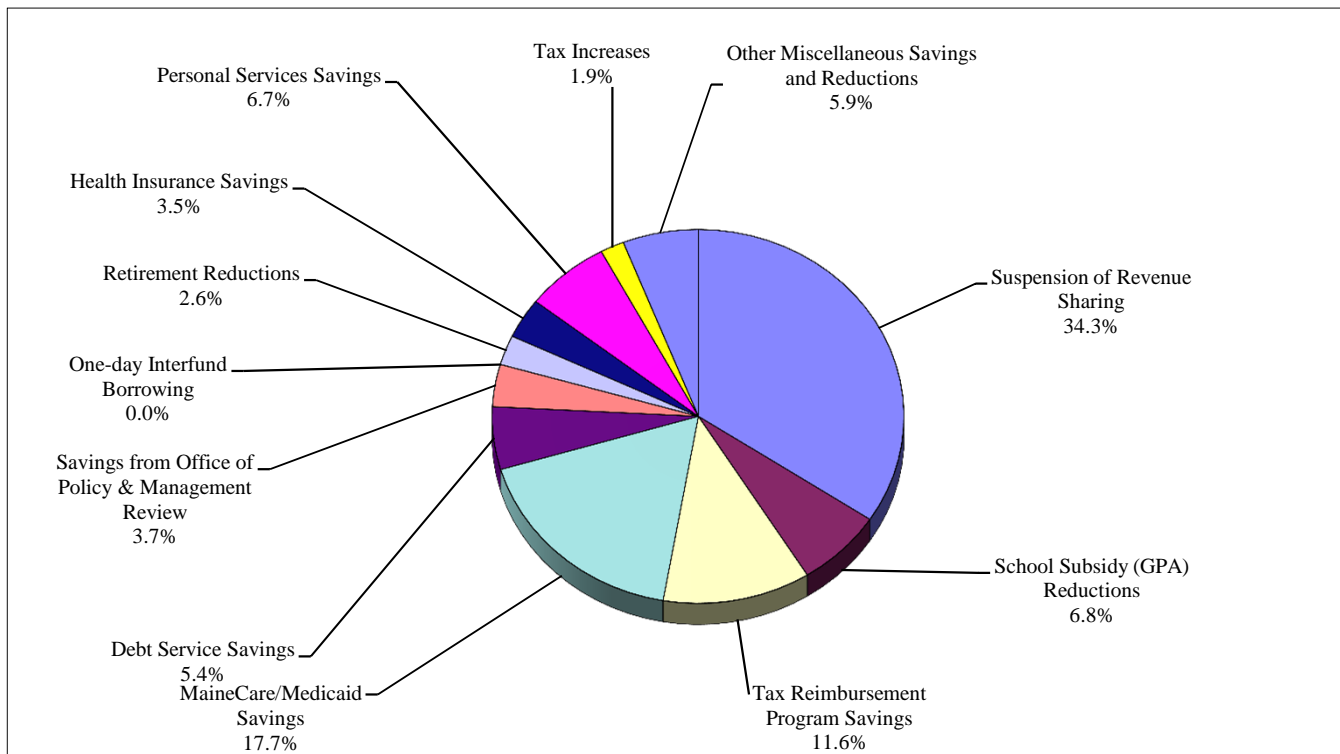
## Notes:

<sup>1</sup> Based on all legislative changes through the 125th Legislature, FY12 year-end adjustments, the December 2012 Revenue Forecast, the Emergency FY 13 Supplemental Budget Bill (LD 250 as Amended) and the Governor's draft 2014-2015 Biennial Budget Bill.

# General Fund Adjustments - "Savings" Initiatives <sup>1</sup>

## Initiatives Increasing General Fund Balance

	FY 14	FY 15	Biennium	% of Total
Suspension of Revenue Sharing	\$138.3	\$143.2	\$281.5	34.3%
School Subsidy (GPA) Reductions	\$28.3	\$27.8	\$56.0	6.8%
Tax Reimbursement Program Savings	\$35.2	\$60.3	\$95.5	11.6%
MaineCare/Medicaid Savings	\$54.9	\$90.1	\$145.0	17.7%
Debt Service Savings	\$17.5	\$27.0	\$44.5	5.4%
Savings from Office of Policy & Management Review	\$10.0	\$20.0	\$30.0	3.7%
One-day Interfund Borrowing	\$70.5	(\$70.5)	\$0.0	0.0%
Retirement Reductions	\$7.0	\$14.0	\$21.1	2.6%
Health Insurance Savings	\$10.9	\$17.7	\$28.6	3.5%
Personal Services Savings	\$25.2	\$29.5	\$54.7	6.7%
Tax Increases	\$4.5	\$10.8	\$15.4	1.9%
Other Miscellaneous Savings and Reductions	\$23.0	\$25.7	\$48.8	5.9%
<b>TOTAL ADJUSTMENTS INCREASING BALANCE</b>	<b>\$425.4</b>	<b>\$395.6</b>	<b>\$820.9</b>	<b>100.0%</b>



**Notes:**

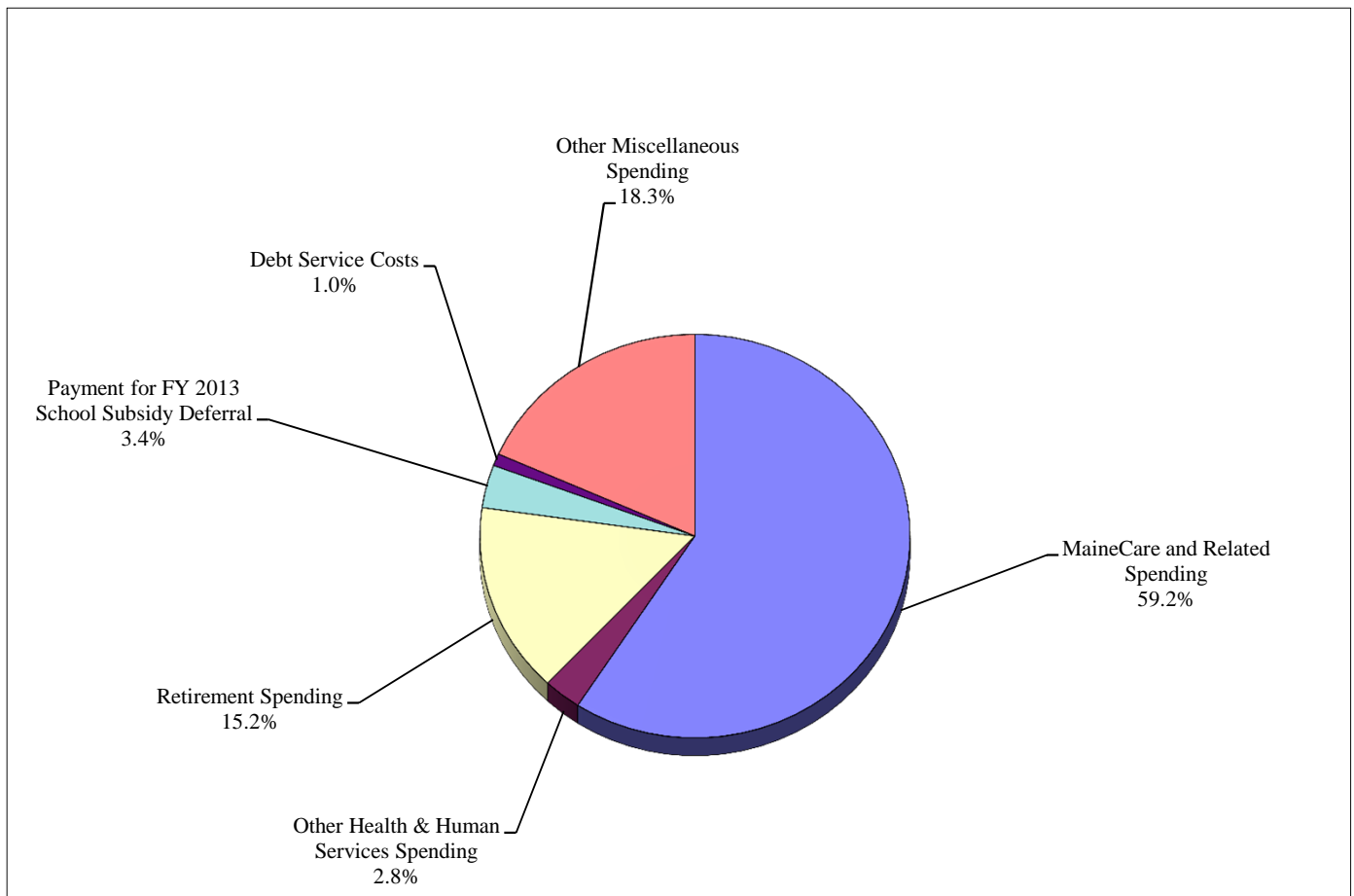
<sup>1</sup> "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

