



Summary of Governor's Emergency FY 09 Budget Recommendations

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

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Governor's Emergency FY09 Budget Recommendations

Overview - General Fund Balance

\$'s in millions

Changes to General Fund Balance - Additional Resources Less Appropriations	
FY09 Budgeted Ending General Fund Balance - Prior to December RFC	\$0.933 ¹
- December 2008 RFC Revenue Revision	(\$140.341)
FY09 Budgeted Ending General Fund Balance - Prior to LD 45	(\$139.408) ¹
Net Changes to Resources	
- Net Changes to Transfers/Adjustments to Balance - LD 45	\$58.077
- Net Changes to Revenue (FY09 Only) - LD 45	\$6.787
FY09 Shortfall with additional General Fund Resources in LD 45	(\$74.544)
Net Changes to Appropriations - LD 45	(\$74.742)
FY09 Budgeted Ending Balance after EFY09 Budget Bill (LD 45)	\$0.198

Changes to General Fund Balance - "Savings" Initiatives Less "Spending" Initiatives ²	
FY09 Budgeted Ending General Fund Balance - Prior to LD 45	(\$139.408) ¹
"FY09 Savings" (General Fund Resources Added) by LD 45	\$159.408
Subtotal - Available FY09 General Fund Resources with LD 45	\$20.000
"FY09 Spending" (General Fund Resources Decreased) by LD 45	\$19.802
FY09 Budgeted Ending Balance after EFY09 Budget Bill (LD 45)	\$0.198

Major Changes

- > Transfers \$45.0 million from the Maine Budget Stabilization Fund
- > Reduces funding for General Purpose Aid for Local Schools by \$27.0 million
- > Results in net deappropriations to the Department of Health and Human Services of \$37.7 million (see page 4 for more detail)
- > Reduces funding to Maine's public higher education institutions by a total of \$11.8 million
- > Disallows use of election of tax withholding for large unusual income events generating \$5.1 million of additional revenue in FY 2009
- > Transfers \$6.4 million from excess contributions to the Retiree Health Insurance Fund related to the Maine Community College System
- > Transfers \$2.1 million from Capital Construction Reserve Fund
- > Recognizes \$2.0 million in debt service savings from general obligation bonds and Statewide Radio Network debt
- > Transfers 22 state prisoners to county jails in order to close one of the two housing units at the Charleston Correctional Facility and eliminates 15 limited-period positions

Notes:

¹ Reflects budgeted ending balance for FY09 including FY08 closing transactions, all legislative changes through the 123rd Legislature and the December 2008 Revenue Forecast.

² This presentation presents a different look at the budget proposals from the traditional presentation of Budgeted Resources (net revenue changes and net transfers) less Appropriations. "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. "Spending" initiatives include all those items that decrease resources: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance.

