

**Summary of
2012-2013
Biennial Budget**

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

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**Summary of Governor's Proposed
2012-2013 Biennial Budget
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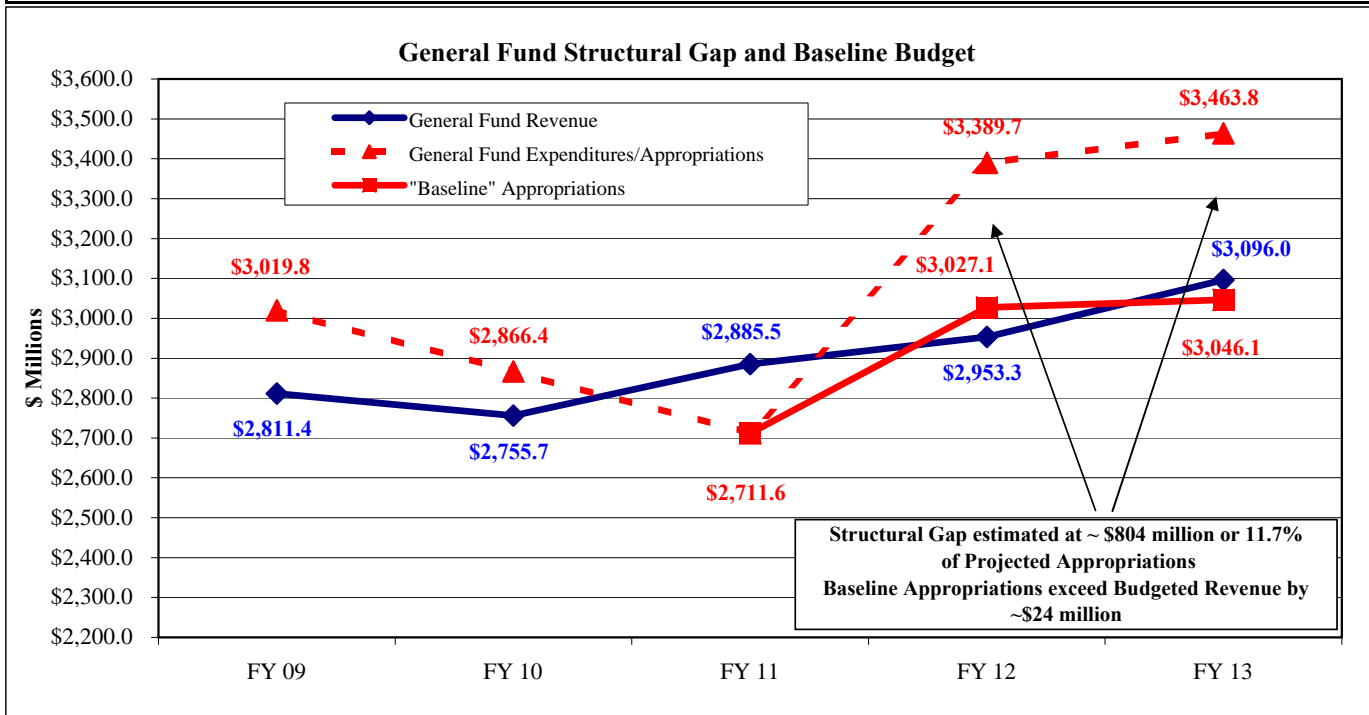
General Fund Structural Gap - Beginning 125th Legislature

The 2012-2013 biennium is the 3rd biennium that has used a new budget process and format. The traditional "Current Services" incremental approach to building a biennial budget was replaced with a new "Baseline Budget" approach and bill format recommended by the Commission to Reform the State Budget Process and adopted by the Legislature (see PL 2005, c. 601). This new "Baseline Budgeting" approach uses a modified flat-funded starting point that 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 11) funding. The FY 11 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.

Unlike previous biennia, 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 125th 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, 2010 as required by 5 MRSA §1665, sub-§7. Budgeted revenue has been updated based on the December 2010 revenue forecast. Budgeted revenue does not reflect the on-going effects of the Governor's emergency supplemental budget enacted as PL 2011, c. 1. The estimated structural gap for the 2012-2013 biennium, excluding the FY 11 ending balance, is approximately \$804.2 million or approximately 11.7% of projected "current services" appropriations.

Given the revenue pattern projected by the Revenue Forecasting Committee, baseline appropriations exceed available resources in FY 12, but are below available resources in FY 13. The net shortfall for the 2012-2013 biennium is \$23.9 million.

	Actual	Budgeted	Projections	
	FY 10	FY 11	FY 12	FY 13
General Fund Revenue	\$2,755,682,500	\$2,885,475,055	\$2,953,273,850	\$3,096,013,848
Annual % Change	-2.0%	4.7%	2.3%	4.8%
General Fund Expenditures/Appropriations	\$2,866,433,517	\$2,711,570,823	\$3,389,720,109	\$3,463,809,330
Annual % Change	-5.1%	-5.4%	25.0%	2.2%
Transfers and Adjustments to Balance	\$84,915,713	(\$56,007,211)	\$0	\$0
Ending Balances (Projected Annual Shortfalls)	\$349,154	\$118,246,175	(\$436,446,259)	(\$367,795,482)
	Actual End Balance	Budgeted End Balance	Does not reflect prior year balance	
General Fund Baseline Appropriations			\$3,027,086,219	\$3,046,057,503
Annual % Change			11.6%	0.6%
Amount Baseline Appropriations are Above/(Below) Baseline Revenue			(\$73,812,369)	\$49,956,345



GENERAL FUND STATUS - FUND BALANCE SUMMARY

Based on Governor's Budget Proposals ¹

	FY 11	FY 12	FY 13
<u>AVAILABLE FUNDS</u>			
Transfers/Adjustments to Balance:			
Through 124th Legislature	(\$56,007,211)	\$0	\$0
EFY11 Budget Bill (LD 100 - PL 2011, c. 1) ²	\$8,360,329	\$0	\$0
Governor's Proposed 2012-2013 Biennial Budget ²	\$0	\$53,850,000	(\$73,650,000)
Subtotal - Transfers/Adjustments to Balance	(\$47,646,882)	\$53,850,000	(\$73,650,000)
Undedicated Revenue:			
December 2010 Base Revenue Estimate	\$2,885,475,055	\$2,953,273,850	\$3,096,013,848
EFY11 Budget Bill (LD 100 - PL 2011, c. 1) ²	(\$1,500,344)	(\$7,924,538)	(\$32,351)
Governor's Proposed 2012-2013 Biennial Budget ²	\$0	\$65,905,366	\$43,060,514
Subtotal - Undedicated Revenue	\$2,883,974,711	\$3,011,254,678	\$3,139,042,011
TOTAL PROJECTED RESOURCES	\$2,836,327,829	\$3,065,104,678	\$3,065,392,011
<u>APPROPRIATIONS</u>			
Appropriations through 124th Leg. / 2012-2013 Baseline	\$2,711,570,823	\$3,027,086,219	\$3,046,057,503
EFY11 Budget Bill (LD 100 - PL 2011, c. 1) ²	\$124,976,833	\$0	\$0
Governor's Proposed Adjustments to Baseline Budget ²	\$0	\$37,457,439	\$18,785,042
TOTAL APPROPRIATIONS	\$2,836,547,656	\$3,064,543,658	\$3,064,842,545
NET CHANGE (Resources less Appropriations)	(\$219,827)	\$561,020	\$549,466
BEGINNING BALANCE ¹	\$349,154	\$129,327	\$690,347
NET CHANGE (FROM ABOVE)	(\$219,827)	\$561,020	\$549,466
ENDING BALANCE	\$129,327	\$690,347	\$1,239,813

Summary of Major Changes

See separate summary for the Emergency FY 11 Supplemental Budget (LD 100 as enacted as PL 2011, c. 1). 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:

