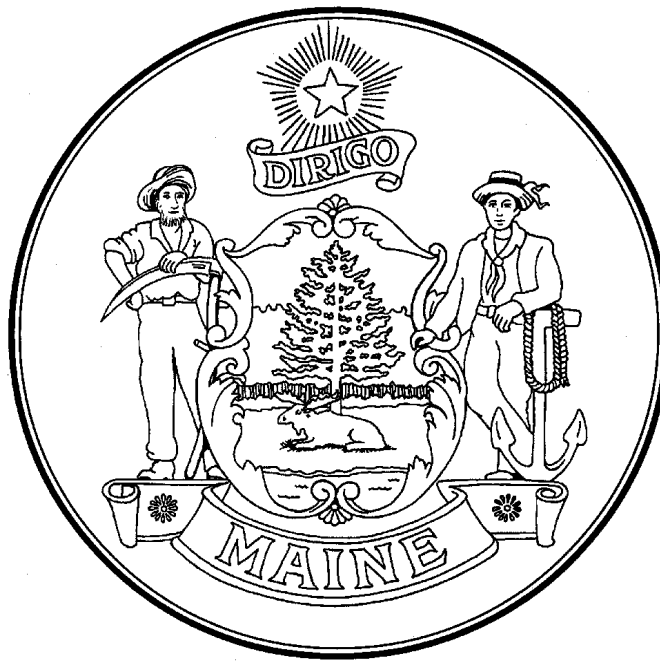


MAINE STATE LEGISLATURE

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**JOINT STANDING COMMITTEE
ON
BUSINESS, RESEARCH &
ECONOMIC DEVELOPMENT**

**LD 499
BIENNIAL BUDGET
2008 - 2009**



Professional and Financial Regulation, Department of

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
Positions - LEGISLATIVE COUNT	218,500	218,500	221,000	221,000
Positions - FTE COUNT	1,208	1,208	1,208	1,208
Personal Services	15,170,280	15,153,666	16,247,782	16,710,219
All Other	9,701,527	10,517,483	11,553,523	11,563,447
Capital Expenditures		250,000		
Total	24,871,807	25,921,149	27,801,305	28,273,666
Department Summary - FEDERAL EXPENDITURES FUND				
All Other	55,684	57,024	23,554	23,554
Total	55,684	57,024	23,554	23,554
Department Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	218,500	218,500	221,000	221,000
Positions - FTE COUNT	1,208	1,208	1,208	1,208
Personal Services	15,170,280	15,153,666	16,247,782	16,710,219
All Other	9,645,843	10,460,459	11,529,969	11,539,893
Capital Expenditures		250,000		
Total	24,816,123	25,864,125	27,777,751	28,250,112

ADMINISTRATIVE SERVICES - PROF & FIN REG 0094**What the Budget purchases:**

The Commissioner's Office, through its Administrative Services Division provides support services to all agencies in the department in the areas of budgeting, accounting, procurement, and technology services.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	7,000	7,000	7,000	7,000
Personal Services	957,632	534,183	550,716	575,779
All Other	1,865,501	2,398,040	2,398,040	2,398,040
Total	2,823,133	2,932,223	2,948,758	2,973,819

2007-08 2008-09

Initiative: Reduces funding to adjust the baseline budget to more closely approximate anticipated expenditures.

OTHER SPECIAL REVENUE FUNDS

All Other

	(186,657)	(135,220)
Total	(186,657)	(135,220)

2007-08 2008-09

Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

OTHER SPECIAL REVENUE FUNDS

All Other

	(5,057)	(4,999)
Total	(5,057)	(4,999)

2007-08 2008-09

Initiative: Provides funding for fiscal year 2007-08 and 2008-09 enhancements to existing information technology applications.

OTHER SPECIAL REVENUE FUNDS

All Other

	2,505,825	2,505,825
Total	2,505,825	2,505,825

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	7,000	7,000	7,000	7,000
Personal Services	957,832	534,183	550,716	575,779
All Other	1,865,501	2,398,040	4,712,151	4,763,646
Total	2,823,133	2,932,223	5,262,867	5,339,425

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0094 Administrative Services - Professional and Financial Regulation

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$2,948,756	\$2,973,819

Justification:

The Commissioner's Office was established to provide overall management and administrative oversight for the Department of Professional and Financial Regulation's 5 regulatory agencies and affiliated boards in the areas of policy development, administration, accounting, budgeting, personnel and information management systems. The commissioner directs the day-to-day management of the department and is responsible for reviewing the operation of the various agencies within and affiliated with the department to ensure that they comply with their statutory and public service responsibilities. The Administrative Services Division within the Commissioner's Office is responsible for providing the commissioner with departmental accounting and budgeting support and analysis, strategic planning support, purchasing and property recording and administration of internal controls for the department. The Information Systems Support Section within the Commissioner's Office coordinates automation and electronic communication initiatives, supports a comprehensive computer network enhancing each agency's ability to fulfill its mission and administers several specialized databases, including a centralized licensing database.

Initiative:

Reduces funding to adjust the baseline budget to more closely approximate anticipated expenditures.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$(186,657)	\$(135,220)

Justification:

To adjust the level of allocation to the level of anticipated resources.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$(5,057)	\$(4,999)

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

Initiative:

Provides funding for fiscal year 2007-08 and 2008-09 enhancements to existing information technology applications.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$2,505,825	\$2,505,825

Justification:

Provides funding for enhancements to existing applications and ongoing support for the changes such as OIT services for development, vendor costs, equipment, software licenses, etc. Professional and Financial Regulation Administrative Services requires funding to enhance the existing Agency License Management System (ALMS) application to improve protection of confidential information, expand functionality for enterprise-wide use, to improve data quality and to reduce data entry requirements; funding is necessary for the success of a multi-phase software development project in progress; delays may result in the contractor moving critical path personnel to other projects or layoffs, which in turn will result in higher costs for the department to complete this project.

DENTAL EXAMINERS - BOARD OF 0384**What the Budget purchases:**

The Board of Dental Examiners was originally established in 1891 to regulate the practice of dentistry. The board licenses qualified dentists, dental hygienists, radiographers, and denturists. The board grants general anesthesia and conscious sedation permits to qualified dentists and local anesthesia permits to dental hygienists. The board investigates all complaints for noncompliance of related rules and statutes and imposes discipline when warranted.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	3,000	3,000	3,000	3,000
Personal Services	156,087	161,580	176,080	183,250
All Other	176,489	186,896	186,896	186,896
Total	332,576	348,476	362,976	370,146

			2007-08	2008-09
Initiative:	Reduces funding to adjust the baseline budget to more closely approximate anticipated expenditures.			

OTHER SPECIAL REVENUE FUNDS

All Other		(21,566)	(18,460)
Total		(21,566)	(18,460)

		2007-08	2008-09
Initiative:	Adjusts funding to incorporate changes to STA-CAP rates.		

OTHER SPECIAL REVENUE FUNDS

All Other		4,811	5,014
Total		4,811	5,014

		2007-08	2008-09
Initiative:	Provides funding for the increased cost of administering the Maine Medical Association grant.		

OTHER SPECIAL REVENUE FUNDS

All Other		688	688
Total		688	688

		2007-08	2008-09
Initiative:	Adjusts funding for the replacement of desktops and laptops on a regular 48 month cycle for all employees based on current inventory at Office of Information Technology published monthly rates.		

OTHER SPECIAL REVENUE FUNDS

All Other		8,976	8,976
Total		8,976	8,976

		2007-08	2008-09
Initiative:	Adjusts funding for supporting existing information technology agency applications within the agency.		

OTHER SPECIAL REVENUE FUNDS

All Other		19,815	19,815
Total		19,815	19,815

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09

Revised Program Summary - OTHER SPECIAL REVENUE FUNDS

Positions - LEGISLATIVE COUNT	3,000	3,000	3,000	3,000
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	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Personal Services	156,087	161,580	176,080	183,250
All Other	176,489	186,896	199,620	202,929
Total	332,576	348,476	375,700	386,179

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0384 Dental Examiners - Board of

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$362,976	\$370,146

Justification:

The Board of Dental Examiners was established to protect the lives and health of the people of the State of Maine through regulation of the practice of dentistry to maintain high professional standards. The primary responsibilities of the board are to license qualified applicants for a certificate to practice dentistry, dental hygiene, denturism or radiography in Maine; to collect payment of specified fees to register dentists, dental hygienists, and denturists biennially who have completed the appropriate continuing education requirements, as well as radiographers every five years who are practicing in the State; to approve of continuing education courses for appropriateness and acceptability; to make such rules, not contrary to law, as the board deems necessary for the performance of its duties; to investigate all complaints and all cases of noncompliance with, or violations of, the provisions of laws and board rules relating to all licensees and to institute or cause to be instituted appropriate proceedings in connection therewith. The board also conducts office inspections and grants permits to qualified dentists for both general anesthesia and conscious sedation permits. In addition, the board examines and grants permits to those dental hygienists who apply and qualify for a local anesthesia permit. The board also manages the Public Health Supervision Status (PHSS) program for dental hygienists. The board is authorized to affiliate with the American Association of Dental Examiners as an active member to assist in accomplishing those objectives.

Initiative:

Reduces funding to adjust the baseline budget to more closely approximate anticipated expenditures.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$(21,566)	\$(18,460)

Justification:

To adjust the level of allocation to the level of anticipated resources.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$4,811	\$5,014

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

Initiative:

Provides funding for the increased cost of administering the Maine Medical Association grant.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$688	\$688

Justification:

To reflect the actual agreed cost for the Maine Medical Association grant.

Initiative:

Adjusts funding for the replacement of desktops and laptops on a regular 48-month cycle for all employees based on current inventory at monthly rates published by the Office of Information Technology.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$8,976	\$8,976

Justification:

Adjusts agency budget to assure that adequate funding is available for the replacement/refreshment of end user devices on a regular basis, using the OIT refreshments service and billed to the agencies based on established FY 08-09 rate schedules. This is necessary to guarantee an acceptable level for security reliability, performance and application support for all user devices on the state's networks.

Initiative:

Adjusts funding for supporting existing information technology agency applications within the agency.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$19,815	\$19,815

Justification:

Incremental cost for the management and maintenance of existing applications not attributable to the OIT consolidation or OIT rates. Examples of these costs include vendor support contracts, software licenses, equipment, and equipment maintenance. The Board of Dental Examiners has an increased cost of information technology services due to an increase in the number of computers requiring maintenance and desktop support. The State Board of Nursing requires funding for ongoing maintenance costs of the new licensing system as the issuance and renewal of professional licenses are core functions and maintaining a sophisticated electronic system is critical to these activities. The Board of Licensure in Medicine requires funding to purchase new computers for board members, online renewal disk space and a tablet computer for the field investigator.

ENGINEERS - BOARD OF REGISTRATION FOR PROFESSIONAL 0369**What the Budget purchases:**

This board was established to protect the public through regulation of the practice of engineering in Maine. The board is authorized to examine, certify, and grant certificates to applicants who satisfactorily qualify as professional engineers or engineer-interns. The board is authorized to make rules relating to the practice of engineering and to investigate complaints of alleged violations of laws.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	1.000	1.000	1.000	1.000
Positions - FTE COUNT	0.438	0.438	0.438	0.438
Personal Services	70,762	71,820	83,415	84,802
All Other	155,627	160,478	160,478	160,478
Total	226,389	232,298	243,893	245,380

Initiative: NONE

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	1.000	1.000	1.000	1.000
Positions - FTE COUNT	0.438	0.438	0.438	0.438
Personal Services	70,762	71,820	83,415	84,802
All Other	155,827	160,478	160,478	160,478
Total	226,389	232,298	243,893	245,380

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0369 Engineers - Board of Registration for Professional

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$243,893	\$245,380

Justification:

The State Board of Licensure for Professional Engineers was established in 1935 to protect the public safety and welfare of the people of the State of Maine by regulating the practice of engineering consistent with national standards. The board is authorized to determine the qualifications of, examine, certify, and grant certificates of licensure to, applicants who qualify as professional engineers or engineer-interns in the State; to publish and distribute a roster of all licensed professional engineers; to make rules consistent with state laws relating to engineering practice; and to investigate complaints of alleged violations of such laws and board rules, conduct hearings, subpoena witnesses and institute disciplinary action as warranted.

LICENSING AND ENFORCEMENT 0352**What the Budget purchases:**

The Office of Licensing and Registration is an umbrella administrative agency that regulates professions and occupations through licensure, enforcement of practice laws and professional standards, and inspections of facilities and equipment. An administrative complaint process provides a mechanism for resolution of consumer complaints.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	64,000	64,000	64,000	64,000
Personal Services	3,803,366	3,930,088	4,119,510	4,249,420
All Other	2,247,317	2,331,814	2,331,814	2,331,814
Total	6,050,683	6,261,902	6,451,324	6,581,234

Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

OTHER SPECIAL REVENUE FUNDS

All Other			(8,081)	(7,161)
Total			(8,081)	(7,161)

Initiative: Provides funding for the approved reorganization of one Office Assistant II position to an Office Associate II position.

OTHER SPECIAL REVENUE FUNDS

Personal Services			4,684	5,201
All Other			35	37
Total			4,919	5,238

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	64,000	64,000	64,000	64,000
Personal Services	3,803,366	3,930,088	4,124,394	4,254,621
All Other	2,247,317	2,331,814	2,323,768	2,324,690
Total	6,050,683	6,261,902	6,448,162	6,579,311

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0352 Licensing and Enforcement

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$6,451,324	\$6,581,234

Justification:

The Office of Licensing and Registration (OLR) was established in 1976 as an umbrella administrative agency for many professional and occupational licensing programs. The statutory mission of OLR is to protect the public by licensing qualified individuals in a wide variety of professions and occupations and by imposing discipline on licensed individuals and entities when warranted to prevent harm to the public. Full-time staff and board members appointed by the Governor are assigned to licensing programs to provide the expertise, facilities and resources necessary to administer occupational and professional licensing programs established by the Maine Legislature to ensure public protection.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$ (8,081)	\$ (7,161)

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

Initiative:

Provides funding for the approved reorganization of one Office Assistant II position to an Office Associate II position.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$4,919	\$5,238

Justification:

This request provides funding for an approved reorganization. A request for funding is included in the fiscal year 2006-07 emergency budget request.

LICENSURE IN MEDICINE - BOARD OF 0376

What the Budget purchases:

The Board of Licensure in Medicine was established in 1896 to regulate the practice of medicine. The board licenses by determining qualifications, examining and certifying candidates, and renewing registration biannually; conducts medical education and outreach programs for licensees and the public; and investigates allegations of noncompliance with the laws, rules and standards relating to the practice of medicine, holding hearings, and disciplines and requires education and retraining as appropriate.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	9.000	9.000	9.000	9.000
Positions - FTE COUNT	0.770	0.770	0.770	0.770
Personal Services	705,771	723,194	677,538	691,405
All Other	574,408	596,373	596,373	596,373
Total	1,280,179	1,319,567	1,273,911	1,287,778

2007-08	2008-09
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Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

OTHER SPECIAL REVENUE FUNDS

All Other	2,702	2,852
Total	2,702	2,852

2007-08	2008-09
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Initiative: Continues one limited-period Information System Support Specialist I position through June 13, 2009. This position was previously established in Public Law 2003, chapter 451 and continued in Public Law 2005, chapter 386.

OTHER SPECIAL REVENUE FUNDS

Personal Services	66,737	70,729
All Other	722	765
Total	67,459	71,494

2007-08	2008-09
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Initiative: Continues one limited-period Office Associate II position, previously established by financial order, through June 13, 2009.

OTHER SPECIAL REVENUE FUNDS

Personal Services	50,003	53,078
All Other	541	574
Total	50,544	53,652

2007-08	2008-09
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Initiative: Establishes one limited-period part-time Physician III position needed to review and evaluate medical components of consumer complaints. This position will end on June 13, 2009.

OTHER SPECIAL REVENUE FUNDS

Personal Services	89,393	94,648
All Other	967	1,024
Total	90,360	95,672

2007-08	2008-09
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Initiative: Provides funding for contractual rent increase.

OTHER SPECIAL REVENUE FUNDS

All Other	5,758	5,758
Total	5,758	5,758

2007-08

2008-09

Initiative: Adjusts funding for supporting existing information technology agency applications within the agency.

