

**Summary of  
2008-2009  
Biennial Budget  
LD 499 as amended  
by Committee Amendment “A”**

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

**June 4, 2007**

**Summary of  
2008-2009 Biennial Budget  
LD 499 as amended by Appropriations Committee  
Table of Contents**

	<b>Page</b>
<b>General Fund Structural Gap - Beginning 123rd Legislature</b>	<b>1</b>
<b>General Fund Status - Fund Balance Summary</b>	<b>2</b>
<b>General Fund Adjustments - "Savings" Initiatives</b>	<b>3</b>
<b>General Fund Adjustments - "Spending" Initiatives</b>	<b>4</b>
<b>Fund for a Healthy Maine Status - Fund Balance Summary and Major Proposals</b>	<b>5</b>
<b>Summary of Position Changes</b>	<b>6</b>

**Appendices**

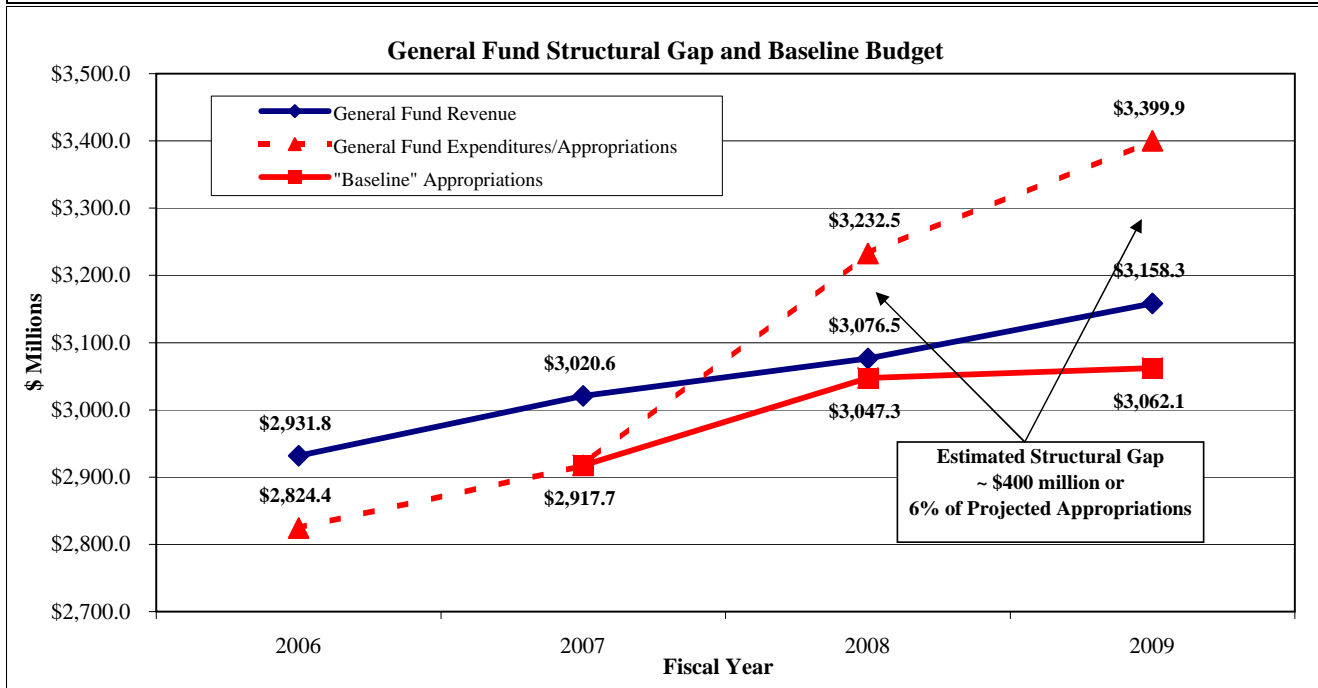
- Appendix A - Appropriation Limitation Analysis**
- Appendix B - General Fund Appropriations by Major Categories**
- Appendix C - Tax and Fee Changes**
- Appendix D - Information Technology - Summary of Initiatives**
- Appendix E - Corrections - General Fund Funding**

## General Fund Structural Gap - Beginning 123rd Legislature

The 2008-2009 Biennium begins a major change in Maine's budget process. The traditional "Current Services" incremental approach to building a biennial budget is being 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 07) funding. The FY 07 base is adjusted for one-time initiatives. Capital Expenditures (for items costing more than \$3,000) 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 123rd 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 appropriations included in the Revenue and Expenditure Projection submitted by the Bureau of the Budget on September 30, 2006 as required by 5 MRSA, §1665, sub-§7. Budgeted revenue has been updated based on the December 2006 revenue forecast. The estimated structural gap for the 2008-2009 biennium, excluding the FY 07 ending balance, is approximately \$400 million or approximately 6% of projected appropriations. This estimate does not reflect the revenue adjustments made by the Revenue Forecasting Committee in March 2007 and May 2007, which increased the structural gap by an additional \$39.0 million.

	Actual*	Budgeted*	Projections*	
	FY 06	FY 07	FY 08	FY 09
General Fund Revenue	\$2,931,825,687	\$3,020,607,710	\$3,076,480,563	\$3,158,270,150
Annual % Change	5.1%	3.0%	1.8%	2.7%
General Fund Expenditures/Appropriations	\$2,824,410,407	\$2,917,678,445	\$3,232,467,824	\$3,399,880,770
Annual % Change	3.2%	3.3%	10.8%	5.2%
Transfers and Adjustments to Balance	(\$126,561,325)	(\$31,009,777)	\$0	\$0
Ending Balances (Projected Annual Shortfalls)	\$14,516,599	\$86,436,087	(\$155,987,261)	(\$241,610,620)
	Actual End Balance	Budget End Balance	Does not reflect prior year balance	
General Fund Baseline Appropriations			\$3,047,259,682	\$3,062,096,178
Annual % Change			4.4%	0.5%
Net General Fund Resources Available for Initiatives			\$29,220,881	\$96,173,972



\* FY 06 amounts reflect actual revenue and expenditures. FY 07 reflect appropriations through the 122nd Legislature and budgeted revenue based on the December 2006 revenue forecast. FY 08 and FY 09 projections of appropriations are from the Bureau of the Budget's Revenue and Expenditure Projections (9/30/06) and revenue projections reflect the amounts in the December 2006 revenue forecast.

## GENERAL FUND STATUS - FUND BALANCE SUMMARY

Based on the 2008-2009 Biennial Budget LD 499 as amended by the Appropriations Committee <sup>1</sup>

	FY 07	FY 08	FY 09												
<b><u>AVAILABLE FUNDS</u></b>															
Transfers/Adjustments to Balance:															
Through 122nd Legislature	(\$31,009,777)	\$0	\$0												
PL 2007, c. 1 (EFY07 Budget)	(\$10,187,793)	\$0	\$0												
2008-2009 Biennial Budget (LD 499 as amended)	\$17,710,448	\$7,948,193	(\$5,650,904)												
Subtotal - Transfers/Adjustments to Balance	(\$23,487,122)	\$7,948,193	(\$5,650,904)												
Undedicated Revenue:															
December 2006 Base Revenue Estimate	\$3,020,607,710	\$3,076,480,563	\$3,158,270,150												
March 2007 and May 2007 Revenue Revisions	(\$15,949,161)	(\$20,511,808)	(\$18,531,584)												
PL 2007, c. 1 (EFY07 Budget)	\$340,205	\$2,211,237	\$3,781,371												
Other Legislation, 123rd Legislature, 1st Regular Session	\$0	\$204,225	\$204,225												
2008-2009 Biennial Budget (LD 499 as amended)	(\$91,180)	\$47,278,615	\$49,655,465												
Subtotal - Undedicated Revenue	\$3,004,907,574	\$3,105,662,832	\$3,193,379,627												
<b>TOTAL PROJECTED RESOURCES</b>	<b>\$2,981,420,452</b>	<b>\$3,113,611,025</b>	<b>\$3,187,728,723</b>												
<b><u>APPROPRIATIONS</u></b>															
Governor's Proposed Baseline Budget	\$2,917,678,445	\$3,047,259,682	\$3,062,096,178												
PL 2007, c. 1 (EFY07 Budget)	\$75,930,111	\$0	\$0												
2008-2009 Biennial Budget (LD 499 as amended)	(\$15,249,846)	\$83,783,014	\$125,442,438												
<b>TOTAL APPROPRIATIONS</b>	<b>\$2,978,358,710</b>	<b>\$3,131,042,696</b>	<b>\$3,187,538,616</b>												
<b>NET CHANGE (Resources less Appropriations)</b>	<b>\$3,061,742</b>	<b>(\$17,431,671)</b>	<b>\$190,107</b>												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;"><b>BEGINNING BALANCE</b></td> <td style="text-align: right; padding: 5px;"><b>\$14,516,599</b></td> <td style="text-align: right; padding: 5px;"><b>\$17,578,341</b></td> <td style="text-align: right; padding: 5px;"><b>\$146,670</b></td> </tr> <tr> <td style="padding: 5px;"><b>NET CHANGE (FROM ABOVE)</b></td> <td style="text-align: right; padding: 5px;"><b>\$3,061,742</b></td> <td style="text-align: right; padding: 5px;"><b>(\$17,431,671)</b></td> <td style="text-align: right; padding: 5px;"><b>\$190,107</b></td> </tr> <tr> <td style="padding: 5px;"><b>ENDING BALANCE</b></td> <td style="text-align: right; padding: 5px;"><b>\$17,578,341</b></td> <td style="text-align: right; padding: 5px;"><b>\$146,670</b></td> <td style="text-align: right; padding: 5px;"><b>\$336,777</b></td> </tr> </table>				<b>BEGINNING BALANCE</b>	<b>\$14,516,599</b>	<b>\$17,578,341</b>	<b>\$146,670</b>	<b>NET CHANGE (FROM ABOVE)</b>	<b>\$3,061,742</b>	<b>(\$17,431,671)</b>	<b>\$190,107</b>	<b>ENDING BALANCE</b>	<b>\$17,578,341</b>	<b>\$146,670</b>	<b>\$336,777</b>
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### Summary of Major Changes

See separate summary for the Emergency FY 07 Budget as enacted as PL 2007, c. 1 (LD 215). 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: an appropriations limitation analysis, a summary of appropriations by major categories and a summary of tax and fee changes.

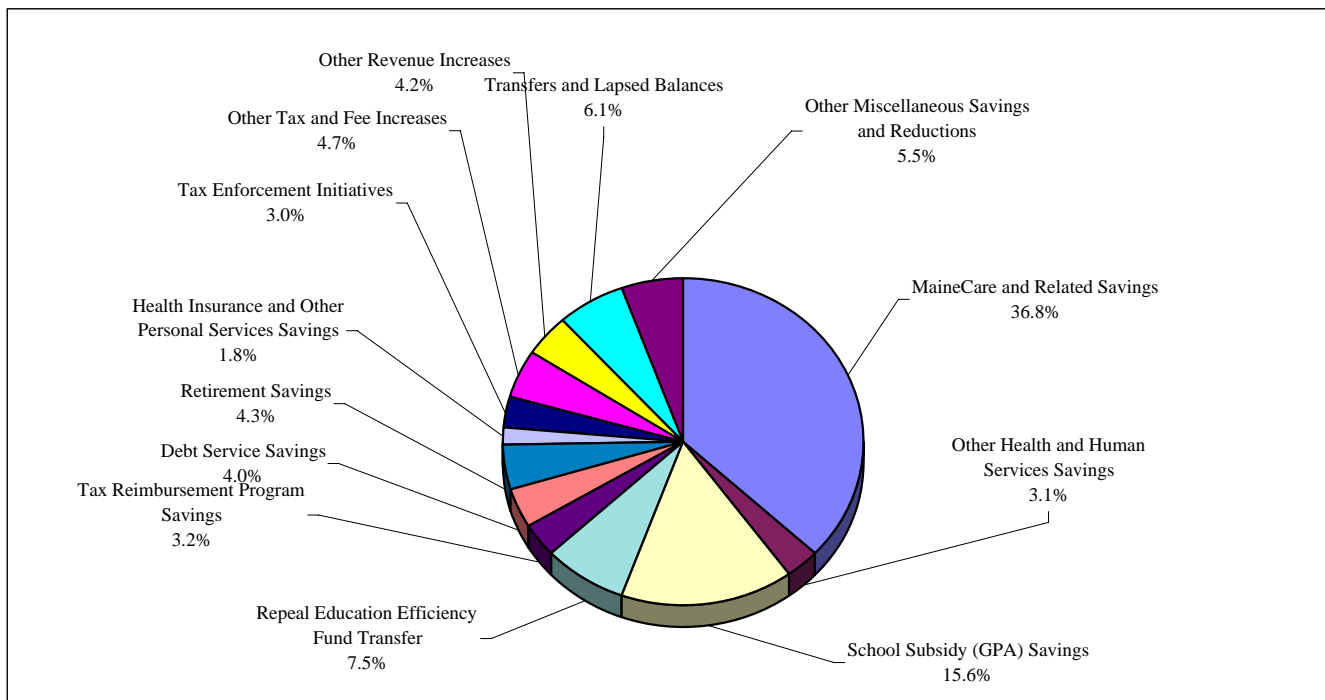
### Notes:

<sup>1</sup> Based on all legislative changes enacted through May 31, 2007 and revenue estimates through the May 2007 Revenue Forecast and the General Fund Unified Biennial Budget Bill as amended by the Appropriations Committee.

