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STATE OF MAINE

ONE HUNDRED AND TWENTY-FOURTH LEGISLATURE

COMMITTEE ON STATE AND LOCAL GOVERNMENT

January 28, 2010

To: Senator Bill Diamond, Senate Chair
Representative Emily Cain, House Chair
Joint Standing Committee on Appropriations and Financial Affairs

From: Senator Deborah Simpson, Senate Chair DS (ATB)
Representative Stephen Beaudette, House Chair SB (ATB)
Joint Standing Committee on State and Local Government

Re: Recommendations to the Appropriations and Financial Affairs Committee for LD 1671

The State and Local Government Committee completed its deliberations on the supplemental budget, LD 1671.

Maine Rural Water Authority, Department of Audit, State Planning Office, Executive Department, and Part NN

On January 13, the 7 members of the Committee that were present voted unanimously to accept the proposals presented in the budget bill related to the Maine Rural Water Authority, the Department of Audit and the State Planning Office. We also voted to accept the language change in Part NN related to including FAME employees in the state employee group health plan. On January 27, the 8 members of the Committee that were present voted unanimously to accept all the budget proposals related to the Executive Department.

Department of Administrative and Financial Services

The 7 members of the Committee that were present to vote on the Department of Administrative and Financial Services budget were unanimous in accepting the budget proposals with the following concerns and requests for future consideration:

- We have been informed that there are additional conversations with the union currently taking place that may obviate the need for the additional 3 shutdown days proposed in the budget (Part GGG and related sections in Part A). We have learned that there is a proposal

- under discussion that would push back the pay cycle for half of the state employees for two days from June 29, 2010 into the following fiscal year and this would restore longevity pay in the second year of the biennial budget as well as avert the need for the three additional shutdown days in the budget. Consequently, we accept the savings that are presented in the budget proposal but we do not endorse the particular proposal presented because of these on-going discussions. We would like to remain part of this conversation and therefore, we request that our Committee is kept informed of progress on any new proposals or agreements with the union on this issue. We would also like to clearly state that we believe state employees have already contributed their fair share to the effort to balance the budget. The public is also adversely affected on shutdown days, with negative impacts on local businesses and the unavailability of services.
- The Committee would like to express its concern about delaying actuarial payments into the Retiree Health Insurance Trust Fund for the biennium (Refs. #9 and #14, Parts J and N). We believe that the long term implications are enormous for the state in meeting its constitutional obligations. Although we understand there is no intention to abandon the system completely, it will become more difficult to return to the existing system after putting actuarial payments on hold for two years.
- It is our understanding that the placeholder in the budget proposal for \$35 million from additional stimulus funding (Ref #11) is intended to be a conservative estimate. If funds are received over \$35 million, the Committee believes that it should be a priority for the Legislature to restore funding to nursing facilities across the state. Although budget proposals to cut funding to nursing facilities are beyond our purview, we feel very strongly that the use of additional stimulus funding should include mitigating the 10% reduction in rates paid to providers under MaineCare (Ref #807 of the Health and Human Services budget).
- The Committee believes it is possible for there to be additional savings in health insurance costs if the State Employee Health Commission more aggressively pursued wellness programs.
- The Committee did not vote on the initiative to reduce funding in the natural resource agencies to be realized from the working group established in Part DDD. We understand that the policy committees associated with Part DDD are opposed. We have also heard that it has been suggested that the target should be redistributed among those four agencies and include the Department of Environmental Protection and the State Planning Office. Given that the State Planning Office is under our purview, we request that our jurisdiction is respected if this suggestion is to be acted upon.

Office of the Treasurer

The 9 members of the Committee that were present voted unanimously to accept the proposals from the Office of the Treasurer including an amendment to Part HHH establishing a unified payment card work group. The amended language (attached) would add a representative of the Department of Administrative and Financial Services, Division of Purchases to the working group.