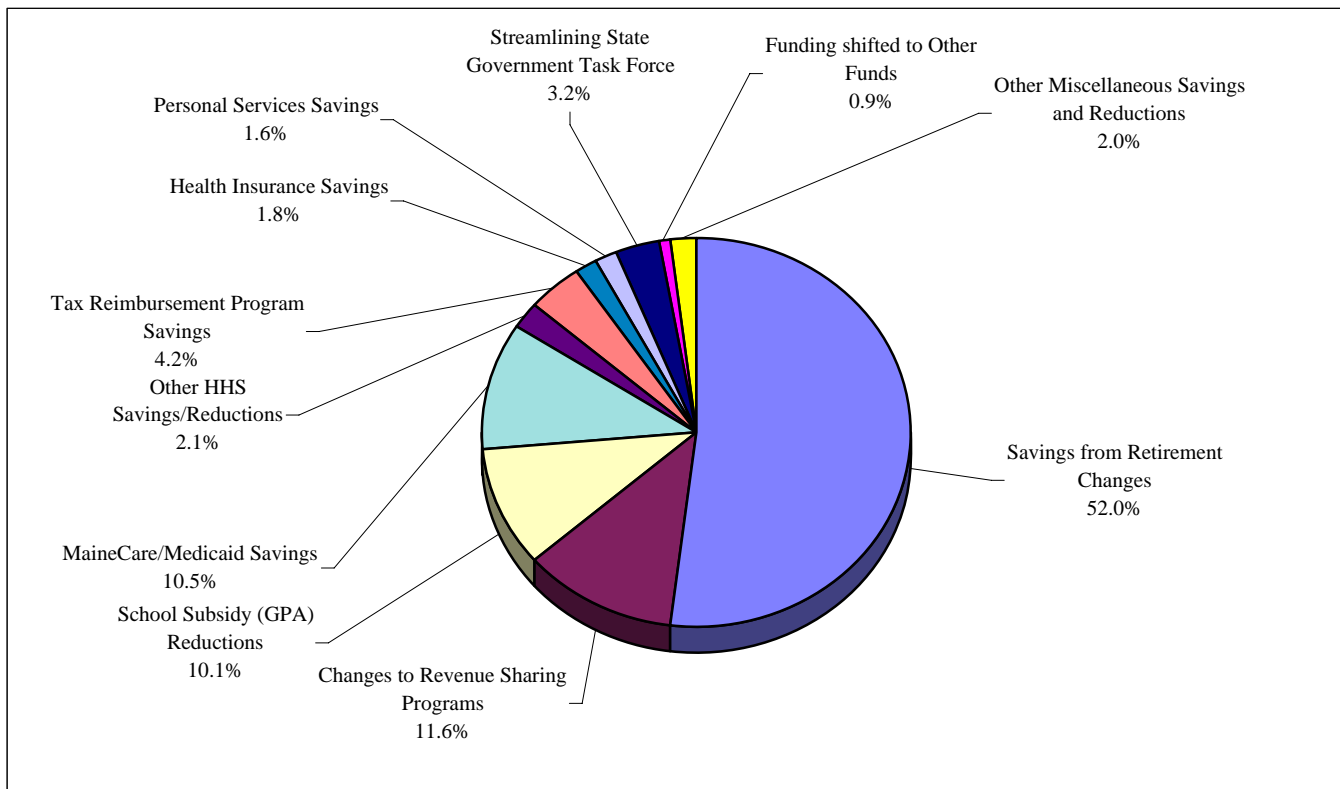
¹ Based on all legislative changes through the 124th Legislature, FY10 year-end adjustments, the December 2010 Revenue Forecast, the Emergency FY 11 Budget Bill (LD 100, PL 2011, c. 1) and the Governor's draft 2012-2013 Biennial Budget Bill (LR 2067).

² Revenue totals in this summary have been adjusted from the amounts in the fiscal notes of the Governor's Budget Bills to avoid double-counting, but otherwise reflect the estimates as provided by the Governor. Revenue changes included in the Emergency FY 11 Supplemental Budget, LD 100 as enacted as PL 2011, c. 1 reflect revised estimates based on the enacted law. 2012-2013 Biennial Budget estimates of revenue are based on the estimates provided by the Bureau of the Budget.

General Fund Adjustments - "Savings" Initiatives ¹

Initiatives Increasing General Fund Balance

	FY 12	FY 13	Biennium	% of Total
Savings from Retirement Changes	\$198.9	\$210.4	\$409.3	52.0%
Changes to Revenue Sharing Programs	\$41.9	\$49.3	\$91.2	11.6%
School Subsidy (GPA) Reductions	\$49.2	\$30.2	\$79.4	10.1%
MaineCare/Medicaid Savings	\$37.0	\$45.8	\$82.9	10.5%
Other HHS Savings/Reductions	\$8.4	\$8.3	\$16.7	2.1%
Tax Reimbursement Program Savings	\$16.4	\$16.3	\$32.7	4.2%
Health Insurance Savings	\$4.6	\$9.6	\$14.1	1.8%
Personal Services Savings	\$4.7	\$8.1	\$12.9	1.6%
Streamlining State Government Task Force	\$0.0	\$25.0	\$25.0	3.2%
Funding shifted to Other Funds	\$3.5	\$3.6	\$7.1	0.9%
Other Miscellaneous Savings and Reductions	\$7.2	\$8.5	\$15.8	2.0%
TOTAL ADJUSTMENTS INCREASING BALANCE	\$372.0	\$415.1	\$787.1	100.0%



Notes:

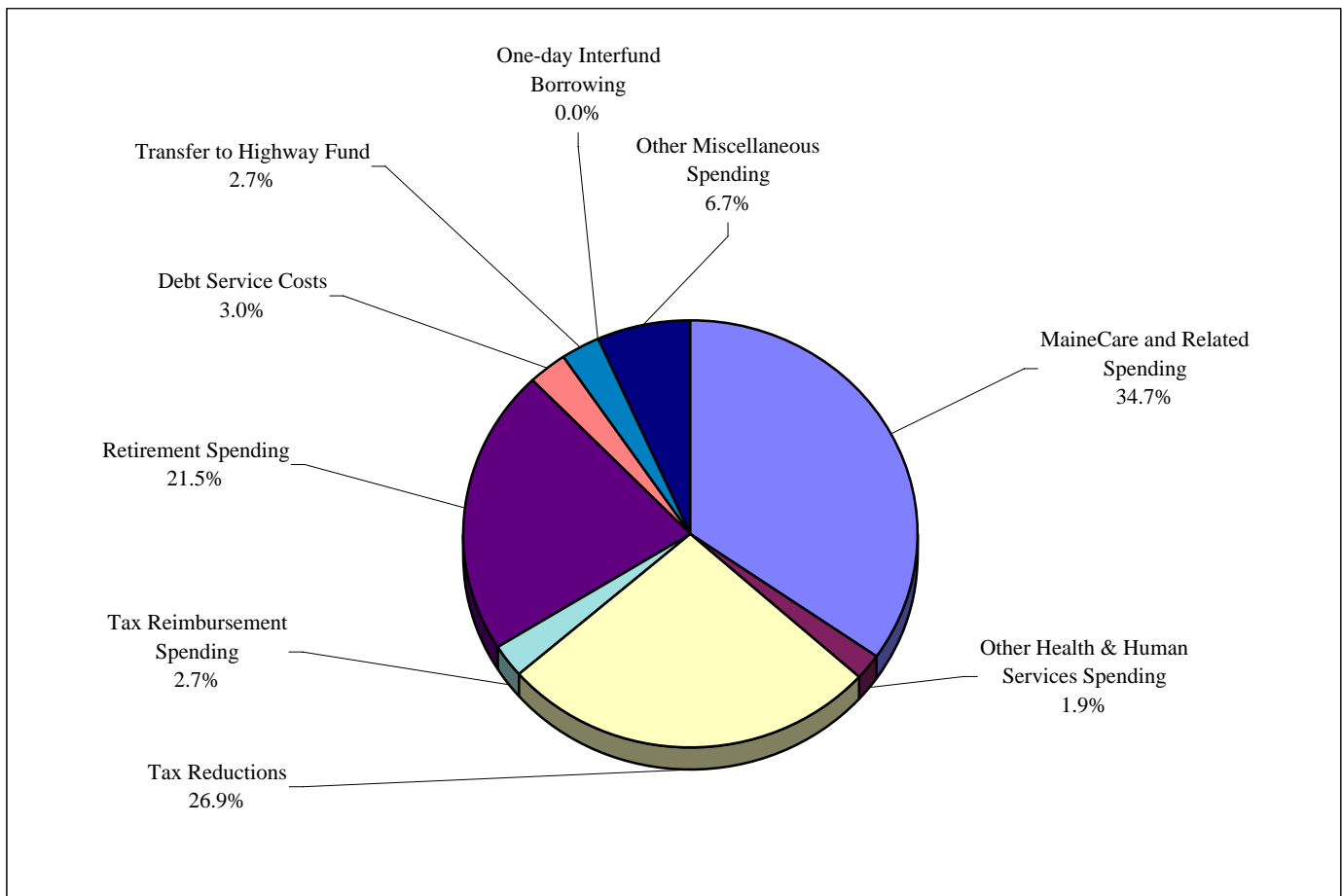
¹ "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