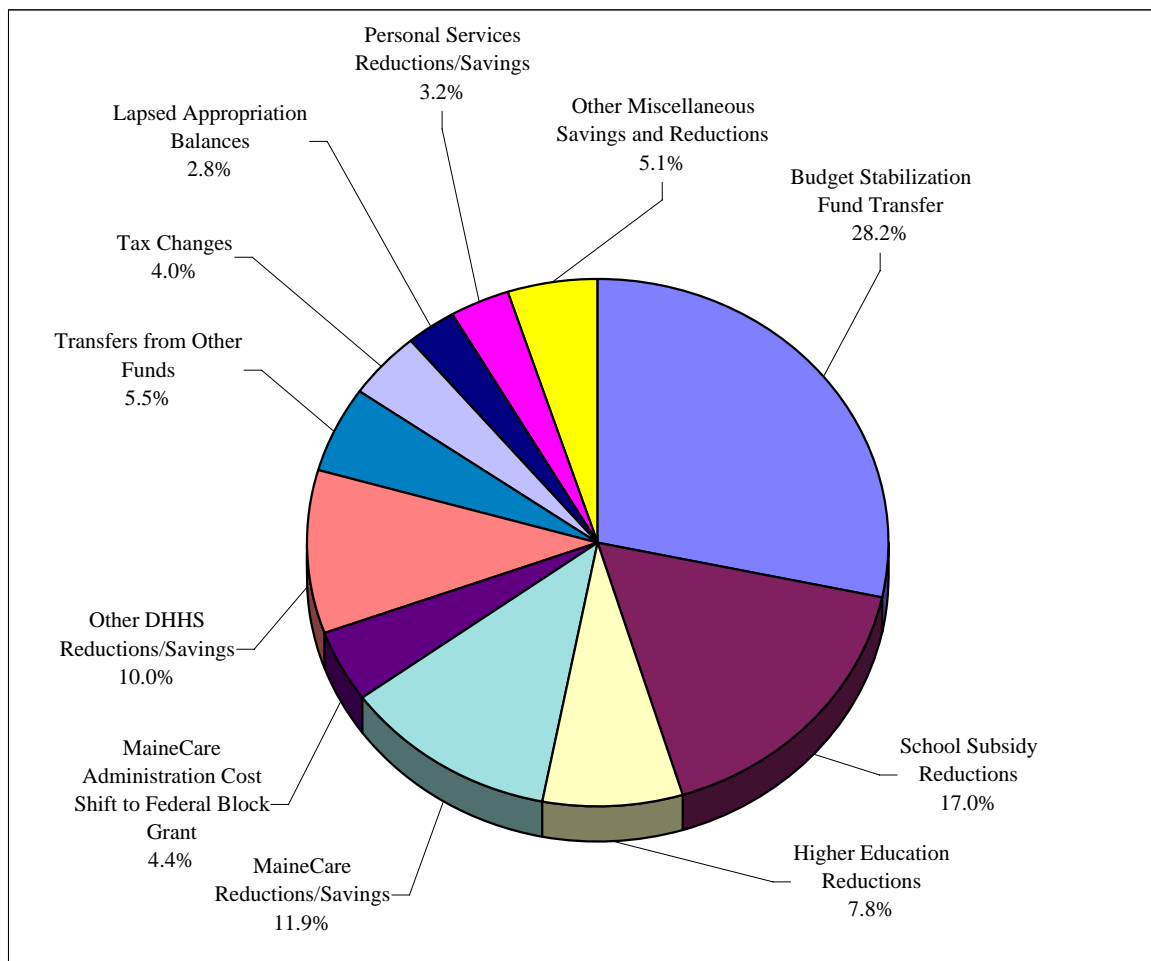
Amounts may not add due to rounding

Governor's Emergency FY09 Budget Recommendations

General Fund Adjustments - "Savings" Initiatives¹

Initiatives Increasing General Fund FY09 Balance

	\$ in Millions	% of Total
Budget Stabilization Fund Transfer	\$45.0	28.2%
School Subsidy Reductions	\$27.0	17.0%
Higher Education Reductions	\$12.5	7.8%
MaineCare Reductions/Savings	\$19.0	11.9% ²
MaineCare Administration Cost Shift to Federal Block Grant	\$7.0	4.4% ²
Other DHHS Reductions/Savings	\$15.9	10.0% ²
Transfers from Other Funds	\$8.8	5.5%
Tax Changes	\$6.4	4.0%
Lapsed Appropriation Balances	\$4.5	2.8%
Personal Services Reductions/Savings	\$5.1	3.2%
Other Miscellaneous Savings and Reductions	\$8.2	5.1%
TOTAL ADJUSTMENTS INCREASING FY09 BALANCE	\$159.4	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.

² See page 4 for additional detail on MaineCare and other DHHS initiatives.