*Amounts may not add due to rounding*

# General Fund Adjustments - "Spending" Initiatives <sup>1</sup>

## Initiatives Decreasing General Fund Balance

	FY 14	FY 15	Biennium	% of Total
MaineCare and Related Spending	\$138.9	\$180.0	\$318.9	59.2%
Other Health & Human Services Spending	\$10.3	\$5.0	\$15.3	2.8%
Retirement Spending	\$33.5	\$48.7	\$82.2	15.2%
Payment for FY 2013 School Subsidy Deferral	\$18.5	\$0.0	\$18.5	3.4%
Debt Service Costs	\$2.3	\$2.9	\$5.2	1.0%
Other Miscellaneous Spending	\$51.3	\$47.6	\$98.9	18.3%
<b>TOTAL ADJUSTMENTS DECREASING BALANCE</b>	<b>\$254.8</b>	<b>\$284.2</b>	<b>\$539.0</b>	<b>100.0%</b>



**Notes:**

<sup>1</sup> "Spending" initiatives include all those items that decrease resources: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

*Amounts may not add due to rounding*

# HIGHWAY FUND STATUS

Based on Governor's Budget Proposals <sup>1</sup>

	FY 13	FY 14	FY 15
<b><u>AVAILABLE FUNDS</u></b>			
Transfers/Adjustments to Balance:			
Through 125th Legislature	\$2,003,333	\$0	\$0
Governor's Biennial Budget Proposals	\$0	(\$5,210,691)	(\$5,334,017)
Subtotal - Transfers/Adjustments to Balance	\$2,003,333	(\$5,210,691)	(\$5,334,017)
Highway Fund Revenue:			
December 2012 Base Revenue Estimate	\$318,865,765	\$311,655,251	\$309,740,019
Governor's Biennial Budget Proposals	\$0	\$4,230,568	\$4,230,568
Subtotal - Undedicated Revenue	\$318,865,765	\$315,885,819	\$313,970,587
<b>TOTAL PROJECTED RESOURCES</b>	<b>\$320,869,098</b>	<b>\$310,675,128</b>	<b>\$308,636,570</b>
<b><u>Highway Fund Allocations</u></b>			
Allocations through 125th Leg. / Proposed Baseline	\$318,651,175	\$294,930,099	\$301,328,799
Governor's Biennial Budget Proposals	\$24,077	\$15,593,020	\$6,986,800
<b>TOTAL Highway Fund Allocations</b>	<b>\$318,675,252</b>	<b>\$310,523,119</b>	<b>\$308,315,599</b>
<b>NET CHANGE (Resources less Allocations)</b>	<b>\$2,193,846</b>	<b>\$152,009</b>	<b>\$320,971</b>
<b>BEGINNING BALANCE</b>	<b>\$145,284</b>	<b>\$2,339,130</b>	<b>\$2,491,139</b>
<b>NET CHANGE (FROM ABOVE)</b>	<b>\$2,193,846</b>	<b>\$152,009</b>	<b>\$320,971</b>
<b>ENDING BALANCE</b>	<b>\$2,339,130</b>	<b>\$2,491,139</b>	<b>\$2,812,110</b>

**Major Changes Proposed in Governor's 2014-2015 Biennial Highway Fund Budget:**

	Net Cost (Savings)	
	FY 14	FY 15
> State employee health insurance reductions/savings	(\$4,100,000)	(\$6,700,000)
> State employee merit and longevity pay suspensions	(\$550,000)	(\$760,050)
> Debt Service savings	(\$1,257,707)	(\$2,647,332)
> Excise tax shift to Highway Fund from General Fund for non-resident excise tax and from municipalities for truck tractor excise tax.	(\$4,230,568)	(\$4,230,568)
> State Police funding change to 33% Highway Fund/67% General Fund	(\$7,461,719)	(\$7,640,838)
> Transfer to Transcap Trust Fund based on State Police savings	\$5,210,691	\$5,334,017
> Funding for Highway and Bridge Capital	\$0	\$0
> Funding for Highway and Bridge Light Capital paving at 600 miles/year	\$17,312,548	\$16,703,500
> Funding for heavy equipment vehicle and maintenance equipment	\$10,462,000	\$8,694,500
> Funding to reimburse 9 municipalities for salt/sand storage facilities	\$1,193,464	\$0
> Additional funding for Urban-Rural Initiative Program	\$609,467	\$500,812
> Miscellaneous other net adjustments to Baseline Budget	(\$615,033)	(\$1,163,792)

**Notes:**

<sup>1</sup> Based on all legislative changes through the 125th Legislature, the December 2012 Revenue Forecast, the Governor's proposed Emergency FY 13 Highway Fund Supplemental Budget Bill and the Governor's proposed 2014-2015 Highway Fund Unified Biennial Budget Bill.