Amounts may not add due to rounding

General Fund Adjustments - "Spending" Initiatives ¹

Initiatives Decreasing General Fund Balance

	FY 12	FY 13	Biennium	% of Total
MaineCare and Related Spending	\$131.8	\$130.1	\$261.9	34.7%
Other Health & Human Services Spending	\$7.2	\$6.9	\$14.1	1.9%
Tax Reductions	\$86.0	\$117.1	\$203.1	26.9%
Tax Reimbursement Spending	\$10.1	\$10.1	\$20.2	2.7%
Retirement Spending	\$73.6	\$88.2	\$161.9	21.5%
Debt Service Costs	\$9.6	\$12.9	\$22.4	3.0%
Transfer to Highway Fund	\$0.0	\$20.0	\$20.0	2.7%
One-day Interfund Borrowing	(\$54.0)	\$54.0	\$0.0	0.0%
Other Miscellaneous Spending	\$25.3	\$25.2	\$50.6	6.7%
TOTAL ADJUSTMENTS DECREASING BALANCE	\$289.7	\$464.5	\$754.2	100.0%



Notes:

¹ "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 ¹

	FY 11	FY 12	FY 13
<u>AVAILABLE FUNDS</u>			
Transfers/Adjustments to Balance:			
Through 124th Legislature	(\$1,644,410)	\$0	\$0
Governor's Biennial Budget Proposals	\$0	(\$5,300,052)	\$14,580,549
Subtotal - Transfers/Adjustments to Balance	(\$1,644,410)	(\$5,300,052)	\$14,580,549
Highway Fund Revenue:			
December 2010 Base Revenue Estimate	\$307,728,807	\$315,026,156	\$320,369,844
Governor's Biennial Budget Proposals	\$0	\$0	(\$3,064,508)
Subtotal - Undedicated Revenue	\$307,728,807	\$315,026,156	\$317,305,336
TOTAL PROJECTED RESOURCES	\$306,084,397	\$309,726,104	\$331,885,885
<u>Highway Fund Allocations</u>			
Allocations through 124th Leg. / Proposed Baseline	\$305,225,002	\$296,661,470	\$302,982,834
Governor's Biennial Budget Proposals	(\$160,049)	\$13,863,054	\$28,794,597
Subtotal - Highway Fund Allocations	\$305,064,953	\$310,524,524	\$331,777,431
NET CHANGE (Resources less Allocations)	\$1,019,444	(\$798,420)	\$108,454
BEGINNING BALANCE	\$150,282	\$1,169,726	\$371,306
NET CHANGE (FROM ABOVE)	\$1,019,444	(\$798,420)	\$108,454
ENDING BALANCE	\$1,169,726	\$371,306	\$479,760

Major Changes Proposed in Governor's 2012-2013 Biennial Highway Fund Budget:

	Net Cost (Savings)	
	FY 12	FY 13
> Transfer from General Fund	\$0	(\$20,000,000)
> Savings from various retirement and retiree health insurance changes	(\$16,248,697)	(\$17,978,754)
> State employee salary-related and health insurance savings	(\$1,883,680)	(\$3,482,897)
> Additional funding for Urban-Rural Initiative Program	\$5,712,785	\$7,973,560
> Elimination of fuel tax indexing in FY 13	\$0	\$3,064,508
> Funding for Highway and Bridge Capital	\$18,038,143	\$31,918,939
> Funding for Highway and Bridge Light Capital	\$3,309,750	\$4,375,237
> Funding for debt services costs above baseline	\$1,300,744	\$353,950
> Transfer to Transcap Trust Fund based on State Police savings	\$5,300,052	\$5,419,451
> Miscellaneous other net adjustments to Baseline Budget	\$3,634,009	\$5,634,562

Notes:

¹ Based on all legislative changes through the 124th Legislature, the December 2010 Revenue Forecast, the Governor's proposed Emergency FY 11 Highway Fund Supplemental Budget Bill (LD 576) and the 2012-2013 Highway Fund Unified Biennial Budget Bill.

FUND FOR A HEALTHY MAINE (FHM) STATUS

Based on Governor's Budget Proposals and Emergency FY 11 Supplemental Budget (PL 2011, c. 1) ¹

	FY 11	FY 12	FY 13
<u>FHM RESOURCES:</u>			
Revenue:			
December 2010 Base Revenue Estimate	\$52,794,093	\$53,459,128	\$54,592,171
Governor's Budget Proposals ²	\$0	\$161,786	(\$937,144)
Subtotal - Revenue	\$52,794,093	\$53,620,914	\$53,655,027
Total FHM Resources	\$52,794,093	\$53,620,914	\$53,655,027
<u>FHM ALLOCATIONS AND OTHER USES:</u> ³			
<u>Transfers</u>			
Transfers through 124th Legislature	\$1,455,770	\$0	\$0
Subtotal - Transfers	\$1,455,770	\$0	\$0
<u>Allocations</u>			
Allocations through 124th Legislature / Proposed Baseline	\$59,243,528	\$58,928,332	\$58,997,258
Governor's Proposed Adjustments to Baseline Budget ²	\$0	(\$5,307,418)	(\$5,342,231)
Subtotal - Allocations	\$59,243,528	\$53,620,914	\$53,655,027
Total Allocations and Other Uses	\$60,699,298	\$53,620,914	\$53,655,027
Net Change (Resources minus Allocations and Other Uses)	(\$7,905,205)	\$0	\$0
BEGINNING BALANCE	\$4,421,147	(\$3,484,058)	(\$3,484,058)
NET CHANGE (FROM ABOVE)	(\$7,905,205)	\$0	\$0
ENDING BALANCE ⁴	(\$3,484,058)	(\$3,484,058)	(\$3,484,058)

Major Changes Proposed in Governor's 2012-2013 Biennial Budget: ²

	FY 12	FY 13
> Provides funding to reflect a redistribution of funding within the Fund for a Healthy Maine to the FHM-Medical Care, MaineCare seed program.	\$17,702,706	\$17,666,348
> Reduces funding to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$15,172,514)	(\$15,172,514)
> Reduces funding to reflect a redistribution of funding and the reduction of resources in the FHM - Drugs for the Elderly and Disabled program.	(\$7,434,230)	(\$7,434,230)
> Eliminates 10 positions and related All Other to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$821,532)	(\$849,742)
> Provides funding to reimburse those public schools that are providing breakfast for the cost of providing free breakfast to eligible students.	\$61,652	\$61,652
> Adjusts funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.	\$356,500	\$386,255

Notes:

¹ Based on all legislative changes through the 124th Legislature, the December 2010 Revenue Forecast, the Emergency FY 11 Supplemental Budget Bill as enacted as PL 2011, c. 1 and the Governor's proposed General Fund 2012-2013 Biennial Budget Bill (LR 2067).

² See separate OFPR document for an overview of the Emergency FY 11 Supplemental Budget, PL 2011, c. 1.

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

⁴ PL 2011, c. 1, Part G allows the State Controller to transfer up to \$3,500,000 in FY 11 from Other Special Revenue Funds to the Fund for a Healthy Maine to help meet obligations of the Fund for a Healthy Maine for FY 11 and requires the State Controller to transfer the funds advanced to the Fund for a Healthy Maine back to Other Special Revenue Funds as repayment with interest on July 1, 2011.

Governor's 2012-2013 Biennial Budget Proposals

Property Tax and Local Government Impacts

Department/Program	FY12 Funding Increase (Decrease) Millions of \$'s	FY13 Funding Increase (Decrease) Millions of \$'s
Administrative and Financial Services		
Maine Residents Property Tax		
> Prorated benefits to 80% for additional 2 program years	(\$10.976)	(\$11.309)
Business Equipment Tax Reimbursement		
> Prorated reimbursements at 90%	(\$5.155)	(\$4.268)
Tree Growth Tax Reimbursement		
> Reduced offsets in municipal education costs increased reimbursement requests	\$2.713	\$2.012
Elderly Tax Deferral Program		
> Number of participants is small and declining, reducing funding needs	(\$0.006)	(\$0.006)
Homestead Property Tax Exemption Reimbursement		
> Prior year adjusted municipal mill rates increases number of exemptions	\$7.422	\$8.042
Mandate BETE -- Reimburse Municipalities		
> Funding reduced to reflect lack of extraordinary municipal claims	(\$0.025)	(\$0.025)
Veterans' Organization Tax Reimbursement		
> Funding reduced because new reimbursement claims remain low	(\$0.293)	(\$0.293)
Veterans Tax Reimbursement		
> Funding reduced due to declining mill rates and fewer qualifying veterans	(\$0.020)	\$0.029
Corrections		
Department of Corrections		
> Provides funding for wastewater treatment charges by municipal sanitary districts	\$0.275	\$0.291
State Board of Corrections		
> Provides \$3,500,000 a year to support county jail costs	\$3.500	\$3.500
Education		
General Purpose Aid for Local Schools		
> Reduction from State Share at 55% to Baseline Appropriations	(\$119.393)	(\$136.706)
> Net Reduction below Baseline (see appendix A)	(\$54.876)	(\$35.937)
Health and Human Services		
General Assistance		
> Reduces funding by reducing the level of reimbursement to municipalities	(\$0.701)	(\$0.701)
Transportation		
Urban Rural Initiative Program		
> Adjusts funding at the correct proportioned rate based on Highway Fund allocations to the Department of Transportation	\$5.713	\$7.974
Treasurer of State		
Revenue Sharing		
> Shift of the revenue sharing programs from 5% of major taxes to a General Fund appropriation	(\$41.924)	(\$49.288)