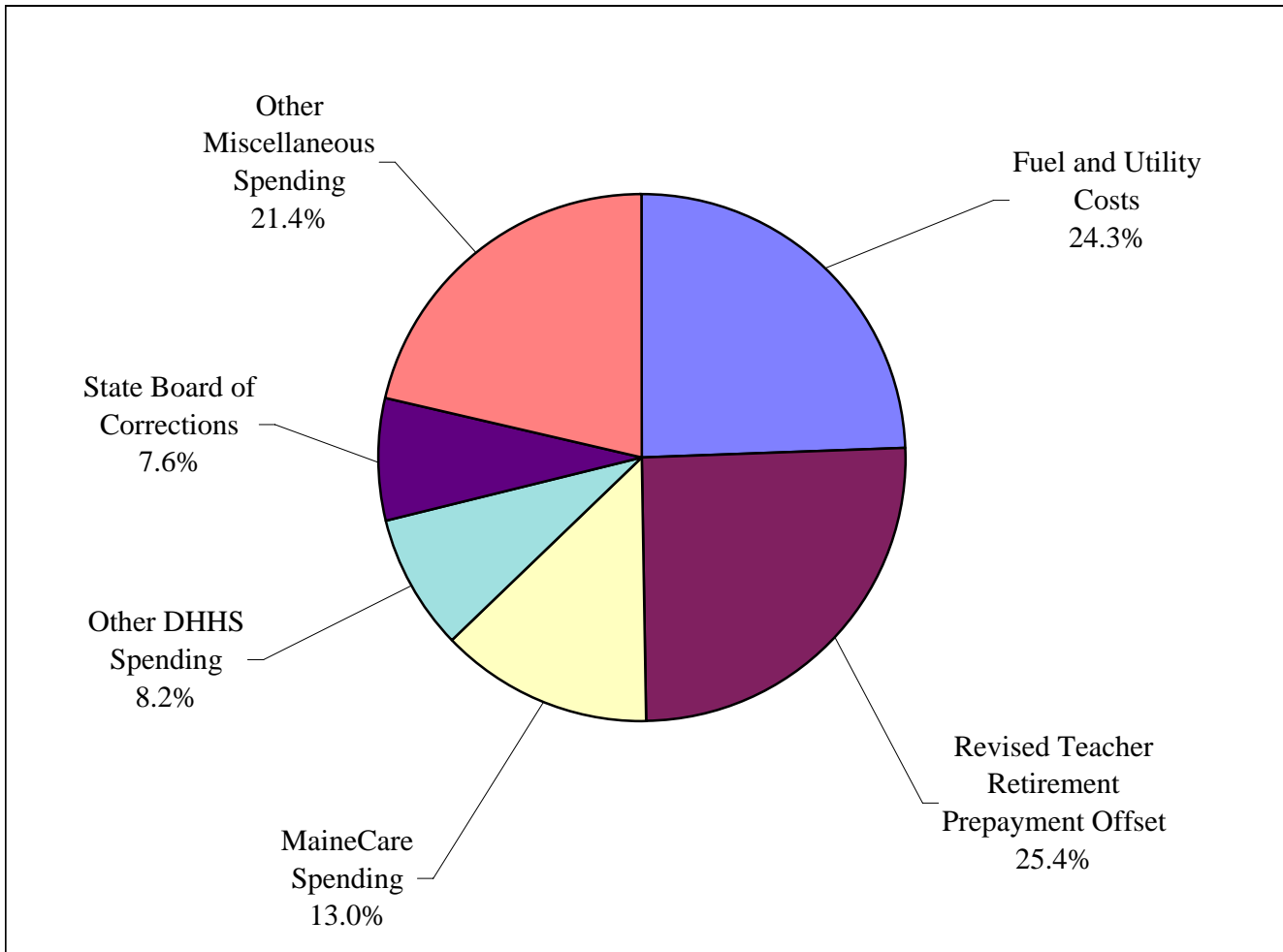
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Governor's Emergency FY09 Budget Recommendations

General Fund Adjustments - "Spending" Initiatives¹

Initiatives Decreasing General Fund FY09 Balance

	\$ in Millions	% of Total
Fuel and Utility Costs	\$4.8	24.3%
Revised Teacher Retirement Prepayment Offset	\$5.0	25.4%
MaineCare Spending	\$2.6	13.0% ²
Other DHHS Spending	\$1.6	8.2% ²
State Board of Corrections	\$1.5	7.6%
Other Miscellaneous Spending	\$4.2	21.4%
TOTAL ADJUSTMENTS DECREASING FY09 BALANCE	\$19.8	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.

² See page 4 for additional detail on MaineCare and other DHHS initiatives.