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

## Initiatives Increasing General Fund Balance

	FY 07	FY 08	FY 09	3-Year Total	% of Total
MaineCare and Related Savings	\$9.5	\$68.0	\$100.1	\$177.6	36.8%
Other Health and Human Services Savings	\$0.0	\$6.7	\$8.2	\$15.0	3.1%
School Subsidy (GPA) Savings	\$0.0	\$27.8	\$47.4	\$75.2	15.6%
Repeal Education Efficiency Fund Transfer	\$0.0	\$14.9	\$21.5	\$36.4	7.5%
Tax Reimbursement Program Savings	\$0.3	\$7.8	\$7.3	\$15.4	3.2%
Debt Service Savings	\$2.0	\$11.6	\$5.7	\$19.3	4.0%
Retirement Savings	\$0.0	\$13.8	\$7.2	\$21.0	4.3%
Health Insurance and Other Personal Services Savings	\$0.0	\$3.1	\$5.8	\$8.9	1.8%
Tax Enforcement Initiatives	\$0.0	\$6.9	\$7.7	\$14.6	3.0%
Other Tax and Fee Increases	\$0.0	\$11.9	\$10.8	\$22.7	4.7%
Other Revenue Increases	\$0.1	\$9.5	\$10.8	\$20.4	4.2%
Transfers and Lapsed Balances	\$17.7	\$6.6	\$5.0	\$29.3	6.1%
Other Miscellaneous Savings and Reductions	\$5.2	\$5.8	\$15.5	\$26.4	5.5%
<b>TOTAL ADJUSTMENTS INCREASING BALANCE</b>	<b>\$34.8</b>	<b>\$194.5</b>	<b>\$252.9</b>	<b>\$482.2</b>	<b>100.0%</b>



**Notes:**

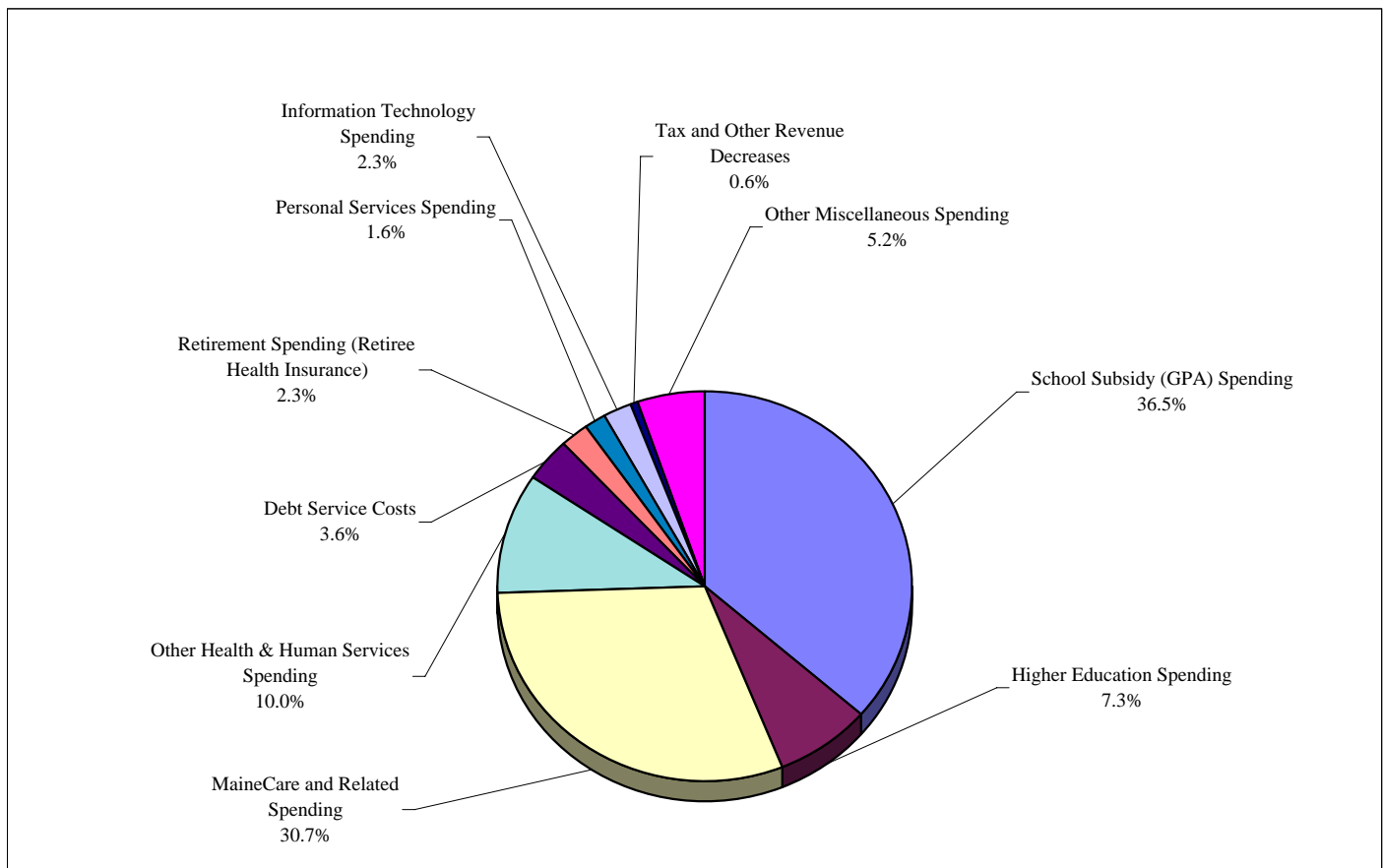
<sup>1</sup> "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

*Amounts may not add due to rounding*

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

## Initiatives Decreasing General Fund Balance

	FY 07	FY 08	FY 09	3-Year Total	% of Total
School Subsidy (GPA) Spending	\$0.0	\$70.9	\$133.3	\$204.1	36.5%
Higher Education Spending	\$0.0	\$17.0	\$23.6	\$40.6	7.3%
MaineCare and Related Spending	\$1.7	\$71.7	\$98.3	\$171.7	30.7%
Other Health & Human Services Spending	\$0.0	\$24.8	\$30.9	\$55.8	10.0%
Debt Service Costs	\$0.0	\$8.3	\$12.0	\$20.2	3.6%
Retirement Spending (Retiree Health Insurance)	\$0.0	\$4.9	\$8.0	\$12.9	2.3%
Personal Services Spending	\$0.0	\$4.1	\$4.8	\$9.0	1.6%
Information Technology Spending	\$0.0	\$6.1	\$6.6	\$12.6	2.3%
Tax and Other Revenue Decreases	\$0.2	\$1.4	\$1.7	\$3.3	0.6%
Other Miscellaneous Spending	\$0.0	\$13.9	\$15.1	\$29.1	5.2%
<b>TOTAL ADJUSTMENTS DECREASING BALANCE</b>	<b>\$1.9</b>	<b>\$223.0</b>	<b>\$334.3</b>	<b>\$559.3</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*

## FUND FOR A HEALTHY MAINE (FHM) STATUS

Based on 2008-2009 Biennial Budget LD 499 as amended by the Appropriations Committee <sup>1</sup>

	FY 07	FY 08	FY 09
<b><u>FHM RESOURCES:</u></b>			
Revenue:			
December 2006 Base Revenue Estimate	\$46,189,344	\$60,408,950	\$62,815,948
March 2007 Revenue Forecast	\$231,280	\$167,761	\$239,938
May 2007 Revenue Forecast	\$3,989,370	\$616,945	\$1,104,291
Subtotal - Revenue	\$50,409,994	\$61,193,656	\$64,160,177
<b>Total FHM Resources</b>	<b>\$50,409,994</b>	<b>\$61,193,656</b>	<b>\$64,160,177</b>
<b><u>FHM ALLOCATIONS AND OTHER USES:</u></b> <sup>2</sup>			
<u>Transfers</u>			
Transfers - Through 122nd Legislature	\$2,571,648	\$0	\$0
Governor's Budget Proposals	\$0	\$0	\$0
Subtotal - Transfers	\$2,571,648	\$0	\$0
<u>Allocations</u>			
Governor's Proposed Baseline Budget	\$41,307,437	\$49,624,293	\$49,673,882
Governor's Proposed Adjustments to Baseline Budget	\$7,556,128	\$10,670,298	\$12,975,229
Committee Amendment Adjustments	\$3,989,370	\$616,945	\$1,104,291
Subtotal - Allocations	\$52,852,935	\$60,911,536	\$63,753,402
<b>Total Allocations and Other Uses</b>	<b>\$55,424,583</b>	<b>\$60,911,536</b>	<b>\$63,753,402</b>
<b>Net Change (Resources minus Allocations and Other Uses)</b>	<b>(\$5,014,589)</b>	<b>\$282,120</b>	<b>\$406,775</b>
<b>BEGINNING BALANCE</b>	<b>\$5,260,296</b>	<b>\$245,707</b>	<b>\$527,827</b>
<b>NET CHANGE (FROM ABOVE)</b>	<b>(\$5,014,589)</b>	<b>\$282,120</b>	<b>\$406,775</b>
<b>ENDING BALANCE</b>	<b>\$245,707</b>	<b>\$527,827</b>	<b>\$934,602</b>

**Major Proposals:**

	FY 08	FY 09
> Provides increased funds across-the-board for 16 Fund for a Healthy Maine accounts to be funded primarily from increased revenue from MSA strategic contribution payments scheduled to begin in 2008. <sup>3</sup>	\$7,775,754	\$10,076,295
> Allocates funds for the development of a public health infrastructure.	\$1,470,000	\$1,470,000
> Allocates additional funds to be used to seed expenses of the MaineCare program.	\$1,000,000	\$1,000,000
> Allocates additional funds as a result of increased racino revenue recognized as available to the Fund for a Healthy Maine to be used for the Drugs for the Elderly and Disabled program.	\$616,945	\$1,104,291
> Transfers \$1.1 million each year from the FHM - Medical Care program to a new FHM - Immunization program for the purpose of vaccine administration.	\$0	\$0
> Allocates additional funds for school-based clinics (\$250,000 per year) and for the nutritional health of children through school breakfast programs (\$80,000 per year).	\$330,000	\$330,000
> Transfers and allocates funds for additional resources in the FHM - Attorney General program, to enforce the Tobacco Manufacturer's Act and the Tobacco Distributor's Act.	\$108,309	\$113,518

**NOTES:**

<sup>1</sup> Based on all legislative changes enacted through May 31, 2007 and revenue estimates through the May 2007 Revenue Forecast and the General Fund Unified Biennial Budget Bill as amended by the Appropriations Committee.

<sup>2</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.

<sup>3</sup> Under the Master Settlement Agreement beginning in 2008 states will begin receiving "strategic contribution payments" based on each settling state's contribution to the original state tobacco litigation. Payments to Maine under this provision are estimated to be \$10.7 million in FY 08 and \$10.8 million in FY 09.