OTHER SPECIAL REVENUE FUNDS

All Other

	59,436
Total	59,436
	0

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	9.000	9.000	9.000	9.000
Positions - FTE COUNT	0.770	0.770	0.770	0.770
Personal Services	705,771	723,194	883,671	909,860
All Other	574,408	596,373	666,499	607,346
Total	1,280,179	1,319,567	1,550,170	1,517,206

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0376 Licensure in Medicine - Board of

Initiative:**BASELINE BUDGET**

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$1,273,911	\$1,287,778

Justification:

The Board of Licensure in Medicine was established in 1896 to safeguard the lives and health of the people of Maine through regulation of medical practice. The board, funded solely from fees from its licensees, is charged to license and establish the minimum qualifications and standards of medical practice, grant or withhold the privilege to practice medicine after examining the qualifications of physician and physician assistant applicants, and biennially review these professionals based upon appropriate continuing medical education and professional conduct; discipline and enforce the Medical Practice Act, Title 24, to investigate complaints and allegations of noncompliance with the laws and board rules relating to physicians, surgeons and physician assistants, to hold public disciplinary hearings and take action in the form of probation, censure, reprimand, fine, suspension, or license revocation; educate and provide appropriate clinical and professional standards for licensees, educate the public, through the board's consumer assistant, regarding acceptable clinical care, and make detailed reports to the public and to national databases regarding discipline. The board also coordinates with other state and international regulators regarding cross-border licensing, medical practice and professional performance, and cross-border drug issues.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$2,702	\$2,852

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

Initiative:

Continues one limited-period Information System Support Specialist I position through June 13, 2009. This position was previously established in Public Law 2003, chapter 451 and continued in Public Law 2005, chapter 386.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$67,459	\$71,494

Justification:

This position supports the Board Of Nursing's network and the Board of Licensure in Medicine's network, including the Board of Licensure in Medicine's licensee support-intensive database and interactive web site, and supplies the Board of Licensure in Medicine's data manually and automatically to outside agencies.

Initiative:

Continues one limited-period Office Associate II position, previously established by financial order, through June 13, 2009.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$50,544	\$53,652

Justification:

This position helps the Board of Licensure in Medicine continue processing licenses in a timely manner. Processing new medical doctor and physician assistant applications and license renewals is critical to the medical field, to help ensure competent and professional treatment of patients. Recent staff illness has hampered productivity. Hospitals and insurance companies require timely licensing for credentialing and reimbursement. In recent years, contracts with temporary service agencies have been used to meet the demands for licensure.

Initiative:

Establishes one limited-period part-time Physician III position needed to review and evaluate medical components of consumer complaints. This position will end on June 13, 2009.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$90,360	\$95,672

Justification:

This position is needed to evaluate and categorize complaints and reduce the time it takes to resolve complaints by suggesting investigative tracks and board dispositions.

Initiative:

Provides funding for contractual rent increase.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$5,758	\$5,758

Justification:

Provides funding to reflect higher rent cost in newly occupied offices.

Initiative:

Adjusts funding for supporting existing information technology agency applications within the agency.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$59,436	\$-

Justification:

Incremental cost for the management and maintenance of existing applications not attributable to the OIT consolidation or OIT rates. Examples of these costs include vendor support contracts, software licenses, equipment, and equipment maintenance. The Board of Dental Examiners has an increased cost of information technology services due to an increase in the number of computers requiring maintenance and desktop support. The State Board of Nursing requires funding for ongoing maintenance costs of the new licensing system as the issuance and renewal of professional licenses are core functions and maintaining a sophisticated electronic system is critical to these activities. The Board of Licensure in Medicine requires funding to purchase new computers for board members, online renewal disk space and a tablet computer for the field investigator.

MANUFACTURED HOUSING BOARD 0351**What the Budget purchases:**

The Manufactured Housing Board protects the public by licensing and regulating manufacturers and dealers of manufactured housing doing business in Maine. The board enforces federal manufacturing and installation specifications for this kind of housing, inspects installations of manufactured housing units and assists consumers in resolving complaints with manufacturers and dealers. The board also administers the state warranty law applicable to manufactured housing. This program represents the United States Housing and Urban Development agency for the State of Maine and is authorized to discipline licensees when warranted.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - FEDERAL EXPENDITURES FUND				
All Other	55,684	57,024	57,024	57,024
Total	55,684	57,024	57,024	57,024

2007-08 2008-09

Initiative: Reduces funding to adjust the baseline budget to more closely approximate anticipated expenditures.

FEDERAL EXPENDITURES FUND

All Other

	(33,393)	(33,393)
Total	(33,393)	(33,393)

2007-08 2008-09

Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

FEDERAL EXPENDITURES FUND

All Other

	(77)	(77)
Total	(77)	(77)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - FEDERAL EXPENDITURES FUND				
All Other	55,684	57,024	23,554	23,554
Total	55,684	57,024	23,554	23,554

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0351 Manufactured Housing Board

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Federal Expenditures Fund	\$57,024	\$57,024

Justification:

The Manufactured Housing Board protects the public by licensing and regulating manufacturers and dealers of manufactured housing doing business in Maine. The board enforces federal manufacturing and installation specifications for this kind of housing, inspects installations of manufactured housing units and assists consumers in resolving complaints with manufacturers and dealers. The board also administers the state warranty law applicable to manufactured housing. This program represents the United States Housing and Urban Development agency for the State of Maine and is authorized to discipline licensees when warranted.

Initiative:

Reduces funding to adjust the baseline budget to more closely approximate anticipated expenditures.

	<u>2007-08</u>	<u>2008-09</u>
Federal Expenditures Fund	\$(33,393)	\$(33,393)

Justification:

To adjust the level of allocation to the level of anticipated resources.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Federal Expenditures Fund	\$(77)	\$(77)

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

NURSING - BOARD OF 0372**What the Budget purchases:**

The Board of Nursing regulates nursing practice through licensure by exam or endorsement; renewal of qualified applicants; investigating complaints of unsafe nursing practice or any violation of law related to nursing practice; and adopting rules and regulations governing licensure of nurses and other matters within its jurisdiction.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	7,000	7,000	7,000	7,000
Personal Services	402,830	413,440	457,523	465,077
All Other	328,710	340,351	340,351	340,351
Total	731,540	753,791	797,874	805,428

2007-08 **2008-09**

Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

OTHER SPECIAL REVENUE FUNDS

All Other		4,754	4,862
Total		4,754	4,862

2007-08 **2008-09**

Initiative: Adjusts funding for supporting existing information technology agency applications within the agency.

OTHER SPECIAL REVENUE FUNDS

All Other		16,228	16,228
Total		16,228	16,228

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	7,000	7,000	7,000	7,000
Personal Services	402,830	413,440	457,523	465,077
All Other	328,710	340,351	361,333	381,441
Total	731,540	753,791	818,856	826,518

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0372 Nursing - Board of

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$797,874	\$805,428

Justification:

The State Board of Nursing was established to protect the public through regulation of nursing practice to maintain high professional standards. The primary responsibilities are to license, by examination or endorsement, all applicants qualified to practice as registered nurses or as licensed practical nurses; to renew the licenses of all qualified registered nurses and practical nurses; to investigate complaints of unsafe nursing practice or any violation of laws relating to nursing and determine, in collaboration with the Attorney General, if the case should be presented for a formal hearing; to adopt rules and regulations governing licensure of nurses and other matters within its jurisdiction; to approve curriculum for programs of training that prepare certified nursing assistants to perform selected nursing services when such services are delegated by a registered nurse. Additional responsibilities of the board are to prescribe curricula and establish standards for educational programs preparing persons for licensure as registered nurses or as licensed practical nurses; to approve nursing educational programs in the State that meet the requirements of law and the standards established by the board; to survey all such nursing educational programs as deemed necessary to determine that the requirements of the law and board standards are being maintained; to deny or withdraw approval from such nursing educational programs for failure to meet requirements; and to approve the credentials of registered nurses who have completed an educational program that prepares the registered nurse to function as an advanced practice registered nurse.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$4,754	\$4,862

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

Initiative:

Adjusts funding for supporting existing information technology agency applications within the agency.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$16,228	\$16,228

Justification:

Incremental cost for the management and maintenance of existing applications not attributable to the OIT consolidation or OIT rates. Examples of these costs include vendor support contracts, software licenses, equipment, and equipment maintenance. The Board of Dental Examiners has an increased cost of information technology services due to an increase in the number of computers requiring maintenance and desktop support. The State Board of Nursing requires funding for ongoing maintenance costs of the new licensing system as the issuance and renewal of professional licenses are core functions and maintaining a sophisticated electronic system is critical to these activities. The Board of Licensure in Medicine requires funding to purchase new computers for board members, online renewal disk space and a tablet computer for the field investigator.

OPTOMETRY - BOARD OF 0385**What the Budget purchases:**

The Board of Optometry regulates the practice of optometry. The board examines and licenses qualified applicants to practice optometric medicine. The board investigates allegations of noncompliance with the laws and rules relating to the practice of optometry, conducts hearings and imposes disciplinary actions.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	38,293	39,293	44,521	45,421
All Other	18,050	18,618	18,618	18,616
Total	56,343	57,911	63,139	64,039

2007-08 2008-09

Initiative: Adjusts funding to incorporate changes to STA-CAP rates.

OTHER SPECIAL REVENUE FUNDS

All Other		384	434
Total		384	434

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	38,293	39,293	44,521	45,421
All Other	18,050	18,618	19,002	19,052
Total	56,343	57,911	63,523	64,473

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0385 Optometry - Board of

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$63,139	\$64,039

Justification:

The State Board of Optometry was established to protect the public through the regulation of the practice of optometry in the State of Maine by maintaining high professional standards. The responsibilities of the board are to examine and license qualified applicants to practice the profession of optometry in the State of Maine, to renew all licenses upon payment of a specified fee and proof that the licensee attended the required educational programs approved by the board, and to revoke, refuse or suspend any license for violation of the laws relating to optometry. The board also investigates all complaints and cases of noncompliance with optometry laws, rules and regulations, conducts hearings, and brings all such cases to the attention of the proper prosecuting officer.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$384	\$434

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

OSTEOPATHIC LICENSURE - BOARD OF 0383**What the Budget purchases:**

Established in 1916, it is the duty of the board to regulate the practice of osteopathic medicine. The board examines, determines qualifications of and licenses/registers those applicants who have met statutory requirements. The board investigates complaints, conducts hearings and imposes disciplinary actions.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	64,652	66,399	70,638	71,796
All Other	107,318	114,805	114,905	114,905
Total	171,970	181,304	185,543	186,701

			2007-08	2008-09
Initiative: Adjusts funding to incorporate changes to STA-CAP rates.				
OTHER SPECIAL REVENUE FUNDS				
All Other			856	877
Total			856	877

			2007-08	2008-09
Initiative: Provides funding for the increased cost of travel due to mileage reimbursement rate increasing from \$.36 to \$.38.				
OTHER SPECIAL REVENUE FUNDS				
All Other			2,036	2,036
Total			2,036	2,036

			2007-08	2008-09
Initiative: Provides funding for the increased cost of utilities, rent, and building repairs.				
OTHER SPECIAL REVENUE FUNDS				
All Other			3,360	3,360
Total			3,360	3,360

			2007-08	2008-09
Initiative: Provides funding for office supplies to more accurately reflect anticipated expenditures.				
OTHER SPECIAL REVENUE FUNDS				
All Other			408	408
Total			408	408

			2007-08	2008-09
Initiative: Provides funding for the increased cost of legal services provided by the Department of the Attorney General.				
OTHER SPECIAL REVENUE FUNDS				
All Other				4,072
Total			0	4,072

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	64,652	66,399	70,638	71,796

Professional and Financial Regulation, Department of

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	107,318	114,905	121,565	125,658
Total	171,970	181,304	192,203	197,454

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

0383 Osteopathic Licensure - Board of

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$185,543	\$186,701

Justification:

The Board of Osteopathic Licensure was established to protect the health, welfare, safety and lives of the citizens of Maine by ensuring that the public is served by competent, well trained professionals. Currently, the board licenses more than 925 physicians in addition to physician assistants, who work under the supervision of an osteopathic physician licensed by the board, camp physicians and locum tenens physicians. The board also issues intern and resident training permits. The board, which meets monthly, promulgates rules, not contrary to law, as the board deems necessary for the performance of its duties. One of the most important elements of regulation is the investigation of complaints lodged against osteopathic physicians and the physician assistants who work under their supervision. The board is an active member of the Federation of State Medical Boards.

Initiative:

Adjusts funding to incorporate changes to STA-CAP rates.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$856	\$877

Justification:

STA-CAP rates change each year. This request adjusts funding to reflect the correct STA-CAP rates for the 2008-2009 biennium.

Initiative:

Provides funding for the increased cost of travel due to the mileage reimbursement rate increasing from \$.36 to \$.38.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$2,036	\$2,036

Justification:

Travel is often necessitated in the process of complaint investigation as well as training. This adjustment is required due to increases in the mileage reimbursement rate.

Initiative:

Provides funding for the increased cost of utilities, rent and building repairs.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$3,360	\$3,360

Justification:

This request is primarily necessitated by higher rent in newly occupied quarters.

Initiative:

Provides funding for office supplies to more accurately reflect anticipated expenditures:

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$408	\$408

Justification:

This request increases funding for office supplies to more appropriately reflect actual expenditures to budget.

Initiative:

Provides funding for the increased cost of legal services provided by the Department of the Attorney General.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$-	\$4,072

Justification:

To reflect the anticipated cost of assistant attorney general services to be paid to the Department of the Attorney General.

Economic and Community Development, Department of

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
Positions - LEGISLATIVE COUNT	43,000	43,000	43,000	43,000
Personal Services	3,390,845	3,410,831	3,747,021	3,799,317
All Other	45,864,487	47,179,054	45,973,910	46,912,152
Total	49,255,332	50,589,885	49,720,931	50,711,469
Department Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	28,000	28,000	28,000	28,000
Personal Services	2,250,123	2,189,931	2,464,840	2,521,619
All Other	9,784,087	9,544,905	12,211,888	14,213,766
Total	12,034,210	11,734,836	14,676,728	16,735,385
Department Summary - FEDERAL EXPENDITURES FUND				
Personal Services	1,000	27,889	34,000	4,000
All Other	3,034,932	3,927,520	2,283,530	1,766,657
Total	3,035,932	3,955,409	2,317,530	1,770,657
Department Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	7,000	7,000	7,000	7,000
Personal Services	525,475	541,247	577,199	586,669
All Other	8,351,833	8,395,852	9,204,677	9,656,900
Total	8,877,308	8,936,899	9,781,876	10,243,569
Department Summary - FEDERAL BLOCK GRANT FUND				
Positions - LEGISLATIVE COUNT	8,000	8,000	8,000	8,000
Personal Services	614,247	651,764	670,982	687,029
All Other	24,693,635	25,310,977	22,273,815	21,274,829
Total	25,307,882	25,962,741	22,944,797	21,961,858

ADMINISTRATION - ECON & COMM DEV 0069**What the Budget purchases:**

Overall coordination of the department, including financial and personnel management, administrative and policy development, coordination of legislative and press activities, program development and evaluation; the development and implementation of the State Economic Development Strategic Plan; departmental strategic planning, and management of the municipal and State tax increment financing programs.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	6,000	6,000	6,000	6,000
Personal Services	543,776	508,049	556,588	567,612
All Other	1,672,544	1,358,073	1,333,073	1,333,073
Total	2,216,320	1,866,122	1,889,661	1,900,685
Program Summary - FEDERAL EXPENDITURES FUND				
Personal Services	1,000	27,889	34,000	4,000
All Other	884,791	3,241,130	3,241,130	3,241,130
Total	885,791	3,269,019	3,275,130	3,245,130
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	70,000	70,000	70,000	70,000
Total	70,000	70,000	70,000	70,000

2007-08 2008-09

Initiative: Reduces funding to reflect the end date of the Department of Labor High Growth Jobs Training Initiative - Manufacturing Extension Program grant agreement.

FEDERAL EXPENDITURES FUND

All Other		(957,600)	(1,474,473)
Total		(957,600)	(1,474,473)

2007-08 2008-09

Initiative: Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

GENERAL FUND

All Other		20,310	21,038
Total		20,310	21,038

<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
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Revised Program Summary - GENERAL FUND

Positions - LEGISLATIVE COUNT	6,000	6,000	6,000	6,000
Personal Services	543,776	508,049	556,588	567,612
All Other	1,672,544	1,358,073	1,353,383	1,354,111
Total	2,216,320	1,866,122	1,909,971	1,921,723

Revised Program Summary - FEDERAL EXPENDITURES FUND

Personal Services	1,000	27,889	34,000	4,000
All Other	884,791	3,241,130	2,283,530	1,786,657
Total	885,791	3,269,019	2,317,530	1,770,657

Economic and Community Development, Department of

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	70,000	70,000	70,000	70,000
Total	70,000	70,000	70,000	70,000

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0069 Administration - Economic and Community Development

Initiative:**BASELINE BUDGET**

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$1,889,661	\$1,900,685
Federal Expenditures Fund	\$3,275,130	\$3,245,130
Other Special Revenue Funds	\$70,000	\$70,000

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT ADMINISTRATION - ECONOMIC & COMMUNITY DEVELOPMENT PROGRAM 0069 010 19A 0069 01, 014 19A 0069 03, 014 19A 0069 70 The Administration account supports the Commissioner's Office and the activities related to policy development and the overall management of the department, including budget, financial management, personnel, information systems and facilities. Additionally, the Office represents the Department on numerous boards and commissions, administers several directed grant programs, and manages Maine's tax-based economic development financing programs. The Current Services General Fund All Other request for FY 2008 and FY 2009 is flat-funded at the FY2007 level. No Capital funding is requested. This account includes pass-through grants in the 6400 line, to the Maine MEP (\$667,722), the Loring Development Authority (\$282,890) and the Maine Procurement Technical Assistance Center at EMDC (\$139,650).