## FUND FOR A HEALTHY MAINE (FHM) STATUS

Based on Governor's Budget Proposals <sup>1</sup>

	FY 13	FY 14	FY 15
<b><u>FHM RESOURCES:</u></b>			
Revenue:			
December 2012 Base Revenue Estimate	\$49,479,652	\$53,899,312	\$53,434,830
Governor's Budget Proposals <sup>2</sup>	\$0	(\$446,587)	(\$501,109)
Subtotal - Revenue	\$49,479,652	\$53,452,725	\$52,933,721
<b>Total FHM Resources</b>	<b>\$49,479,652</b>	<b>\$53,452,725</b>	<b>\$52,933,721</b>
<b><u>FHM ALLOCATIONS AND OTHER USES:</u></b> <sup>3</sup>			
<u>Transfers</u>			
Transfers through 125th Legislature	\$3,240,445	\$0	\$0
Subtotal - Transfers	\$3,240,445	\$0	\$0
<u>Allocations</u>			
Allocations through 125th Legislature / Proposed Baseline	\$51,075,264	\$51,058,419	\$51,101,316
Governor's Proposed Adjustments to Baseline Budget <sup>2</sup>	\$1,240,572	\$2,240,544	\$1,778,058
	\$52,315,836	\$53,298,963	\$52,879,374
<b>Total Allocations and Other Uses</b>	<b>\$55,556,281</b>	<b>\$53,298,963</b>	<b>\$52,879,374</b>
<b>Net Change (Resources minus Allocations and Uses)</b>	<b>(\$6,076,629)</b>	<b>\$153,762</b>	<b>\$54,347</b>
<b>BEGINNING BALANCE</b>	<b>\$6,138,208</b>	<b>\$61,579</b>	<b>\$215,341</b>
<b>NET CHANGE (FROM ABOVE)</b>	<b>(\$6,076,629)</b>	<b>\$153,762</b>	<b>\$54,347</b>
<b>ENDING BALANCE</b>	<b>\$61,579</b>	<b>\$215,341</b>	<b>\$269,688</b>

### Major Changes Proposed in Governor's 2014-2015 Biennial Budget: <sup>2</sup>

	Net Cost (Savings)	
	FY 14	FY 15
> Multiple initiatives across all departments to implement the creation of a separate fund within Executive branch accounting and budgeting systems. The Legislature has been budgeting the FHM as a separate fund since its creation.	\$0	\$0
> Reduces funding in the FHM - Dirigo Health program.	(\$1,161,647)	(\$1,161,647)
> Reduction of FHM share of Hollywood Casino revenue by capping FHM's share at \$4,500,000 in FY 14 and FY 15.	\$446,587	\$501,109
> Increases FHM share of MaineCare state funding.	\$3,000,000	\$2,400,000
> Adjusts funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.	\$397,544	\$530,058
> Provides funding for the University of New England administered medical recruitment centers that address health professional work shortages in Maine's rural and underserved areas.	\$4,647	\$9,647

#### Notes:

<sup>1</sup> Based on all legislative changes through the 125th Legislature, the December 2012 Revenue Forecast, the Emergency FY 13 Supplemental Budget Bill (LD 250 as Amended) and the Governor's proposed General Fund 2014-2015 Biennial Budget Bill.

<sup>2</sup> See separate OFPR document for an overview of the Emergency FY 13 Supplemental Budget.

<sup>3</sup> For the purposes of this summary, transfers out are treated as an expenditure/use and are positive amounts, while transfers in are negative amounts.



# Governor's 2014-2015 Biennial Budget Proposals \*

## Property Tax and Local Government Impacts

<b>Department/Program</b>	<b>FY13 Funding Increase (Decrease) Millions of \$'s</b>	<b>FY14 Funding Increase (Decrease) Millions of \$'s</b>	<b>FY15 Funding Increase (Decrease) Millions of \$'s</b>
<b>Administrative and Financial Services</b>			
<b>Maine Residents Property Tax</b>			
> Limits benefits under the program to households where the claimant or claimant's spouse had attained the age of 65 during the year for which relief is requested and reduces the household income eligibility threshold and the percentage used to convert rent to an amount representing rent constituting property taxes for nonelderly households from 20% to 15% of gross rent, denies benefits in cases where the claimant or claimant's household has certain investment income in excess of \$10,000.		(\$34.819)	(\$38.625)
<b>Business Equipment Tax Reimbursement</b>			
> Sunsets the BETR program.			(\$38.850)
<b>Business Equipment Tax Exemption (BETE) - Reimburse Municipalities</b>			
> Increases property being reimbursed due to the movement of equipment from BETR to BETE and increases the rate of reimbursement to 60% in FY14 and 55% in FY15.			\$27.096
<b>Tree Growth Tax Reimbursement</b>			
> Reduces funding for program grants.		(\$0.366)	(\$0.620)
<b>Homestead Property Tax Exemption Reimbursement</b>			
> Reduces reimbursements due to programmatic changes that limits program eligibility.			(\$9.140)
<b>Veterans' Organization Tax Reimbursement</b>			
> Reduces funding in FY13 due to actual reimbursements being less than budgeted amount and in FY14 and FY15 due to fewer payments being projected.	(\$0.011)	(\$0.007)	(\$0.006)
<b>Veterans Tax Reimbursement</b>			
> Reduces funding in FY13 due to actual reimbursements being less than budgeted amount and adjusts funding based on projected needs (FY14 and FY15).	(\$0.063)	(\$0.010)	\$0.045
<b>Other Property Tax Exemptions (Waste facility &amp; Snow Grooming Equip.)</b>			
> Reduces funding in FY13 due to actual reimbursements being less than budgeted amount and adjusts funding based on projected needs (FY14 and FY15).		(\$0.005)	(\$0.004)
<b>Attorney General</b>			
<b>Department of the Attorney General</b>			
> Reduces funding in the District Attorneys Salaries program due to savings from managing vacancies.	(\$0.063)		
<b>Corrections</b>			
<b>State Board of Corrections</b>			
> Reduces funding available for county jail support	(\$0.164)		
> Adjusts Other Special Revenue Funding for the State Board of Corrections.		\$0.002	(\$0.004)

**Education****General Purpose Aid for Local Schools**

> Reduction from State Share at 55% to Baseline Appropriations.		(\$108.428)	(\$121.367)
> Deferral of a portion of June 2013 subsidy payments until July 2013.	(\$18.500)	\$18.500	
> Net Adjustments from Baseline Budget (see appendix A).	(\$12.580)	\$0.530	\$2.022
> Reduction in funding for bus refurbishing.	(\$0.360)		

**Health and Human Services****General Assistance**

> Reduces the reimbursement rate for allowable expenditures to 50% for all municipalities with the exception of Indian Tribes.		\$0.000	\$0.000
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**Secretary of State****Bureau of Motor Vehicles**

> Excise tax on truck tractors deposited into Highway Fund.		(\$4.000)	(\$4.000)
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**Transportation****Urban Rural Initiative Program**

> Adjusts funding at the correct proportioned rate based on Highway Fund allocations to the Department of Transportation.		\$0.609	\$0.501
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**Maintenance and Operations**

> Provides funding to reimburse 9 municipalities for the cost of salt and sand storage facilities.		\$1.193	
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**Treasurer of State****Revenue Sharing**

> Suspension the revenue sharing transfers of 5% of major taxes during the 2014-2015 biennium.		(\$138.318)	(\$143.172)
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\* Includes Emergency FY 13 Supplemental Budget initiatives as amended.