**2008-2009 BUDGET  
SUMMARY OF POSITION CHANGES**

<u>Fund</u>	<u>Total Authorized Positions - Prior to 123rd Legislature</u>	<u>Baseline Budget Administrative Adjustments<sup>1</sup></u>	<u>Position Changes in PL 2007, c. 1<sup>2</sup></u>	<u>Committee Amendment Position Actions<sup>3</sup></u>	<u>Total Authorized Positions - Committee Amendment</u>
General Fund	6,181.965	(6.301)	0.000	0.000	6,175.664
Highway Fund	2,507.832	(3.000)	0.000	(9.000)	2,495.832
Federal Expenditures Fund	2,004.155	(8.875)	0.000	(393.654)	1,601.626
Fund for a Healthy Maine Other Special Revenue Fund	21.500	0.000	0.000	1.000	22.500
Federal Block Grant	2,035.005	(8.274)	1.000	347.038	2,374.769
Other Funds	161.500	0.000	0.000	(25.000)	136.500
<b>Total Change of Authorized Positions</b>	<b>14,101.206</b>	<b>(31.406)</b>	<b>1.000</b>	<b>24.884</b>	<b>14,095.684</b>

**Notes:**

- <sup>1</sup> Reflects administrative adjustments made pursuant to Public Law 2003, Chapter 20, Section A-7, which authorizes the Governor and the State Budget Officer to adjust positions when preparing the next budget to reflect the number of positions that are necessary to the proper operation of each department, institution or agency.
- <sup>2</sup> Reflects the position changes contained in the Emergency FY07 Budget Bill.
- <sup>3</sup> Reflects the Appropriations Committee's position adjustments contained in the Committee Amendment to LD 499 (2008-2009 Biennium Unified Budget Bill) except Highway Fund related positions reflect positions action contained in the Highway Fund Budget Bill (LD 327).



# **Appendix A**

## **Appropriation Limitation Analysis**

## Appendix A – Appropriation Limitation Analysis

The 122nd Legislature enacted a General Fund appropriation limitation as part of the property tax reform plan enacted by PL 2005, c. 2 (commonly referred to as LD 1). This appendix provides a summary of the calculations and a look at how the State has complied with the requirements of the law. The appropriation limitation (see 5 MRSA, c. 142) limits both budgeted resources and total General Fund appropriations. Budgeted resources that exceed the appropriation limitation are reserved in the Maine Budget Stabilization Fund. Budgeted resources are all resources available to fund appropriations including budgeted balance forward, net transfers and adjustments to balance and total budgeted revenue.

The calculations of the amount of the appropriation limitation are presented in Table I on the next page. The growth limitation factor (line D) is a percentage established each biennium by October 1<sup>st</sup> of even-numbered years by the State Planning Office within the Executive Department. The growth limitation factor uses average real personal income growth (capped at 2.75%) plus average population growth to determine the annual growth percentage. If the State's tax burden as a percent of personal income reaches the middle 1/3 of states, an additional growth factor, forecasted inflation, is added to the growth limitation factor. The growth limitation factor was applied to total base appropriations as of December 1, 2004 to establish the appropriation limitation for the 2006-2007 biennium (see line A). The appropriation limitation for the 2008-2009 biennium uses an updated growth limitation factor applied against the fiscal year 2006-07 appropriation limitation amount.

While the base appropriation limitation amount is fixed from the fiscal year 2004-05 total appropriations as of December 1, 2004, the statutory provisions exclude the growth of General Purpose Aid for Local Schools (GPA) from the limit until the State's share of total funding for Essential Programs and Services reaches 55%. The 55% goal is scheduled to be achieved in fiscal year 2008-09. The calculation of the excluded GPA growth is presented in Table I on the next page (see lines B and C). The GPA base amount, total appropriations for GPA in FY 05, is subtracted from the total GPA appropriations in subsequent fiscal years to determine the growth excluded from the appropriation limitation (line C). The additional growth of line C in Table I on the next page is added to the base appropriations (line A) to come up with the Total Appropriations Allowed (line E).

Table II on the next page shows the calculated amount of budgeted resources and appropriations. Both budgeted resources and appropriations based on the 2008-2009 Biennial Budget as amended by the Appropriations Committee are below the appropriations limitation in each fiscal year (see shaded lines in Table II).

Many legislators have asked for an analysis of the appropriation limitation assuming that the Circuitbreaker program and the Business Equipment Tax Reimbursement programs had remained funded by General Fund appropriations. The expenditures of these major tax relief programs are treated for budget purposes as reductions of individual income tax revenue, which we will refer to as "revenue appropriations." Table III on page A-3 of this appendix provides a hypothetical look at adjusted budgeted revenue and appropriations had these tax relief programs remained as appropriations and been subject to the limit. Both the adjusted appropriations and total budgeted resources are above the limit in each fiscal year through fiscal year 2007-08, see shaded lines in Table III. In fiscal year 2008-09, even with the adjustments, General Fund spending is below the limit.

## Appendix A - Appropriation Limitation Analysis

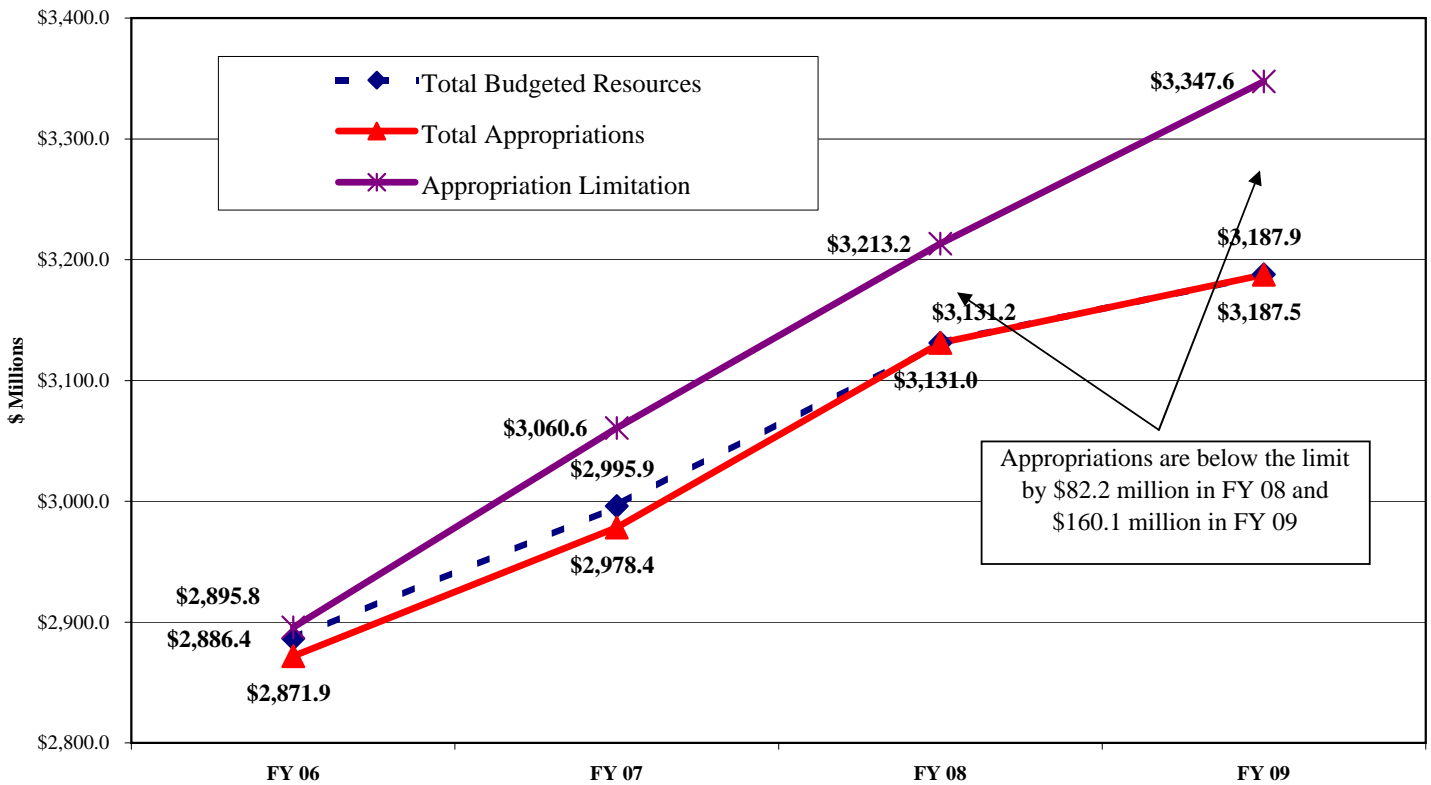
**Table I. Calculation of Appropriation Limitation**

	Base Amounts	FY 06	FY 07	FY 08	FY 09
A Total Base Appropriations (Increased by Growth Factor, see D)	\$2,709,902,078	\$2,794,180,033	\$2,881,079,032	\$2,969,816,266	\$3,061,286,607
B Appropriations to General Purpose Aid for Local Schools (GPA)	\$734,536,621	\$836,115,966	\$914,098,222	\$977,958,385	\$1,020,857,238
C General Purpose Aid Growth from FY05 until 55% State Share - Exempt from Limit		\$101,579,345	\$179,561,601	\$243,421,764	\$286,320,617
D Growth Limitation Factor Applied to Base Appropriations		3.11%	3.11%	3.08%	3.08%
E Total Appropriations Allowed (A + C)		\$2,895,759,378	\$3,060,640,633	\$3,213,238,030	\$3,347,607,224

**Table II. Calculation of Budgeted Resources and Total Appropriations \***

	FY 06	FY 07	FY 08	FY 09
General Fund Budgeted Resources				
- Beginning Budgeted Balance	\$33,662,644	\$14,516,599	\$17,578,341	\$146,670
- Net Transfers/Adjustments to Balance	(\$5,005,536)	(\$23,487,122)	\$7,948,193	(\$5,650,904)
- Net General Fund Revenue	\$2,857,738,104	\$3,004,907,574	\$3,105,662,832	\$3,193,379,627
Total Budgeted Resources	\$2,886,395,212	\$2,995,937,051	\$3,131,189,366	\$3,187,875,393
Amount Budgeted Resources are (below) above the limit	(\$9,364,166)	(\$64,703,582)	(\$82,048,664)	(\$159,731,831)
Total Appropriations	\$2,871,878,613	\$2,978,358,710	\$3,131,042,696	\$3,187,538,616
Amount Appropriations are (below) above the limit	(\$23,880,765)	(\$82,281,923)	(\$82,195,334)	(\$160,068,608)

**Appropriation Limitation Compared to Budgeted Resources and Appropriations**



\* Reflects final budgeted revenue and appropriations for FY 06. For FY 07, FY 008 and FY09, budgeted revenue and appropriations reflect laws enacted through May 2007 and the 2008-2009 Biennial Budget Bill LD 499 as amended by the Appropriations Committee and revenue forecasts through May 2007.