**2012-2013 BUDGET
SUMMARY OF POSITION CHANGES**

<u>Fund</u>	<u>Total Authorized Positions - Prior to 125th Legislature</u>	<u>Baseline Budget Administrative Adjustments¹</u>	<u>Proposed Baseline Budget Changes²</u>	<u>Total Authorized Positions - Governor's Proposals</u>
General Fund	5,915.493	(11.465)	13.854	5,917.882
Highway Fund	2,326.919	(4.000)	(45.846)	2,277.073
Federal Expenditures Fund	1,604.273	(12.115)	(17.346)	1,574.812
Fund for a Healthy Maine	19.500	0.000	(10.000)	9.500
Other Special Revenue Fund	2,458.753	(4.156)	20.751	2,475.348
Federal Block Grant	124.500	0.000	0.000	124.500
Other Funds	1,295.815	(9.614)	(9.000)	1,277.201
Total Change of Authorized Positions	13,745.253	(41.350)	(47.587)	13,656.316

Notes:

¹ 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.

² Reflects the Governor's proposed position adjustments contained in the 2012-2013 Biennium Unified Budget Bill and the 2012-2013 Highway Fund Budget Bill.

APPENDIX A

GENERAL FUND APPROPRIATIONS BY MAJOR CATEGORIES

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Other Non-Personal Services Appropriations	A-9

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 11 appropriations prior to the start of the 125th Legislature and concluding with the actual net appropriations as proposed by the Governor in the General Fund Unified Biennial Budget Bill and the changes enacted in the Emergency FY 11 Supplemental Budget Bill, LD 100, PL 2011, c. 1. Additional detail and descriptions are available in the remainder of this Appendix.

General Fund Expenditures/Appropriations - Governor's Baseline Budget Recommendations				
	Expenditures	124th Legislature	Baseline Budget Recommendations	
Major Categories	FY 10	FY 11	FY 12	FY 13
General Purpose Aid for Local Schools	\$889,714,836	\$876,429,765	\$948,053,784	\$948,053,784
Medicaid/MaineCare	\$437,801,757	\$303,827,194	\$510,067,147	\$510,067,147
Higher Education	\$261,774,007	\$268,541,493	\$270,891,493	\$270,891,493
Teachers' Retirement	\$208,993,254	\$219,061,200	\$219,061,200	\$219,061,200
Debt Service	\$116,474,424	\$119,765,618	\$121,535,329	\$121,535,329
Personal Services	\$431,759,184	\$422,288,873	\$463,856,822	\$482,845,007
Other - Non-Personal Services	\$519,916,055	\$501,656,680	\$493,620,444	\$493,603,543
Total General Fund Appropriations	\$2,866,433,517	\$2,711,570,823	\$3,027,086,219	\$3,046,057,503
Annual % Change		-5.4%	11.6%	0.6%

General Fund Appropriations - Governor's Proposed Adjustments			
	PL 2011, c. 1	Governor's Recommended Changes	
Major Categories	FY 11	FY 12	FY 13
General Purpose Aid for Local Schools	(\$5,713,365)	(\$54,885,318)	(\$35,949,986)
Medicaid/MaineCare	\$142,271,104	\$93,318,486	\$82,643,549
Higher Education	(\$125,445)	\$100,000	\$225,445
Teachers' Retirement	\$0	\$73,130,163	\$87,704,257
Debt Service	(\$5,572,951)	\$7,747,184	\$7,818,756
Personal Services	(\$2,330,522)	(\$204,770,858)	(\$224,321,423)
Other - Non-Personal Services	(\$3,551,988)	\$122,817,782	\$100,664,444
Total General Fund Appropriations	\$124,976,833	\$37,457,439	\$18,785,042

General Fund Appropriations - After Adjustments and Governor's Net Recommendations				
	Expenditures	After PL 2011, c. 1	Governor's Net Recommendations	
Major Categories	FY 10	FY 11	FY 12	FY 13
General Purpose Aid for Local Schools	\$889,714,836	\$870,716,400	\$893,168,466	\$912,103,798
Medicaid/MaineCare	\$437,801,757	\$446,098,298	\$603,385,633	\$592,710,696
Higher Education	\$261,774,007	\$268,416,048	\$270,991,493	\$271,116,938
Teachers' Retirement	\$208,993,254	\$219,061,200	\$292,191,363	\$306,765,457
Debt Service	\$116,474,424	\$114,192,667	\$129,282,513	\$129,354,085
Personal Services	\$431,759,184	\$419,958,351	\$259,085,964	\$258,523,584
Other - Non-Personal Services	\$519,916,055	\$498,104,692	\$616,438,226	\$594,267,987
Total General Fund Appropriations	\$2,866,433,517	\$2,836,547,656	\$3,064,543,658	\$3,064,842,545
Annual % Change		-1.0%	8.0%	0.0%

General Purpose Aid for Local Schools

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$889,714,836	\$876,429,765	948,053,784	\$948,053,784
EFY11 Budget (LD 100, Public Law 2011, c. 1)		(\$5,713,365)		
Adjustments to Baseline Budget			(\$54,885,318)	(\$35,949,986)
Total Appropriations	\$889,714,836	\$870,716,400	\$893,168,466	\$912,103,798
Annual % Change		-2.1%	2.6%	2.1%

Biennial Baseline Budget

The Governor's Baseline Budget is increased upward to reflect approximately \$71.6 million in one-time savings in FY 11 to the General Purpose Aid for Local Schools program associated with the loss of federal ARRA funds (\$58.8 million) and other one-time reductions in FY 11.

EFY11 Budget (LD 100, Public Law 2011, c. 1)

Public Law 2011, c. 1, the Emergency FY 11 Supplemental Budget, deappropriated \$5.7 million from the General Purpose Aid for Local Schools program and transferred those funds to the Child Development Services System (CDS) in order to better reflect special education costs for state ward and state agency clients who receive services through the CDS program.

Adjustments to Baseline Budget

The Governor's proposed adjustments reduce baseline appropriations in the All Other line category for General Purpose Aid for Local Schools by approximately \$54.9 million in FY 12 and \$35.9 million in FY 13 and 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 12 to 46.19% of 97% of the total cost of Essential Programs and Services (EPS).

Other Comments/Adjustments

The amounts above exclude Personal Services appropriations of \$1,831,534 in fiscal 2011-12 and \$1,896,202 in fiscal year 2012-13, see below for total appropriations to General Purpose Aid for Local Schools.

Summary of General Purpose Aid for Local Schools by Line Category

	FY10	FY11	FY12	FY13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget				
Personal Services	\$1,673,854	\$1,653,222	\$1,821,943	\$1,883,386
All Other	\$889,714,836	\$876,429,765	948,053,784	948,053,784
Total General Purpose Aid for Local Schools	\$891,388,690	\$878,082,987	\$949,875,727	\$949,937,170
Adjustments to Baseline				
Personal Services		\$13,365	\$9,591	\$12,816
All Other		(\$5,713,365)	(\$54,885,318)	(\$35,949,986)
Total Appropriations				
Personal Services	\$1,673,854	\$1,666,587	\$1,831,534	\$1,896,202
All Other	\$889,714,836	\$870,716,400	\$893,168,466	\$912,103,798
Total General Purpose Aid for Local Schools	\$891,388,690	\$872,382,987	\$895,000,000	\$914,000,000

The Governor's budget proposals do not appropriate funding for General Purpose Aid for Local Schools in FY13 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 adjusted total cost of the components of essential programs and services set forth in 20-A MRSA §15671, sub-§7-B based on the reduced funding levels proposed for FY 13. The additional appropriations required to achieve the "55% state share" funding goal are \$175.1 million in FY 12 and \$174.5 million in FY 13. The FY 13 amount is the shortfall based on revised statutory requirements.