**2014-2015 BUDGET  
SUMMARY OF POSITION CHANGES**

<u>Fund</u>	<u>Total Authorized Positions - Prior to 126th Legislature</u>	<u>Baseline Budget Administrative Adjustments<sup>1</sup></u>	<u>Proposed Baseline Budget Changes<sup>2</sup></u>	<u>Total Authorized Positions - Governor's Proposals</u>
General Fund	5,821.401	(5.327)	23.000	5,839.074
Highway Fund	2,272.073	(3.091)	(25.500)	2,243.482
Federal Expenditures Fund	1,493.921	(2.097)	(15.210)	1,476.614
Fund for a Healthy Maine	9.000	(1.000)	0.000	8.000
Other Special Revenue Fund	2,351.728	(4.170)	(2.596)	2,344.962
Federal Block Grant	118.500	0.000	(1.000)	117.500
Other Funds	1,257.820	(2.156)	(48.000)	1,207.664
<b>Total Change of Authorized Positions</b>	<b>13,324.443</b>	<b>(17.841)</b>	<b>(69.306)</b>	<b>13,237.296</b>

**Notes:**

<sup>1</sup> Reflects administrative adjustments made pursuant to 5 MRSA §1583-A, sub-§3, which authorizes the Governor and the State Budget Officer to adjust positions when preparing the next budget to reflect the number of limited-period positions that, in their opinion, are necessary to the proper operation of each department, institution or agency.

<sup>2</sup> Reflects the Governor's proposed position adjustments contained in the 2014-2015 Biennium Unified Budget Bill and the 2014-2015 Highway Fund Budget Bill.

## **APPENDIX A**

### **GENERAL FUND APPROPRIATIONS BY MAJOR CATEGORIES**

General Fund Appropriations - Summary	A-1
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Other Non-Personal Services Appropriations	A-10

## Appendix A - General Fund Appropriations Summary

Presented below are tables summarizing the General Fund appropriations starting with the Governor's Baseline Budget recommendations and FY 13 appropriations prior to the start of the 126th Legislature and concluding with the actual net appropriations as enacted by the Emergency FY 13 Supplemental Budget Bill and as proposed by the Governor in the General Fund Unified Biennial Budget Bill. Additional detail and descriptions are available in the remainder of this Appendix.

<b>General Fund Expenditures/Appropriations - Governor's Baseline Budget Recommendations</b>				
	Expenditures	Through 125th Legislature	Baseline Budget Recommendations	
Major Categories	FY 12	FY 13	FY 14	FY 15
General Purpose Aid for Local Schools	\$863,076,706	\$904,957,079	\$907,100,373	\$907,076,769
Medicaid/MaineCare	\$723,776,072	\$619,133,735	\$638,342,261	\$638,342,261
Higher Education	\$269,802,793	\$268,009,193	\$267,884,982	\$267,884,982
Teachers' Retirement	\$172,592,848	\$174,932,892	\$174,932,892	\$174,932,892
Debt Service	\$119,004,542	\$125,682,858	\$126,450,552	\$126,450,552
Personal Services	\$386,024,906	\$398,636,622	\$433,385,145	\$452,825,033
Other - Non-Personal Services	\$553,011,788	\$521,172,202	\$537,016,865	\$538,942,164
<b>Total General Fund Appropriations</b>	<b>\$3,087,289,656</b>	<b>\$3,012,524,581</b>	<b>\$3,085,113,070</b>	<b>\$3,106,454,653</b>
Annual % Change		-2.4%	2.4%	0.7%

<b>General Fund Appropriations - Governor's Proposed Adjustments</b>			
	Enacted EFY13 Supplemental	Governor's Recommended Changes	
Major Categories	FY 13	FY 14	FY 15
General Purpose Aid for Local Schools	(\$31,654,998)	\$19,029,604	\$2,022,445
Medicaid/MaineCare	\$81,836,766	\$81,754,187	\$87,535,808
Higher Education	(\$3,515,776)	\$0	\$0
Teachers' Retirement	\$0	(\$2,417,850)	\$4,774,776
Debt Service	(\$2,116,828)	(\$13,554,474)	(\$22,496,259)
Personal Services	(\$6,441,083)	(\$8,844,268)	(\$18,708,902)
Other - Non-Personal Services	(\$4,740,141)	\$3,108,201	(\$24,342,755)
<b>Total General Fund Appropriations</b>	<b>\$33,367,940</b>	<b>\$79,075,400</b>	<b>\$28,785,113</b>

<b>General Fund Appropriations - After Adjustments and Governor's Net Recommendations</b>				
	Expenditures	After Enacted EFY13 Supplemental	Governor's Net Recommendations	
Major Categories	FY 12	FY 13	FY 14	FY 15
General Purpose Aid for Local Schools	\$863,076,706	\$873,302,081	\$926,129,977	\$909,099,214
Medicaid/MaineCare	\$723,776,072	\$700,970,501	\$720,096,448	\$725,878,069
Higher Education	\$269,802,793	\$264,493,417	\$267,884,982	\$267,884,982
Teachers' Retirement	\$172,592,848	\$174,932,892	\$172,515,042	\$179,707,668
Debt Service	\$119,004,542	\$123,566,030	\$112,896,078	\$103,954,293
Personal Services	\$386,024,906	\$392,195,539	\$424,540,877	\$434,116,131
Other - Non-Personal Services	\$553,011,788	\$516,432,061	\$540,125,066	\$514,599,409
<b>Total General Fund Appropriations</b>	<b>\$3,087,289,656</b>	<b>\$3,045,892,521</b>	<b>\$3,164,188,470</b>	<b>\$3,135,239,766</b>
Annual % Change		-1.3%	3.9%	-0.9%

# General Purpose Aid for Local Schools

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Biennial Budget - Baseline Budget</b>	\$863,076,706	\$904,957,079	907,100,373	907,076,769
<b>EFY13 Supplemental Budget</b>		(\$31,654,998)		
<b>Adjustments to Baseline Budget</b>			\$19,029,604	\$2,022,445
<b>Total Appropriations</b>	\$863,076,706	\$873,302,081	\$926,129,977	\$909,099,214
<b>Annual % Change</b>		1.2%	6.0%	-1.8%

## Biennial Baseline Budget

The Governor's Baseline Budget is increased to reflect approximately \$2.1 million in one-time savings in FY 13 to the General Purpose Aid for Local Schools program associated with the statewide savings from procurement contracts applied solely to the GPA program in FY13 (\$1.8 million) and the transfer of funds to the Legislature to fund the evaluation of the essential programs and services model by an independent contractor (\$0.3 million).

## EFY13 Supplemental Budget

The Emergency FY 13 Supplemental Budget deappropriates \$31.7 million from the General Purpose Aid for Local Schools program. Of that amount, \$18.5 million reflects the delay of a portion of the June 2013 subsidy payment to July 2013; \$12.6 million reflects a reduction in subsidy payments to local school administrative units; \$0.4 million is associated with funding for bus refurbishing which is no longer needed and \$0.1 million is transferred from the GPA program to fund an Education Specialist II position in the PK-20, Adult Education and Federal Programs Team program.

## Adjustments to Baseline Budget

The Governor's proposed adjustments result in a net increase to the baseline appropriations in the All Other line category for General Purpose Aid for Local Schools by approximately \$19.0 million in FY 14 and \$2.0 million in FY 15. The budget also proposes to reduce the State share of funding K-12 public education from 55% of 100% of the total cost of essential programs and services in FY 14 to 49.42% of 97% of the total cost of Essential Programs and Services (EPS) plus the State's contribution to teacher retirement, retired teachers' health insurance and retired teachers' life insurance.