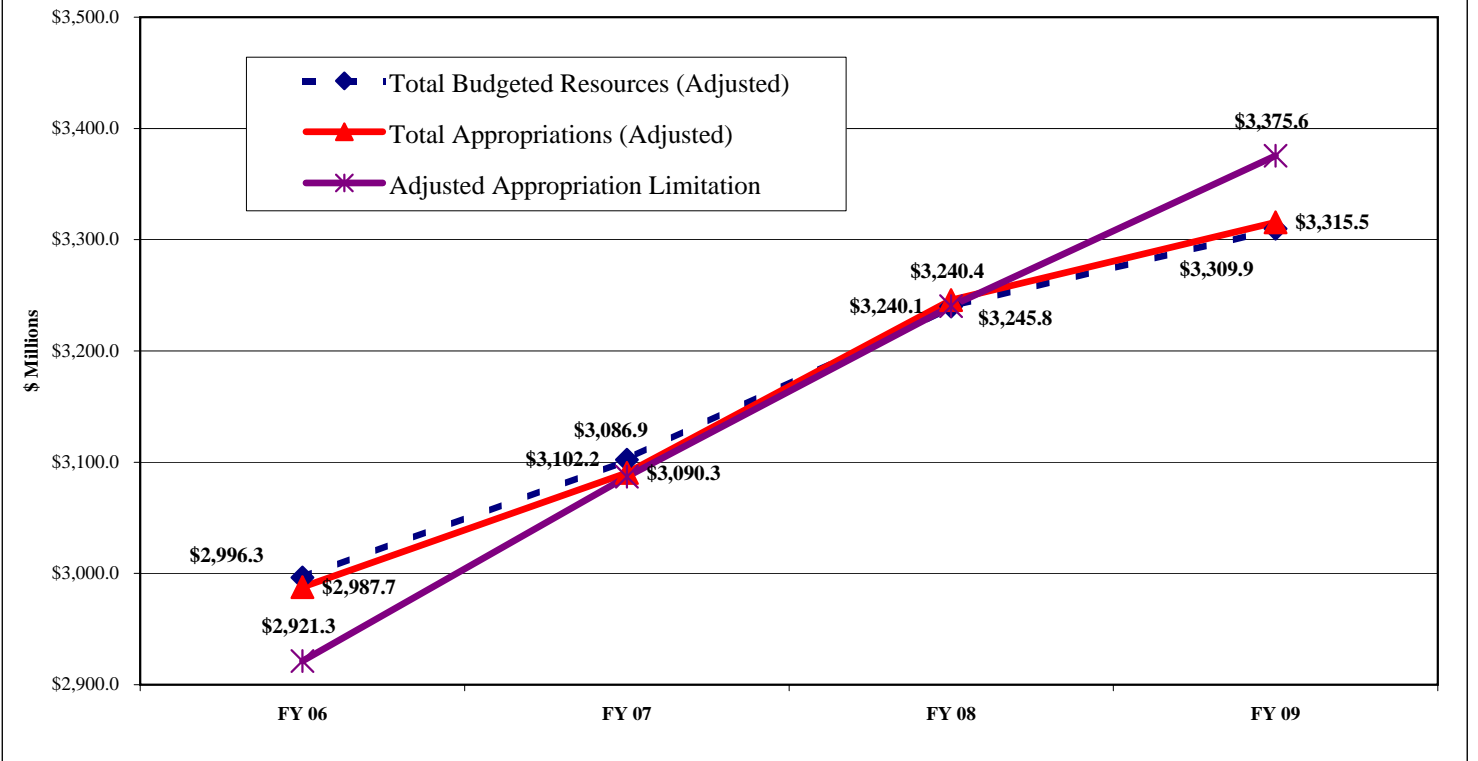
## Appendix A - Appropriation Limitation Analysis

### Adjustments for Circuitbreaker and BETR Tax Relief Programs

**Table III. Calculation of Budgeted Resources and Total Appropriations with Adjustments \***

	Base Amounts	FY 06	FY 07	FY 08	FY 09
Adjustments to Base Amounts					
- Budgeted Circuitbreaker \$ (12/1/04)	\$24,742,857				
General Fund Budgeted Resources					
- Beginning Budgeted Balance		\$33,662,644	\$14,516,599	\$17,578,341	\$146,670
- Net Transfers/Adjustments to Balance		(\$5,005,536)	(\$23,487,122)	\$7,948,193	(\$5,650,904)
- Net General Fund Revenue		\$2,857,738,104	\$3,004,907,574	\$3,105,662,832	\$3,193,379,627
- Net Adjustments for Revenue Appropriations		\$109,886,755	\$106,247,885	\$108,892,618	\$122,057,837
Total Budgeted Resources (Adjusted)		\$2,996,281,967	\$3,102,184,936	\$3,240,081,984	\$3,309,933,230
Amount Budget Resources are above (below) the limit		\$75,010,230	\$15,238,510	(\$272,058)	(\$65,625,179)
Total Appropriations		\$2,871,878,613	\$2,978,358,710	\$3,131,042,696	\$3,187,538,616
Net Adjustments for Revenue Appropriations		\$115,792,155	\$111,957,729	\$114,744,592	\$128,006,099
Total Appropriations (Adjusted)		\$2,987,670,768	\$3,090,316,439	\$3,245,787,288	\$3,315,544,715
Amount Appropriations are above (below) the limit		\$66,399,031	\$3,370,013	\$5,433,246	(\$60,013,694)

**General Fund Appropriation Limit Compared to Budgeted Resources and Appropriations - Adjusted for BETR and Circuitbreaker Payments**



\* Reflects final budgeted revenue and appropriations for FY 06. For FY 07, FY 008 and FY09, budgeted revenue and appropriations reflect laws enacted through May 2007 and the 2008-2009 Biennial Budget Bill LD 499 as amended by the Appropriations Committee and revenue forecasts through May 2007.

**APPENDIX B**

**APPROPRIATIONS**  
**BY MAJOR CATEGORIES**

General Fund Appropriations - Summary	B-1
General Purpose Aid for Local Schools	B-2
MaineCare/Medicaid	B-3
Higher Education	B-6
Teachers' Retirement	B-7
Tax Relief and Reimbursement Programs	B-8
Debt Service	B-9
Personal Services	B-10
Other Non-Personal Services Appropriations	B-11

## General Fund Appropriations - Summary

Presented below are tables summarizing the General Fund appropriations starting with the Baseline Budget recommendations and FY07 appropriations prior to the start of the 123rd Legislature and concluding with the actual net appropriations as proposed in the General Fund Unified Biennial Budget Bill, LD 499 as amended by the Appropriations Committee, and the Emergency FY 07 Budget Bill, LD 215 as enacted as PL 2007, c. 1. Additional detail and descriptions are available in the remainder of this Appendix.

<b>General Fund Appropriations - Governor's Baseline Budget Recommendations</b>				
	<b>Expenditures</b>	<b>Appropriations based on Baseline Recommendations *</b>		
Major Categories	FY 06	FY 07 *	FY 08	FY 09
General Purpose Aid for Local Schools	\$838,193,470	\$914,098,222	\$925,593,888	\$925,593,888
Medicaid/MaineCare	\$643,913,358	\$594,602,689	\$622,257,419	\$622,257,419
Higher Education	\$246,831,523	\$260,463,699	\$256,538,699	\$256,538,699
Teachers' Retirement	\$148,459,994	\$205,406,053	\$205,406,053	\$205,406,053
Tax Relief and Reimbursement	\$31,484,362	\$35,380,771	\$42,612,941	\$42,612,941
Debt Service	\$96,042,927	\$106,867,871	\$114,707,712	\$114,707,712
Personal Services	\$398,416,458	\$409,206,753	\$434,765,356	\$449,601,852
Other - Non-Personal Services	\$421,068,315	\$467,582,498	\$445,377,614	\$445,377,614
<b>Total General Fund Appropriations</b>	<b>\$2,824,410,407</b>	<b>\$2,993,608,556</b>	<b>\$3,047,259,682</b>	<b>\$3,062,096,178</b>
Annual % Change		6.0%	1.8%	0.5%

\* FY 07 includes appropriations enacted in the EFY07 Budget Bill, LD 215, PL 2007, c. 1.

<b>General Fund Appropriations - Adjustments in LD 499 as amended by Appropriations Committee</b>			
	<b>Appropriations Committee Adjustments</b>		
Major Categories	FY 07	FY 08	FY 09
General Purpose Aid for Local Schools	\$0	\$52,364,497	\$95,263,350
Medicaid/MaineCare	(\$7,778,764)	(\$12,367,684)	(\$15,972,198)
Higher Education	\$0	\$16,978,403	\$23,642,633
Teachers' Retirement	\$0	(\$8,534,246)	(\$5,585,313)
Tax Relief and Reimbursement	(\$578,396)	(\$7,647,785)	(\$6,801,978)
Debt Service	(\$2,000,000)	(\$10,525,931)	(\$4,411,182)
Personal Services	(\$1,022,906)	\$2,788,538	\$247,295
Other - Non-Personal Services	(\$3,869,780)	\$50,727,222	\$39,059,831
<b>Total General Fund Appropriations</b>	<b>(\$15,249,846)</b>	<b>\$83,783,014</b>	<b>\$125,442,438</b>

<b>General Fund Appropriations - Net Recommendations</b>				
	<b>Expenditures</b>	<b>Net Recommendations</b>		
Major Categories	FY 06	FY 07	FY 08	FY 09
General Purpose Aid for Local Schools	\$838,193,470	\$914,098,222	\$977,958,385	\$1,020,857,238
Medicaid/MaineCare	\$643,913,358	\$586,823,925	\$609,889,735	\$606,285,221
Higher Education	\$246,831,523	\$260,463,699	\$273,517,102	\$280,181,332
Teachers' Retirement	\$148,459,994	\$205,406,053	\$196,871,807	\$199,820,740
Tax Relief and Reimbursement	\$31,484,362	\$34,802,375	\$34,965,156	\$35,810,963
Debt Service	\$96,042,927	\$104,867,871	\$104,181,781	\$110,296,530
Personal Services	\$398,416,458	\$408,183,847	\$437,553,894	\$449,849,147
Other - Non-Personal Services	\$421,068,315	\$463,712,718	\$496,104,836	\$484,437,445
<b>Total General Fund Appropriations</b>	<b>\$2,824,410,407</b>	<b>\$2,978,358,710</b>	<b>\$3,131,042,696</b>	<b>\$3,187,538,616</b>
Annual % Change		5.5%	5.1%	1.8%
<b>Total Excluding GPA</b>	<b>\$1,986,216,937</b>	<b>\$2,064,260,488</b>	<b>\$2,153,084,311</b>	<b>\$2,166,681,378</b>
Annual % Change		3.9%	4.3%	0.6%

# General Purpose Aid for Local Schools

	FY 06	FY 07	FY 08	FY 09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Projected Appropriations - Structural Gap</b>			\$980,912,804	\$1,054,219,599
<b>Biennial Budget - Baseline Budget</b>	\$838,193,470	\$914,098,222	\$925,593,888	\$925,593,888
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		\$0	\$0	\$0
<b>Adjustments to Baseline Budget</b>			\$52,364,497	\$95,263,350
<b>Total Appropriations</b>	\$838,193,470	\$914,098,222	\$977,958,385	\$1,020,857,238
<b>Annual % Change</b>		9.1%	7.0%	4.4%

**Projected Structural Gap**

Differs from Bureau of the Budget's estimate of structural gap, reflects the cost of minimum teacher salaries enacted in PL 2005, c. 635.

**Biennial Baseline Budget**

Adjusts for approximately \$11.5 million in one-time savings for FY 2006-07 to the General Purpose Aid for Local Schools program associated with school bus purchases (\$3.2 million); delayed start of certain capital improvement projects (\$5.2 million); reduced special education funding for certain SAU's that are minimum receivers (\$1.5 million); lower than expected costs for laptops (\$0.8 million) and projected health insurance savings attributable to reductions in hospital inpatient rates (\$0.8 million).

**EFY07 Budget (LD 215 - PL 2007, c. 1)**

No adjustments.

**Adjustments to Budget - CA "A" to LD 499**

Committee Amendment "A" makes the following adjustments to the baseline budget for GPA:

	FY08 Adjustments	FY09 Adjustments
Provides additional funds to continue ramp-up of State funding for K-12 education to 55% by FY 2008-09.	\$ 60,883,945	\$ 123,236,826
Shifts funding for the Governor Baxter School for the Deaf from 100% state funding to state-local funding within GPA	\$ 6,567,800	\$ 6,611,228
Shifts funding for the Maine School of Science and Mathematics from 100% state funding to state-local funding within GPA	\$ 1,782,486	\$ 1,798,691
Shifts funding for the Jobs for Maine's Graduates program from 100% state funding to state-local funding within GPA	\$ 1,630,266	\$ 1,635,266
Adjustment to Adjustments & Misc. Costs Categories	\$ (1,500,000)	\$ (1,500,000)
Reduction in State share to 53.51% in FY 2007-08	\$ (17,000,000)	\$ -
<b>Sub-total: Non-school reorganization related adjustments</b>	<b>\$ 52,364,497</b>	<b>\$ 131,782,011</b>
 <b>Adjustments related to school reorganization:</b>		
5% reduction in Transportation	\$ -	\$ (3,046,000)
5% reduction in Facilities/Maintenance	\$ -	\$ (6,600,652)
5% reduction in Special Education	\$ -	\$ (7,721,745)
System Administration Savings	\$ -	\$ (19,150,264)
<b>Sub-total: adjustments related to school reorganization</b>	<b>\$ -</b>	<b>\$ (36,518,661)</b>
<b>Total adjustments to GPA</b>	<b>\$ 52,364,497</b>	<b>\$ 95,263,350</b>

## MaineCare/Medicaid <sup>1,2</sup>

	FY 06 Expenditures	FY 07 Appropriations	FY 08 Appropriations	FY 09 Appropriations
<b>Projected Appropriations - Structural Gap</b>			\$710,910,288	\$761,597,724
<b>Biennial Budget - Baseline Budget</b>	\$643,913,358	\$554,309,027	\$622,257,419	\$622,257,419
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		\$40,293,662	\$0	\$0
<b>Adjustments to Baseline Budget</b>		(\$7,778,764)	(\$12,367,684)	(\$15,972,198)
<b>Total Appropriations</b>	\$643,913,358	\$586,823,925	\$609,889,735	\$606,285,221
<b>Annual % Change</b>		-8.9%	3.9%	-0.6%

### Projected Structural Gap

Projected structural gap estimates for the 2008-2009 biennium were based on 2006-2007 biennium appropriations trended forward with adjustments for historical spending trends, one-time 2006-2007 spending/savings initiatives, and the appropriate Federal Medical Assistance Percentage (FMAP). With concerns about the integrity of MaineCare spending data for FY05 and FY06 as a result of MaineCare claims management system (MECMS) implementation issues, additional consideration was given to the pre-FY05 spending trend, total "all-funds" MaineCare spending trend (not just General Fund spending) and adjustments for 2006-2007 initiatives that are of a one-time nature or not likely to produce longer-term savings.