Amounts may not add due to rounding

Governor's Emergency FY09 Budget Recommendations
MaineCare and Other DHHS Proposals

FY 09
\$'s in Millions

MaineCare Savings/Reductions

- > **MaineCare Accounting Adjustment.** Proposes to reduce funding for the proper accounting of Medicare Part B premium payments for the qualified individual (QI) population. This initiative relates to the curtailments ordered in Financial Order 004576 F9. (\$4.3)
- > **MaineCare Provider Payment Changes.** Proposes to reduce funding by converting payments from weekly or biweekly reimbursements to monthly reimbursements. This initiative has a one-time impact on the General Fund. This initiative relates to the curtailments ordered in Financial Order 004576 F9. (\$7.0)
- > **MaineCare Hospital Payments.** Proposes to reduce funding by changing the reimbursement for critical access hospitals (-\$1.0 million) and by reimbursing all hospital-based physicians on a fee table (-\$3.5 million). These proposals would also result in a loss of \$8.2 million in matching federal Medicaid funding. (\$4.5)
- > **MaineCare Provider Taxes.** Proposes to adjust funding in the various MaineCare accounts to reflect modifications to projections of Medicaid-dedicated tax revenues, to comport with Revenue Forecasting Committee rejections. (\$1.8)
- Other MaineCare Savings/Reductions.** Includes proposals to: adjust funding to account for rebates for durable medical equipment (-\$0.4 million); reduce funding by limiting the optional services provided to the parents expansion group (-\$0.3 million); reduce funding on a one-time basis in the nursing facility MaineCare funding pool (-\$0.3 million); and to adjust funding by amending the Home and Community Based Benefits for the Physically Disabled Waiver to receive federal match on personal care assistance services (-\$0.2 million). (\$1.4)

MaineCare Administration - Cost Shift to Other Funds.

- > Proposes to reduce General Fund funding as a result of available funding in the Bureau of Medical Services Federal Block Grant Fund account. This initiative relates to the curtailments ordered in Financial Order 004576 F9. (\$7.0)

MaineCare Spending

- > **Medicaid Services - Mental Retardation.** Provides funding needed as a result of delaying the privatization of the Elizabeth Levinson Center. \$0.9
- > **MaineCare Administration.** Proposes increased funding for the fiscal agent project. \$0.7
- > **MaineCare Provider Taxes.** Proposes to adjust funding in the various MaineCare accounts to reflect modifications to projections of Medicaid-dedicated tax revenues, to comport with Revenue Forecasting Committee rejections. \$0.8
- > **MaineCare - Substance Abuse.** Proposes to provide funding to continue services at private nonmedical institutions. \$0.3

Other Department of Health and Human Services (DHHS) Reductions/Savings

- > **Federal TCM Rules.** Proposes to reduce funding provided in Public Law 2007, chapter 539 for community programs that were to be impacted by federal changes to targeted case management (TCM). This initiative relates to the curtailments ordered in Financial Order 004576 F9. (\$6.6)
- > **State-Funded Foster Care/Adoption Assistance.** Proposes to reduce funding due to projected savings in fiscal year 2008-09. This initiative relates to the curtailments ordered in Financial Order 004576 F9. (\$2.9)
- > **Departmentwide - Room and Board Program Savings.** Reduces funding for room and board due to a Social Security income cost-of-living increase. (\$2.0)
- > **Departmentwide - Managing Vacancies.** Reduces funding from savings achieved by managing vacancies. (\$1.7)
- > **Other Curtailment Order Reductions/Savings.** These initiatives relate to the curtailments ordered in Financial Order 004576 F9. (\$2.2)
- > **Other DHHS Reductions/Savings.** Includes a proposal to reduce funding provided for Florence House due to a delay in the program's opening (-\$0.4 million). (\$0.4)

Other DHHS Spending

- > **Independent Housing with Services.** Proposes to provide funding to ensure financially sustainable assisted living facilities beginning July 1, 2008. \$1.5
- > **Other DHHS Spending.** Includes proposed funding for the receivership of the Essex Street brain injury private nonmedical institution and funding to increase staffing of the Maine Warm Line on the 1:30 a.m. to 8:00 a.m. shift. \$0.1