### Appropriation Increases

	FY14	FY 15
One-time appropriation to fund the portion of the June 2013 subsidy payment that was delayed until July 2013	\$18,500,000	\$0
Transfer of funds from the Teacher Retirement program to the General Purpose Aid for Local Schools program for the state's share of the normal cost component for teacher retirement	\$14,449,280	\$14,955,005
	\$32,949,280	\$14,955,005

### Appropriation Decreases

	FY14	FY 15
One-time transfer of funds to the Leadership program for legal representation	(\$1,000,000)	\$0
Reduction in subsidy payments to local school administrative units	(\$12,579,756)	(\$12,579,756)
Transfer from All Other in the GPA account to fund Personal Services costs within GPA and PK-20, Adult Education and Federal Programs Team programs.	(\$339,920)	(\$352,804)
	(\$13,919,676)	(\$12,932,560)
<b>Total - Adjustments to Baseline Budget</b>	\$19,029,604	\$2,022,445

**Other Comments/Adjustments**

The amounts above exclude Personal Services appropriations of \$1,913,777 in fiscal 2013-14 and \$1,990,543 in fiscal year 2014-15, see below for total appropriations to General Purpose Aid for Local Schools.

**Summary of General Purpose Aid for Local Schools by Line Category**

	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>
	<b>Expenditures</b>	<b>Appropriations</b>	<b>Appropriations</b>	<b>Appropriations</b>
<b>Biennial Budget - Baseline Budget</b>				
Personal Services	\$1,612,494	\$1,605,692	\$1,801,598	\$1,871,205
All Other	\$863,076,706	\$904,957,079	907,100,373	907,076,769
<b>Total General Purpose Aid for Local Schools</b>	<b>\$864,689,200</b>	<b>\$906,562,771</b>	<b>\$908,901,971</b>	<b>\$908,947,974</b>
<b>Adjustments to Baseline</b>				
Personal Services		\$101,371	\$112,179	\$119,338
All Other		(\$31,654,998)	\$19,029,604	\$2,022,445
<b>Total Appropriations</b>				
Personal Services	\$1,612,494	\$1,707,063	\$1,913,777	\$1,990,543
All Other	\$863,076,706	\$873,302,081	\$926,129,977	\$909,099,214
<b>Total General Purpose Aid for Local Schools</b>	<b>\$864,689,200</b>	<b>\$875,009,144</b>	<b>\$928,043,754</b>	<b>\$911,089,757</b>

The Governor's budget proposals do not appropriate funding for General Purpose Aid for Local Schools in FY15 at 55% of 100% of the total estimated cost of EPS as required by statute. No amendment is proposed to adjust the annual target for the state share percentage of the statewide total cost of the components of essential programs and services plus the state contributions to teacher retirement, retired teachers' health insurance and retired teachers' life insurance set forth in 20-A MRSA §15671, sub-§7-C based on the funding levels proposed for FY 15. The additional appropriations required to achieve the "55% state share" funding goal are \$108.4 million in FY 14 and \$121.4 million in FY 15. **The FY 13 amount is the shortfall based on revised statutory requirements.**

# Medicaid/MaineCare

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Biennial Budget - Baseline Budget</b>	\$723,776,072	\$619,133,735	\$638,342,261	\$638,342,261
<b>EFY13 Supplemental Budget</b>		\$81,836,766		
<b>Adjustments to Baseline Budget</b>			\$81,754,187	\$87,535,808
<b>Total Appropriations</b>	\$723,776,072	\$700,970,501	\$720,096,448	\$725,878,069
<b>Annual % Change</b>		-3.2%	2.7%	0.8%

## Biennial Baseline Budget

The proposed Baseline Budget for the 2014-2015 biennium increases appropriations from FY 13 levels by \$19.2 million as a result of adjustments for one-time spending/savings initiatives, including: one-time savings from the collection of payments resulting from errors in calculating cost of care; one-time transfers from the Dirigo Health Fund; one-time savings from the expedited disability determinations initiative; partial year savings from the phase-out of the childless adult waiver; and one-time payments for hospital settlements from the unappropriated surplus of the General Fund at the close of fiscal year 2011-12.

## EFY13 Supplemental Budget

The Emergency FY 13 Supplemental Budget provides appropriations of \$85.8 million for MaineCare shortfalls partially offset by \$3.8 million in MaineCare deappropriations.

## Adjustments to Baseline Budget

The Governor's proposed adjustments to the Baseline Budget include additional MaineCare appropriations of \$138.5 million in FY 14 and \$179.5 million in FY 15. Partially offsetting these appropriations are proposed MaineCare deappropriations totaling \$56.8 million in FY 14 and \$92.0 million in FY 15.

### Appropriation Increases (\$'s in millions):

	FY 12	FY 13
Provides funding in MaineCare and MaineCare-related accounts to reflect increased health care costs.	\$103.9	\$131.0
Adjusts funding to reflect the decrease in the Federal Medicaid Assistance Percentage from 62.57% in federal fiscal year 2013 to 61.55% in 2014.	\$17.2	\$22.8
Provides one-time funding for repayments to the Federal government.	\$12.7	\$0.0
Provides funding in the Developmental Services Waiver - MaineCare program for Section 21 Home and Community Based Waiver.	\$3.0	\$3.4
Transfers funds from the Medical Care - Payments to Providers program to the Medicaid Waiver for Brain Injury Residential/Community Services program to establish a new waiver program for residential and community support services.	\$0.0	\$20.0
Provides funding for a Medicaid Waiver for the Other Related Conditions program for supportive services.	\$1.5	\$2.1
Other MaineCare spending initiatives.	\$0.2	\$0.2
	\$138.5	\$179.5



**Appropriation Decreases (\$'s in millions):**

Adjusts funding for an update of the hospital tax base year from 2008 to 2011.	(\$13.2)	(\$17.9)
Reduces funding by reducing hospital reimbursement rates for outpatient services by 10% and by reducing reimbursement to critical access hospitals from 109% to 101% of allowable costs.	(\$7.3)	(\$7.3)
Reduces funding through the elimination of the elderly low-cost drug program, rolling back the limits of the Medicare Savings Program to the federal minimum levels, reinstating the asset test, and by eliminating crossover payments related to the roll-back.	(\$14.7)	(\$15.3)
Adjusts funding as a result of an enhanced Federal Medical Assistance Percentage available as a result of the federal State Balancing Incentives Payments Program.	(\$8.1)	(\$8.1)
Reduces funding by implementing targeted care management for the top 20% of high-cost members.	(\$6.6)	(\$15.5)
Transfers funds from the Medical Care - Payments to Providers program to the Medicaid Waiver for Brain Injury Residential/Community Services program to establish a new waiver program for residential and community support services.	\$0.0	(\$20.0)
Reduces funding by limiting reimbursement for services provided to dually-eligible members to licensed clinical social workers.	(\$3.3)	(\$3.3)
Reduces funding by eliminating reimbursement for the medical add-on in the MaineCare Benefits Manual, Chapters II and III, Section 21 and Section 29.	(\$0.6)	(\$1.5)
Reduces funding by eliminating therapeutic leave days in the MaineCare Benefits Manual, Chapters II and III, sections 67 and 45.	(\$0.6)	(\$0.6)
Transfers funding from the Mental Health Services - Child Medicaid program to the State-funded Foster Care/Adoption Assistance program.	(\$2.0)	(\$2.0)
Other MaineCare savings initiatives.	(\$0.3)	(\$0.6)
	<hr/> (\$56.8)	<hr/> (\$92.0)
Total - Adjustments to Baseline Budget	<hr/> <hr/> \$81.8	<hr/> <hr/> \$87.5

# Higher Education

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Biennial Budget - Baseline Budget</b>	\$269,802,793	\$268,009,193	\$267,884,982	\$267,884,982
<b>EFY13 Supplemental Budget</b>		(\$3,515,776)		
<b>Adjustments to Baseline Budget</b>			\$0	\$0
<b>Total Appropriations</b>	\$269,802,793	\$264,493,417	\$267,884,982	\$267,884,982
<b>Annual % Change</b>		-2.0%	1.3%	0.0%

## Biennial Baseline Budget

The Governor's Baseline Budget includes a \$0.1 million decrease from FY 13 to adjust for a one-time appropriation to the Doctors for Maine's Future Scholarship Fund within the Finance Authority of Maine.