Office of the Secretary of State

The 8 members of the Committee that were present voted unanimously to accept that proposals from the Secretary of State with the following amendments:

- The initiative to provide funding for the June 2010 referendum election appropriates \$73,500 in 2009-10 (Ref. #1230). The Secretary of State's Office requires an additional \$80,000 to fully fund the election and the Committee voted to include this additional amount which would be transferred from the Compensation and Benefit Plan. The language is attached. The remaining \$20,000 will be come from reduced expenditures in the Office.
- The initiative requiring funding for the state match portion of Maine's 2009 Help America Vote grant (Ref. #1231) is no longer required. The Secretary of State has been advised by the U.S. Election Assistance Commission that it is permissible to use funds from the sale of voter lists as the state match for the purposes of securing federal HAVA grant funds. The balance in this account is \$27,000 which is sufficient to cover this cost.
- The Committee is unanimously opposed to the proposal to eliminate the requirement that a copy of legislation be included in citizen guides (Ref. #1233). The Committee believes that it is important to continue to print the legislation in the citizen guides.
- The initiative contained in Ref. #1232 requires a supporting language change that was unintentionally left out of the budget proposal. The language would read as follows:

21-A MRSA §606, first ¶, as amended by PL 2007, c. 455, §23, is further amended to read:

Within a reasonable time before any election, the Secretary of State shall furnish each municipality with official ballots and sample ballots, including a sufficient number to be used for testing electronic tabulating systems or other voting devices, if applicable, instruction posters, election return forms, ~~posters for constitutional resolutions and statewide referenda, including the Attorney General's explanatory statements prepared under Title 1, section 353,~~ materials setting forth the full text of all constitutional resolutions and statewide referenda and other materials necessary for conducting and reporting the results of the election.

PART HHH

Sec. HHH-1. Unified payment card work group established. The Treasurer of State shall convene a work group to review disbursement options related to a unified payment card for state expenditures in order to determine if increased cardholder convenience and further state budget savings can be achieved.

Sec. HHH-2. Participants. In convening the work group under section 1, the Treasurer of State shall include representatives from the Department of Administrative and Financial Services, Office of the State Controller, Division of Purchases, Bureau of Revenue Services and Office of Information Technology; the Department of Labor; the Department of Health and Human Services; the Department of Corrections; the Department of Education; and the Department of Professional and Financial Regulation. The Treasurer of State shall serve as chair of the work group and may accept resources as approved and provided by work group participants.

Sec. HHH-3. Duties. The work group under section 1 shall:

1. Review current payment card offerings;
2. Explore opportunities to expand payment card offerings;
3. Determine any cost savings and expenses associated with a unified payment card; and
4. Recommend actions and timelines, if appropriate.

Sec. HHH-4. Report. The work group under section 1 shall submit its report, including any recommended implementing legislation, to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs by January 15, 2011.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.



MATTHEW DUNLAP
SECRETARY OF STATE

STATE OF MAINE
OFFICE
OF THE
SECRETARY OF STATE

MEMORANDUM

To: Senator Simpson, Representative Beaudette, members of the Joint Standing Committee on State and Local Government

From: Matthew Dunlap, Secretary of State

Date: January 27, 2010

Subj: Information for Work Session on LD 1671 "An Act Making Supplemental Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2010 and June 30, 2011

For your review and consideration, I offer the following updated information on two Secretary of State supplemental budget initiatives.

Initiative Ref: 1230 on page SLG-16

At the work session on January 22, 2010, I submitted an amendment that would allow the Department to transfer funds at the end of the fiscal year to pay for the costs associated with the unfunded June 2010 referendum election. I respectfully request that the attached language be accepted in place of the original amendment. My office has been advised by the Office of Fiscal and Program Review that this language will meet the Department's financial needs and will not create a gap in the budget as there are currently funds available in the State Compensation and Benefit Plan to meet this objective.

This amendment also reduces the request for funding by \$20,000. The Department has reduced expenditures in the Election Program and in the general operating account within the Bureau of Corporation, Elections and Commissions and the Central Office.

Election Program savings:

- Federal HAVA money was used to update our training guides (election procedure guide and CVR user manual), allowing us to eliminate or reduce the content of some of the election instructional mailings (for example, instead of giving detail, we referred them to the updated guide chapter and pages).
- Mailing materials were produced in-house on our high-speed printers, rather than sending them to central print.
- Mailings were consolidated resulting in the use of fewer envelopes.

These efforts have allowed us to save on printing and postage costs.