Initiative:

Reduces funding to reflect the end date of the Department of Labor High Growth Jobs Training Initiative - Manufacturing Extension Program grant agreement.

	<u>2007-08</u>	<u>2008-09</u>
Federal Expenditures Fund	\$(957,600)	\$(1,474,473)

Justification:

This request reduces allotment to correlate with the final portion of grant funds anticipated to be expended in early FY2008 for the Department of Labor High Growth Jobs Training Initiative - MEP grant (Agreement # HG -14985-05-60, CFDA 17.261) for the period 7/01/05 through 6/30/07. Grant funds are granted to the Maine Manufacturing Extension Partnership to facilitate entry of small manufacturing establishments into defense and commercial manufacturing supply chains.

Initiative:

Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$20,310	\$21,038

Justification:

Public Law 2005, chapter 12, Part I authorized the State's Chief Information Officer to improve organizational efficiencies and identify savings to the General Fund. Subsequently, an Agency Technology Officer I position was transferred from the Office of Business Development account which then received \$96,073 in All Other funds. This request adjusts the \$96,073 over the department to cover actual expenditures by account.

APPLIED TECHNOLOGY DEVELOPMENT CENTER SYSTEM 0929

What the Budget purchases:

The Technology Development Centers encourage early stage development of technology-based businesses through business counseling, shared services and minimizing overhead costs for new technology-based companies.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	242,250	242,250	242,250	242,250
Total	242,250	242,250	242,250	242,250

			2007-08	2008-09
Initiative: NONE				

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	242,250	242,250	242,250	242,250
Total	242,250	242,250	242,250	242,250

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0929 Applied Technology Development Center System

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$242,250	\$242,250

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT APPLIED TECHNOLOGY DEVELOPMENT CENTER SYSTEM PROGRAM 0929 010 19A 0929 28 The Applied Technology Development Centers System is comprised of seven technology-based business incubator centers. It supports the State Economic Development Strategic Plan, which calls for the development of business clusters in seven targeted technology sectors. The Centers within the System are: The Thomas M. Teague Biotechnology Center in Fairfield, (biotechnology); The Target Technology Center in Orono, (information technology); The Center for Environmental Enterprise in South Portland, (environmental technology); The Loring Applied Technology Center in Limestone, (agriculture and forestry technology); The River Valley Technology Center in Rumford, (precision manufacturing and electronics); The Aquaculture Technology Development Center, located in Eastport, Franklin and Walpole, (aquaculture and marine sciences); and The Sanford Composite Materials Technology Center in Sanford, with satellite offices in Greenville and Orono, (composite materials). The System is coordinated through the Office of Innovation within the Department of Economic and Community Development. This Program (0929) provides funding for ongoing management assistance for the Centers. The Current Services request for FY2008 and FY2009 is flat-funded at the FY2007 appropriation level (\$242,250).

BUSINESS DEVELOPMENT 0585**What the Budget purchases:**

The Office of Business Development provides information, assistance and advocacy related to doing business in Maine, assists with business permitting/licensing, provides marketing assistance and marketing vehicles (web site, logo tags, trade shows and events) to Maine manufacturers/producers, and provides direct, intensive coordination of resources to facilitate business investment and job retention and creation.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	14,000	14,000	14,000	14,000
Personal Services	1,011,316	979,927	1,098,431	1,124,088
All Other	706,869	722,762	722,762	722,762
Total	1,718,185	1,702,689	1,821,193	1,846,850

Initiative: Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

GENERAL FUND

All Other		(33,164)	(34,443)
Total		(33,164)	(34,443)

Initiative: 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.

GENERAL FUND

All Other		(23,017)	(21,139)
Total		(23,017)	(21,139)

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	14,000	14,000	14,000	14,000
Personal Services	1,011,316	979,927	1,098,431	1,124,088
All Other	706,869	722,762	666,561	667,180
Total	1,718,185	1,702,689	1,765,012	1,791,268

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0585 Business Development

Initiative:**BASELINE BUDGET**

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$1,821,193	\$1,846,850

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT OFFICE OF BUSINESS DEVELOPMENT PROGRAM 0585 010 19A 0585 12 The Office of Business Development facilitates economic growth by providing businesses with a broad range of assistance including financing, workforce training and development, marketing, site location and advocacy. The Office operates "Business Answers", providing information on doing business in Maine via both an 800 toll free number and Internet access, and includes the one-stop permitting, business assistance and advocacy program. The Office works in partnership with organizations such as the the Small Business Development Centers, the Maine International Trade Center, Maine Technology Institute, Maine and Company, the Finance Authority of Maine, local and regional economic development organizations, and private sector organizations such as the Economic Development Council of Maine and the Maine State Chamber of Commerce. Additionally, the Office promotes Maine as a competitive location for business growth and investment by both in and out of State companies. The Office promotes Maine products through its Maine Products Marketing Program and assists several industrial sectors with their market expansion efforts. The Current Services General Fund All Other request for FY 2008 and FY 2009 is flat-funded at the FY2007 appropriation level (\$722,762).

Initiative:

Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(33,164)	\$(34,443)

Justification:

Public Law 2005, chapter 12, Part I authorized the State's Chief Information Officer to improve organizational efficiencies and identify savings to the General Fund. Subsequently, an Agency Technology Officer I position was transferred from the Office of Business Development account which then received \$96,073 in All Other funds. This request adjusts the \$96,073 over the department to cover actual expenditures by account.

Initiative:

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.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(23,017)	\$(21,139)

Justification:

Adjusts agency budget to assure that adequate funding is available for the cost of core end user IT services delivered by OIT such as e-mail, file and print services, desktop/laptop support billed to the agencies based on established FY 08-09 rate schedules. Provides for a common delivery, higher security, and high availability of enterprise-class end user services to all employees relying on the state's network.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 0587**What the Budget purchases:**

Provides federal funds as grants to municipalities to implement programs to improve economic, social, infrastructure, planning and housing conditions primarily for the benefit of low and moderate-income persons, as well as program administration. Provides state funds as required match for federal grant funds toward administration of the Community Development Block Grant Program.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	177,717	180,851	195,608	201,339
All Other	65,892	66,787	66,787	66,787
Total	243,609	247,648	262,395	268,126

Program Summary - OTHER SPECIAL REVENUE FUNDS

All Other	1,032,438	1,032,438	1,032,438	1,032,438
Total	1,032,438	1,032,438	1,032,438	1,032,438

Program Summary - FEDERAL BLOCK GRANT FUND

Positions - LEGISLATIVE COUNT	8,000	8,000	8,000	8,000
Personal Services	614,247	651,764	670,982	687,029
All Other	24,693,635	25,310,977	25,310,977	25,310,977
Total	25,307,882	25,962,741	25,981,959	25,998,006

	2007-08	2008-09
Initiative: Reduces funding to reflect an anticipated reduction in federal Community Development Block Grant (CDBG) funds.		

FEDERAL BLOCK GRANT FUND

All Other	(3,037,162)	(4,036,148)
Total	(3,037,162)	(4,036,148)

	2007-08	2008-09
Initiative: Provides funding for granting additional business assistance loans to businesses anticipating new job growth.		

OTHER SPECIAL REVENUE FUNDS

All Other	41,863	41,863
Total	41,863	41,863

	2007-08	2008-09
Initiative: Reduces funding for legal services and travel resulting from program efficiencies.		

OTHER SPECIAL REVENUE FUNDS

All Other	(6,290)	(6,290)
Total	(6,290)	(6,290)

	2007-08	2008-09
Initiative: Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.		

GENERAL FUND

All Other	9,851	10,181
Total	9,851	10,181

Economic and Community Development, Department of

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2.000	2.000	2.000	2.000
Personal Services	177,717	180,861	195,608	201,339
All Other	65,892	66,787	76,638	76,968
Total	243,609	247,648	272,246	278,307
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	1,032,438	1,032,438	1,068,011	1,068,011
Total	1,032,438	1,032,438	1,068,011	1,068,011
Revised Program Summary - FEDERAL BLOCK GRANT FUND				
Positions - LEGISLATIVE COUNT	8.000	8.000	8.000	8.000
Personal Services	614,247	651,764	670,982	687,029
All Other	24,693,635	25,310,977	22,273,815	21,274,829
Total	25,307,882	25,962,741	22,944,797	21,961,858

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0587 Community Development Block Grant Program

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$262,395	\$268,126
Other Special Revenue Funds	\$1,032,438	\$1,032,438
Federal Block Grant Fund	\$25,981,959	\$25,998,006

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM PROGRAM 0587 010 19A 0587 05, 014 19A 0587 01, 014 19A 0587 02, 014 19A 0587 03, 014 19A 0587 04, 014 19A 0587 05, 015 19A 0587 01 The Department will receive \$14.149 million in Federal Fiscal Year 2006 and anticipates a reduction to approximately \$10.5 million for Federal Fiscal Year 2007, from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant Program. Municipalities may use these funds to undertake eligible activities as outlined in Title I of the Housing and Community Development Act of 1974, as amended. Activities include housing rehabilitation, public facilities, public infrastructure, public service, economic development and planning. The General Fund (match) appropriation is used by DECD to provide general management, oversight, coordination, monitoring, and evaluation of community development projects undertaken with these HUD funds throughout the state (except the entitlement communities of Auburn, Bangor, Lewiston, Portland, South Portland, Biddeford and most of Cumberland County, recently designated a HUD Urban County, which receive annual funding directly from HUD). The General Fund request is critical toward meeting the minimum federal match requirements to operate this program. The Current Services General Fund All Other request for FY 2008 and FY 2009 is flat-funded at the FY2007 appropriation level (\$66,787).

Initiative:

Reduces funding to reflect an anticipated reduction in federal Community Development Block Grant funds.

	<u>2007-08</u>	<u>2008-09</u>
Federal Block Grant Fund	\$(3,037,162)	\$(4,036,148)

Justification:

Nationally, the budget for the CDBG program at the Department of Housing and Urban Development has been decreasing on a regular basis since 2004. The following represents the downward trend for the Maine CDBG program: 2004 - \$16,869,633; 2005 - \$15,665,948; 2006 - \$14,148,809; 2007 (est) \$10,475,706.

Initiative:

Provides funding for granting additional business assistance loans to businesses anticipating new job growth.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$41,863	\$41,863

Justification:

Repayments from previous grantees will be used for new grants/loans in the Business Assistance Revolving Loan Fund program. Loans are made to businesses anticipating additional low and moderate income job growth.

Initiative:

Reduces funding for legal services and travel resulting from program efficiencies.

Other Special Revenue Funds

2007-08

\$ (6,290)

2008-09

\$ (6,290)

Justification:

Successful processing of problem loans and increases in program efficiencies have reduced the need for outside legal services and travel.

Initiative:

Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

General Fund

2007-08

\$9,851

2008-09

\$10,181

Justification:

Public Law 2005, chapter 12, Part I authorized the State's Chief Information Officer to improve organizational efficiencies and identify savings to the General Fund. Subsequently, an Agency Technology Officer I position was transferred from the Office of Business Development account which then received \$96,073 in All Other funds. This request adjusts the \$96,073 over the department to cover actual expenditures by account.

ECONOMIC CONVERSION DIVISION 0726

What the Budget purchases:

Provides federal funds to assist in the redevelopment of the former military facility in Winter Harbor (Schoodic Peninsula) after being transferred to the National Park Service.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - FEDERAL EXPENDITURES FUND				
All Other	2,150,141	686,390	686,390	686,390
Total	2,150,141	686,390	686,390	686,390

Initiative: Reduces funding to reflect reduction of federal funds due to completion of the project - Schoodic Education and Research Center.

FEDERAL EXPENDITURES FUND

All Other

	(686,390)	(686,390)
Total	(686,390)	(686,390)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - FEDERAL EXPENDITURES FUND				
All Other	2,150,141	686,390		
Total	2,150,141	686,390	0	0

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0726 Economic Conversion Division

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Federal Expenditures Fund	\$686,390	\$686,390

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT ECONOMIC CONVERSION DIVISION PROGRAM 0726 013 19A 0726 27 The Economic Conversion Division was established to reduce the negative economic effects of defense downsizing on Maine's communities, businesses and workers. Its goal is to encourage diversification of Maine's economic base; to assist Maine companies in conversion activity; to provide ongoing technical support to community planning efforts. The FY2008 and FY2009 allocation request as adjusted allots the funding expected from the federal Department of Defense, Office of Economic Adjustment, for the remaining years of the grant with the U.S. National Park Service; funding for the Schoodic Education and Research Center at Winter Harbor.

Initiative:

Reduces funding to reflect reduction of federal funds due to completion of the Schoodic Education and Research Center project.

	<u>2007-08</u>	<u>2008-09</u>
Federal Expenditures Fund	\$(686,390)	\$(686,390)

Justification:

The federal Department of Defense, Office of Economic Adjustment grant for the Schoodic Education and Research Center will expire on 9/30/07.

INTERNATIONAL COMMERCE 0674

What the Budget purchases:

Includes funding for the Director of the Maine International Trade Center (MITC) position as well as the pass-through grant in support of its operations. MITC is a public-private partnership founded in 1996, funded by the department and the private sector with 3 offices statewide. MITC focuses on the expansion of the Maine economy and job creation through increased exports and trade; responds to nearly a thousand trade research inquiries yearly from Maine companies looking to expand into international markets; provides a monthly series of trade education seminars - attracting over 500 participants throughout the year. MITC features a Canada Desk and a China Desk offering expert assistance in these traditional and fast growing export markets. MITC coordinates overseas activities including industry specific trade shows and gubernatorial trade missions. Over 70 percent of its clients are small businesses with 25 employees or less, representing the backbone of the Maine economy.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	101,289	101,066	125,360	132,690
All Other	551,000	524,836	524,836	524,836
Total	652,289	625,902	650,196	657,526

Initiative: NONE

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	1,000	1,000	1,000	1,000
Personal Services	101,289	101,086	125,360	132,690
All Other	551,000	524,836	524,836	524,836
Total	652,289	625,902	650,196	657,526

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0674 International Commerce

Initiative:

BASELINE BUDGET

General Fund

2007-08
\$650,196

2008-09
\$657,526

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT INTERNATIONAL COMMERCE PROGRAM 0674
010 19A 0674 45 The Maine International Trade Center (MITC) is the quasi-governmental agency responsible for coordinating Maine's international trade development efforts and for representing the State on official matters related to international commerce and relationships. Additionally, MITC serves as Maine's central resource for business on all matters of international trade, including research, training and technical assistance. The Center utilizes both public and private funds to support its operations in Portland and Bangor. The Current Services General Fund request for FY 2008 and FY 2009 consists of the Personal Services costs of the position of Director of International Trade as well as a portion of its operating costs (\$524,836, flat funded at the FY2007 level).

INTERNATIONAL NORTHEAST BIOTECHNOLOGY CORRIDOR 2022

What the Budget purchases:

The purpose of the organization is to promote biotechnological development for the benefit of the members of the International Northeast Biotechnology Corridor and to create a favorable business atmosphere for existing biotechnological enterprises and industries.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other		11,000	11,000	11,000
Total	0	11,000	11,000	11,000

Initiative: NONE

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other		11,000	11,000	11,000
Total	0	11,000	11,000	11,000

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Z022 International Northeast Biotechnology Corridor

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$11,000	\$11,000

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT INTERNATIONAL NORTHEAST BIOTECHNOLOGY CORRIDOR PROGRAM Z022 010 19A Z022 01 Chapter 55, Private and Special Laws of 2005, provided ongoing funds of \$11,000 each fiscal year for dues associated with the International Northeast Biotechnology Corridor as agreed upon at the September 2003 conference of the New England Governors and Eastern Canadian Premiers.

MAINE ECONOMIC GROWTH COUNCIL 0727

What the Budget purchases:

As required by law, the Maine Economic Growth Council exists to provide the annual "Measures of Growth" report on Maine's economic performance, and to develop a long-range economic plan for the State. The council develops economic indicators, analyzes the performance of indicators against established benchmarks, and reports findings and recommendations. The council produces a PowerPoint presentation of "Measures of Growth", which is used by council members to conduct public forums on Maine's economic performance and strategies. The council also administers the Adopt-A-Benchmark program, which encourages Maine organizations to publicly commit to taking positive action toward achieving the benchmarks established by the council.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	38,000	58,000	58,000	58,000
Total	38,000	58,000	58,000	58,000

			2007-08	2008-09
Initiative: NONE				
	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09

Revised Program Summary - GENERAL FUND

All Other	38,000	58,000	58,000	58,000
Total	38,000	58,000	58,000	58,000

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0727 Maine Economic Growth Council

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$58,000	\$58,000

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT MAINE ECONOMIC GROWTH COUNCIL
PROGRAM 0727 010 19A 0727 06 The Maine Economic Growth Council was established in FY1994 to develop a comprehensive set of performance measures and benchmarks for an annual assessment of the long term performance of Maine's economy. The major objective of the Economic Growth Council is to ensure that all major factors affecting the State's economy are addressed. The performance measures and benchmarks are used by numerous State agencies. The Growth Council is required by law to contract with the Maine Development Foundation (MDF) for staff support to fulfill the requirements of its legislated charge. The Growth Council's work is ongoing. The Current Services General Fund request for FY 2008 and FY 2009 remains at the FY2007 appropriation level (\$58,000). The Maine Development Foundation will match this funding.