Medicaid/MaineCare ¹

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$437,801,757	\$303,827,194	\$510,067,147	\$510,067,147
EFY11 Budget (LD 100, Public Law 2011, c. 1)		\$142,271,104		
Adjustments to Baseline Budget			\$93,318,486	\$82,643,549
Total Appropriations	\$437,801,757	\$446,098,298	\$603,385,633	\$592,710,696
Annual % Change		1.9%	35.3%	-1.8%

Biennial Baseline Budget

The proposed Baseline Budget for the 2012-2013 biennium increases appropriations from FY 11 levels by \$206.2 million as a result of various net one-time spending/savings initiatives, primarily the expiration of the enhanced Federal Medical Assistance Percentage (FMAP) provided in the American Recovery and Reinvestment Act (ARRA) of 2009, which accounts for \$196.5 million of these adjustments. PL 2009, c. 213, Part ZZZZ required a reduction to the All Other funding Baseline Budget for the MaineCare seed programs of 2.5% per year based on the final FY 11 ongoing appropriations. The proposed Biennial Budget MaineCare Baseline Budget is \$15.7 million less per year than earlier estimates because of differences in assumptions regarding the one-time status of some FY 11 appropriations.

EFY 11 Budget (LD 100, Public Law 2011, c. 1)

The Emergency FY 11 Supplemental Budget provides appropriations of \$146.8 million for MaineCare programs, including: \$69.5 million to pay overdue hospital MaineCare settlement payments; \$32.4 million to offset the impact of the phase down of the American Recovery and Reinvestment Act (ARRA) of 2009 enhanced Federal Medicaid match rate; and \$39.4 million to offset additional costs attributed to increased MaineCare caseloads. These appropriations are partially offset by \$4.7 million in deappropriations, primarily \$2.8 million from MaineCare provider tax rejections.

Adjustments to Baseline Budget

The Governor's proposed adjustments to the Baseline Budget include additional MaineCare appropriations of \$131.1 million in FY 12 and \$129.3 million in FY 13. Partially offsetting these appropriations are proposed MaineCare deappropriations totaling \$37.8 million in FY 12 and \$46.7 million in FY 13.

Appropriation Increases (\$'s in millions):

FY 12 FY 13

\$74.4	\$71.3	Provides funding in the MaineCare (MAP) program to reflect enrollment growth and the conversion of payments to hospitals from a prospective interim payment methodology to payments based on diagnosis-related groupings and ambulatory patient classifications.
\$30.3	\$32.8	Provides funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.
\$18.0	\$18.0	Provides funding for the growth in other MaineCare-seed programs (Developmental Services, Children's Mental Health, and Substance Abuse).
\$6.9	\$5.7	Provides funding to offset the loss of supplemental rebates due to the federal Patient Protection and Affordable Care Act.
\$1.5	\$1.5	Other MaineCare spending initiatives.

Appropriation Decreases (\$'s in millions):

- (\$17.7) (\$17.7) Reduces funding that is available as the result of a redistribution of resources within the Fund for a Healthy Maine.
- (\$8.8) (\$8.8) Reduces funding by limiting benefits provided to legal noncitizens who have been in the United States for less than 5 years.
- (\$3.0) (\$6.0) Reduces funding by changing the disability determination cutoff from 45 days to 90 days.

Appropriation Decreases (continued):

- (\$2.6) (\$5.9) Reduces funding by freezing enrollment in the MaineCare program for parents of children whose family income levels exceed 133% of the federal poverty level.
- (\$1.6) (\$1.6) Reduces funding by imposing a 4% premium on family income for several department programs.
- \$0.0 (\$2.5) Reduces funding from savings to be achieved from the review of the future role and structure of the Dorothea Dix Psychiatric Center by the working group established in this Act.
- (\$2.8) (\$2.8) Adjusts funding in the various MaineCare accounts to reflect modifications to projections of MaineCare-dedicated tax revenues.
- (\$1.3) (\$1.4) Other MaineCare savings initiatives.

Summary of MaineCare Programs - Appropriations Baseline Budget

	FY10	FY 11	Baseline Budget	
	Expenditures	Appropriations	FY 12	FY 13
Medical Care - Payments to Providers 0147	\$263,752,480	\$149,020,905	\$279,781,173	\$279,781,173
Nursing Facilities 0148	\$32,126,771	\$42,072,304	\$69,509,265	\$69,509,265
Medicaid Services - Developmental Services 0705	\$17,384,610	\$5,240,293	\$15,224,135	\$15,224,135
Developmental Services Waiver - MaineCare 0987	\$57,740,520	\$57,990,262	\$78,644,569	\$78,644,569
Developmental Services Waiver - Supports Z006	\$5,186,869	\$4,702,896	\$4,768,976	\$4,768,976
Traumatic Brain Injury Seed (Z042)	\$0	\$95,302	\$111,160	\$111,160
Mental Health Services - Child Medicaid 0731	\$31,996,303	\$15,543,097	\$21,368,634	\$21,368,634
Mental Health Services - Community Medicaid 0732	\$23,773,089	\$24,119,925	\$35,242,859	\$35,242,859
Office of Substance Abuse - Medicaid Seed 0844	\$2,118,498	\$1,802,537	\$2,171,370	\$2,171,370
Disproportionate Share Hospitals (RPC and DDPC)	\$3,722,617	\$3,239,673	\$3,245,006	\$3,245,006
Subtotal	\$437,801,757	\$303,827,194	\$510,067,147	\$510,067,147
Annual % Change		-30.6%	67.9%	0.0%

Summary of MaineCare Programs - Adjustments - FY 11 through FY13

	PL 2011 c. 1	Proposed Adjustments	
	FY 11	FY 12	FY 13
Medical Care - Payments to Providers 0147	\$110,871,948	\$64,533,137	\$55,285,221
Nursing Facilities 0148	\$3,176,170	\$2,359,831	\$2,743,800
Medicaid Services - Developmental Services 0705	\$10,428,569	\$7,809,348	\$7,881,456
Developmental Services Waiver - MaineCare 0987	\$2,599,105	\$4,298,131	\$4,656,873
Developmental Services Waiver - Supports Z006	\$643,179	\$568,410	\$591,604
Traumatic Brain Injury Seed Z042	\$7,147	\$5,170	\$5,601
Mental Health Services - Child Medicaid 0731	\$11,652,791	\$11,483,231	\$11,566,177
Mental Health Services - Community Medicaid 0732	\$2,432,129	\$2,156,777	\$2,313,495
Office of Substance Abuse - Medicaid Seed 0844	\$460,066	\$450,899	\$463,669
Disproportionate Share Hospitals (RPC and DDPC) ¹	\$0	(\$346,448)	(\$2,864,347)
Subtotal	\$142,271,104	\$93,318,486	\$82,643,549

Summary of MaineCare Programs - Appropriations With Governor's 2012-2013 Budget Proposal

	FY10	FY 11	Proposed Budget	
	Expenditures	Appropriations	FY 12	FY 13
Medical Care - Payments to Providers 0147	\$263,752,480	\$259,892,853	\$344,314,310	\$335,066,394
Nursing Facilities 0148	\$32,126,771	\$45,248,474	\$71,869,096	\$72,253,065
Medicaid Services - Developmental Services 0705	\$17,384,610	\$15,668,862	\$23,033,483	\$23,105,591
Developmental Services Waiver - MaineCare 0987	\$57,740,520	\$60,589,367	\$82,942,700	\$83,301,442
Developmental Services Waiver - Supports Z006	\$5,186,869	\$5,346,075	\$5,337,386	\$5,360,580
Traumatic Brain Injury Seed (Z042)	\$0	\$102,449	\$116,330	\$116,761
Mental Health Services - Child Medicaid 0731	\$31,996,303	\$27,195,888	\$32,851,865	\$32,934,811
Mental Health Services - Community Medicaid 0732	\$23,773,089	\$26,552,054	\$37,399,636	\$37,556,354
Office of Substance Abuse - Medicaid Seed 0844	\$2,118,498	\$2,262,603	\$2,622,269	\$2,635,039
Disproportionate Share Hospitals (RPC and DDPC)	\$3,722,617	\$3,239,673	\$2,898,558	\$380,659
Total	\$437,801,757	\$446,098,298	\$603,385,633	\$592,710,696
Annual % Change		1.9%	35.3%	-1.8%

¹ Does not include Personal Services expenditures/appropriations that are included in the Personal Services summary.