## EFY13 Supplemental Budget

The Emergency FY 13 Supplemental Budget reduces FY 13 appropriations to the University of Maine System (\$2.5 million); the Maine Community College System (\$0.7 million); Maine Maritime Academy (\$0.1 million) and the Student Financial Assistance program within the Finance Authority of Maine (\$0.1 million).

## Adjustments to Baseline Budget

The Governor's 2014-2015 Biennial Budget does not include any adjustments to the baseline budget of each of the higher education institutions. The table below details the funding for each of the state's higher education institutions.

### Summary of Higher Education by Institution

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>University of Maine System</b>				
<b>Biennial Budget - Baseline Budget</b>	\$195,676,806	\$194,197,748	\$194,197,748	\$194,197,748
<b>Adjustments</b>		(\$2,535,228)	\$0	\$0
<b>Total Expenditures/Appropriations</b>	\$195,676,806	\$191,662,520	\$194,197,748	\$194,197,748
<b>Annual % Change</b>		-2.1%	1.3%	0.0%
<b>Maine Community College System</b>				
<b>Biennial Budget - Baseline Budget</b>	\$54,440,828	\$54,533,536	\$54,533,536	\$54,533,536
<b>Adjustments</b>		(\$724,451)	\$0	\$0
<b>Total Expenditures/Appropriations</b>	\$54,440,828	\$53,809,085	\$54,533,536	\$54,533,536
<b>Annual % Change</b>		-1.2%	1.3%	0.0%
<b>Maine Maritime Academy</b>				
<b>Biennial Budget - Baseline Budget</b>	\$8,611,706	\$8,483,304	\$8,483,304	\$8,483,304
<b>Adjustments</b>		(\$112,696)	\$0	\$0
<b>Total Expenditures/Appropriations</b>	\$8,611,706	\$8,370,608	\$8,483,304	\$8,483,304
<b>Annual % Change</b>		-2.8%	1.3%	0.0%
<b>Other Higher Education Spending</b>				
<b>Biennial Budget - Baseline Budget</b>	\$11,073,453	\$10,794,605	\$10,670,394	\$10,670,394
<b>Adjustments</b>		(\$143,401)	\$0	\$0
<b>Total Expenditures/Appropriations</b>	\$11,073,453	\$10,651,204	\$10,670,394	\$10,670,394
<b>Annual % Change</b>		-3.8%	0.2%	0.0%

# Teacher Retirement

(Including Retired Teachers' Health Insurance and Group Life Insurance)

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Biennial Budget - Baseline Budget</b>	\$172,592,848	\$174,932,892	\$174,932,892	\$174,932,892
<b>EFY13 Supplemental Budget</b>		\$0		
<b>Adjustments to Baseline Budget</b>			(\$2,417,850)	\$4,774,776
<b>Total Appropriations</b>	\$172,592,848	\$174,932,892	\$172,515,042	\$179,707,668
<b>Annual % Change</b>		1.4%	-1.4%	4.2%

## Biennial Baseline Budget

The Governor's Baseline Budget maintains baseline General Fund appropriations for FY 14 and FY 15 for the Teacher Retirement, Retired Teachers' Health Insurance and Retired Teachers' Group Health Insurance programs at FY 13 levels with no adjustments for any one-time initiatives.

## EFY13 Supplemental Budget

The Governor's Emergency FY 13 Supplemental Budget made no adjustments to the Teacher Retirement program, the Retired Teachers' Health Insurance program or the Retired Teachers' Group Life Insurance program.

## Adjustments to Baseline Budget

The Governor proposes a net decrease in General Fund appropriations for Teacher Retirement of \$2.4 million in FY 14 and a net increase in General Fund appropriations of \$4.8 million in FY 15. The table at the bottom of this page details each of the programs included in the total funding for Teacher Retirement.

The adjustments to the Baseline Budget include General Fund appropriations of \$22.1 million in fiscal year 2013-14 and \$28.1 million in fiscal year 2014-15 for the normal cost and unfunded actuarial costs for teacher retirement, which are based upon current law and the 2014-2015 pension costs determined by the Maine Public Employees Retirement System's actuary for the State Employee and Teacher Retirement Program presented and accepted by the MainePERS Board of Trustees on July 12, 2012.

The Governor's 2014-2015 Biennial Budget proposal to shift the responsibility of funding the normal cost component of teacher retirement from being 100% borne by the State to a 50/50 state and local funding responsibility more than offsets the above appropriation. This proposal reduces funding to the Teacher Retirement program by \$28.9 million in FY 2013-14 and \$29.9 million in FY 2014-15 representing the total cost of the normal cost component for teacher retirement and appropriates \$14.4 million and \$14.96 million in fiscal year 2013-14 and 2014-15, respectively, to the General Purpose Aid for Local Schools program for the state's share of normal cost.

The 2014-2015 biennial budget increases funding for health insurance costs for retired teachers by \$4.0 million in fiscal year 2013-14 and \$6.0 million in fiscal year 2014-15. These amounts assume growth of 6.0% per year, a delay in the prepayment of unfunded actuarial liability for retiree health benefits and limiting the state's contribution to retired teachers' health insurance to fiscal year 2011-12 levels. The biennial budget also proposes to increase funding for group life insurance for retired teachers by \$0.3 million in FY14 and \$0.6 million in FY15.

	FY 12	FY 13	FY 14	FY 15
Summary of Teacher Retirement by Program	Expenditures	Appropriations	Appropriations	Appropriations
<b>Teacher Retirement</b>				
Biennial Budget - Baseline Budget	\$146,634,324	\$148,833,838	\$148,833,838	\$148,833,838
Adjustments		\$0	(\$6,758,796)	(\$1,786,170)
<b>Total Expenditures/Appropriations</b>	\$146,634,324	\$148,833,838	\$142,075,042	\$147,047,668
Annual % Change		1.5%	-4.5%	3.5%
<b>Retired Teachers' Health Insurance</b>				
Biennial Budget - Baseline Budget	\$23,000,000	\$23,000,000	\$23,000,000	\$23,000,000
Adjustments		\$0	\$4,000,000	\$6,000,000
<b>Total Expenditures/Appropriations</b>	\$23,000,000	\$23,000,000	\$27,000,000	\$29,000,000
Annual % Change		0.0%	17.4%	7.4%
<b>Retired Teachers' Group Life Insurance</b>				
Biennial Budget - Baseline Budget	\$2,958,524	\$3,099,054	\$3,099,054	\$3,099,054
Adjustments		\$0	\$340,946	\$560,946
<b>Total Expenditures/Appropriations</b>	\$2,958,524	\$3,099,054	\$3,440,000	\$3,660,000
Annual % Change		4.8%	11.0%	6.4%

# Debt Service

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Biennial Budget - Baseline Budget</b>	\$119,004,542	\$125,682,858	\$126,450,552	\$126,450,552
<b>EFY13 Supplemental Budget</b>		(\$2,116,828)		
<b>Adjustments to Baseline Budget</b>			(\$13,554,474)	(\$22,496,259)
<b>Total Appropriations</b>	\$119,004,542	\$123,566,030	\$112,896,078	\$103,954,293
<b>Annual % Change</b>		3.8%	-8.6%	-7.9%

## Biennial Baseline Budget

Baseline Budget appropriations for debt service are increased to offset a one-time deappropriation in FY13 from the Judicial - Debt Service program.