MAINE SMALL BUSINESS COMMISSION 0675

What the Budget purchases:

The Maine Small Business Commission approves and administers the annual contract for Maine Small Business Development Centers services. The Maine Small Business Development Centers promote and support small business development by providing comprehensive business management assistance, group training and resource and information services to Maine's micro, small and technology based businesses. Professional, certified business counselors provide Maine Small Business Development Centers services to Maine entrepreneurs via a network of 11 service centers and 25 outreach offices located conveniently throughout the State. The Maine Small Business Development Centers is a partnership program involving the Department of Economic and Community Development, the United States Small Business Administration, the University of Southern Maine and leading economic and/or community development hosting organizations.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - GENERAL FUND				
All Other	720,985	720,985	720,985	720,985
Total	720,985	720,985	720,985	720,985

Initiative: NONE

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - GENERAL FUND				
All Other	720,985	720,985	720,985	720,985
Total	720,985	720,985	720,985	720,985

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0675 Maine Small Business Commission

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$720,985	\$720,985

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT MAINE SMALL BUSINESS COMMISSION
PROGRAM 0675 010 19A 0675 46 The Maine Small Business Commission through the Department of Economic and Community Development administers an annual contract with the University of Southern Maine to provide comprehensive small business assistance services statewide through the Maine Small Business Development Centers (MSBDC) Program. Assistance provided through this statewide network of thirteen service centers and twenty plus satellite offices includes individual business counseling, technical assistance, market research and marketing support, a comprehensive business information library and databank, and group seminars and training events. The Current Services General Fund request for FY 2008 and FY 2009 remains flat funded at the FY2007 appropriation level.

MAINE STATE FILM OFFICE 0590**What the Budget purchases:**

The Maine State Film Office responds to requests for information and assistance from film producers, photographers and others related to the film industry, maintains an updated library of film locations, produces and distributes the "Maine Film and Video Production Guide", markets Maine as a production location, assists with productions and works with municipalities, production groups and others.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	148,026	148,072	166,422	169,736
All Other	30,248	30,436	30,436	30,436
Total	178,274	178,508	196,858	200,172

Program Summary - OTHER SPECIAL REVENUE FUNDS

All Other	10,000	10,000	10,000	10,000
Total	10,000	10,000	10,000	10,000

Initiative: Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

GENERAL FUND

All Other			114	254
Total			114	254

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	2,000	2,000	2,000	2,000
Personal Services	148,026	148,072	166,422	169,736
All Other	30,248	30,436	30,550	30,690
Total	178,274	178,508	196,972	200,426

Revised Program Summary - OTHER SPECIAL REVENUE FUNDS

All Other	10,000	10,000	10,000	10,000
Total	10,000	10,000	10,000	10,000

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0590 Maine State Film Office

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$196,858	\$200,172
Other Special Revenue Funds	\$10,000	\$10,000

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT MAINE STATE FILM OFFICE PROGRAM 0590 010 19A 0590 13, 014 19A 0590 14. The Maine Film Office (MFO) was created in 1988. Its mission is to bring more film, television, video, photographic and new media projects to Maine; to expand and improve Maine's indigenous film industry and to help all productions succeed in Maine. The Maine Film Office helps Productions find locations, crew members, equipment and accommodations. The MFO acts as a liaison between production companies and local, state and federal officials and citizens. The MFO develops programs and incentives to better Maine's position in the increasingly competitive film industry. The MFO helps organize, educate and expand Maine's in-state production industry. The Current Services General Fund All Other request for FY 2008 and FY 2009 is flat-funded at the FY2007 appropriation level (\$30,436).

Initiative:

Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$114	\$254

Justification:

Public Law 2005, chapter 12, Part I authorized the State's Chief Information Officer to improve organizational efficiencies and identify savings to the General Fund. Subsequently, an Agency Technology Officer I position was transferred from the Office of Business Development account which then received \$96,073 in All Other funds. This request adjusts the \$96,073 over the department to cover actual expenditures by account.

OFFICE OF INNOVATION 0995

What the Budget purchases:

The Office of Innovation's legislative direction is to promote, evaluate and support research and development relevant to the State, including: technology transfer activities to increase the competitiveness of businesses and public institutions of higher education in the State; the development of new commercial products and the fabrication of such products through the Maine Technology Institute; and research opportunities that create sustained, inter-institutional multi-disciplinary efforts.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	3,000	3,000	3,000	3,000
Personal Services	267,999	271,956	322,431	326,154
All Other	5,756,299	5,734,776	5,524,776	5,524,776
Total	6,024,298	6,006,732	5,847,207	5,850,930

Initiative: Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

GENERAL FUND

All Other		2,889	2,970
Total		2,889	2,970

Initiative: Provides funding to support the Maine Technology Institute Innovation Cluster program.

GENERAL FUND

All Other		3,000,000	5,000,000
Total		3,000,000	5,000,000

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	3,000	3,000	3,000	3,000
Personal Services	267,999	271,956	322,431	326,154
All Other	5,756,299	5,734,776	8,527,665	10,527,746
Total	6,024,298	6,006,732	8,850,096	10,853,900

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0995 Office of Innovation

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$5,847,207	\$5,850,930

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT OFFICE OF INNOVATION PROGRAM 0995 010 19A 0995 01 The Office of Innovation facilitates economic growth through development and implementation of the State's science and technology plan. The office works with educational institutions, not-for-profit laboratories and businesses to encourage and spur innovation in the State's economy. The major programs of the Office of Innovation are the Maine Technology Institute, the Applied Technology Development Centers System (Program 0929), and managing the State's EPSCoR program. The office is also responsible for producing the State's science and technology plan, the innovation index and managing the comprehensive research and development evaluation (Program 0985). This account includes the pass-through grant for the Maine Technology Institute (MTI). The Current Services request for FY2008 and for FY2009 remains at the FY2007 appropriation, minus the one-time funds to the Fractionation Development Center (the MTI grant is \$5,487,528 before transfer of a portion of funds to the Research and Development Evaluation Fund - which was \$27,275 in FY2007).

Initiative:

Transfers funding among various programs in the Department of Economic and Community Development in order to reflect technology expenditures in the appropriate program.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$2,889	\$2,970

Justification:

Public Law 2005, chapter 12, Part I authorized the State's Chief Information Officer to improve organizational efficiencies and identify savings to the General Fund. Subsequently, an Agency Technology Officer I position was transferred from the Office of Business Development account which then received \$96,073 in All Other funds. This request adjusts the \$96,073 over the department to cover actual expenditures by account.

Initiative:

Provides funding to support the Maine Technology Institute Innovation Cluster program.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$3,000,000	\$5,000,000

Justification:

Provides funding to support the Maine Technology Institute Innovation Cluster program.

OFFICE OF TOURISM 0577

What the Budget purchases:

Create and implement integrated marketing campaigns (research, advertising, collateral material, public relations, promotional activities) to attract new visitors to Maine. Advertise via electronic, print and direct mail media in primary and developing markets. Use unique toll-free numbers and Internet addresses to track ad responses. Provide travel planning information via the Tourism Web site and by mailing Maine maps and vacation planners. Provide technical assistance to regional tourism organizations through legislatively mandated grant program, including advice on product development, advertising, research, public relations and promotions.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	7,000	7,000	7,000	7,000
Personal Services	525,475	541,247	577,199	588,669
All Other	7,239,395	7,283,214	6,735,315	6,735,315
Total	7,764,870	7,824,461	7,312,514	7,321,984

Initiative: Provides funding for tourism marketing and promotion including regional marketing and special events pursuant to Maine Revised Statutes, Title 5, section 13080-K.

OTHER SPECIAL REVENUE FUNDS

All Other	1,371,351	1,823,574
Total	1,371,351	1,823,574

Initiative: Reduces funding for reprinting publications as a result of Internet access availability.

OTHER SPECIAL REVENUE FUNDS

All Other	(50,000)	(50,000)
Total	(50,000)	(50,000)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	7,000	7,000	7,000	7,000
Personal Services	525,475	541,247	577,199	588,669
All Other	7,239,395	7,283,214	8,056,666	8,508,689
Total	7,764,870	7,824,461	8,633,865	9,095,558

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

0577 Office of Tourism

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$7,312,514	\$7,321,984

Justification:

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT OFFICE OF TOURISM PROGRAM 0577 014 19A 0577 11, 014 19A 0577 12, 014 19A 0577 49, 014 19A 0577 50 The Office of Tourism directs the State's program to develop, promote and manage tourism in Maine. Its broad directive is to promote Maine as a four-season destination to both consumers and the travel trade. The Office also provides technical assistance to the travel trade outside Maine and to the tourism industry in Maine. The Office has conducted its programs according to a five year strategic plan for promoting tourism in Maine. Following the completion in 2001 of the Office's first Five Year Plan, a second Five Year Plan was developed with considerable input by the public throughout the State, for implementation in 2002. The process to develop a third Five Year Plan commenced in the Fall of 2006 with industry input provided by a special sub-committee of the Tourism Commission's Strategic Marketing Committee. The Plan will be presented at the Governor's Conference on Tourism in February, 2007, prior to implementation. The 120th Legislature in P.L. 439 (noted below) provided a dedicated, non-lapsing revenue stream for tourism promotion, effective in FY2004. Budget increases were secured in FY02 and FY03 in anticipation of the dedicated funding, which allowed for a decisive response to the events of September 11, 2001. Market research, new advertising including expanded television, and increased media relations activities formed cornerstones of the efforts to protect Maine's market share. Technical assistance programs, including package development programs were initiated. Projects involving the arts, culture, Maine's history and outdoor activities have been implemented as the new funding became available. Over \$700,000 in cooperative marketing funds were made available in FY2005 and FY2006 to the State's regional organizations through the expansion of the Maine Tourism Marketing Partnership Program, made possible by the dedicated funding legislation. P.L. 439, Part UU, established the Tourism Marketing Promotion Fund as a non-lapsing dedicated account to begin in FY04. Beginning July 1, 2003 and every July 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund an amount, as certified by the State Tax Assessor, that is equivalent to 5% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, Section 1811, for the first six months of the prior fiscal year after the reduction for the transfer to the Local Government Fund as described by Title 30-A, Section 5681, subsection 5. Beginning on October 1, 2003 and every October 1st thereafter, the State Controller shall transfer to the Tourism Marketing Promotion Fund, an amount as certified by the State Tax Assessor, that is equivalent to 5% of the 7% tax imposed on tangible personal property and taxable services pursuant to Title 36, Section 1811, for the last six months of the prior fiscal year after the reduction for the transfer to the Local Government Fund. The tax amount must be based on actual sales for that fiscal year and may not consider any accruals that may be required by law. The amount transferred from General Fund sales and use tax revenues does not affect the calculation for the transfer to the Local Government Fund. The FY2005 revenue received by transfer was \$7,554,189. Both FY2006 and FY2007 were flat-funded at the FY2005 level. Ten percent of the funds received by the Tourism Marketing Promotion Fund, must be used for regional marketing promotion and regional special events promotion. The allotments for FY2008 and FY2009 will be adjusted by Financial Order each October when the final transfer of funds for that fiscal year has been made.

Initiative:

Provides funding for tourism marketing and promotion including regional marketing and special events pursuant to the Maine Revised Statutes, Title 5, section 13090-K.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$1,371,351	\$1,823,574

Justification:

This request will increase the base allocation in the Tourism Marketing Promotion Fund account as a result of revenue projections for fiscal years 2007-08 and 2008-09. Funds will be used to increase tourism marketing and promotion which includes regional marketing promotion and regional special events promotion pursuant to 5 MRSA §13090-K.

Initiative:

Reduces funding for reprinting publications as a result of Internet access availability.

Other Special Revenue Funds

2007-08
\$(50,000)

2008-09
\$(50,000)

Justification:

Internet access to program information has decreased sales of several DECD publications.

**Joint Standing Committee on Business, Research and Economic
Development**

PART H

Sec. H-1. Development of plan. The Department of Professional and Financial Regulation and the Department of Economic and Community Development, referred to in this section as "the departments," shall work jointly to develop a plan to merge the departments into a single department to be named the Department of Commerce. Under the plan, the Department of Commerce shall perform the duties of both the departments. The departments may request the cooperation of other agencies or entities of State Government in the development of the plan, as well as the implementation of the merger. The plan to merge the departments must be designed to:

1. Streamline services to businesses;
2. Minimize administrative overhead;
3. Eliminate duplication of services; and
4. Otherwise create efficiencies and cost savings in the provision of services.

Sec. H-2. Report. No later than October 1, 2007, the Department of Professional and Financial Regulation and the Department of Economic and Community Development shall submit a report outlining the progress on the plan to merge into a single Department of Commerce to the Joint Standing Committee on Appropriations and Financial Affairs, the Joint Standing Committee on Business, Research and Economic Development and the Joint Standing Committee on Insurance and Financial Services. The Department of Professional and Financial Regulation and the Department of Economic and Community Development shall submit proposed legislation necessary to implement the plan to merge into a single Department of Commerce to the Second Regular Session of the 123rd Legislature no later than January 1, 2008.

SUMMARY

PART H

Part H directs the Department of Professional and Financial Regulation and the Department of Economic and Community Development to develop a plan to merge the departments into a single department to be named the Department of Commerce. The departments are directed to report on their progress by October 1, 2007 and are directed to submit any necessary implementing legislation no later than January 1, 2008.

**Joint Standing Committee on Business, Research and Economic
Development**

PART K

Sec. K-1. 5 MRSA §13110, first ¶, as enacted by PL 2003, c. 673, Pt. M, §8, is amended to read:

The office, the University of Maine System and the ~~EPSCoR steering committee~~ Governor's Maine Science and Technology Advisory Council are jointly responsible for the administration of the Maine Experimental Program to Stimulate Competitive Research, referred to in this chapter as "the Maine EPSCoR Program," which is established in this section as a partnership effort between the State Government and the Federal Government to strengthen the State's science and engineering infrastructure.

Sec. K-2. 5 MRSA §13110, sub-§2, as enacted by PL 2003, c. 673, Pt. M, §8, is amended to read:

2. Policy recommendation. Through the office, the University of Maine System and the ~~EPSCoR steering committee~~ Governor's Maine Science and Technology Advisory Council, the Maine EPSCoR Program may recommend to the Governor and the Legislature policies and programs essential to the strengthening of the State's science and engineering infrastructure.

Sec. K-3. 5 MRSA §13110-A, sub-§1, ¶C, as enacted by PL 2003, c. 673, Pt. M, §8, is amended to read:

- C. "Research capacity committee" means the ~~EPSCoR steering committee~~ Governor's Maine Science and Technology Advisory Council referred to in section 13110.

SUMMARY

PART K

Part K changes the name of the EPSCoR steering committee to the Governor's Maine Science and Technology Advisory Council.

**Joint Standing Committee on Business, Research and Economic
Development**

PART L

Sec. L-1. Program name change. The Maine Small Business Commission - DECD program within the Department of Economic and Community Development is renamed the Maine Small Business and Entrepreneurship Commission - DECD program.

SUMMARY

PART L

This Part changes the program name of the Maine Small Business Commission - DECD to the Maine Small Business and Entrepreneurship Commission - DECD. Public Law 2003, chapter 681 changed the name of the Maine Small Business Commission to the Maine Small Business and Entrepreneurship Commission.

Centers for Innovation

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
All Other	149,010	149,010	149,010	149,010
Total	149,010	149,010	149,010	149,010
Department Summary - GENERAL FUND				
All Other	149,010	149,010	149,010	149,010
Total	149,010	149,010	149,010	149,010

Centers for Innovation

CENTERS FOR INNOVATION 0911

What the Budget purchases:

Development of communication tools; promotion and marketing; company and partnership recruitment; grant support; incubator development support; public information and education support; facilitation of meetings and seminars; and administrative support.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	149,010	149,010	149,010	149,010
Total	149,010	149,010	149,010	149,010

			2007-08	2008-09
Initiative: NONE				

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	149,010	149,010	149,010	149,010
Total	149,010	149,010	149,010	149,010

CENTERS FOR INNOVATION

0911 Centers for Innovation

Initiative:

BASELINE BUDGET

General Fund

2007-08
\$149,010

2008-09
\$149,010

Justification:

To provide biotechnology and aquaculture service centers for (a) conducting, evaluating, sharing and transferring applied scientific research, and (b) assisting/recruiting/incubating new Maine enterprises.