### Biennial Baseline Budget

The Medical Care - Payments to Providers (MAP) program biennial baseline has been adjusted for one-time appropriation reductions in FY 07, primarily a \$47 million transfer of FY 07 funding to FY 06 to support MaineCare costs as a result of MECMS-related interim payments recovery timing issues and a \$17.9 million transfer of FY 07 funding to FY 06 to make payments required under the settlement of the MaineCare hospital reimbursement lawsuits prior to September 30, 2005. With the exception of a minor adjustment in the disproportionate share hospital accounts, the biennial budget baseline for the other MaineCare programs is consistent with FY 07 enacted appropriations.

### EFY07 Budget (LD 215 - PL 2007, c. 1)

Appropriates \$29.4 million to cover shortfalls in MaineCare seed accounts of the former Department of Behavioral and Developmental Services; to restore the deappropriation not realized from the Departmentwide mental health managed care initiatives; and for other MaineCare related programs. These appropriations are partially offset by deappropriations of \$19.4 million in the Medical Care - Payments to Provider (MAP) account and \$7.5 million in Nursing Facilities account. Also appropriates \$21.2 million for increased MaineCare payments to hospitals including \$20.0 million for hospital MaineCare payment settlements. Part L of Chapter 1, appropriates \$30 million to be used either as the state seed for increased MaineCare prospective interim payments to hospitals or, to the extent necessary, for the MaineCare program to facilitate the timely payment of current MaineCare provider claims. Part L also provides for the transfer of up to \$82 million - minus any of the \$30 million appropriation used for this purpose - of the available unappropriated surplus in the General Fund at the close for FY07 to increase prospective interim payments to hospitals.

### Adjustments to Baseline Budget

**Medical Care - Payments to Providers (MAP).** Includes net deappropriations of \$48.1 million in FY 08 and \$62.1 million in FY 09 including: \$22.96 million in FY 08 and \$30.5 million in FY 09 in savings to be achieved from clinical management of MaineCare members; \$9.1 million per year in savings from implementation of enhanced third-party recovery efforts; \$5 million each year in savings to be achieved by capping the non-categorical waiver at \$90 million dollars; \$2 million per year in savings from prescription drug initiatives; \$1.9 million in FY 08 and \$4.4 million in FY 09 in savings from an expanded MaineCare private health insurance premium program; \$1 million per year in savings from implementing prior authorization for radiology services; 0.3 million in FY 08 and \$2.2 million in FY 09 in savings from increased MaineCare provider reviews and investigations; and \$1.3 million in FY 08 and \$6.1 million in FY 09 as a result of increased federal matching rates (Federal Medical Assistance Percentage) for federal fiscal years 2008 and 2009.

These deappropriation are partially offset by increased appropriations primarily a \$3 million increase in appropriations in FY 09 for an increase in the fee schedule for non-hospital based physicians caring for MaineCare members.



**Nursing Facilities.** Provides increased appropriations of \$1.9 million in FY 08 and \$6.0 million in FY 09 to rebase nursing home reimbursements. Also appropriates \$2.3 million in FY 08 and \$2.4 million in FY 09 to offset estimated reductions in nursing facility tax revenue.

**Medicaid Services - Mental Retardation; Mental Retardation Waiver - MaineCare.** Provides increased appropriations of \$29.5 million in FY 08 and \$31.7 million in FY 09 for estimated increases in spending in these MaineCare programs. Also provides an increased appropriation of \$1.3 million in FY 08 and \$2.3 million in FY 09 to fund 156 new clients requiring mental retardation adult protective services each year as specified in the federal waiver application. Deappropriates \$3.8 million in FY 08 and \$4.2 million in FY 09 as a result of increased provider tax revenue paid by these providers and deappropriates \$1.5 million each year to reflect seed funds for room and board are not needed in this account because these services are not Medicaid reimbursable.

**Mental Health MaineCare Services - Departmentwide.** Part CC of the bill deappropriates \$6 million in FY 08 and \$8.5 million in FY 09 as a result of savings anticipated from implementing a managed care effort for behavioral health services. Part AAAA deappropriates \$5 million in FY 08 and \$14 million in FY 09 from savings to be achieved by adjusting mental health provider rates, including adjustments resulting from reducing administrative burden, and by redesigning services and other measures that the department may take as specified in the bill.

**Mental Health Services - Community Medicaid.** Provides increased appropriations of \$11.5 million in FY 08 and \$22.3 million in FY 09 to for estimated increases in spending in these MaineCare programs to be partially offset by deappropriations for savings from the mental health managed care and standardized rate initiatives (see Departmentwide above). Deappropriates \$2.2 million in FY 08 and \$2.3 million in FY 09 as a result of increased provider tax revenue paid by these providers.

**Mental Health Services - Child Medicaid.** Provides increased appropriations of \$7.96 million in FY 08 and \$15.4 million in FY 09 for estimated increases in spending in these MaineCare programs to be partially offset by deappropriations for savings from the mental health managed care and standardized rate initiatives (see Departmentwide above).

**Summary of MaineCare Programs - Appropriations Through EFY 07 Supplemental and Governor's 2008-2009 Baseline Budget**

	FY06	FY07	FY08	FY09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Medical Care - Payments to Providers 0147</b>	\$420,782,704	\$358,769,768	\$395,304,192	\$395,304,192
Annual % Change		-14.7%	10.2%	0.0%
<b>Nursing Facilities 0148</b>	\$55,979,618	\$60,061,335	\$66,579,689	\$66,579,689
Annual % Change		7.3%	10.9%	0.0%
<b>Medicaid Services - Mental Retardation 0705</b>	\$16,322,996	\$17,887,241	\$17,098,885	\$17,098,885
Annual % Change		9.6%	-4.4%	0.0%
<b>Mental Retardation Waivers - MaineCare 0987 Z006</b>	\$68,235,271	\$78,914,138	\$71,358,829	\$71,358,829
Annual % Change		15.7%	-9.6%	0.0%
<b>Mental Health Services - Child Medicaid 0731</b>	\$34,509,527	\$31,461,925	\$28,373,610	\$28,373,610
Annual % Change		-8.8%	-9.8%	0.0%
<b>Mental Health Services - Community Medicaid 0732</b>	\$41,025,351	\$40,088,232	\$37,437,082	\$37,437,082
Annual % Change		-2.3%	-6.6%	0.0%
<b>Office of Substance Abuse - Medicaid Seed 0844</b>	\$2,828,706	\$3,532,712	\$2,855,187	\$2,855,187
Annual % Change		24.9%	-19.2%	0.0%
<b>Disproportionate Share Hospitals (RPC and DDPC) <sup>1</sup></b>	\$4,229,255	\$3,887,338	\$3,249,945	\$3,249,945
Annual % Change		-8.1%	-16.4%	0.0%

**Summary of MaineCare Programs - Adjustments as amended by the Appropriations Committee**

	FY07	FY08	FY09
	Appropriations	Appropriations	Appropriations
<b>Medical Care - Payments to Providers 0147</b>	(\$7,778,764)	(\$48,100,832)	(\$62,113,524)
<b>Nursing Facilities 0148</b>	\$0	\$4,283,190	\$7,414,980
<b>Medicaid Services - Mental Retardation 0705</b>	\$0	\$5,582,195	\$7,202,923
<b>Mental Retardation Waivers - MaineCare 0987 Z006</b>	\$0	\$19,634,017	\$19,637,533
<b>Mental Health Services - Child Medicaid 0731</b>	\$0	\$7,872,905	\$14,955,311
<b>Mental Health Services - Community Medicaid 0732</b>	\$0	\$9,220,376	\$19,374,128
<b>Mental Health Services - Departmentwide 0019</b>	\$0	(\$11,000,000)	(\$22,500,000)
<b>Office of Substance Abuse - Medicaid Seed 0844</b>	\$0	(\$37,735)	(\$87,665)
<b>Disproportionate Share Hospitals (RPC and DDPC) <sup>1</sup></b>	\$0	\$178,200	\$144,116

**Summary of MaineCare Programs - Appropriations - Net Recommendations as amended by the Appropriations Committee**

	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
	<b>Expenditures</b>	<b>Appropriations</b>	<b>Appropriations</b>	<b>Appropriations</b>
<b>Medical Care - Payments to Providers 0147</b>	\$420,782,704	\$350,991,004	\$347,203,360	\$333,190,668
<b>Annual % Change</b>		-16.6%	-1.1%	-4.0%
<b>Nursing Facilities 0148</b>	\$55,979,618	\$60,061,335	\$70,862,879	\$73,994,669
<b>Annual % Change</b>		7.3%	18.0%	4.4%
<b>Medicaid Services - Mental Retardation 0705</b>	\$16,322,996	\$17,887,241	\$22,681,080	\$24,301,808
<b>Annual % Change</b>		9.6%	26.8%	7.1%
<b>Mental Retardation Waiver - MaineCare 0987</b>	\$68,235,271	\$78,914,138	\$90,992,846	\$90,996,362
<b>Annual % Change</b>		15.7%	15.3%	0.0%
<b>Mental Health Services - Child Medicaid 0731</b>	\$34,509,527	\$31,461,925	\$36,246,515	\$43,328,921
<b>Annual % Change</b>		-8.8%	15.2%	19.5%
<b>Mental Health Services - Community Medicaid 0732</b>	\$41,025,351	\$40,088,232	\$46,657,458	\$56,811,210
<b>Annual % Change</b>		-2.3%	16.4%	21.8%
<b>Mental Health Services - Departmentwide 0019</b>	\$0	\$0	(\$11,000,000)	(\$22,500,000)
<b>Annual % Change</b>	na	na	na	104.5%
<b>Office of Substance Abuse - Medicaid Seed 0844</b>	\$2,828,706	\$3,532,712	\$2,817,452	\$2,767,522
<b>Annual % Change</b>		24.9%	-20.2%	-1.8%
<b>Disproportionate Share Hospitals (RPC and DDPC) <sup>1</sup></b>	\$4,229,255	\$3,887,338	\$3,428,145	\$3,394,061
<b>Annual % Change</b>		-8.1%	-11.8%	-1.0%

Notes:

<sup>1</sup> Reflects All Other and Capital Expenditure line category expenditures/appropriations only. Personal Services expenditures/appropriations included in the Personal Services summary.

<sup>2</sup> This MaineCare section also does not include MaineCare Admin "All Other" initiatives. These are summarized below:

	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
	<b>Expenditures</b>	<b>Appropriations</b>	<b>Appropriations</b>	<b>Appropriations</b>
LD 499 As Amended - Baseline Budget	\$13,869,502	\$14,703,823	\$10,246,925	\$10,246,925
PL 2007 Chapter 1 (EFY07 Budget)	\$0	\$2,817,992	\$0	\$0
LD 499 As Amended - Adjustments	\$0	\$0	\$15,443,628	\$13,703,049
	<u>\$13,869,502</u>	<u>\$17,521,815</u>	<u>\$25,690,553</u>	<u>\$23,949,974</u>

# Higher Education

	FY 06 Expenditures	FY 07 Appropriations	FY 08 Appropriations	FY 09 Appropriations
<b>Projected Appropriations - Structural Gap</b>			\$263,265,981	\$270,165,863
<b>Biennial Budget - Baseline Budget</b>	\$246,831,523	\$257,463,699	\$256,538,699	\$256,538,699
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		\$3,000,000	\$0	\$0
<b>Adjustments to Baseline Budget</b>			\$16,978,403	\$23,642,633
<b>Total Appropriations</b>	\$246,831,523	\$260,463,699	\$273,517,102	\$280,181,332
<b>Annual % Change</b>		5.5%	5.0%	2.4%

## Projected Structural Gap

The structural gap projections for the 2008-2009 biennium were adjusted by the projected growth of CPI as forecast by the Consensus Economic Forecasting Commission. Some appropriation items that have been typically flat funded are projected at the same level as their FY 2006-07 appropriation.