Higher Education

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$261,774,007	\$268,541,493	\$270,891,493	\$270,891,493
EFY11 Budget (LD 100, Public Law 2011, c. 1)		(\$125,445)		
Adjustments to Baseline Budget			\$100,000	\$225,445
Total Appropriations	\$261,774,007	\$268,416,048	\$270,991,493	\$271,116,938
Annual % Change		2.5%	1.0%	0.0%

Biennial Baseline Budget

The Governor's Baseline Budget includes a \$2.35 million increase from FY 11 to adjust for one-time initiatives for the higher education programs. These include reductions to the University of Maine System, Maine Maritime Academy and the Maine Community College System (\$3.85 million) and one-time appropriation to the Doctors for Maine's Future Scholarship Fund within the Finance Authority of Maine (\$1.5 million). The Governor did not include adjustments to several one-time FY 11 deappropriations of approximately \$6.6 million associated with federal stimulus funds.

EFY11 Budget (LD 100, Public Law 2011, c. 1)

Public Law 2011, c. 1, the Governor's Emergency Supplemental Budget, reduced FY 11 appropriations to the Doctors for Maine's Future Scholarship Fund program within FAME by \$125,445 and included language that the funding be restored no later than June 30, 2013.

Adjustments to Baseline Budget

The Governor's proposed adjustments to the 2012-2013 Biennial Budget increase the baseline funding for Higher Education by \$100,000 in FY 12 and \$225,445 million in FY 13, which includes the restoration of the reduction made in the EFY11 Budget Bill. Total appropriations after adjustments are below "current services" estimates by \$9.9 million in FY 12 and \$15.7 million in FY 11. The table below details the funding for each of the state's higher education institutions.

Summary of Higher Education by Institution

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
University of Maine System				
Biennial Budget - Baseline Budget	\$188,356,626	\$193,695,388	\$196,615,506	\$196,615,506
Adjustments		\$0	\$0	\$0
Total Expenditures/Appropriations	\$188,356,626	\$193,695,388	\$196,615,506	\$196,615,506
Annual % Change		2.8%	1.5%	0.0%
Maine Community College System				
Biennial Budget - Baseline Budget	\$52,228,351	\$53,905,224	\$54,690,828	\$54,690,828
Adjustments		\$0	\$0	\$0
Total Expenditures/Appropriations	\$52,228,351	\$53,905,224	\$54,690,828	\$54,690,828
Annual % Change		3.2%	1.5%	0.0%
Maine Maritime Academy				
Biennial Budget - Baseline Budget	\$8,204,025	\$8,467,428	\$8,611,706	\$8,611,706
Adjustments		\$0	\$0	\$0
Total Expenditures/Appropriations	\$8,204,025	\$8,467,428	\$8,611,706	\$8,611,706
Annual % Change		3.2%	1.7%	0.0%
Other Higher Education Spending				
Biennial Budget - Baseline Budget	\$12,985,005	\$12,473,453	\$10,973,453	\$10,973,453
Adjustments		(\$125,445)	\$100,000	\$225,445
Total Expenditures/Appropriations	\$12,985,005	\$12,348,008	\$11,073,453	\$11,198,898
Annual % Change		-4.9%	-10.3%	1.1%

Teacher Retirement

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

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$208,993,254	\$219,061,200	\$219,061,200	\$219,061,200
EFY11 Budget (LD 100, Public Law 2011, c. 1)		\$0		
Adjustments to Baseline Budget			\$73,130,163	\$87,704,257
Total Appropriations	\$208,993,254	\$219,061,200	\$292,191,363	\$306,765,457
Annual % Change		4.8%	33.4%	5.0%

Biennial Baseline Budget

The Governor's Baseline Budget maintains baseline General Fund appropriations for FY 12 and FY 13 for the Teacher Retirement, Retired Teachers' Health Insurance and Retired Teachers' Group Health Insurance programs at FY 11 levels with no adjustments for any one-time initiatives. Baseline appropriations are below "current services" estimates of appropriations for these programs by \$72.5 million in FY 12 and \$86.5 million in FY 13.

EFY11 Budget (LD 100, Public Law 2011, c. 1)

Public Law 2011, c. 1, the Governor's Emergency FY 11 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 to increase total General Fund appropriations for Teacher Retirement by 33.4%, or \$73.1 million, in FY 12 and an additional 5.0%, or \$87.7 million, in FY 13. 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 for the normal cost and unfunded actuarial costs for teacher retirement are based upon current law and the Maine Public Employees Retirement System's June 30, 2010 "roll forward" valuation results for the State Employee and Teacher Retirement Program presented and accepted by the MainePERS Board of Trustees on July 8, 2010. The 2012-2013 budget also increases funding for health insurance costs for retired teachers assuming growth of 8.0% per year and proposes to increase funding for group life insurance for retired teachers by \$0.4 million in FY12 and \$0.6 million in FY13.

The appropriations after adjustments to the baseline budget for teacher retirement costs are above OFPR's "current services" estimates by \$0.6 million in FY 12 and \$1.2 million in FY 13.

The adjustments to the baseline budget do not reflect the savings associated with the initiatives in the Governor's proposals that make changes to both pension and retiree health insurance benefits for teachers. Instead, these savings are reflected as statewide deappropriations to the Personal Services line category in the Departments and Agencies - Statewide program within the Department of Administrative and Financial Services and combined with related initiatives that affect state employees.

Summary of Teacher Retirement by Program

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Teacher Retirement				
Biennial Budget - Baseline Budget	\$187,807,696	\$196,728,565	\$196,728,565	\$196,728,565
Adjustments		\$0	\$71,119,535	\$83,842,320
Total Expenditures/Appropriations	\$187,807,696	\$196,728,565	\$267,848,100	\$280,570,885
Annual % Change		4.8%	36.2%	4.8%
Retired Teachers' Health Insurance				
Biennial Budget - Baseline Budget	\$18,768,421	\$19,800,684	\$19,800,684	\$19,800,684
Adjustments		\$0	\$1,584,055	\$3,294,834
Total Expenditures/Appropriations	\$18,768,421	\$19,800,684	\$21,384,739	\$23,095,518
Annual % Change		5.5%	8.0%	8.0%
Retired Teachers' Group Life Insurance				
Biennial Budget - Baseline Budget	\$2,417,137	\$2,531,951	\$2,531,951	\$2,531,951
Adjustments		\$0	\$426,573	\$567,103
Total Expenditures/Appropriations	\$2,417,137	\$2,531,951	\$2,958,524	\$3,099,054
Annual % Change		4.7%	16.8%	4.8%

Debt Service

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$116,474,424	\$119,765,618	\$121,535,329	\$121,535,329
EFY11 Budget (LD 100, Public Law 2011, c. 1)		(\$5,572,951)		
Adjustments to Baseline Budget			\$7,747,184	\$7,818,756
Total Appropriations	\$116,474,424	\$114,192,667	\$129,282,513	\$129,354,085
Annual % Change		-2.0%	13.2%	0.1%

Biennial Baseline Budget

Baseline Budget appropriations for debt service are increased to offset some one-time savings recognized in FY 11 from Maine Governmental Facilities Authority debt service costs that totaled \$868,711. The Treasurer's debt service appropriations are increased by \$901,000, the amount of earnings from on cash balances in bond accounts assumed to be available in FY 11 to offset General Fund appropriations for debt service.

EFY11 Budget (LD 100, Public Law 2011, c. 1)

Public Law 2011, c. 1, the Emergency Supplemental Budget (LD 100) deappropriated \$5,422,951 for reduced interest costs in FY 11 in the State Treasury from eliminating the Tax Anticipation Note and reducing Bond Anticipation Note borrowing. Maine Governmental Facilities Authority debt service was also reduced in FY 11 by \$150,000.

Adjustments to Baseline Budget

The debt service program within the Office of the Treasurer of State is increased by \$9,202,184 in FY 12 and by \$8,822,992 in FY 13 based on the expectation of new issues. Debt service in the Maine Governmental Facilities Authority is reduced in FY 12 by \$1,455,000 and by \$2,078,000 in FY 13 for refinancing efforts made in FY 11. It also includes an additional \$1,073,764 in FY 13 for the additional debt service costs for the Augusta and Machias courthouse projects.