## EFY13 Supplemental Budget

The Emergency FY13 Supplemental Budget deappropriates \$1,883,828 from the Treasurer's Debt Service program and \$233,000 from the Judicial - Debt Service program to recognize lower debt service costs in these programs.

## Adjustments to Baseline Budget

The adjustments to Baseline Budgets in the 3 programs that make up this category (see below for the breakout by program) are being adjusted downward for the Debt Service - Treasury and the Debt Service - Governmental Facilities programs to reflect updated estimates of projected debt service needs. The Judicial - Debt Service program is increased to reflect additional debt costs for the Augusta, Dover-Foxcroft and Machias courthouse projects.

### Summary of Debt Service by Program

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Debt Service - Governmental Facilities Authority 0893</b>				
<b>Biennial Budget - Baseline Budget</b>	\$18,054,024	\$17,665,956	\$17,665,956	\$17,665,956
<b>Adjustments</b>		\$0	(\$700,000)	(\$1,300,000)
<b>Total Expenditures/Appropriations</b>	\$18,054,024	\$17,665,956	\$16,965,956	\$16,365,956
<b>Annual % Change</b>		-2.1%	-4.0%	-3.5%
<b>Judicial - Debt Service Z097</b>				
<b>Biennial Budget - Baseline Budget</b>	\$5,812,241	\$7,367,516	\$8,135,210	\$8,135,210
<b>Adjustments</b>		(\$233,000)	\$2,333,978	\$2,897,139
<b>Total Expenditures/Appropriations</b>	\$5,812,241	\$7,134,516	\$10,469,188	\$11,032,349
<b>Annual % Change</b>		22.7%	46.7%	5.4%
<b>Debt Service - Treasury 0021</b>				
<b>Biennial Budget - Baseline Budget</b>	\$95,138,277	\$100,649,386	\$100,649,386	\$100,649,386
<b>Adjustments</b>		(\$1,883,828)	(\$15,188,452)	(\$24,093,398)
<b>Total Expenditures/Appropriations</b>	\$95,138,277	\$98,765,558	\$85,460,934	\$76,555,988
<b>Annual % Change</b>		3.8%	-13.5%	-10.4%

# Personal Services

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Biennial Budget - Baseline Budget</b>	\$386,024,906	\$398,636,622	\$433,385,145	\$452,825,033
<b>EFY13 Supplemental Budget</b>		(\$6,441,083)		
<b>Adjustments to Baseline Budget</b>			(\$8,844,268)	(\$18,708,902)
<b>Total Appropriations</b>	\$386,024,906	\$392,195,539	\$424,540,877	\$434,116,131
<b>Annual % Change</b>		1.6%	8.2%	2.3%

## Biennial Budget - Baseline

The Personal Services amounts in the Baseline Budget reflect the salary and benefits costs for authorized positions including the restoration of various one-time reductions during the 2012-2013 biennium, such as the elimination of merit increases, the elimination of certain longevity payments and a retirement incentive program. The baseline budget assumes a 6% attrition rate. These Personal Services amounts initially increase by more than \$34.75 million (roughly 8.7%) from FY 13 to FY 14 and then again by roughly 4.5% in FY 15.

## EFY13 Supplemental Budget

The Emergency FY 13 Supplemental Budget reduces Personal Services appropriations by \$6.44 million in FY 13, primarily by managing vacant positions.

## Adjustments to Baseline Budget

The Governor's proposed adjustments to the Baseline Budget reduce Personal Services by 2.04%, or approximately \$8.84 million in FY 14 and 4.13 %, or \$18.71 million in FY 15. The primary statewide initiatives proposed by the Governor to achieve these savings include:

	FY 14	FY 15
<b>Major Statewide Personal Services Savings Initiatives:</b>		
> New actuarial projection of retiree health insurance	(\$7,140,000)	(\$9,660,000)
> Limit State's contribution for employee health insurance to FY 11 levels	(\$3,800,000)	(\$8,000,000)
> Eliminating positions statewide in FY 14 and FY 15	(\$1,250,000)	(\$2,500,000)
> Eliminating merit increases in FY14 and FY15	(\$2,500,000)	(\$4,600,000)
> Eliminating longevity payments in FY14 and FY15	(\$1,750,000)	(\$1,930,000)
Total - Statewide Personal Services Initiatives	(\$16,440,000)	(\$26,690,000)
<b>Other Personal Services Initiatives:</b>		
> Adjust State Police funding split to 67% General Fund -33% Highway Fund	\$5,204,510	\$5,380,109
> Other Miscellaneous Net Adjustments to Personal Services	\$2,391,222	\$2,600,989
Total - Adjustments to Baseline Budget	(\$8,844,268)	(\$18,708,902)

## "Other" Non-Personal Services

	FY 12	FY 13	FY 14	FY 15
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Biennial Budget - Baseline Budget</b>	\$553,011,788	\$521,172,202	\$537,016,865	\$538,942,164
<b>EFY13 Supplemental Budget</b>		(\$4,740,141)		
<b>Adjustments to Baseline Budget</b>			\$3,108,201	(\$24,342,755)
<b>Total Appropriations</b>	\$553,011,788	\$516,432,061	\$540,125,066	\$514,599,409
<b>Annual % Change</b>		-6.6%	4.6%	-4.7%

### Biennial Baseline Budget

The Baseline Budget is increased by \$15,844,663 from FY 13. The major one-time adjustments were related to a one-time deappropriations totaling \$16.8 million from the Department of Health and Human Services as a result of certification of the Maine Integrated Health Management Solution (MIHMS) system.

### EFY13 Supplemental Budget

The Emergency FY 13 Budget Bill reduces total appropriations for this category by a net amount of \$4,740,141. Some of the most significant adjustments included: \$6.0 million in DHHS contract reductions related to curtailment; a \$3.6 million increase for foster care caseload; a \$2 million increase for mental health services to conform with the consent decree; and a \$0.7 million reduction in child adoption subsidies.