## Biennial Baseline Budget

Adjusts for one-time appropriations in FY 2006-07 to the Student Financial Assistance program within FAME (\$300,000) and to University of Maine System for the Center for Sport and Coaching to offer training to schools and communities participating in the Sports Done Right program (\$25,000) and for the commercialization of research and development activities and the Gulf of Maine Ocean Observing System (\$600,000).

## EFY07 Budget (LD 215 - PL 2007, c. 1)

Provides a one-time appropriation of \$3,000,000 to the University of Maine System to build a regional optical network to service the advanced production and experimental network requirements of the research education institutions of Maine.

## Adjustments to Budget - CA "A" to LD 499

Committee Amendment "A" increases General Fund appropriations for Higher Education funding by 5.0%, or \$13.1 million, in FY08 over FY07 levels and 2.4%, or \$6.7 million, in FY09 over FY08 levels. The table below details each of the state's higher education institutions.

### Summary of Higher Education by Institution - Appropriations Through 122nd Legislature and Governor's 2008-2009 Baseline Budget

	FY06 Expenditures	FY07 Appropriations	FY08 Appropriations	FY09 Appropriations
<b>University of Maine System</b>	\$183,148,140	\$190,596,418	\$189,971,418	\$189,971,418
<b>Maine Community College System</b>	\$43,318,462	\$46,068,617	\$46,068,617	\$46,068,617
<b>Maine Maritime Academy</b>	\$7,548,820	\$7,737,547	\$7,737,547	\$7,737,547
<b>Other Higher Education Spending</b>	\$12,816,101	\$13,061,117	\$12,761,117	\$12,761,117

### Summary of Higher Education by Institution - Committee Amendment "A" Proposed Adjustments

	FY07 Appropriations	FY08 Appropriations	FY09 Appropriations
<b>University of Maine System</b>	\$3,000,000	\$9,500,000	\$13,890,000
<b>Maine Community College System</b>	\$0	\$6,380,476	\$8,312,384
<b>Maine Maritime Academy</b>	\$0	\$1,097,927	\$1,440,249
<b>Other Higher Education Spending</b>	\$0	\$0	\$0

### Summary of Higher Education by Institution - Net Recommendations

	FY06 Expenditures	FY07 Appropriations	FY08 Appropriations	FY09 Appropriations
<b>University of Maine System</b>	\$183,148,140	\$193,596,418	\$199,471,418	\$203,861,418
<b>Annual % Change</b>		5.7%	3.0%	2.2%
<b>Maine Community College System</b>	\$43,318,462	\$46,068,617	\$52,449,093	\$54,381,001
<b>Annual % Change</b>		6.3%	13.8%	3.7%
<b>Maine Maritime Academy</b>	\$7,548,820	\$7,737,547	\$8,835,474	\$9,177,796
<b>Annual % Change</b>		2.5%	14.2%	3.9%
<b>Other Higher Education Spending</b>	\$12,816,101	\$13,061,117	\$12,761,117	\$12,761,117
<b>Annual % Change</b>		1.9%	-2.3%	0.0%

# Teachers' Retirement

## (Including Retired Teachers' Health Insurance)

	FY 06	FY 07	FY 08	FY 09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Projected Appropriations - Structural Gap</b>			\$217,740,165	\$231,668,431
<b>Biennial Budget - Baseline Budget</b>	\$148,459,994	\$205,406,053	\$205,406,053	\$205,406,053
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		\$0	\$0	\$0
<b>Adjustments to Baseline Budget</b>			(\$8,534,246)	(\$5,585,313)
<b>Total Appropriations</b>	\$148,459,994	\$205,406,053	\$196,871,807	\$199,820,740
<b>Annual % Change</b>		38.4%	-4.2%	1.5%

### Projected Structural Gap

The structural gap estimates differ from the Bureau of the Budget's due to a different assumption for the growth in teachers' salaries used in determining the employer's share of retirement contributions for public school teachers (5.5% per year vs. 5.25% in the Bureau of the Budget's estimates.) Projections for the State's share of health insurance premiums for retired teachers' assumed enrollment growth of approximately 5% per year and premiums to increase approximately 11% per year (vs. 7.0% annual increase in the Bureau of the Budget's estimates.) OFPR's structural gap estimates also includes the additional cost associated with cost of minimum teacher salaries enacted in PL 2005, c. 635.

### Biennial Baseline Budget

The Governor's 2008-2009 Biennial Baseline Budget makes no adjustments to FY 07 appropriations through the 122nd Legislature for teachers' retirement costs including the State's share of retired teachers' health insurance premiums.

### EFY07 Budget (LD 215 - PL 2007, c. 1)

No adjustments.

### Adjustments to Budget - CA "A" to LD 499

Committee Amendment "A" reduces total General Fund appropriations for Teacher Retirement by 4.2%, or \$8.5 million, in FY08 over FY07 levels and increases funding by 1.5%, or \$2.9 million, in FY09 over FY08 levels. 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 teacher retirement costs were based upon changes made in certain actuarial assumptions as the result of a recently completed experience study by the Maine State Retirement System. As a result of this study, the actuarial estimate for inflation was reduced from 8% to 7.75% and the projected growth for salaries was reduced from 5.5% to 4.75%. The Committee Amendment also reflects a different methodology for funding the administrative costs of the Retirement System which results in savings to the General Fund of approximately \$5.0 million per year beginning in FY08. Finally, the Committee Amendment includes one-time savings to the General Fund of \$6.8 million due to the prepayment of the annual cost of teachers' retirement for FY09 on or before July 15, 2008. The 2008-2009 budget also increases the State's share of health insurance costs for retired teachers' by 7.0% per year and proposes to fund group life insurance for retired teachers' beginning in FY 2007-08 at a cost of \$2.4 million in FY08 and \$2.5 million in FY09.

### Summary of Teacher Retirement by Program - Appropriations Through 122nd Legislature and Governor's 2008-2009 Baseline Budget

	FY06	FY07	FY08	FY09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Teacher Retirement</b>	\$137,209,552	\$189,132,092	\$189,132,092	\$189,132,092
<b>Retired Teachers' Health Insurance</b>	\$11,250,442	\$16,273,961	\$16,273,961	\$16,273,961

### Summary of Teacher Retirement by Program - Committee Amendment "A" Proposed Adjustments

	FY07	FY08	FY09
	Appropriations	Appropriations	Appropriations
<b>Teacher Retirement</b>	\$0	(\$12,078,055)	(\$10,462,262)
<b>Retired Teachers' Health Insurance</b>	\$0	\$1,139,177	\$2,358,097
<b>Retired Teachers' Group Life Insurance</b>	\$0	\$2,404,632	\$2,518,852

### Summary of Teacher Retirement by Program - Net Recommendations

	FY06	FY07	FY08	FY09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Teacher Retirement</b>	\$137,209,552	\$189,132,092	\$177,054,037	\$178,669,830
<b>Annual % Change</b>		37.8%	-6.4%	0.9%
<b>Retired Teachers' Health Insurance</b>	\$11,250,442	\$16,273,961	\$17,413,138	\$18,632,058
<b>Annual % Change</b>		44.7%	7.0%	7.0%
<b>Retired Teachers' Group Life Insurance</b>	\$0	\$0	\$2,404,632	\$2,518,852
<b>Annual % Change</b>				4.7%

# Tax Relief and Reimbursement Programs

	FY 06	FY 07	FY 08	FY 09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Projected Appropriations - Structural Gap</b>			\$38,524,910	\$39,570,333
<b>Biennial Budget - Baseline Budget</b>	\$31,484,362	\$37,512,941	\$42,612,941	\$42,612,941
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		(\$2,132,170)	\$0	\$0
<b>Adjustments to Baseline Budget</b>		(\$578,396)	(\$7,647,785)	(\$6,801,978)
<b>Total Appropriations</b>	\$31,484,362	\$34,802,375	\$34,965,156	\$35,810,963
<b>Annual % Change</b>		10.5%	0.5%	2.4%

### Projected Structural Gap

FY 08 and FY 09 programs costs were estimated by applying a 2.7% annual increase to the final appropriation amounts of the 122nd Legislature.

### Biennial Baseline Budget

The Bureau of the Budget considered the FY 07 \$5,100,000 deappropriation from the Homestead Property Tax Exemption (P&S 2005, c. 69) to be one-time and added that amount back to the FY 07 base to arrive at the baseline amount of \$42,612,941 for FY 08 and FY 09. The net recommendation for FY 08 and FY 09 reflects an on-going effect as a result of a decline in municipal mil rates that has reduced the number of homestead property tax exemptions.

### Adjustments to Biennial Budget

See table below. Also includes funding to increase the veterans property tax exemption from \$5,000 to \$6,000 (see LD 172 and Part PPPP of C "A" to LD 499).

### EFY07 Budget (LD 215 - PL 2007, c. 1)

Deappropriates \$1,985,770 from Homestead Property Tax Exemption Reimbursement and \$150,000 from Veterans Tax Reimbursement based on a reprojection of anticipated costs. Appropriates \$3,600 for Waste Facility Tax Reimbursement to cover FY 06 and FY 07 costs.

### Adjustments to Baseline Budget (C "A" to LD 499)

General Fund Initiatives	FY 07	FY 08	FY 09
	Appropriations	Appropriations	Appropriations
Homestead Property Tax Exemption Reimbursement	(\$301,512)	(\$7,661,235)	(\$7,191,428)
Homestead Property Tax Exemption - Mandate Reimbursement	\$0	\$5,400	\$5,400
Tree Growth Tax Reimbursement	(\$249,913)	\$150,000	\$150,000
Waste Facility Tax Reimbursement	\$0	\$3,050	\$4,050
Veterans Tax Reimbursement	(\$26,971)	(\$145,000)	\$230,000
	(\$578,396)	(\$7,647,785)	(\$6,801,978)

Revenue Adjustments *	FY 06	FY 07	FY 08	FY 09
Maine Residents Property Tax Program	(\$42,796,070)	(\$44,957,021)	(\$46,253,766)	(\$47,573,249)
Business Equipment Tax Reimbursement (BETR)	(\$67,065,810)	(\$67,000,708)	(\$68,490,826)	(\$69,059,334)
Municipal Business Equipment Tax Reimbursement	\$0	\$0	\$0	(\$11,373,516)
Subtotal Revenue Loss	(\$109,861,880)	(\$111,957,729)	(\$114,744,592)	(\$128,006,099)
<b>Totals Revenues and Expenditures - Tax Relief and Reimbursement Programs - As amended by the Appropriations Committee</b>				
Expenditures	\$31,484,362	\$34,802,375	\$34,965,156	\$35,810,963
Revenue	\$109,861,880	\$111,957,729	\$114,744,592	\$128,006,099
	\$141,346,242	\$146,760,104	\$149,709,748	\$163,817,062
		3.8%	2.0%	9.4%

\* Reflects amounts of Gross Revenue equal to the cost of the programs and program expansions had they remained as appropriations. Revenue estimates are based on the Revenue Forecasting Committee revenue forecast through the May 2007 revision.

## Debt Service

	FY 06	FY 07	FY 08	FY 09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Projected Appropriations - Structural Gap</b>			\$113,167,424	\$105,458,347
<b>Biennial Budget - Baseline Budget</b>	\$96,042,927	\$114,707,712	\$114,707,712	\$114,707,712
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		(\$7,839,841)	\$0	\$0
<b>Adjustments to Baseline Budget</b>		(\$2,000,000)	(\$10,525,931)	(\$4,411,182)
<b>Total Appropriations</b>	\$96,042,927	\$104,867,871	\$104,181,781	\$110,296,530
<b>Annual % Change</b>		9.2%	-0.7%	5.9%

### Projected Structural Gap

OFPR's structural gap projections for debt service appropriations always assume continued issuance of outstanding bond authorizations but no new authorizations approved by the voters, which typically produces a declining expenditure trend line as fewer bonds are available for issue. This projection also assumed issuance of \$150,000,000 in Tax Anticipation Notes (TAN's) in each year. With these assumptions, OFPR projected appropriations of \$113,167,424 in FY 08 and \$105,458,347 in FY 09.