Total Proposed Net Changes to MaineCare/DHHS Programs **(\$37.7)**

Governor's Emergency FY09 Budget Recommendations

Overview - Highway Fund Proposals

\$'s in millions

Changes to Highway Fund Balance	
FY09 Budgeted Ending General Fund Balance - Prior to December RFC	\$0.620 ¹
- December 2008 RFC Revenue Revision	(\$8.384)
FY09 Budgeted Ending General Fund Balance - Prior to LR 643	(\$7.764) ¹
Adjustments to Highway Fund Resources:	
- Transfers/Adjustments to Balance	\$0.013
- Revenue Changes	\$0.000
Adjustments to Highway Fund Allocations:	
- Highway Fund Allocations	(\$7.877)
FY09 Budgeted Ending Balance after EFY09 Budget Bill	\$0.125

Major Adjustments to Highway Fund Allocations:	
- Net Reduction to Highway and Bridge Capital program	(\$9.381) ²
- Reductions to Urban-Rural Initiative Program (URIP)	(\$0.855)
- Debt Service Savings	(\$1.875)
- Additional Costs for Salt	\$2.386
- Additional Fuel and Utility Costs	\$1.014 ²
- Additional Information Technology Costs	\$0.401 ²
- Other Miscellaneous Adjustments to Allocations	\$0.434
Net Changes to Highway Fund Allocations	(\$7.877)

Notes:

¹ Reflects budgeted ending balance for FY09 including FY08 closing transactions, all legislative changes through the 123rd Legislature. The effect of the December 2008 Revenue Forecast listed separately.

² Net allocations to the Highway and Bridge Capital program reflect all allocations adjustments to the program, including additional allocations for fuel and utility costs and information technology costs.

Amounts may not add due to rounding

Governor's Emergency FY09 Budget Recommendations

Overview - Fund for a Healthy Maine (FHM)

\$'s in millions

Changes to Fund for a Healthy Maine Balance	
FY09 Budgeted Ending Fund for a Healthy Maine Balance	\$7.803 ¹
- December 2008 RFC Revenue Revision	(\$1.228)
FY09 Budgeted Ending General Fund Balance - Prior to LD 45	\$6.574 ¹
FHM Adjustments to Allocations in LD 45:	
- Eliminate Fund-wide Deallocation	\$5.000
- Funding for Personal Services costs due to collective bargaining	\$0.008
- Pilot Program for Unused Prescription Drugs	\$0.150 ²
- Funding for Personal Services shortfalls	\$0.040
- Additional Information Technology Costs	\$0.011
- Funding for Reclassifications	\$0.031
Net Changes to FHM Allocations - EFY09 Budget Bill	\$5.240
FY09 Budgeted Ending Balance after EFY09 Budget Bill	\$1.334

Notes:

¹ Reflects budgeted ending balance for FY09 including FY08 closing transactions, all legislative changes through the 123rd Legislature. The effect of the December 2008 Revenue Forecast listed separately.

² Maine Drug Enforcement Agency pilot program for the return of unused prescription drugs; classified as Other Special Revenue Funds allocation in LD 45, but intended to be a FHM allocation.

Amounts may not add due to rounding

Governor's Emergency FY09 Budget Recommendations
Summary of Position Count Changes
All Funds

<u>Fund</u>	<u>Total Authorized Positions - Through 123rd Legislature</u>	<u>Position Changes in Governor's EFY09 Budget Proposals ¹</u>	<u>Total Authorized FY09 Positions - With Governor's EFY09 Proposals</u>
General Fund	6,031.470	-21.847	6,009.623
Highway Fund	2,486.832	0.000	2,486.832
Federal Expenditures Fund	1,667.626	-28.528	1,639.098
Fund for a Healthy Maine	22.500	0.000	22.500
Other Special Revenue Fund	2,429.754	-33.559	2,396.195
Federal Block Grant	137.500	-1.000	136.500
Other Funds	1,313.116	-9.162	1,303.954
Total Change of Authorized Positions	14,088.798	-94.096	13,994.702

Notes:

¹ Reflects position count changes proposed in LD 45. No position count changes were proposed in the Highway Fund EFY09 Budget Bill.