Summary of Debt Service by Program

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Debt Service - Governmental Facilities Authority 0893				
Biennial Budget - Baseline Budget	\$19,177,483	\$19,094,010	\$19,745,063	\$19,745,063
Adjustments		(\$150,000)	(\$1,455,000)	(\$2,078,000)
Total Expenditures/Appropriations	\$19,177,483	\$18,944,010	\$18,290,063	\$17,667,063
Annual % Change		-1.2%	-3.5%	-3.4%
Judicial - Debt Service Z097				
Biennial Budget - Baseline Budget	\$6,721,155	\$6,843,788	\$7,061,446	\$7,061,446
Adjustments		\$0	\$0	\$1,073,764
Total Expenditures/Appropriations	\$6,721,155	\$6,843,788	\$7,061,446	\$8,135,210
Annual % Change		1.8%	3.2%	15.2%
Debt Service - Treasury 0021				
Biennial Budget - Baseline Budget	\$90,575,786	\$93,827,820	\$94,728,820	\$94,728,820
Adjustments		(\$5,422,951)	\$9,202,184	\$8,822,992
Total Expenditures/Appropriations	\$90,575,786	\$88,404,869	\$103,931,004	\$103,551,812
Annual % Change		-2.4%	17.6%	-0.4%

Personal Services

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$431,759,184	\$422,288,873	\$463,856,822	\$482,845,007
EFY11 Budget (LD 100, Public Law 2011, c. 1)		(\$2,330,522)		
Adjustments to Baseline Budget			(\$204,770,858)	(\$224,321,423)
Total Appropriations	\$431,759,184	\$419,958,351	\$259,085,964	\$258,523,584
Annual % Change		-2.7%	-38.3%	-0.2%

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 2010-2011 biennium, such as shutdown days, and other retirement and health insurance cost increases at currently approved levels. These Personal Services amounts initially increase by more than \$41.5 million (roughly 10%) from FY 11 to FY 12 and then again by roughly 4% in FY 13, but these amounts are significantly less than the earlier projections by the Office of Fiscal and Program Review (OFPR). Some of the difference can be attributed to the treatment of the attrition factor in the Baseline Budget, which was calculated at 5% by the Governor, instead of the 1.6% on-going reduction assumed by OFPR. OFPR expected much more significant increases, particularly growth in retirement contribution rates and retiree health insurance contribution rates. OFPR is still in the process of analyzing Personal Services detail to determine the variance between earlier estimates and the actual Baseline Appropriations for Personal Services.

EFY11 Budget (LD 100, Public Law 2011, c. 1)

Public Law 2011, c. 1, the Governor's Emergency Supplemental Budget, reduced personal services costs by \$2.3 million in FY 11 primarily by managing vacant positions.

Adjustments to Baseline Budget

The Governor's proposed adjustments to the Baseline Budget reduce Personal Services by 44.1%, or approximately \$204.8 million in FY 12 and 46.5%, or \$224.3 million in FY 13. The primary statewide initiatives proposed by the Governor to achieve these savings include:

	FY 12	FY 13
Major Statewide Personal Services Savings Initiatives:		
> Changes to future pension obligations *	(\$190,781,442)	(\$199,922,971)
> Changes to future retiree health obligations	(\$3,119,739)	(\$4,949,167)
> Savings from retirement incentive	(\$5,000,000)	(\$5,500,000)
> Maintaining health insurance costs at FY11 levels	(\$4,591,812)	(\$9,552,949)
> Eliminating merit increases in FY12 and FY13	(\$3,101,710)	(\$6,333,361)
> Eliminating longevity payments in FY12 and FY13	(\$1,524,845)	(\$1,660,653)
Total	(\$208,119,548)	(\$227,919,101)
Other Miscellaneous Net Adjustments to Personal Services	(\$3,348,690)	(\$3,597,678)

* The adjustments to the Baseline Budget reflect the savings associated with the initiatives in the Governor's Budget proposal that make changes to both pension and retiree health insurance benefits for teachers. The portion for the teachers should be distributed to the Teacher Retirement program within the Department of Education as an All Other line category reduction.

"Other" Non-Personal Services Appropriations

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$519,916,055	\$501,656,680	\$493,620,444	\$493,603,543
EFY11 Budget (LD 100, Public Law 2011, c. 1)		(\$3,551,988)		
Adjustments to Baseline Budget			\$122,817,782	\$100,664,444
Total Appropriations	\$519,916,055	\$498,104,692	\$616,438,226	\$594,267,987
Annual % Change		-4.2%	23.8%	-3.6%

Biennial Baseline Budget

The Baseline Budget is increased by \$8,036,236 from FY 11. The major one-time adjustments include appropriations totaling \$14,000,000 for the Railroad Assistance Program, \$7,000,000 of these appropriations represented an unintended duplicate appropriation from FY 10 year-end General Fund surplus.

EFY11 Budget (LD 100, Public Law 2011, c. 1)

Total appropriations for this category were reduced by a net amount of \$3,551,988 in the Emergency FY 11 Budget Bill, PL 2011, c. 1. Some of the most significant adjustments included a \$7,000,000 deappropriation to eliminate the duplicate appropriation to the Railroad Assistance Program and a \$4,000,000 deappropriation to the IV-E Foster Care/Adoption Assistance program in DHHS based on available balance carried forward. This bill also included appropriations of \$7,700,000 for Child Development Services (\$5,700,000 offset by a deappropriation in General Purpose Aid for Local Schools), \$934,864 for Disaster Assistance and \$1,877,710 for the Riverview Psychiatric Center.

Adjustments to Baseline Budget

Major adjustments to Baseline Budget are presented below:

	FY12	FY 13
ALL DEPARTMENTS STATEWIDE		
Departments and Agencies - Statewide 0016 (Streamlining Task Force)		
Savings booked from the results of the task force effort to streamline state government.	\$0	(\$25,000,000)
Departments and Agencies - Statewide 0016 (Procurement Savings)		
Savings booked from the efforts to improve procurement methods.	(\$2,000,000)	(\$2,000,000)
Statewide Capital Expenditures Z125		
Provides funding for statewide capital expenditures.	\$3,000,000	\$3,000,000
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES		
Information Services 0155		
Additional cost of technology expenditures that are necessary to provide ongoing state central services to departments and agencies statewide.	\$3,757,446	\$3,834,341
Tree Growth Tax Reimbursement 0261		
Additional funding for tree growth tax reimbursement.	\$2,712,500	\$2,011,500
Homestead Property Tax Exemption Reimbursement 0886		
Funding for anticipated level of reimbursements.	\$7,442,407	\$8,042,407
CORRECTIONS, DEPARTMENT OF		
Several Programs		
Various net costs increases including food, fuel, and risk insurance.	\$1,349,368	\$1,381,965
CORRECTIONS, STATE BOARD OF		
State Board of Corrections Z087		
Provides funding to support county jail costs.	\$3,500,000	\$3,500,000
DEPARTMENT OF EDUCATION		
Child Development Services 0449		
Provides funding for services to children from birth to 5 years of age as a result of MaineCare rule changes effective September 1, 2010.	\$4,000,000	\$4,000,000
Child Development Services 0449		
Transfers funds from General Purpose Aid for Local Schools.	\$5,700,000	\$5,700,000

HEALTH AND HUMAN SERVICES (formerly BDS)

Mental Health Services - Community 0121

Provides funding for mental health services for individuals not eligible for MaineCare and for housing services in order to conform with the consent decree. \$5,659,250 \$5,659,250

HEALTH AND HUMAN SERVICES (formerly DHS)

Bureau of Medical Services 0129

Provides funding for the implementation and operation of new standards that regulate the electronic transmission of specific health care transactions and for the implementation and operation of health information technology incentive payments. \$918,764 \$510,576

IV-E Foster Care/Adoption Assistance 0137

Adjusts funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage. \$514,928 \$558,082

Reduces funding based on prior year expenditure trends. (\$1,500,000) (\$1,500,000)

Temporary Assistance for Needy Families 0138

Reduces funding by limiting benefits provided to legal noncitizens who have been in the United States for less than 5 years. (\$157,320) (\$157,320)

Reduces funding for Temporary Assistance for Needy Families assistance for individuals convicted of drug-related felonies. (\$50,000) (\$50,000)

Reduces funding by implementing a full-family sanction for violation of program rules. (\$1,250,000) (\$2,500,000)

Reduces funding by implementing a strict 5-year time limit for recipients of assistance under the Temporary Assistance for Needy Families program. (\$1,250,000) \$0

General Assistance - Reimbursement to Cities and Towns 0130

Reduces funding by reducing the level of reimbursement to municipalities. (\$701,250) (\$701,250)

State Supplement to Federal Supplemental Security Income 0131

Reduces funding no longer required to meet expenditure requirements of the 2012-2013 biennium. (\$700,000) (\$480,000)

Reduces funding by limiting benefits provided to legal noncitizens who have been in the United States for less than 5 years. (\$367,900) (\$367,900)