### Biennial Baseline Budget

The Biennial Baseline Budget for debt service made no adjustments for any assumptions and was flat-funded from FY 07 final appropriations of the 122nd Legislature at \$114,707,712 in FY 08 and FY 09. As with OFPR's structural gap analysis, these amounts assumed TAN's of \$150,000,000 would be issued each year.

### EFY07 Budget (LD 215 - PL 2007, c. 1)

The Emergency FY 07 Supplemental Budget (LD 215 - PL 2007, c. 1) contained a reduction of \$7,839,841 in FY 07 made possible primarily by savings in interest from not issuing any TAN's in FY 07 and a lower than expected bond issue in FY 06.

### Adjustments to Baseline Budget

The debt service program within the Office of the Treasurer of State is adjusted by a reduction of \$2,000,000 in FY 07, \$10,084,539 in FY 08 and \$4,919,963 in FY 09 based primarily on a much smaller bond issue in June of 2007 than had been expected, a lower interest rate on that issue and TAN's in FY 08 and FY 09 at \$120,000,000 instead of the \$150,000,000 projected earlier. The Debt Service Program within the Maine Government Facilities Authority is adjusted by reducing FY 08 by \$441,392 and increasing FY 09 by \$508,781.

# Personal Services

	FY 06	FY 07	FY 08	FY 09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Projected Appropriations - Structural Gap</b>			\$462,293,265	\$483,558,754
<b>Biennial Budget - Baseline Budget</b>	\$398,416,458	\$404,255,808	\$434,765,356	\$449,601,852
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		\$4,950,945	\$0	\$0
<b>Adjustments to Baseline Budget</b>		(\$1,022,906)	\$2,788,538	\$247,295
<b>Total Appropriations</b>	\$398,416,458	\$408,183,847	\$437,553,894	\$449,849,147
<b>Annual % Change</b>		2.5%	7.2%	2.8%

## Projected Structural Gap

The projected growth of Personal Services appropriations was assumed to be 14.3% in FY 08 and 4.6% in FY 09. The substantial FY 08 growth related to factoring in the collective bargaining agreement approved by the 122nd Legislature, but funded through the salary plan without direct appropriations for the increase of Personal Services. The primary reason for the difference between OFPR's estimated Personal Services appropriations and final Baseline Budget amounts is the distribution of several statewide deappropriations implemented after OFPR's estimate was completed.

## Biennial Budget - Baseline

The Baseline Budget for the 2008-2009 biennium increases Personal Services costs by 7.5% in FY 08 over FY 07 levels and 3.4% in FY 09 over FY 08 levels. The growth in Personal Services for the 2008-2009 biennium is primarily related to the change in the employer paid basic life insurance rate from \$0.14 per thousand of salaries to \$0.26 per thousand of salaries, health insurance increases (assumed to grow at an annual rate of 5% in FY 08 and 6% in FY 09) and increases in salaries and wages due to merit increases. Position authorizations were reduced by 6,301 positions administratively offsetting some of these increases.

## EFY07 Budget (LD 215 - PL 2007, c. 1)

Increase primarily due to higher than expected General Fund share of personal services costs as a result of revised federal indirect cost allocation plan in the OMB Operations - Regional program within the Department of Health and Human Services (\$4.3 million).

## Adjustments to Budget - CA "A" to LD 499

The FY07 adjustment reflects a deappropriation to the Education in the Unorganized Territory program based on revised estimates of spending needs. The adjustments to the baseline budget include increased personal services costs for reclassifications and range changes; the establishment of certain correctional officer positions to provide temporary relief to the overcrowding in various correctional facilities; and an increase in the General Fund share of funding for the Bureau of State Police from approximately 37% to 40%. These additional costs were offset partially by savings in health insurance premiums, a different methodology for funding the administrative costs of the Maine State Retirement System, and other savings from position eliminations and reorganizations.

## Collective Bargaining

Prior to closing the budget, the Administration reached agreement with the bargaining units represented by the Maine State Employees Association - Service Employees International Union. Those agreements, as yet unratified, call for a lump-sum payment of \$700 (not added to base salary) to be paid in July 2007 to full-time employees and prorated for part-time employees; 2% base salary increase effective July 1, 2008; and elimination of the first step and creation of a new last step of the salary schedule that is 4% higher than the previous step effective January 1, 2009. There was no change made to the State's share of health insurance premiums for state employees (100%) or dependent coverage (60%).

## "Other" - Non-Personal Services Appropriations

	FY 06	FY 07	FY 08	FY 09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Projected Appropriations - Structural Gap</b>			\$420,622,283	\$433,405,405
<b>Biennial Budget - Baseline Budget</b>	\$421,068,315	\$429,924,983	\$445,377,614	\$445,377,614
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		\$37,657,515	\$0	\$0
<b>Adjustments to Baseline Budget</b>		(\$3,869,780)	\$50,727,222	\$39,059,831
<b>Total Appropriations</b>	\$421,068,315	\$463,712,718	\$496,104,836	\$484,437,445
<b>Annual % Change</b>		10.1%	7.0%	-2.4%

### Projected Structural Gap

The projections for most of these "other" non-personal services appropriations were inflated using the forecast of the consumer price index by the Consensus Economic Forecasting Commission. Programs that typically received flat-funding did not receive an inflation adjustment. This estimate was affected by the distribution of the statewide deappropriations many of which were distributed after the OFPR estimate was completed.

### Biennial Baseline Budget

FY 07 appropriations were adjusted upward by \$15,452,631 to account for net one-time reductions and establish the Biennial Baseline Budget at a higher level than the final FY 07 appropriations of the 122nd Legislature in this category.

### EFY07 Budget (LD 215 - PL 2007, c. 1)

Total appropriations were increased by \$37,657,515 in the Governor's Emergency FY 07 Budget Bill. See separate summary for more detail on these changes.

### Major Adjustments to Baseline Budget:

	FY 07	FY 08	FY 09
<b>ALL DEPARTMENTS STATEWIDE</b>			
<b>INFORMATION TECHNOLOGY INITIATIVES</b>			
Various information technology initiatives statewide.		\$15,489,736	\$15,182,065
<b>DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES</b>			
<b>ACCIDENT- SICKNESS - HEALTH INSURANCE</b>			
Provides funding for the State's payment of a 45% subsidy toward the cost of health insurance for eligible retired law enforcement officers and firefighters. This request is made in accordance with Public Law 2005, chapter 636.		\$1,320,535	\$3,116,405
Reduces the funding for the State's payment of a 45% subsidy toward the cost of health insurance for eligible retired law enforcement officers and firefighters, as authorized by Public Law 2005, chapter 636. There is a reduced need for funding due to lower than anticipated enrollment in the program.		(\$560,535)	(\$2,276,405)
<b>DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES</b>			
<b>DEPARTMENTS AND AGENCIES - STATEWIDE</b>			
Deappropriates savings to be achieved through the Initiative to Streamline State Government. (Part QQQ)		\$0	(\$10,100,000)
<b>DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES</b>			
<b>EXECUTIVE BRANCH DEPARTMENTS AND INDEPENDENT AGENCIES - STATEWIDE</b>			
Reduces funding to be realized through increased efficiencies. (Part JJJJ)		(\$1,400,000)	(\$1,400,000)
<b>DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES</b>			
<b>SEED POTATO BOARD</b>			
Provides funds for the construction of a minituber facility at the Porter Farm.		\$300,000	\$0
<b>DEPARTMENT OF CORRECTIONS</b>			
<b>ADMINISTRATION - CORRECTIONS</b>			
Provides funds to board approximately 100 prisoners at the county jails.		\$3,203,300	\$0
<b>ADMINISTRATION - CORRECTIONS</b>			
Provides funds for some alternative housing options for females.		\$1,540,241	\$0



<b>CORRECTIONAL MEDICAL SERVICES FUND</b>		
Increases funding requested for the 2008-09 biennium for the costs of medical care and other health and treatment costs of offenders in the department's custody.	\$500,000	\$1,000,000
<b>CORRECTIONAL MEDICAL SERVICES FUND</b>		
Reduces funding in fiscal year 2006-07 for medical care and other health and treatment costs of offenders in the department's custody.	(\$2,371,777)	\$0
<b>DEPARTMENT OF DEFENSE, VETERANS AND EMERGENCY MANAGEMENT</b>		
<b>DISASTER ASSISTANCE</b>		
Provides funding towards the State's share of disaster relief costs associated with flooding in April of 2007.	\$2,700,000	\$0
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
<b>OFFICE OF INNOVATION</b>		
Provides funding to support the Maine Technology Institute Innovation Cluster program.	\$0	\$2,500,000
Provides funding to support the management and related operating costs of bond program administration by the Maine Technology Institute, notwithstanding the provisions of the Maine Revised Statutes, Title 5, section 15305. These costs shall be excluded from the calculation of the 7% limit on management costs established by section 15305.	\$750,000	\$750,000
<b>DEPARTMENT OF EDUCATION</b>		
<b>ADULT EDUCATION</b>		
Provides additional funding for the Adult Education College Transition program to accelerate the time frame of the legislative intent to increase the number of college transition sites from 7 to 20.	\$500,000	\$600,000
<b>MAGNET SCHOOLS</b>		
Transfers funding from the Maine School of Science and Mathematics program to the General Purpose Aid for Local Schools program.	(\$1,620,442)	(\$1,620,442)
<b>JOBS FOR MAINE GRADUATES</b>		
Transfers funding from the Jobs for Maine's Graduates program to the General Purpose Aid for Local Schools program.	(\$1,431,266)	(\$1,431,266)
<b>MANAGEMENT INFORMATION SYSTEMS</b>		
Appropriates funds to provide statewide support for certain operational efficiencies, such as GIS routing software and consolidated payroll and accounting systems, associated with school consolidation.	\$3,500,000	\$0
<b>GOVERNOR BAXTER SCHOOL FOR THE DEAF</b>		
Transfers funding from the Governor Baxter School for the Deaf program to the General Purpose Aid for Local Schools program.	(\$6,057,297)	(\$6,057,297)
<b>HEALTH AND HUMAN SERVICES (formerly BDS)</b>		
<b>DOROTHEA DIX PSYCHIATRIC CENTER</b>		
Provides funding for medications.	\$556,001	\$556,001
<b>MENTAL RETARDATION SERVICES - COMMUNITY</b>		
Provides funding for room and board costs for approximately 2,000 individuals.	\$4,000,000	\$4,000,000
<b>DRIVER EDUCATION AND EVALUATION PROGRAM - SUBSTANCE ABUSE</b>		
Increases funding offset by an increase in fees.	\$697,000	\$697,000
<b>HEALTH AND HUMAN SERVICES (formerly DHS)</b>		
<b>BUREAU OF MEDICAL SERVICES</b>		
Provides funding to support increased costs within the Bureau of Medical Services program. Costs are primarily related to professional and technical services.	\$11,681,674	\$9,133,627
Provides funding to administer the new clinical management program.	\$2,600,000	\$2,700,000
Provides additional funding for administrative costs associated with the expansion of the clinical management initiative to include children.	\$600,000	\$1,100,000