Downeast Institute for Applied Marine Research and Education

Department Summary - All Funds

All Other

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
		15,000	15,000	15,000
Total	0	15,000	15,000	15,000

Department Summary - GENERAL FUND

All Other

		15,000	15,000	15,000
Total	0	15,000	15,000	15,000

DOWNEAST INSTITUTE FOR APPLIED MARINE RESEARCH AND EDUCATION 0993

What the Budget purchases:

The Downeast Institute is a nonprofit organization whose mission is to improve the quality of life for the people of downeast and coastal Maine through applied marine research, technology transfer, and public marine resource education. The institute is overseen by a 16-member volunteer board of directors and employs a full-time program director and shellfish production manager. The institute spawns wild clams, scallops, and lobsters and raises them in a hatchery before moving them to ocean nursery sites where they grow to a size that increases their chance of surviving in the wild.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other		15,000	15,000	15,000
Total	0	15,000	15,000	15,000

Initiative: NONE

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other		15,000	15,000	15,000
Total	0	15,000	15,000	15,000

DOWNEAST INSTITUTE FOR APPLIED MARINE RESEARCH AND EDUCATION

0993 Downeast Institute for Applied Marine Research and Education

Initiative:

BASELINE BUDGET

General Fund

2007-08

\$15,000

2008-09

\$15,000

Justification:

The Downeast Institute is a non-profit organization whose mission is to improve the quality of life for the people of downeast and coastal Maine through applied marine research, technology transfer, and public marine resource education. The Institute is overseen by a 16 member volunteer board of directors and employs a full-time executive director, shellfish production manager and education director. The Institute produces seed clams for flat restoration projects and conducts applied research on soft-shell clams, hard clams, lobsters and scallops. It is the only marine research facility in Maine that is solely focused on shellfish.

Finance Authority of Maine

	<u>Actual</u> 2005-06	<u>Current</u> 2005-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
All Other	13,489,323	13,739,240	13,323,879	13,323,879
Total	13,489,323	13,739,240	13,323,879	13,323,879
Department Summary - GENERAL FUND				
All Other	12,999,162	13,244,178	12,761,117	12,761,117
Total	12,999,162	13,244,178	12,761,117	12,761,117
Department Summary - FUND FOR HEALTHY MAINE				
All Other	490,161	495,062	562,762	562,762
Total	490,161	495,062	562,762	562,762

BUSINESS DEVELOPMENT FINANCE 0512**What the Budget purchases:**

Finance Authority of Maine offers a number of loan, loan insurance and other programs to assist businesses with their financing needs. Emphasis is placed on job retention, creation, and growth within Maine.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	28,615	28,615	28,615	28,615
Total	28,615	28,615	28,615	28,615

Initiative: Reduces funding of these administrative costs that will be absorbed by other program functions within the Finance Authority of Maine.

GENERAL FUND

All Other		(28,615)	(28,615)
Total		(28,615)	(28,615)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	28,615	28,615		
Total	28,615	28,615	0	0

FINANCE AUTHORITY OF MAINE

0512 Business Development Finance

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$28,615	\$28,615

Justification:

FAME offers a number of loan, loan insurance and other programs to assist businesses with their financing needs. Emphasis is placed on job retention, creation, and growth within Maine.

Initiative:

Reduces funding of these administrative costs that will be absorbed by other program functions within the Finance Authority of Maine.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(28,615)	\$(28,615)

Justification:

These appropriations were used to support the administrative costs of these programs and this request will reduce these costs and the administrative costs will be absorbed by other program functions within the Finance Authority of Maine.

FHM - DENTAL EDUCATION 0951

What the Budget purchases:

Provides loan repayment or loan forgiveness for qualifying dentists to practice in underserved population areas in Maine.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - FUND FOR HEALTHY MAINE				
All Other	241,601	243,235	243,235	243,235
Total	241,601	243,235	243,235	243,235

		2007-08	2008-09
Initiative:	Provides funding to the various Fund for a Healthy Maine programs to account for the revenue reprojections adopted by the Revenue Forecasting Committee at its December 2006 meeting.		
	FUND FOR HEALTHY MAINE		
	All Other	34,500	34,500
	Total	34,500	34,500

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - FUND FOR HEALTHY MAINE				
All Other	241,601	243,235	277,735	277,735
Total	241,601	243,235	277,735	277,735

FINANCE AUTHORITY OF MAINE

0951 FHM - Dental Education

Initiative:

BASELINE BUDGET

Fund for a Healthy Maine

2007-08
\$243,235

2008-09
\$243,235

Justification:

Provides loan repayment or loan forgiveness for qualifying dentists to practice in underserved population areas in Maine.

Initiative:

Provides funding to the various Fund for a Healthy Maine programs to account for the revenue rejections adopted by the Revenue Forecasting Committee at its December 2006 meeting.

Fund for a Healthy Maine

2007-08
\$34,500

2008-09
\$34,500

Justification:

The Revenue Forecasting Committee reprojected the revenue of the Fund for a Healthy Maine at its December 2006 meeting. This initiative adjusts the applicable Other Special Revenue Funds accounts as necessary.

FHM - HEALTH EDUCATION CENTERS 0950

What the Budget purchases:

Health Education Centers establish funding for recruitment centers in Maine for students to attend medical school.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - FUND FOR HEALTHY MAINE				
All Other	101,602	103,235	103,235	103,235
Total	101,602	103,235	103,235	103,235

Initiative: Provides funding to the various Fund for a Healthy Maine programs to account for the revenue rejections adopted by the Revenue Forecasting Committee at its December 2006 meeting.

FUND FOR HEALTHY MAINE

All Other			14,000	14,000
Total			14,000	14,000

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - FUND FOR HEALTHY MAINE				
All Other	101,602	103,235	117,235	117,235
Total	101,602	103,235	117,235	117,235

FINANCE AUTHORITY OF MAINE

0950 FHM - Health Education Centers

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Fund for a Healthy Maine	\$103,235	\$103,235

Justification:

Health Education Centers establish funding for recruitment centers in Maine for students to attend medical school.

Initiative:

Provides funding to the various Fund for a Healthy Maine programs to account for the revenue reprojections adopted by the Revenue Forecasting Committee at its December 2006 meeting.

	<u>2007-08</u>	<u>2008-09</u>
Fund for a Healthy Maine	\$14,000	\$14,000

Justification:

The Revenue Forecasting Committee reprojected the revenue of the Fund for a Healthy Maine at its December 2006 meeting. This initiative adjusts the applicable Other Special Revenue Funds accounts as necessary.

FHM - QUALITY CHILD CARE 0952

What the Budget purchases:

Issues scholarships for qualifying students taking courses related to early childhood education or child development.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - FUND FOR HEALTHY MAINE				
All Other	146,958	148,592	148,592	148,592
Total	146,958	148,592	148,592	148,592

Initiative: Provides funding to the various Fund for a Healthy Maine programs to account for the revenue reprojections adopted by the Revenue Forecasting Committee at its December 2008 meeting.

FUND FOR HEALTHY MAINE

All Other	19,200	19,200
Total	19,200	19,200

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - FUND FOR HEALTHY MAINE				
All Other	146,958	148,592	167,792	167,792
Total	146,958	148,592	167,792	167,792

FINANCE AUTHORITY OF MAINE

0952 FHM - Quality Child Care

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Fund for a Healthy Maine	\$148,592	\$148,592

Justification:

Issues scholarships for qualifying students taking courses related to early childhood education or child development.

Initiative:

Provides funding to the various Fund for a Healthy Maine programs to account for the revenue reprojections adopted by the Revenue Forecasting Committee at its December 2006 meeting.

	<u>2007-08</u>	<u>2008-09</u>
Fund for a Healthy Maine	\$19,200	\$19,200

Justification:

The Revenue Forecasting Committee reprojected the revenue of the Fund for a Healthy Maine at its December 2006 meeting. This initiative adjusts the applicable Other Special Revenue Funds accounts as necessary.

NATURAL RESOURCES & MARKETING 0513**What the Budget purchases:**

Finance Authority of Maine offers a number of loans, loan insurances and other programs to assist businesses developing Maine's natural resources, and works together with the Department of Agriculture, Food and Rural Resources to support that department's related programs.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	154,446	154,446	154,446	154,446
Total	154,446	154,446	154,446	154,446

Initiative: Reduces funding of these administrative costs that will be absorbed by other program functions within the Finance Authority of Maine.

GENERAL FUND

All Other			(154,446)	(154,446)
Total			(154,446)	(154,446)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	154,446	154,446		
Total	154,446	154,446	0	0

FINANCE AUTHORITY OF MAINE

0513 Natural Resources and Marketing

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$154,446	\$154,446

Justification:

FAME offers a number of loan, loan insurance and other programs to assist businesses developing Maine's natural resources, and works together with the Department of Agriculture to support that Department's related programs.

Initiative:

Reduces funding of these administrative costs that will be absorbed by other program functions within the Finance Authority of Maine.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(154,446)	\$(154,446)

Justification:

These appropriations were used to support the administrative costs of these programs and this request will reduce these costs and the administrative costs will be absorbed by other program functions within the Finance Authority of Maine.

Foundation for Blood Research

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
All Other	65,881	65,881	65,881	65,881
Total	65,881	65,881	65,881	65,881
Department Summary - GENERAL FUND				
All Other	65,881	65,881	65,881	65,881
Total	65,881	65,881	65,881	65,881

SCIENCEWORKS FOR ME 0908

What the Budget purchases:

Expand equipment offering to more schools, to chemistry teachers, and to middle school teachers; increase amount of equipment solicited; establish list of most needed equipment and target donations of these items.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	65,881	65,881	65,881	65,881
Total	65,881	65,881	65,881	65,881

			2007-08	2008-09
Initiative: NONE				

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	85,881	65,881	65,881	65,881
Total	65,881	65,881	65,881	65,881

FOUNDATION FOR BLOOD RESEARCH

0908 Scienceworks for ME

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$65,881	\$65,881

Justification:

PURPOSE: The Foundation for Blood Research (FBR) is a non-profit organization that finds more effective ways to identify, manage and treat human disease through clinical and laboratory investigation, epidemiology, education, and clinical testing. The Foundation is governed by a board of trustees representing the biotechnology and professional communities, education, and business. The board consists of at least 11 trustees, but not more than 21. ScienceWorks for ME FBR's scientific mission focuses on preventive medicine. The professional staff develops alliances with other organizations for carrying out collaborative clinical research studies and takes a leadership role in developing educational activities for health professionals, pre-college science teachers, and the public. ScienceWorks, FBR's outreach education program for Maine's precollege science teachers provides access for these teachers to the most current research and knowledge in biomedical science, and since the 1970s, Maine high school science teachers have been collaborators to convey biologically-based information to the community through their classes. ScienceWorks has maintained a relationship with biology teachers from about 60% of the secondary schools throughout the state. The program includes teacher professional development (through content-specific institutes), a scientific equipment collection and distribution project (through which several million dollars worth of donated used or surplus laboratory equipment has been collected and distributed to 90% of Maine's secondary schools), and an interactive learning laboratory that allows teachers to bring classes to our research facility for hands-on laboratory experience as a supplement to classroom teaching. All activities are aligned with the National Science Education Standards and Maine's Learning Results. The part of ScienceWorks for ME that receives legislative funding is the equipment collection and donation project.

Housing Authority, Maine State

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
All Other	9,743,020	4,552,555	12,052,555	12,052,555
Total	9,743,020	4,552,555	12,052,555	12,052,555
Department Summary - GENERAL FUND				
All Other	5,437,570	437,570	437,570	437,570
Total	5,437,570	437,570	437,570	437,570
Department Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	4,305,450	4,114,985	11,614,985	11,614,985
Total	4,305,450	4,114,985	11,614,985	11,614,985

HOUSING AUTHORITY - STATE 0442

What the Budget purchases:

Maine State Housing Authority allocates the real estate transfer tax as a credit enhancement to reduce interest rates for first-time home buyer loans, for developers creating low-income rental units, for loans to owners of substandard housing, and for loans to developers to create special needs housing. Additionally, funds are granted to homeless shelters throughout Maine.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	4,304,918	4,114,440	11,614,440	11,614,440
Total	4,304,918	4,114,440	11,614,440	11,614,440

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	4,304,918	4,114,440	11,614,440	11,614,440
Total	4,304,918	4,114,440	11,614,440	11,614,440

MAINE STATE HOUSING AUTHORITY

0442 Housing Authority - State

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$11,614,440	\$11,614,440

Justification:

The mission of the Maine State Housing Authority (MSHA) is to assist Maine people to obtain and maintain decent, safe affordable housing and services suitable to their unique housing needs. In carrying out this mission, MSHA provides leadership, maximizes resources, and promotes partnerships to develop and implement sound public housing policy. The Housing Opportunities for Maine Fund (HOME) is funded by a portion of the real estate transfer tax. It provides MSHA with one of its most important financial resources. It enables MSHA to leverage federal funds, reduce first time homebuyer interest rates, and improve housing opportunities for renters in need, persons who are homeless, and persons with special needs. MSHA has provided hundreds of millions of dollars in low interest rate financing to allow over 35,000 Maine working families the opportunity to buy their first home. The HOME Fund allows MSHA to reduce the interest rate thus bringing the opportunity for homeownership to more Maine citizens with lower incomes. It has also provided affordable rental housing to thousands of low-income families, the elderly, persons who are homeless, persons with disabilities, and to homeowners to finance needed home modifications and repairs. Because these funds are relatively free of restrictions they are the critical piece in many projects where most of the pieces are in place but a key additional piece is needed to make the project possible. MSHA takes no administrative costs from the HOME funds; all the money is used to help Maine people.

LOW-INCOME HOME ENERGY ASSISTANCE - MSHA 0708**What the Budget purchases:**

Maine State Housing Authority assists the Public Utilities Commission in implementing the Electric Assistance Program Fund. It may collect funds from the utilities, state appropriations, interest and dividends or any other gains from investments, and any other funds deposited. The funds are used for electrical assistance for the benefit of eligible households as determined by the Public Utilities Commission.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	5,000,000			
Total	5,000,000	0	0	0
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	532	545	545	545
Total	532	545	545	545

Initiative: NONE

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	5,000,000			
Total	5,000,000	0	0	0
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	532	545	545	545
Total	532	545	545	545

MAINE STATE HOUSING AUTHORITY

0708 Low-income Home Energy Assistance - MSHA

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$545	\$545

Justification:

Maine State Housing Authority assists the Public Utilities Commission to implement the Electric Assistance Program Fund. The Public Utilities Commission program subsidizes the electric bills of low income households that qualify for the program. MaineHousing coordinates the flow of funds among the various utility companies by serving as a central processor.

SHELTER OPERATING SUBSIDY 0661

What the Budget purchases:

Program funds are allocated directly to Maine's homeless shelters to provide temporary housing for people who are homeless. Funds are distributed based on a formula that considers length of stay, occupancy rates, and basic needs.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	437,570	437,570	437,570	437,570
Total	437,570	437,570	437,570	437,570

Initiative: NONE

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	437,570	437,570	437,570	437,570
Total	437,570	437,570	437,570	437,570

MAINE STATE HOUSING AUTHORITY

0661 Shelter Operating Subsidy

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$437,570	\$437,570

Justification:

The mission of the Maine State Housing Authority (MSHA) is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs. In carrying out this mission, MSHA provides leadership, maximizes resources, and promotes partnerships to develop and implement sound public housing policy. The Shelter Operating Subsidy (SOS) Program provides funding for the emergency shelters that serve people who are homeless. These emergency shelters are society's ultimate safety net. Funds from this program are used to support the emergency shelter programs across the state. Program funds help emergency shelters pay operating costs and improve conditions of emergency shelters to comply with code and regulatory requirements. These funds only cover a portion of the shelter's operating costs. The objective of the SOS Program is to keep emergency shelters operating to provide a safe haven for those who are homeless. Program funds enabled 42 emergency shelters to provide approximately 250,000 bednights for Maine citizens. MSHA allocates the funds directly to the providers.