General Operating savings:

- Eliminated savings bonds for winners of student programs
- Incorporated the use of the internet and email to reduce printing and postage costs with student programs, and solicited in-kind contributions and sought external grant funding where available.

Initiative Ref: 1231 on page SLG-17

The Secretary of State's request for funding in the amount of \$26,316 can be removed from the supplemental budget document.

We have been advised by the U.S. Election Assistance Commission that it is permissible to use funds from the sale of voter lists (called program income) as the state match for the purposes of securing Federal Help America Vote Act grant funds. There is a balance of about \$27,000 in the account of which \$26,316 will be used to secure \$500,000 in 2009 grant money.

LD 1671 - Proposed Amendment
Submitted by the Department of the Secretary of State

Add the following new Part to the bill:

Sec. x-1. Compensation and Benefit Plan; transfer; Administrative and Financial Services, General Fund. Notwithstanding any other provision of law, if Department of Secretary of State is unable to meet its authorized General Fund personal services costs in the Bureau of Administrative Services and Corporations program, the Secretary of State may request that the State Budget Office by financial order upon approval of the Governor transfer up to \$80,000, from the Compensation and Benefit Plan, General Fund account in the Department of Administrative and Financial Services to meet the authorized personal services obligations in this program for the fiscal year ending June 30, 2010.

Sec. x-2. Appropriations and Allocations. The following appropriations and allocations are made.

SECRETARY OF STATE, DEPARTMENT OF

Bureau of Administrative Services and Corporations 0692

Initiative: Provides funding for the June 2010 referendum election authorized by Public Law 2009, chapter 414, Part B, section 10, Part C, section 10 and Part D, section 10 and reduces Personal Services to fund the cost.

	2009-10	2010-11
GENERAL FUND		
Personal Services	(\$80,000)	\$0
All Other	\$80,000	\$0
GENERAL FUND TOTAL	\$0	\$0

SUMMARY

This amendment provides funding for the June 2010 referendum election by transferring \$80,000 from the Personal Services line category to the All Other line category to fund the Department of Secretary of State election costs. It also authorizes transfers up to \$80,000 by financial order from the Compensation and Benefit Plan, General Fund account in the Department of Administrative and Financial Services to the Bureau of Administrative Services and Corporations General Fund account to fund authorized personal services costs in fiscal year 2009-10.

Justification:

Based on an average cycle of \$44 million, the department estimates it can defer almost \$18 million of General Fund costs by paying the last cycle of fiscal year 2010-11 in fiscal year 2011-12.

Nursing Facilities 0148

Initiative: Reduces funding based on a 10% reduction to the rates paid to providers under all sections of MaineCare policy except hospital, physician, pharmacy and dental services.

Ref. #: 807

Committee Vote: _____

AFA Vote: _____

GENERAL FUND	2008-09	2009-10	2010-11
All Other	\$0	\$0	(\$6,647,068)
GENERAL FUND TOTAL	\$0	\$0	(\$6,647,068)

Ref. #: 808

Committee Vote: _____

AFA Vote: _____

FEDERAL EXPENDITURES FUND	2008-09	2009-10	2010-11
All Other	\$0	\$0	(\$16,491,888)
FEDERAL EXPENDITURES FUND TOTAL	\$0	\$0	(\$16,491,888)

Ref. #: 809

Committee Vote: _____

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2008-09	2009-10	2010-11
All Other	\$0	\$0	(\$1,315,864)
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$0	(\$1,315,864)

Ref. #: 810

Committee Vote: _____

AFA Vote: _____

FEDERAL EXPENDITURES FUND ARRA	2008-09	2009-10	2010-11
All Other	\$0	\$0	(\$1,273,555)
FEDERAL EXPENDITURES FUND ARRA TOTAL	\$0	\$0	(\$1,273,555)

Justification:

Analysis of paid claims for services in fiscal year 2007-08 showed that a 10% reduction to rates, adjusted for tax implications, would result in General Fund savings of approximately \$34,000,000. This analysis does not include payments to or for hospitals, physicians, dental services and pharmacy. The savings have been adjusted for current savings initiatives. The 10% rates does take into account current budget initiatives. Mental retardation waiver providers would have an additional 4% reduction as their budgets have already been reduced by 4%.

Nursing Facilities 0148