### Adjustments to Baseline Budget

Major adjustments to Baseline Budget are presented below:

	FY14	FY 15
<b>ALL DEPARTMENTS STATEWIDE</b>		
<b>DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES</b>		
<b>Departments and Agencies - Statewide 0016 (Efficiency Study)</b>		
Savings from review of Office of Policy and Management.	(\$10,000,000)	(\$20,000,000)
<b>Revenue Services, Bureau of 0002</b>		
Reduces funding from technology expenditures no longer required.	(\$1,500,000)	(\$3,000,000)
<b>Capital Construction/Repairs/Improvements - Administration 0059</b>		
Provides funding for repairs at state facilities.	\$2,500,000	\$2,500,000
<b>Statewide Radio Network System 0112</b>		
Reduces funding for debt service payments.	(\$1,600,000)	(\$1,600,000)
<b>Information Services 0155</b>		
Provides funding on a one-time basis for a new human resources system.	\$2,000,000	\$1,495,000
<b>Homestead Property Tax Exemption Reimbursement 0886</b>		
Reduces reimbursements due to programmatic changes that limit program eligibility.	\$0	(\$9,140,000)
<b>Other Property Tax Reimbursement Programs</b>		
Net reductions to other property tax reimbursement programs.	(\$387,876)	(\$582,052)
<b>DEPARTMENT OF EDUCATION</b>		
<b>Leadership Team Z077</b>		
Transfers funding from the General Purpose Aid for Local Schools program to the Leadership Team program to ensure that adequate legal representation is available for the Department of Education, State Board of Education and Charter School Commission.	\$1,000,000	\$0
<b>HEALTH AND HUMAN SERVICES (formerly BDS)</b>		
<b>Consent Decree Z163</b>		
Provides funding for mental health services for individuals not eligible for MaineCare and for housing services in order to conform with the consent decree.	\$2,000,000	\$0

	FY14	FY 15
<b>HEALTH AND HUMAN SERVICES (formerly DHS)</b>		
<b>Bureau of Medical Services 0129</b>		
Provides funding for MaineCare information technology initiatives in order to comply with federal updates and the seven conditions and standards and to implement changes related to the International Classification of Diseases version 10.	\$2,217,983	\$511,853
<b>Temporary Assistance for Needy Families 0138</b>		
Provides funding to repay the Federal Administration of Children and Family Services for an overdrawn grant.	\$1,263,621	\$0
<b>State Supplement to Federal Supplemental Security Income 0131</b>		
Reduces funding by eliminating state supplemental benefits for legal non-citizens.	(\$551,678)	(\$740,637)
<b>State-funded Foster Care/Adoption Assistance 0139</b>		
Provides funding in the State Funded Foster Care/Adoption Assistance program for the projected increase in the number of children entering foster care.	\$4,200,000	\$4,200,000
Transfers funding from the Mental Health Services - Child Medicaid program to the State-funded Foster Care/Adoption Assistance program.	\$2,000,000	\$2,000,000
<b>Low-cost Drugs To Maine's Elderly 0202</b>		
Reduces funding through the elimination of the elderly low-cost drug program.	(\$3,943,651)	(\$3,943,651)
<b>INDIGENT LEGAL SERVICES, MAINE COMMISSION ON</b>		
<b>Maine Commission on Indigent Legal Services Z112</b>		
Provides funding for increased counsel and non-counsel indigent legal expenses in the 2014-2015 biennium and a \$5/hour rate increase effective July 1, 2014.	\$1,941,845	\$3,499,811
<b>JUDICIAL DEPARTMENT</b>		
<b>Courts - Supreme, Superior and District 0063</b>		
Provides funding for contracted court security.	\$1,000,000	\$1,000,000
<b>PUBLIC SAFETY</b>		
<b>State Police 0291</b>		
Adjusts funding split to 67% General Fund and 33% Highway Fund (All Other).	\$2,257,209	\$2,260,729
<b>PUBLIC UTILITIES COMMISSION</b>		
<b>Emergency Services Communication Bureau 0994</b>		
Reduces funding no longer required in FY 14 to operate 2 E-911 systems during a transition period and eliminates funding in FY 15.	(\$2,607,984)	(\$3,747,984)
<b>Miscellaneous Other Net Changes</b>	\$1,318,732	\$944,176

## Appendix B

### Tax and Fee Changes Affecting State and Local Tax Burden

#### Governor's 2014-2015 Biennial Budget Proposals

Description of Tax or Fee Change	Bill Reference	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<b>Sales and Use Tax</b>						
Repeals the sales tax exemption for publications issued at average intervals not exceeding three months. Effective for sales on or after October 1, 2013.	Biennial Budget, Part P	\$0	\$2,625,000	\$3,605,000	\$3,713,151	\$3,824,544
<b>Individual Income Tax</b>						
Itemized deduction income tax effect associated with amending the current homestead exemption for Maine Residents and "qualifying shareholders" of a cooperative housing corporation for property tax years beginning on or after April 1, 2014 by limiting the exemption to homeowners age 65 or older and increasing the revised homestead exemption amount to \$20,000.	Biennial Budget, Part M	\$0	\$0	(\$391,579)	(\$985,263)	(\$1,005,263)
Suspends the inflation adjustment for tax years beginning in 2014 and 2015 and amends the inflation adjustment calculation for tax years beginning after 2015 based on the Chained CPI instead of the CPI.	Biennial Budget, Part Q	\$0	\$1,920,000	\$7,200,000	\$11,677,600	\$13,767,488
<b>Estate Tax</b>						
Directs the State Controller to recognize a receivable of up to \$7,000,000 during fiscal year 2012-13 of estate tax revenue.	EFY13 Budget, Part H	\$7,000,000	\$0	\$0	\$0	\$0
<b>Other Taxes and Fees - Health and Human Services</b>						
Increased dedicated revenue from updating the hospital tax base year from 2008 to 2011.	Biennial Budget, Part QQ	\$0	\$13,322,462	\$18,025,709	\$18,025,709	\$18,025,709
<b>Total Impact of Tax and Fee Changes</b>		<b>\$7,000,000</b>	<b>\$17,867,462</b>	<b>\$28,439,130</b>	<b>\$32,431,197</b>	<b>\$34,612,478</b>



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#### Governor's 2014-2015 Biennial Budget Proposals

Description of Tax or Fee Change	Bill Reference	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<b>Items affecting local property tax incidence, but not included in State and Local Tax Burden calculations:</b>						
<b>Maine Residents Property Tax Program (Circuitbreaker or Tax and Rent Refund program)</b>						
Amends the Circuitbreaker (Residents Property Tax Refund) Program to limit benefits under the program to households where the claimant or claimant's spouse had attained the age of 65 during the year for which relief is requested and to make numerous program income eligibility changes and to reduce the percentage used to convert rent to an amount representing rent constituting property taxes for nonelderly households from 20% to 15% of gross rent.	Biennial Budget, Part L	\$0	\$34,818,758	\$38,624,625	\$39,061,742	\$41,021,980
<b>Business Equipment Tax Reimbursement (BETR) Program</b>						
Sunsets the Business Equipment Tax Reimbursement (BETR) Program with respect to property taxes paid after 2012.	Biennial Budget, Part K			\$38,850,000	\$35,000,000	\$32,000,000
<b>Business Equipment Tax Exemption (BETE) Program</b>						
Qualifies business equipment that would have otherwise been eligible for the BETR program, except property located in retail sales facilities, for the Business Equipment Tax Exemption (BETE) program for property tax years beginning on or after April 1, 2014. Increases the municipal reimbursement rate under the BETE program to 60% for the property tax year beginning April 1, 2014 and 55% for the property tax year commencing April 1, 2015 before returning to the 50% reimbursement rate.	Biennial Budget, Part K			(\$27,096,000)	(\$22,023,000)	(\$16,033,000)