TESTIMONY SIGN UP SHEET

JOINT STANDING COMMITTEE ON APPROPRIATIONS AND FINANCIAL AFFAIRS & BUSINESS, RESEARCH & ECONOMIC DEVELOPMENT

DATE: March 9, 2007

PLEASE PRINT

LD: 499

<u>NAME</u>	<u>TOWN/AFFILIATION</u>	<u>FOR</u>	<u>AGAINST</u>	<u>NEITHER FOR NOR AGAINST</u>	<u>EMAIL ADDRESS OR PHONE</u>
Mary Anne Clancy	Downeast Institute			X	
Jen Erickson for Walter Allan	Foundation for Blood Research	X			
Dale McCormick	Maine State Housing Authority	X			
Jim Devine	Preble St. HVJ	X			
John Hodge	Brunswick Housing Authority	X			
Ed Democracy	Portland Housing	X			
Nikki McLean	Maine People's Alliance	X			
Mary Chris Bulger	Affordable Housing	X			
Luc & Shirley LaBranche	Affordable Housing	X			
Mary Maloney	Maine Housing	X			
Amanda Meader	Maine Housing	X			
Rachel Rodrigue	Maine Housing/Lewiston	X			
Clifford Ginn, Attorney	Maine Housing	X			
Marie Taplin	Maine Housing	X			
Butch Dawbin	Maine Housing	X			
Christopher Davis, Exec. Director	ME Aquaculture Innovation Center	X			



JOHN ELIAS BALDACCI
GOVERNOR

STATE OF MAINE
DEPARTMENT OF
ECONOMIC AND COMMUNITY DEVELOPMENT
59 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0059



JOHN RICHARDSON
COMMISSIONER

April 2, 2007

Members of the Joint Standing Committee on Appropriations and Financial Affairs
Members of the Joint Standing Committee on Business, Research, and Economic Development
Members of the Joint Standing Committee on Insurance and Financial Services

Re: Update to the proposed merger of DECD and DPFR

Dear Members,

The Internal Working Group of the Department of Economic and Community Development and Department of Professional and Financial Regulation met for the third time on Monday April 2, 2007. The purpose of this regular meeting was to discuss the attached working document entitled "Streamlining Government: Consolidating Agency Functions and Cutting Costs," dated March 28, 2007.

The first discussion centered on whether to relocate the Office of Securities as mentioned in the working document. The Working Group agreed that given that there are several options presented it is advisable to work out a solution through the advisory group and present a recommendation in the October 1, 2007 report. This would give the committees sufficient time to analyze how to best protect investors within the scope of the Department of Commerce. This would have no bearing on the projected general fund savings as the Office of Securities is funded entirely by fees imposed on securities firms, the vast majority of which are located outside of Maine, and any cost savings in this area would inure to the benefit of those firms and not to Maine taxpayers.

Two subcommittees were created to begin discussions about possible synergies between departments. One subcommittee will consist of Steve Diamond, Lloyd LaFountain, and Will Lund and will internally address options between the Office of Securities, Office of Consumer Credit Regulation, and Bureau of Financial Institutions. The second subcommittee will consist of Brian Dancause, Jim Nimon, Will Lund, and Anne Head focused on Small Business, Business Development, Consumer Protection, and Licensing and Registration and will seek synergies in how we can better connect businesses with the appropriate regulatory agencies.

The Working group agreed with the other findings, including elevating the Office of Consumer Credit Regulation into the Bureau of Consumer Protection. A question emerged from DPFR about whether or not the funding formula they currently use will be applied to their share of the Department of Commerce Office of Administration. It was agreed that it would be advisable to continue with the current arrangement. There was no disagreement that presenting this proposal as part of the FY 2008- FY 2009 Budget would allow savings to be attained as soon as July 1, 2007.



PRINTED ON RECYCLED PAPER

Regarding the Office of Administration, there was a discussion about the role of the Director of Policy Implementation at DPFR and whether the job description needs to be adjusted in the new department. It was agreed that we would discuss that at the next working group meeting.

The group discussed that it was important to convene the Merger Advisory Group within the next few weeks. The Working Group agreed to meet once before the Advisory Group convened to discuss the agenda. In addition, the Working Group will address the development of a code of conduct to guide the Department of Commerce. We will invite Dean Pitegoff from Maine Law School to join us at this meeting to lend his assistance in drafting the code of conduct.

It is my intention to continue to keep the Committees of Jurisdiction informed of the progress made by the Internal Working Group and the Merger Advisory Group. We will report to these committees on a regular basis.

The Departments look forward to working with the Legislature as we move forward.

Sincerely,

A handwritten signature in black ink that reads "John Richardson". The signature is written in a cursive style with a long, sweeping horizontal line extending from the end of the name.

John Richardson

STREAMLINING GOVERNMENT:
CONSOLIDATING AGENCY FUNCTIONS AND CUTTING COSTS

MARCH 28, 2007

WORKING DOCUMENT OF:
THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
THE DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

STREAMLINING GOVERNMENT:
CONSOLIDATING AGENCY FUNCTIONS AND CUTTING COSTS

*PREPARED BY THE INTERNAL WORKING GROUP OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
AND THE DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION*

MARCH 28, 2007

BACKGROUND

The consolidation process started with the assumption that there were several state agencies with missions and purposes similar enough in nature to be consolidated under one umbrella agency to be called the Department of Commerce.

DECD and DPFR emerged as two agencies that are similar enough in scope to be brought together as one Department of Commerce that would minimize administrative costs, streamline services, and provide easier access to Maine businesses and consumers. There is a difference in culture between the organizations, but the overall functionality of their business purposes is enough to bring the agencies under one umbrella, just as long as focus is placed on preserving the business and consumer protection functions. Statutory differences will need to be corrected that can be addressed by legislation. Funding concerns can be alleviated through many of the existing accounting standards and legislative methods available.

The Departments are presenting this document to lay out how we would plan to proceed in terms of the administrative merger if it were included in LD 499, the FY 2008-FY 2009 Budget. This document intends to reflect only the steps necessary to implement the creation of the Department of Commerce, and we look forward to presenting a proposal to the Legislature on October 1, 2007 that outlines further opportunities for efficiencies and savings to be realized in addition to the administrative merger.

DECD DEPARTMENT OVERVIEW

The Department of Economic and Community Development is made up of seven offices: Business Development, Small Business, Innovation, Community Development, Tourism, Film and Administration with an overall staff of 43. The overall mission set forth in DECD's 2004 Strategic Plan is to:

Improve the quality of life for all Maine people through effective programs in business, tourism, and community development, and through policies that advance the state's position in the global economy.

Each office within DECD is established to offer a distinct set of duties:

- The Office of Business Development (OBD) is dedicated to helping companies in Maine grow and prosper. Its goal is to create an energetic business climate that will expand Maine's Economy, attract new business, and create jobs and prosperity.
- The Office of Small Business and Entrepreneurship (OSBE) was created by statute in 2006 to promote and support entrepreneurship and small business development. The OSBE is responsible for overseeing and coordinating small business development resources across the state. The OSBE administers Business Answers, Maine's toll-free business information hotline and web resource and oversees the Maine Small Business Development Centers program.
- The Office of Community Development (OCD) oversees the administration of the federal HUD-funded Community Block Grant program, in addition to several other grant and loan programs. The Office works with Maine municipalities, regional partnerships and non-profit groups to meet a broad array of economic and community development needs.
- The Office of Innovation (OOI) was established to advance Maine's economic well-being and expand employment opportunities by encouraging and coordinating the State's Research & Development activities and fostering collaboration among its higher educational and nonprofit research institutions and the business community.
- The Office of Tourism (OOT) was established to increase the number of tourists visiting the state each year. This is accomplished by working with industry professionals, business owners, a variety of marketing strategies, and coordinating promotional campaigns.
- The Maine Film Office focuses on attracting film, television, and other media projects to the state's abundant resources. The Office works to improve Maine's in-state production industry.
- The Office of Administration provides coordinated administrative services to ensure efficient operation of the department. The duties revolve around providing assistance to the Commissioner and the Department as a whole in civil service matters, budgeting and financial matters, legislative affairs, procurement, and technical support.

DPFR DEPARTMENT OVERVIEW

The Department of Professional & Financial Regulation consists of a combination of six offices and bureaus: Office of Consumer Credit Regulation, Bureau of Financial Institutions, Bureau of Insurance, Office of Licensing and Registration, Office of Securities, and Office of the Commissioner. DPFR has an overall staff of 212 people conducting mostly licensing, examination, and regulatory functions. The strategic plan for DPFR is to:

Encourage sound, ethical business practices through high quality, impartial, and efficient regulation of insurers, financial institutions, investment advisors, creditors, and numerous professions and occupations for the purpose of protecting the citizens of Maine.

Each office within the department is established to offer a distinct set of duties:

- The Office of Consumer Credit Regulation protects consumers of Maine from unfair and deceptive practices with respect to consumer credit and collections.
- The Bureau of Financial Institutions assures the strength, stability (safety and soundness) and efficiency of all banks and credit unions for the public benefit and to protect Maine consumers from fraudulent, deceptive and unethical practices by both the banking and securities businesses.
- The Bureau of Insurance regulates insurance companies and other entities required by law through licensing, examination, and enforcement.
- The Office of Licensing and Registration ensures that regulated businesses, occupations, and professions provide safe services to the public and conduct themselves in an ethical manner.
- The Office of Securities protects Maine consumers from fraudulent, deceptive, and unethical practices in the securities business.
- The Office of the Commissioner provides coordinated administrative services to ensure efficient operation of the department. The duties revolve around providing assistance to the Department as a whole in civil service matters, budgeting and financial matters, legislative affairs, procurement, and technical support.

CREATING THE DEPARTMENT OF COMMERCE

This process will be driven by two working groups: The first is an internal working group comprised of department heads that will discuss department policy and draft recommendations pertaining to the new department. The second is an advisory group comprised of business, industry, and consumer leaders that is charged with reviewing the recommendations of the internal working group and ensuring they satisfy the needs and concerns of consumers, license holders, and regulated businesses. *(See Appendix A: Department of Commerce Merger Advisory Group)*

The next step in creating the Department of Commerce is to examine all of the sub units of the two entities and determine the closest similarities in purpose and functionality. The working groups will also be tasked with crafting a mission statement for the new department that ensures the regulatory and consumer protection functions are addressed in the mission of the new department.

Administrative functions shall be consolidated into one Office of Administration. In doing this, there would be one Commissioner and one Deputy Commissioner to oversee the office and department as a whole. This would, in total, eliminate as many as seven (7) FTE's within the Office of Administration. *(See Appendix B: Potential Savings Realized by Merging Administrative Functions of DPFR and DECD)*

The purpose of the merged Office of Administration would continue to be to provide coordinated administrative services to ensure efficient operation of the department. The duties of the office would revolve around providing assistance to the Commissioner and the Department as a whole in civil service matters, budgeting, and financial matters, legislative affairs, procurement, and technical support.

There are other considerable cost-savings to the taxpayers of the State of Maine if this proposal comes to fruition. The only savings cited herein relate to personnel costs. There will be additional savings through further streamlining aspects of the proposal to create the Department of Commerce

as more details are flushed out. One recommendation that has emerged is to create a Superintendent of Consumer Protection. Creation of this position establishes the necessary "firewall" that all but eliminates the conflicts of interest concern.

To strengthen the firewalls between the new Office of Administration and the regulatory offices of the Department, we are recommending that the Office of Consumer Credit Regulation be elevated to a Bureau of Consumer Protection that will be charged with consumer credit, predatory lending, and other consumer issues. The Office of Securities that are currently housed within the Department of Professional and Financial Regulation can either be combined with the Bureau of Consumer Affairs within the Department of Commerce or combined with the Bureau of Financial Services. This merger could further reduce the number of personnel by an administrator and secretary of the Office of Securities. This could provide for about \$170,000 in special revenue savings on an annual basis. The third option is to leave the Office of Securities as is right now, which would defer altering the Office of Securities until the Merger Advisory Group can provide feedback. Please note that this third option would alter the savings to Special Revenue Accounts presented in this document. *(See Appendix C, Proposed Office of Consumer Protection)*

Other potential areas for savings may be realized by reconfiguring and joining internet costs, finding efficiencies by realigning other offices, and physically configuring offices to make a more efficient use of space. There are potential costs associated with the merger that could include service center costs, configuring IT systems to synchronize new or existing offices, costs (an increase or decrease) for physical relocation of personnel and physical assets, and side costs such as letterhead and promotional material. Final assessment of non-payroll related costs and savings will be presented in the October 1 report.

Finally, a memorandum from the U.S. Small Business Administration, Office of Advocacy states that, to various degrees, at least seven states have placed business regulation under the direction of the State's economic development or commerce cabinet position. *(See Appendix D: Memorandum from the US Small Business Administration)*

It is hard to estimate other cost savings for the initial consolidation efforts but they should be fairly substantial, and continue to grow over the long-term.

This consolidation is a long-term structural reorganization that will provide benefits to the public customer base in terms of increased customer services, ease of access, increased oversight and transparency to the public, and cost-savings. Again, this document reflects only the first step in bringing the Department of Commerce together, and the steps necessary to implement the administrative merger. For the October 1, 2007 report, we look forward to presenting the work of the Internal Working Group and the Merger Advisory Group as we analyze further opportunities for savings and efficiencies.

Additional Attachments:

APPENDIX E: Current organizational charts of DPFR and DECD

APPENDIX F: Proposed organizational chart of the Department of Commerce

DEPARTMENT OF COMMERCE MERGER ADVISORY GROUP

CONFIRMED MEMBERS

Peter Pitegoff, Dean, University of Maine School of Law
Katie Longley, Former Director Maine Department of Professional and Financial Regulation
Steven Levesque, Former Director Department of Economic and Community Development
Katie Fullam-Harris, Anthem
David Brennerman, UNUM
Joseph Pietroski, Maine Bankers Association
Charles Soltan
Chris Pinkham, Maine Association of Community Banks
John Murphy, Maine Credit Union League
Nancy Kelleher, AARP
Dana Graham, MSEA-SEIU

POTENTIAL MEMBERS NOT YET CONTACTED

Additional consumer advocate (TBD)
Representative named by Speaker Cummings
Senator named by President Edmonds

Maine Department of Commerce
Office of Administration - Schedule of Savings from Merger

Scenario: Located Separately
All of FY2008/FY2009
Percentages based on Headcounts, funded at 17% GF/ 83% SR Funds

PFR SAVINGS DUE TO MERGER:

							Grand Total For Biennium All Funds
DEPT	Range	General Fund		Special Revenue			
		FY2008	FY2009	FY2008	FY2009		
Positions Eliminated:							
PFR	Commissioner	91	\$ -	\$ -	\$ (117,888)	\$ (124,821)	\$ (242,707)
PFR	Dir Admin Services	32	\$ -	\$ -	\$ -	\$ -	\$ -
PFR	Assistant to Comm	29	\$ -	\$ -	\$ (79,985)	\$ (84,648)	\$ (164,613)
PFR	Sec Spec	20	\$ -	\$ -	\$ (84,216)	\$ (87,545)	\$ (131,761)
PFR	Secretary	12	\$ -	\$ -	\$ (44,154)	\$ (44,588)	\$ (88,742)
PFR	Senior Counsel	32	\$ -	\$ -	\$ (90,483)	\$ (95,749)	\$ (186,232)
PFR	Office Assoc II (Recpt)	13	\$ -	\$ -	\$ -	\$ -	\$ -
PFR	Securities Administrator		\$ -	\$ -	\$ (112,877)	\$ (119,502)	\$ (232,379)
PFR	Securities Secretary		\$ -	\$ -	\$ (84,218)	\$ (87,545)	\$ (131,761)
					<u>\$ (573,797)</u>	<u>\$ (604,398)</u>	<u>\$ (1,178,195)</u>
PFR Costs due to Sharing of Positions							
PFR	Commissioner	91	\$ -	\$ -	\$ 128,349	\$ 130,096	\$ 258,444
PFR	Dep. Commissioner	37	\$ -	\$ -	\$ 90,547	\$ 91,314	\$ 181,860
PFR	Communications Dir	30	\$ -	\$ -	\$ 79,800	\$ 80,898	\$ 160,698
PFR	Assistant to Comm	28	\$ -	\$ -	\$ 69,918	\$ 73,984	\$ 143,902
PFR	Sec Assoc	20	\$ -	\$ -	\$ 58,403	\$ 59,282	\$ 117,684
PFR	Office Assoc II (Recpt)	13	\$ -	\$ -	\$ 49,692	\$ 50,633	\$ 100,326
					<u>\$ 476,709</u>	<u>\$ 486,205</u>	<u>\$ 962,914</u>
Service Center Costs - Additional Costs			\$ -	\$ -	\$ 7,000	\$ 7,000	\$ 14,000
Net Savings from Merger			<u>\$ -</u>	<u>\$ -</u>	<u>\$ (90,088)</u>	<u>\$ (111,193)</u>	<u>\$ (201,281)</u>

DECD SAVINGS DUE TO MERGER:

						Grand Total For Biennium All Funds	
DEPT	Range	General Fund		Special Revenue			
		FY2008	FY2009	FY2008	FY2009		
DECD Decreased Costs due to Sharing of Positions							
DECD	Commissioner	91	\$ (128,349)	\$ (130,096)	\$ -	\$ -	\$ (258,444)
DECD	Dep. Commissioner	37	\$ (90,547)	\$ (91,314)	\$ -	\$ -	\$ (181,860)
DECD	Communications Dir	30	\$ (79,800)	\$ (80,898)	\$ -	\$ -	\$ (160,698)
DECD	Assistant to Comm	28	\$ (69,918)	\$ (73,984)	\$ -	\$ -	\$ (143,902)
DECD	Sec Assoc	20	\$ (58,403)	\$ (59,282)	\$ -	\$ -	\$ (117,684)
DECD	Office Assoc II (Recpt)	13	\$ (49,692)	\$ (50,633)	\$ -	\$ -	\$ (100,328)
			\$ (476,709)	\$ (486,205)	\$ -	\$ -	\$ (962,914)
Net Savings from Merger			\$ (476,709)	\$ (486,205)	\$ -	\$ -	\$ (962,914)