<b>BUREAU OF MEDICAL SERVICES</b>		
Provides additional funding and positions for the implementation of expanded MaineCare third party liability recovery efforts.	\$300,000	\$300,000
Provides additional funding for the administrative costs associated with the implementation of a prior authorization initiative for radiology services.	\$300,000	\$300,000
<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
Provides funding for an increased maintenance of effort requirement from 75% to 80%.	\$2,200,000	\$2,200,000
Provides funding for a federal financial penalty resulting from not meeting the 90% two-parent work performance requirement.	\$0	\$400,000
Reduces funding from savings achieved in administrative costs for the transitional child care program.	(\$1,000,000)	(\$1,000,000)
<b>SUPPLEMENTAL SECURITY INCOME</b>		
Reduces funding that is no longer required to meet program obligations.	(\$1,000,000)	(\$1,000,000)
<b>OFFICE OF MANAGEMENT AND BUDGET</b>		
Provides funding for the new departmental cost allocation plan.	\$2,632,598	\$2,548,258
<b>CHILD CARE SERVICES</b>		
Provides funding to support the inclusion of children with special needs in child care.	\$300,000	\$300,000
<b>DHS - DEPARTMENTWIDE</b>		
Provides funding to correct the mechanism of billing the department for legal services by the Department of the Attorney General.	\$3,043,258	\$3,184,982
Reduces funding for the external contract with the University of Maine system that provides expert support for Department of Health and Human Services activities.	(\$1,400,000)	(\$1,400,000)
<b>STATE BOARDING HOME PROGRAM</b>		
Provides funding for increases in the boarding home program.	\$3,040,430	\$5,874,026
<b>PURCHASED SOCIAL SERVICES PROGRAM</b>		
Appropriates funds to contract with community-based agencies to provide school-based and community-based domestic violence and sexual assault projects for education, prevention and provision of direct services.	\$900,000	\$1,000,000
<b>LOW-COST DRUGS TO MAINE'S ELDERLY AND DISABLED</b>		
Deappropriates funds to reflect a decrease in General Fund requirements as a result of increased Other Special Revenue Funds revenue and savings initiatives.	(\$1,700,000)	(\$2,500,000)
<b>JUDICIAL DEPARTMENT</b>		
<b>COURTS - SUPREME, SUPERIOR, DISTRICT &amp; ADMINISTRATIVE</b>		
Provides funding for the increase in debt service costs resulting from issuing bonds to construct the new Bangor courthouse.	\$538,042	\$1,857,125
<b>MAINE STATE RETIREMENT SYSTEM</b>		
<b>RETIREMENT SYSTEM - RETIREMENT ALLOWANCE FUND</b>		
Reduces funding based on calculations from the Maine State Retirement System for retired Governors and their widows and retired Pre-1984 Judges and their widows.	(\$498,798)	(\$414,574)
<b>DEPARTMENT OF PUBLIC SAFETY</b>		
<b>STATE POLICE</b>		
Reduces funding for the debt service for the replacement radio system to be funded from the Department of Administrative Services, Office of Information Technology.	(\$1,496,000)	(\$800,000)
<b>GAMBLING CONTROL BOARD</b>		
Reduces funding from savings achieved through lower operating costs by opening the permanent racino facility in the fall of 2008.	(\$815,866)	(\$693,626)

# **APPENDIX C**

## **TAX AND FEE CHANGES**

**2008-2009 Biennial Budget**

**LD 499 as amended by Appropriations Committee**

**Appendix C - Summary of Tax and Fee Changes <sup>1</sup>**  
**LD 499 as amended by Appropriations Committee**  
**Revenue Increases (Decreases)**

<b>Bill and Part</b>	<b>Description</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Individual Income Tax <sup>2</sup></b>				
2008-2009	Single sales factor apportionment of corporate income	0	(2,438,400)	(2,223,828)
2008-2009	Enforcement - law enforcement contractor	0	167,500	167,500
2008-2009	Enforcement - audit estate and fiduciary income tax returns	0	15,000	30,000
2008-2009	Enforcement - overtime initiative	0	1,100,000	1,100,000
2008-2009	Enforcement - special enforcement on collections	0	1,111,500	1,482,000
2008-2009	Enforcement - non-Maine bussinesses doing business in Maine	0	225,000	450,000
2008-2009	Enforcement - legal services AAG	0	455,400	455,400
2008-2009	Enforcement - delinquent income and sales tax	0	630,000	630,000
2008-2009	Modify use tax formula from .04% to .08%	0	1,072,682	37,544
2008-2009	Conformity - teacher classroom expense deduction	(92,500)	(277,500)	0
2008-2009	Conformity - 15 straight line for restaurant improvements	(84,396)	(333,365)	(316,697)
2008-2009	Conformity - itemized deduction for PMI	0	(128,001)	0
2008-2009	Conformity - Health Savings Accounts	(6,470)	(22,646)	(35,975)
2008-2009	Pine Tree Zone Expansion (LD 719)	0	0	(7,330)
2008-2009	Tax credit for historic properties (LD 816, the "Hathaway" bill)	0	0	(1,000,000)
<b>Corporate Tax <sup>2</sup></b>				
2008-2009	Single sales factor apportionment of corporate income	0	10,223,875	8,949,037
2008-2009	Enforcement - overtime initiative	0	200,000	200,000
2008-2009	Conformity - 15 straight line for restaurant improvements	(21,099)	(83,341)	(79,174)
2008-2009	Conformity - charitable contributions of computer property	(19,270)	(144,529)	(28,906)
2008-2009	Pine Tree Zone Expansion (LD 719)	0	0	(1,912)
2008-2009	Captive insurers	0	5,518,750	5,137,969
<b>Sales Tax <sup>2</sup></b>				
2008-2009	Enforcement - law enforcement contractor	0	82,500	82,500
2008-2009	Enforcement - legal services AAG	0	50,600	50,600
2008-2009	Enforcement - special enforcement on collections	0	313,500	418,000
2008-2009	Enforcement - overtime initiative	0	700,000	700,000
2008-2009	Enforcement - non-Maine bussinesses doing business in Maine	0	150,000	300,000
2008-2009	Enforcement - delinquent income and sales tax	0	420,000	420,000
2008-2009	Modify use tax formula from .04% to .08%	0	0	1,072,682
2008-2009	Sales tax exemption for fuel used in groundfishing	0	(235,200)	0
2008-2009	Pine Tree Zone Expansion (LD 719)	0	(14,898)	(42,880)
<b>Estate Tax</b>				
2008-2009	Enforcement - audit estate and fiduciary income tax returns	0	285,000	570,000
<b>Other Miscellaneous Tax and Fee Changes</b>				
2008-2009	Maine Milk Commission - target milk prices	0	2,507,900	2,049,525
2008-2009	Changes in the Milk Handling fee	0	1,686,906	1,882,237
2008-2009	H.O.M.E. fund transfer to General Fund	0	0	0
<b>Total Tax and Fee Changes</b>		<b>(223,735)</b>	<b>23,238,233</b>	<b>22,448,292</b>

**Notes:**

<sup>1</sup> Reflects all tax and fee changes included in the 2008-2009 Biennial Budget LD 499 as amended by the Appropriations Committee. It does not reflect changes enacted in the Emergency Fiscal Year 2006-07 Budget (LD 215 - PL 2007, c. 1).

<sup>2</sup> Reflects gross impact of tax collections prior to the deduction of 5.1% of total collections for state-municipal revenue sharing.

**Appendix D**

**Summary of  
General Fund Appropriations  
for  
Information Technology Initiatives**

# GENERAL FUND INFORMATION TECHNOLOGY COSTS STATEWIDE

<b>Initiative Description</b> <sup>1</sup>	<b>General Fund Appropriations</b>	
	<b>FY 08</b>	<b>FY 09</b>
Adjusts funding to meet the current rates published by the Office of Information Technology for the replacement of desktop and laptop computers.	\$949,877	\$961,872
Adjusts funding for information technology services provided to agency employees based on fiscal year 2007-08 and 2008-09 Office of Information Technology monthly rates. Services include e-mail, file services and desktop and laptop support.	\$1,693,350	\$1,780,301
Adjusts funding for the same level of information technology agency applications services at the fiscal year 2007-08 and 2008-09 Office of Information Technology rates. Categories of service include direct billed personnel services, server support, and shared platforms.	\$172,272	\$195,671
Adjusts funding for supporting existing information technology agency applications within the agency.	\$3,979,343	\$5,211,685
Provides funding for fiscal year 2007-08 and 2008-09 enhancements to existing information technology applications through a lease-purchase strategy.	\$0	\$382,323
Provides funding for new information technology system development and support.	\$14,000	\$135,705
Provides funding for the cost of radio support services to be provided by the Office of Information Technology.	\$642,003	\$689,585
Adjusts funding of debt service costs for the replacement radio system as authorized by Public Law 2005, chapter 405, Part H.	\$696,000	\$0
Reduces funding for the debt service for the replacement radio system to be funded from the Department of Administrative Services, Office of Information Technology.	(\$1,496,000)	(\$800,000)
Provides funding for debt service for approved development projects.	\$5,077,896	\$6,848,422
Provides funding for information technology equipment to meet agency needs.	\$7,000	\$7,000
<b>Totals</b>	<b>\$11,735,741</b>	<b>\$15,412,564</b>

Notes:

<sup>1</sup> Reflects General Fund initiatives regarding information technology and the statewide radio network.

**Appendix E**

**Department of Corrections**

**Summary of Appropriations**

# Department of Corrections

	FY 06	FY 07	FY 08	FY 09
	Expenditures	Appropriations	Appropriations	Appropriations
<b>Biennial Budget - Baseline Budget</b>	\$132,303,681	\$134,641,988	\$141,481,261	\$144,572,522
<b>EFY07 Budget (LD 215 - PL 2007, c. 1)</b>		\$1,948,268	\$0	\$0
<b>Adjustments to Baseline Budget</b>		(\$2,371,777)	\$11,873,690	\$5,345,213
<b>Total Appropriations</b>	\$132,303,681	\$134,218,479	\$153,354,951	\$149,917,735
<b>Annual % Change</b>		1.4%	14.3%	-2.2%

## Major Adjustments to Baseline Budget

### DEPARTMENT OF CORRECTIONS

#### ADMINISTRATION - CORRECTIONS 0141

Provides funds to board approximately 100 prisoners in the county jails.

\$3,203,300

\$0

#### ADMINISTRATION - CORRECTIONS 0141

Provides funds for some alternative housing options for females and continues a limited period Public Service Manager II position.

\$1,650,721

\$0

#### CORRECTIONAL CENTER 0162

Continues one part-time Correctional Officer position, 7 Correctional Officer positions, one Recreation Supervisor position, one Correctional Caseworker position, one Teacher position, one Assistant Classification Officer position and one Correctional Sergeant position at the Maine Correctional Center in Windham.

\$941,214

\$973,689

#### STATE PRISON 0144

Continues 10 Correctional Officer positions and related All Other at the Maine State Prison.

\$685,282

\$717,794

#### CORRECTIONAL MEDICAL SERVICES FUND 0286

Increases funding requested for the 2008-2009 biennium for the cost of medical care and other health and treatment costs of offenders in the department's custody. These costs are appropriately reflected in the years in which they will occur.

\$500,000

\$1,000,000

#### CHARLESTON CORRECTIONAL FACILITY 0400

Establishes 17 limited-period Correctional Officer positions in order to open 55 beds at the Charleston Correctional Facility.

\$1,323,758

\$0

#### STATE PRISON 0144

Establishes 18 limited-period Correctional Officer positions in order to reduce overtime and keep 2 pods from closing at the Maine State Prison.

\$1,066,887

\$0

#### ADMINISTRATION - CORRECTIONS 0141

Provides funding for the cost of the Corrections Service Center.

\$364,779

\$426,312

#### ADMINISTRATION - CORRECTIONS 0141

Adjusts funding for information technology initiatives.

\$853,915

\$902,894

#### OTHER MISC. ADJUSTMENTS

Other miscellaneous adjustments.

\$1,283,834

\$1,324,524

#### CORRECTIONAL MEDICAL SERVICES FUND 0286

Reduces funding in fiscal year 2006-07 for medical care and other health and treatment costs of offenders in the department's custody. (Part BBB)

(\$2,371,777)

\$0

\$0

### Other Initiatives:

- > Part J authorizes the Department of Corrections to transfer by financial order Personal Services, All Other and Capital Expenditures between accounts within the same fund for the purpose of paying overtime.
- > Part YYY requires the Commissioner of Corrections and the State Court Administrator to consult with certain persons when preparing fiscal impact statements on legislation in order to provide accurate estimates.
- > Part ZZZ allows the Commissioner of Corrections to transfer a prisoner to supervised community confinement if that prisoner has no more than 18 months remaining on that prisoner's sentence. It also requires a pro rata reimbursement to the Department of Corrections for the costs of training a corrections officer who then leaves to seek work as a corrections officer in a county facility or other law enforcement agency.
- > Part SSSS allows the Bureau of General Services within DAFS to make renovations to house a women's transitional corrections facility in Bangor.