Long Term Care - Human Services 0420

Reduces funding by imposing a 4% premium on family income for several department programs. (\$745,000) (\$745,000)

Low-cost Drugs To Maine's Elderly 0202

Provides funding to the Medical Care - Payments to Providers program for Medicare Part B payments, which is offset by reducing funding for the Low-cost Drugs To Maine's Elderly program. (\$500,000) (\$500,000)

Food Supplement Administration Z019

Reduces funding by limiting benefits provided to legal noncitizens who have been in the United States for less than 5 years. (\$420,000) (\$420,000)

PUBLIC SAFETY

State Police 0291

Various net costs increases including rents, vehicles, fuel, central communication and risk insurance. \$1,050,041 \$1,077,244

RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES

Retirement System - Retirement Allowance Fund 0085

Provides funding for additional costs of retirement benefits to retired Governors and pre-1984 retired judges and their surviving spouses. \$495,636 \$543,440

TREASURER OF STATE

Revenue Sharing Programs and Administration

Funding for distributions to municipalities for Revenue Sharing I and Revenue Sharing II (Disproportionate Tax Burden Fund) as well as the mailing and administrative costs associated with these program previously funded by General Fund revenue transfers. \$94,009,000 \$94,009,000

Miscellaneous Other Net Changes

(\$1,650,088) \$1,258,109

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Description of Tax or Fee Change	Law/Bill Reference	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Individual Income Tax						
> Updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986 as amended through December 31, 2010, for tax years beginning on or after January 1, 2010 and for any prior tax years as specifically provided by the United States Internal Revenue Code of 1986.	EFY11 Budget PL 2011, c. 1 Part P	(\$4,755,698)	(\$8,341,619)	(\$34,054)	\$8,093,036	\$7,426,942
> For tax years beginning on or after January 1, 2012: conform the Maine standard deduction amounts to the federal amounts; conform the Maine personal exemption amount to the federal amount; repeal the exclusion of mortgage insurance premiums from Maine itemized deductions; eliminate the Maine alternative minimum tax on individuals; repeal the lump-sum retirement plan distribution tax and the early distribution from retirement plan tax; and reduce the top individual income tax rate from 8.5% to 7.95% for tax years beginning on or after January 1, 2013.	Biennial Budget Part N	\$0	(\$32,908,000)	(\$102,742,000)	(\$135,585,000)	(\$141,564,000)
> Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed.	Biennial Budget Part K	\$0	(\$112,500)	(\$150,000)	(\$150,000)	(\$150,000)
> Repeals the addition modifications related to federal bonus depreciation.	Biennial Budget Part O	\$0	(\$11,347,606)	(\$3,008,066)	\$1,483,384	\$1,574,227
> Repeals increased section 179 thresholds for tax years beginning on or after January 1, 2011.	Biennial Budget Part O	\$0	(\$6,061,440)	(\$1,739,372)	\$1,433,675	\$1,212,206
Corporate Income Tax						
> Repeals the addition modifications related to federal bonus depreciation.	Biennial Budget Part O	\$0	(\$34,042,819)	(\$9,024,199)	\$4,450,152	\$4,722,681
> Repeals increased section 179 thresholds for tax years beginning on or after January 1, 2011.	Biennial Budget Part O	\$0	(\$1,515,360)	(\$434,843)	\$358,419	\$303,052
Estate Tax						
> Raises the Maine estate tax exclusion amount from \$1,000,000 to \$2,000,000 beginning with estates of decedents dying on or after January 1, 2013.	Biennial Budget Part M	\$0	\$0	\$0	(\$15,400,648)	(\$17,004,281)
Fuel Taxes						
> Reduction in revenue from eliminating indexing of the fuel taxes effective January 1, 2012.	Biennial Budget Part R	\$0	\$0	(\$3,380,000)	(\$9,250,000)	(\$16,510,000)
Dirigo Health - Access Payments						
> Reduces the access payments made to support the cost of the Dirigo Health Agency from 2.14% to 1.75% on July 1, 2011, to 1.25% on July 1, 2012, to 0.75% on July 1, 2013 and eliminates the access payment effective January 1, 2014.	Biennial Budget Part BBB	\$0	(\$7,938,056)	(\$18,739,177)	(\$37,162,525)	(\$45,058,246)
Total Impact of Tax and Fee Changes		(\$4,755,698)	(\$102,267,400)	(\$142,631,711)	(\$190,979,507)	(\$221,557,419)
Items affecting local property tax incidence, but not included in State and Local Tax Burden calculations:						
Maine Residents Property Tax Program (Circuitbreaker or Tax and Rent Refund program)						
> Amends the Circuitbreaker program to limit the amount of the benefit to 80% of the amount in 2012 and 2013.	Biennial Budget Part P	\$0	\$10,976,000	\$11,309,200	\$0	\$0
Business Equipment Tax Reimbursement (BETR) Program						
> Amends the Business Equipment Tax Reimbursement program to decrease the reimbursement percentage for business equipment reimbursement to 90% of the benefit for the 2012-2013 biennium.	Biennial Budget Part Q	\$0	\$5,155,300	\$4,628,258	\$0	\$0

Appendix C - Analysis of General Fund Appropriation Growth

General Fund Appropriations without Adjustments

	FY10	FY11	FY12	FY13
Appropriations (124th Final / 125th Baseline)	\$2,849,227,923	\$2,711,570,823	\$3,027,086,219	\$3,046,057,503
125th Legislature Adjustments *		\$124,976,833	\$37,457,439	\$18,785,042
Final Appropriations	\$2,849,227,923	\$2,836,547,656	\$3,064,543,658	\$3,064,842,545
Annual Growth Rate		-0.4%	8.0%	0.0%
Biennial Totals	\$5,685,775,579		\$6,129,386,203	
Biennial Growth Rate			7.8%	

General Fund Appropriations Adjusting for One-time Federal Stimulus Savings and Revenue Sharing

Equalizing Adjustments:	FY10	FY11	FY12	FY13
Deappropriations related to one-time Federal Stimulus **	\$197,942,023	\$182,853,726	\$0	\$0
125th Legislature's FMAP Appropriation Adjustment **	\$0	(\$32,431,379)	\$0	\$0
Revenue Sharing Transfers (Budgeted) ***	\$95,899,642	\$93,088,096	\$0	\$0
125th Legislature Budgeted Revenue Sharing Adjustments *	\$0	(\$3,112,854)	\$0	\$0
Final Adjusted Appropriations	\$3,143,069,588	\$3,076,945,245	\$3,064,543,658	\$3,064,842,545
Annual Growth Rate		-2.1%	-0.4%	0.0%
Biennial Totals	\$6,220,014,833		\$6,129,386,203	
Biennial Growth Rate			-1.5%	

* Reflects changes enacted in the Emergency FY 11 Supplemental Budget (PL 2011, c. 1) and the Governor's Biennial Budget Document

** Additional detail on Federal Stimulus Savings on next page

*** Adds back the budgeted revenue transfers to the Local Government Fund for State-Municipal Revenue Sharing included as appropriations beginning in the 2012-2013 biennium based on the Governor's Biennial Budget proposals.

American Recovery and Reinvestment Act of 2009 (ARRA)
One-time General Fund Savings from Federal Stimulus/ARRA Funds

	FY 09	FY 10	FY 11
State Fiscal Stabilization Funds			
Department of Education			
General Purpose Aid for Local Schools	\$27,046,649	\$42,996,116	\$58,759,112
Higher Educational Institutions			
Maine Maritime Academy	\$586,323	\$414,964	\$414,964
Maine Community College System	\$4,129,530	\$1,791,041	\$1,791,041
University of Maine System	\$8,407,434	\$5,956,578	\$5,956,578
Other			
MaineCare	\$22,240,700	\$9,794,031	\$0
Deappropriations - State Fiscal Stabilization Funds	\$62,410,636	\$60,952,730	\$66,921,695
Federal Medical Assistance Percentage (FMAP) Increase			
Deappropriations (124th Leg. Biennial Budget)	\$124,971,221	\$189,264,048	\$95,555,272
Deappropriations from FHM Savings (124th Leg. Biennial Budget)	\$1,560,738	\$2,627,063	\$1,328,360
Deappropriations (124th Leg. Supplemental)	\$0	\$6,050,912	\$85,970,094
Appropriations (125th Leg. Emergency FY11 Supplemental)	\$0	\$0	(\$32,431,379)
Total FMAP Net Deappropriations	\$126,531,959	\$197,942,023	\$150,422,347
Total Deappropriations from Federal Stimulus	\$188,942,595	\$258,894,753	\$217,344,042