SUMMARY: NET SAVINGS FROM MERGER

DEPT	Range	General Fund		Special Revenue		Grand Total For Biennium All Funds
		FY2008	FY2009	FY2008	FY2009	
PFR		\$ -	\$ -	\$ (90,088)	\$ (111,193)	
DECD		\$ (476,709)	\$ (486,205)	\$ -	\$ -	
Net Savings from Merger		\$ (476,709)	\$ (486,205)	\$ (90,088)	\$ (111,193)	\$ (1,184,195)

Total savings for the Biennium

General Fund \$ 962,914

Special Revenue \$ 201,281

Department of Commerce Cost Savings Analysis
17% GF/ 83% SR
APPENDIX B-1

**Maine Department of Commerce
Office of Administration - Schedule of Savings from Merger**

Scenario: Located Separately
All of FY2008/FY2009
Funded at 50% GF, 50% SR

PFR SAVINGS DUE TO MERGER:

DEPT	Range	General Fund		Special Revenue		Grand Total For Biennium All Funds
		FY2008	FY2009	FY2008	FY2009	
<i>Positions Eliminated:</i>						
PFR	Commissioner	91	\$ - \$ -	\$ (117,886)	\$ (124,821)	\$ (242,707)
PFR	Dir Admin Services	32	\$ - \$ -			\$ -
PFR	Assistant to Comm	29	\$ - \$ -	\$ (79,965)	\$ (84,648)	\$ (164,613)
PFR	Sec Spec	20	\$ - \$ -	\$ (64,216)	\$ (67,545)	\$ (131,761)
PFR	Secretary	12	\$ - \$ -	\$ (44,154)	\$ (44,588)	\$ (88,742)
PFR	Senior Counsel	32	\$ - \$ -	\$ (90,483)	\$ (95,749)	\$ (186,232)
PFR	Office Assoc II (Recpt)	13	\$ - \$ -	\$ -	\$ -	\$ -
PFR	Securities Administrator		\$ - \$ -	\$ (112,877)	\$ (119,502)	\$ (232,379)
PFR	Securities Secretary		\$ - \$ -	\$ (64,216)	\$ (67,545)	\$ (131,761)
			<u>\$ - \$ -</u>	<u>\$ (573,797)</u>	<u>\$ (604,398)</u>	<u>\$ (1,178,195)</u>
<i>PFR Costs due to Sharing of Positions</i>						
PFR	Commissioner	91	\$ - \$ -	\$ 74,500	\$ 75,514	\$ 150,014
PFR	Dep. Commissioner	37	\$ - \$ -	\$ 52,558	\$ 53,003	\$ 105,561
PFR	Communications Dir	30	\$ - \$ -	\$ 46,320	\$ 46,957	\$ 93,277
PFR	Assistant to Comm	28	\$ - \$ -	\$ 40,584	\$ 42,944	\$ 83,528
PFR	Sec Assoc	20	\$ - \$ -	\$ 33,900	\$ 34,410	\$ 68,310
PFR	Office Assoc II (Recpt)	13	\$ - \$ -	\$ 28,844	\$ 29,390	\$ 58,234
			<u>\$ - \$ -</u>	<u>\$ 276,706</u>	<u>\$ 282,218</u>	<u>\$ 558,924</u>
Service Center Costs - Additional Costs			<u>\$ - \$ -</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 14,000</u>
Net Savings from Merger			<u>\$ - \$ -</u>	<u>\$ (290,091)</u>	<u>\$ (315,180)</u>	<u>\$ (605,271)</u>

DECD SAVINGS DUE TO MERGER:

						Grand Total For Biennium All Funds	
DEPT	Range	General Fund		Special Revenue			
		FY2008	FY2009	FY2008	FY2009		
DECD Decreased Costs due to Sharing of Positions							
DECD	Commissioner	91	\$ (74,500)	\$ (75,514)	\$ -	\$ -	\$ (150,014)
DECD	Dep. Commissioner	37	\$ (52,558)	\$ (53,003)	\$ -	\$ -	\$ (105,561)
DECD	Communications Dir	30	\$ (46,320)	\$ (46,957)	\$ -	\$ -	\$ (93,277)
DECD	Assistant to Comm	28	\$ (40,584)	\$ (42,944)	\$ -	\$ -	\$ (83,528)
DECD	Sec Assoc	20	\$ (33,900)	\$ (34,410)	\$ -	\$ -	\$ (68,310)
DECD	Office Assoc II (Recpt)	13	\$ (28,844)	\$ (29,390)	\$ -	\$ -	\$ (58,234)
			<u>\$ (276,706)</u>	<u>\$ (282,218)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (558,924)</u>
Net Savings from Merger			<u>\$ (276,706)</u>	<u>\$ (282,218)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (558,924)</u>

SUMMARY: NET SAVINGS FROM MERGER

DEPT	Range	General Fund		Special Revenue		Grand Total For Biennium All Funds
		FY2008	FY2009	FY2008	FY2009	
PFR		\$ -	\$ -	\$ (290,091)	\$ (315,180)	\$ (605,271)
DECD		\$ (276,706)	\$ (282,218)	\$ -	\$ -	\$ (558,924)
Net Savings from Merger		<u>\$ (276,706)</u>	<u>\$ (282,218)</u>	<u>\$ (290,091)</u>	<u>\$ (315,180)</u>	<u>\$ (1,164,195)</u>

Total savings for the Biennium General Fund \$ (558,924) Special Revenue \$ (605,271)

Potential Savings Realized by Merging Administrative Functions of DPFR and DECD

The Department of Administrative and Financial Services has analyzed two scenarios related to the administrative merger of DPFR and DECD.

To attain full savings in both FY 2008 and FY 2009, these scenarios reflect an administrative merger effective July 1, 2007. A merger effective after July 1, 2007 would have to be appropriately adjusted to reflect the effective date.

The Departments anticipate greater payroll savings could be attained due to co-location by eliminating additional positions within the Office of Administration. The potential savings from co-location will be addressed further in the October 1, 2007 report. It is unlikely co-location would materialize in FY 2008.

The first scenario (B-1) funds the Office of Administration based on head count of the two existing departments (DPFR with 212 employees, DECD with 43). This funding scenario would fund the Office of Administration at 17% general fund and 83% special revenue to reflect the head count ratio.

The second scenario (B-2) would fund the Office of Administration 50% by general fund revenue and 50% by special revenue.

Both scenarios include consolidation of the Office of Securities as outlined in APPENDIX C. Keeping the Office of Securities as a separate office would require adjusting the estimated savings to the Special Revenue Accounts.

PROPOSED BUREAU OF CONSUMER PROTECTION

To strengthen the internal firewalls related to consumer protection and securities, the Departments are recommending the creation of a Bureau of Consumer Protection led by a Superintendent of Consumer Protection

Currently the Department of Professional and Financial Regulation maintains an Office of Securities and an Office of Consumer Credit Regulation led by two Directors that serve at the pleasure of the Commissioner. The Department also has a Bureau of Insurance and a Bureau of Financial Institutions each led by a Superintendent that is appointed by the Governor and confirmed by the Senate to five year terms. The Commissioner of Professional and Financial Regulation is statutorily prohibited from interfering with the actions of the Superintendents of the Department.

Elevating the offices of Securities and Consumer Credit Regulation into Bureaus will strengthen the position of consumer protection within a new Department of Commerce, add legislative oversight to the nomination, and extend the administrative firewall between the Commissioner and the Bureaus.

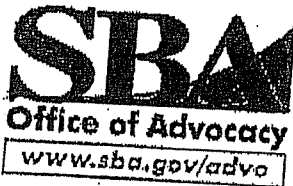
There are currently three options on the table for this proposal. The first would move the Office of Securities back to the Bureau of Financial Institutions. The second would move the Office of Securities under the proposed Bureau of Consumer Credit Regulation.

Either of these two transitions could create more savings to the Special Revenue accounts and further streamline the Department. Currently there is a director in each of the Offices. The changes could need only one superintendent as an administrator.

The third option is leaving the Office of Securities as an independent office within the department- either keeping the Administrator system, or elevating that office into a bureau of its own. This option would not produce any immediate administrative savings as we would not be eliminating a director position.

Elimination of one Director position could save \$112,000 in FY 08 and \$119,000 in FY 09 to Special Revenue Accounts, and elimination of one administrative assistant could save \$64,000 in FY 08 and \$67,000 in FY 09 to Special Revenue Accounts. For the purposes of discussion, we have included the elimination of these positions in APPENDIX B-1 and B-2. If it were the wish of the Legislature to maintain the separate Office of Securities, the adjustment of savings would have to be made to the Special Revenue Accounts.

Regardless of the placement of the Office of Securities, we strongly recommend elevating the position of Consumer Credit to the Bureau of Consumer Protection.



Advocacy: the voice of small business in government

To: Jack Cashman, Office of the Governor
From: Steve Adams, New England Regional Advocate
617/565-8418
Date: February 7, 2007

Re: **States where professional licensure/regulation is merged with
Economic Development.**

A cursory review of state websites indicates that the following states have, to various degrees, placed business regulation under the direction of the State's economic development or commerce cabinet position. The web link is to the state's economic development web site.

The State of Missouri is in the process of consolidating its business regulation agencies. It is not clear if they will ultimately fall under the economic development umbrella.

Alaska
<http://www.dced.state.ak.us/>

Massachusetts
<http://www.mass.gov/?pageID=mg2subtopic&L=5&L0=Home&L1=State+Government&L2=Branches+%26+Departments&L3=Governor+%26+Executive+Departments&L4=Executive+Office+of+Economic+Development&sid=massgov2>

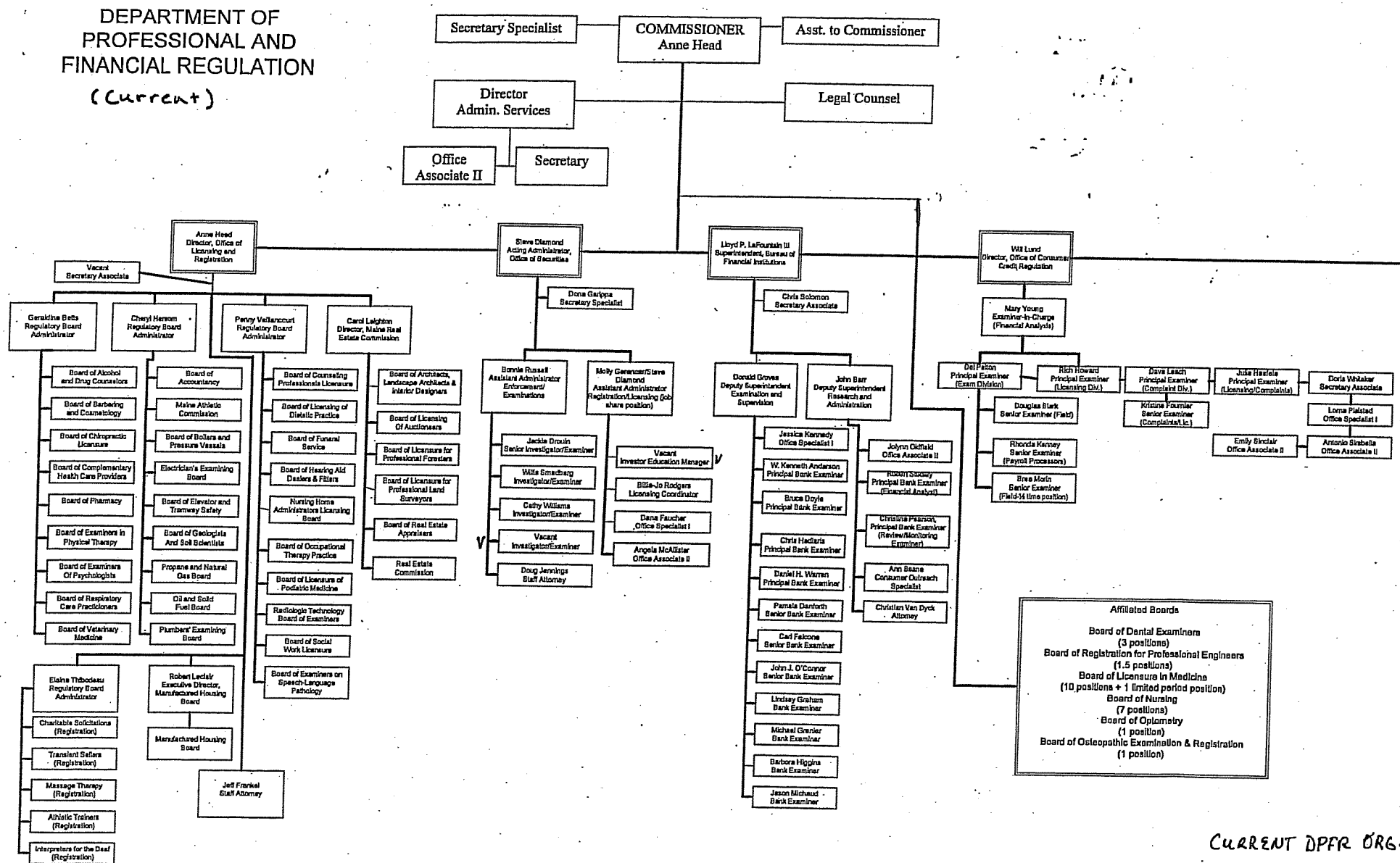
North Carolina
<http://www.commerce.state.nc.us/categories/deptorg.asp>

Ohio
<http://www.com.state.oh.us/>

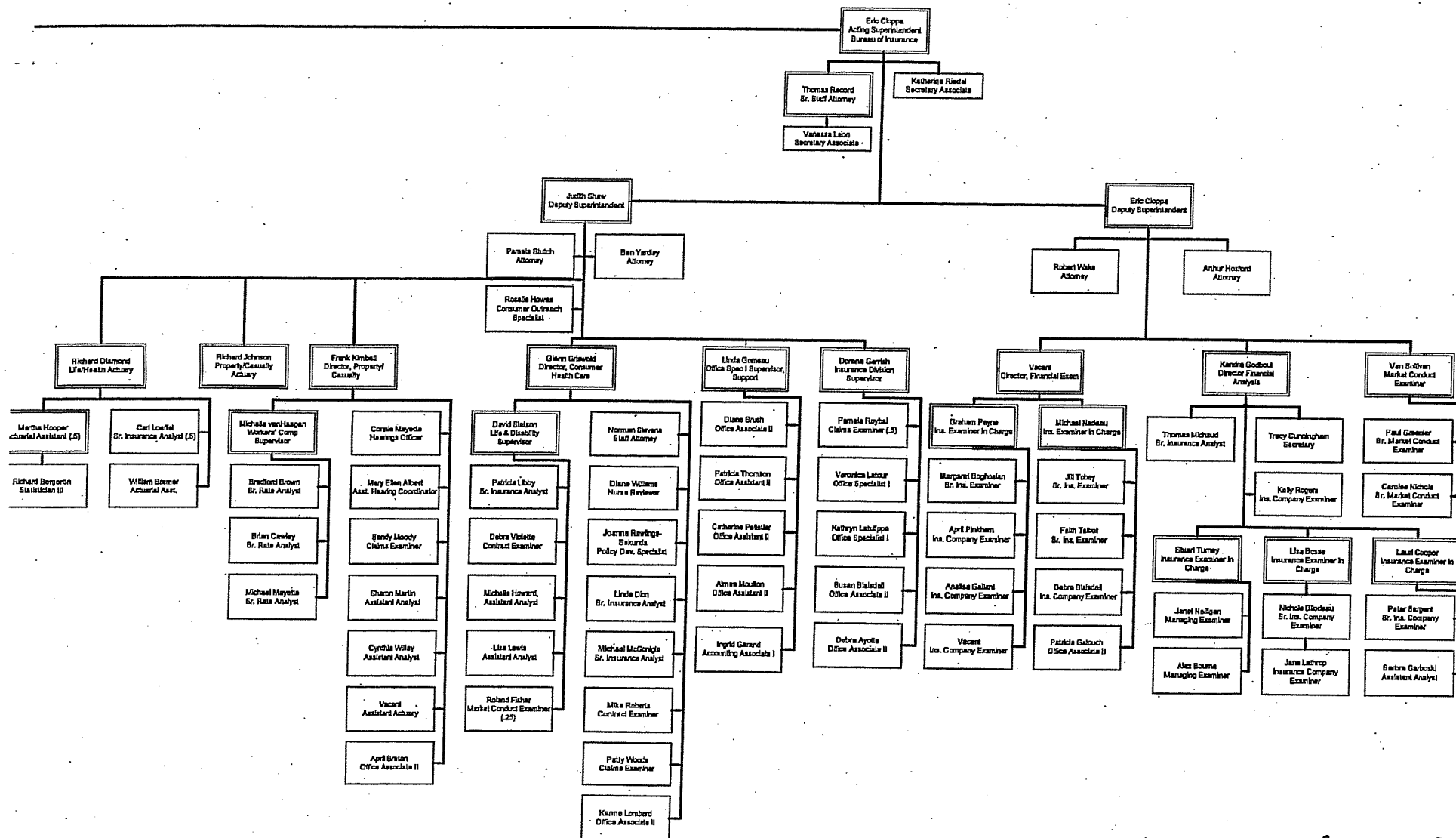
West Virginia
<http://www.wv.gov/OffSite.aspx?u=http://www.wvgov.org/>

Wisconsin
<http://commerce.wi.gov/>

DEPARTMENT OF
PROFESSIONAL AND
FINANCIAL REGULATION
(Current)



CURRENT DPFR ORG. CHART

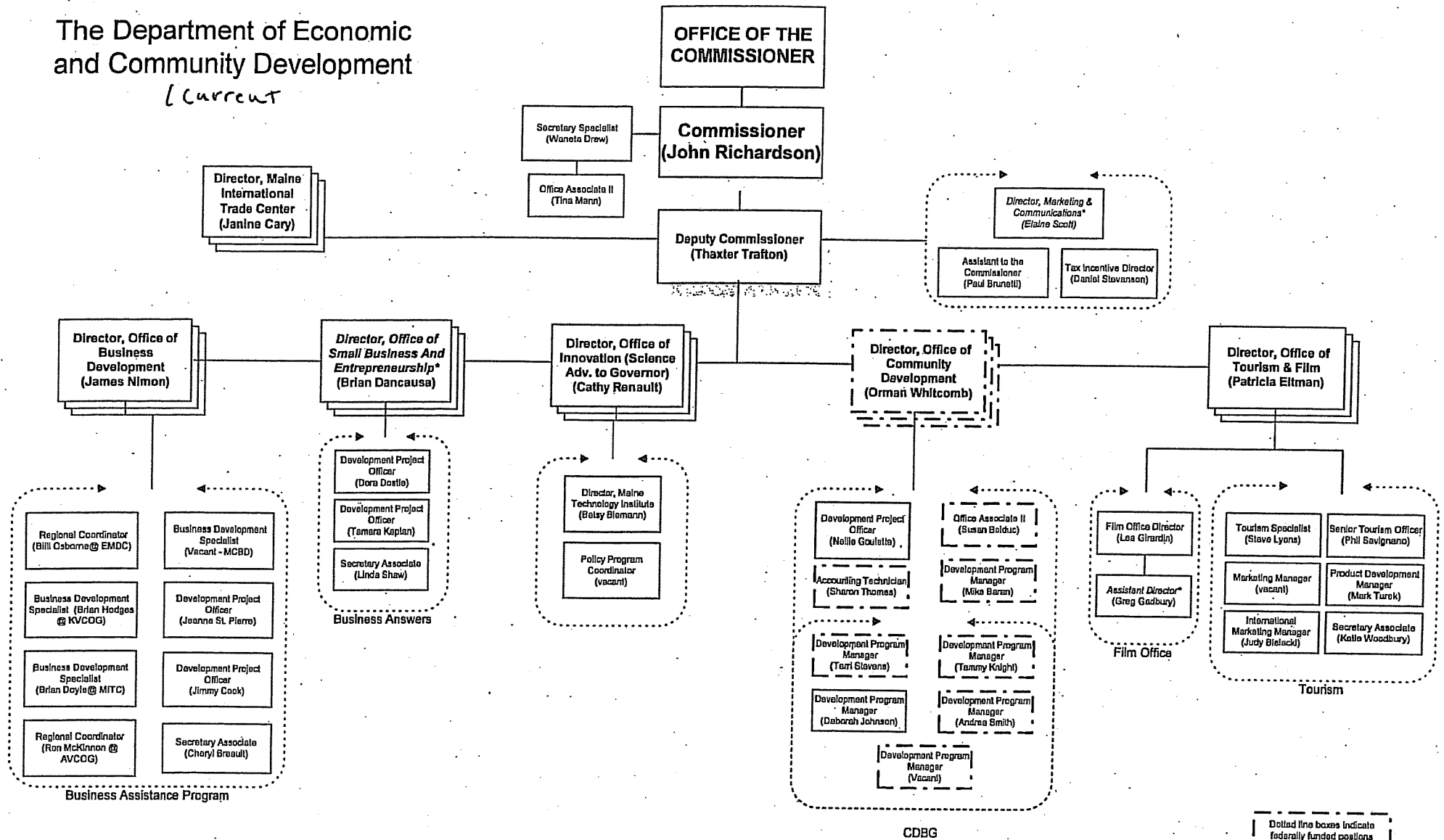


CURRENT DPER ORG CHART

E-2

The Department of Economic and Community Development

(Current)



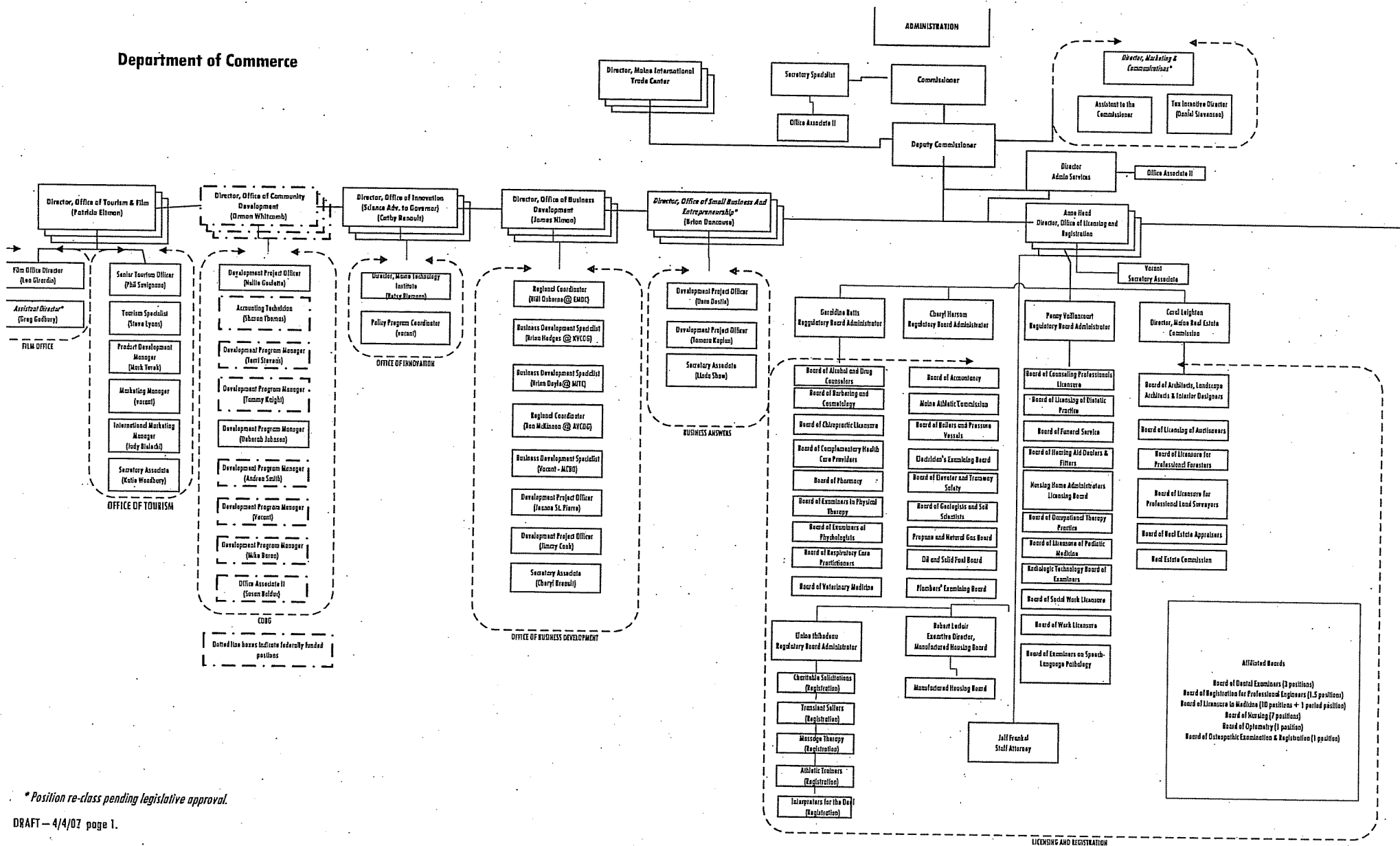
January 22, 2007

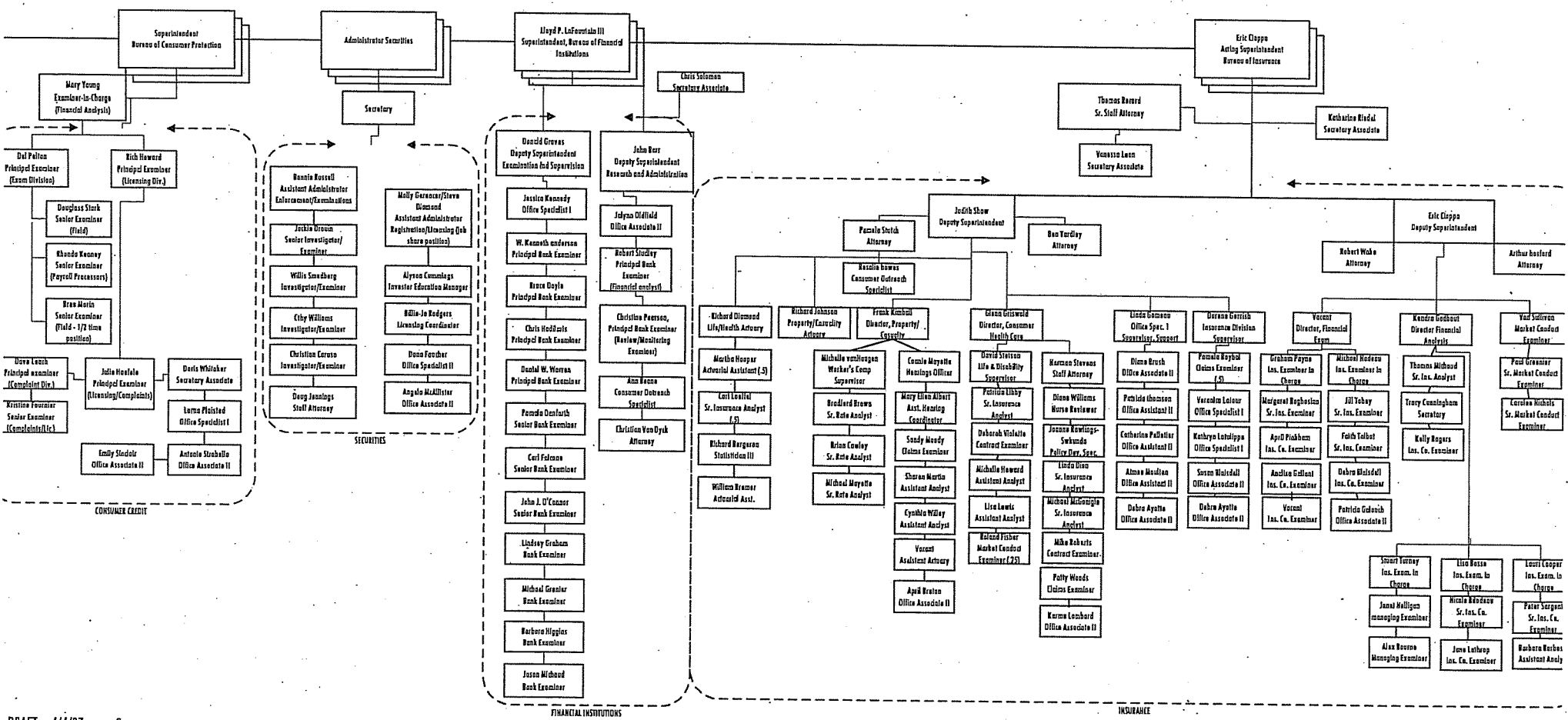
* Position re-class pending legislative approval.

CURRENT DECO ORG Chart

E-3

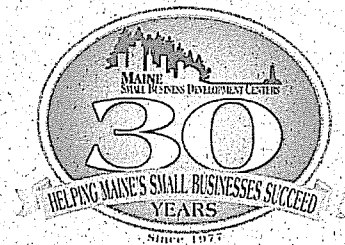
Department of Commerce





MAINE SBDC STRUCTURAL FUNDING GAP FY2008

Proposed Reduction in State's Base Funding:	\$ 40,000
Loss of CDBG Funding:	226,800
Effects of USM Labor Agreements during FY2007:	\$ 50,000
Necessary Increases to Contracted Hosts Partners:	\$ 54,000
Inflation FY2008:	\$ 31,000
Total Gap	<u>\$375,000</u>



Notes:

- (1) Assumes 100K contribution through MTI continues.
- (2) Assumes SBA contribution continues at 500K.
- (3) Because of state and federal years for the program being different and the commitments currently in place to the SBA for CY2007, the entire structural gap would be felt during 1/2008 through 6/2008 essentially wreaking chaos in the organizational and geographic structure and capacity of the Maine SBDC by necessitating a layoff of 5 Maine SBDC Counselors and some staff.

OPEGA PERFORMANCE



Small Business Development Centers:

Business assistance program provides counseling, training, information, and resource services. SBDCs assist small businesses in solving business and technical problems.

\$1,923,657 – all funding in; state investment \$740,000

Overall Risk – Low (GREEN)

WHAT'S BEING SAID ABOUT THE MAINE SBDC

Governor John Baldacci: "Maine is truly a state of small business and entrepreneurship, with businesses employing fewer than 50 people accounting for 96% of Maine's private employers and more than half of Maine's private employment.

Entrepreneurship and small business development are the engines of Maine's economy. Maine Small Business Development Centers, through its counseling, training and research resources, help ensure that small businesses are well tuned and poised for growth. For 30 years, the Maine SBDC has served the State's small business community with distinction. The State of Maine's investment in Maine SBDC services has yielded an impressive return, generating more than four dollars in state tax revenues for every state taxpayer dollar invested (annually)."

Senator Olympia Snowe: the SBDC has an extraordinary record of excellence. Since 1977, the Maine SBDC has helped to create or retain an outstanding 15,000 jobs and assisted 2,650 entrepreneurs take on the rewarding challenge of starting a business. There is no question that small businesses are the lifeblood of our economy and the SBDCs are the lifeline for entrepreneurs."

Congressman Mike Michaud: "Through twelve local service centers, the Maine SBDC continues to help entrepreneurs develop the skills necessary to run efficient and profitable businesses in an ever-changing economy. Mainers have come to rely on their staff to help them succeed."

U.S. Small Business Administration Administrator, Steven Preston: "From every aspect of economic development in the state, the Maine SBDC has been a leading force, especially in the areas of job creation and retention, capital formation, business expansion, business acquisition and start-up and technology advancement."

The Maine Commission on Small Business and Entrepreneurship, the State of Maine's legislatively mandated oversight board for the Maine SBDC, by unanimous vote: Maine SBDC's work - "extraordinary" and its economic impact - "outstanding."

C/Y 2006 HIGHLIGHTS¹

Clients Served

▪ Counseling clients	2,560
▪ Direct client hours	14,291
▪ Training attendees	2,851
▪ Training events	160
▪ Classroom hours	12,416
▪ Distinct Maine SBDC/Maine Business Works Websites +/-	56,000

IMPACT DATA

Capital formation	\$43,355,596
▪ Jobs created	531
▪ Jobs retained	258
▪ Business starts	154
▪ Preservation of individual capital and self-worth: unable to measure, yet significant ²	

Selected Client Characteristics (% of total counseling clients served)

▪ Minority	6.1%
▪ Women	48.4%
▪ Veterans	12.3%
▪ Disabled	8.9%
▪ Home based	24.8%
▪ Existing business	50.1%
▪ Manufacturing type	11.0%
▪ Business entity	70.8%
▪ Low & moderate Income	36.9%

¹ Data is compiled from information gathered from clients and maintained in the Maine SBDC database – all 2006 data shown is preliminary.

² Explaining to clients, they're not ready (wait and gain more insight) or convincing folks going into business may not be right for them at all.

Maine Small Business Development Centers (Maine SBDC)



A statewide network headquartered at the University of Southern Maine School of Business, Maine SBDC including its tech-focused group, Maine SBTDC (Maine Small Business & Technology Development Centers), is a partnership program of the U.S. Small Business Administration (SBA) in association with the SBA/OSBDC, Maine Department of Economic and Community Development (Maine DECD), the University of Southern Maine (USM), and leading economic and/or community development hosting organizations, with support from the Maine Technology Institute (MTI), and other co-hosts, contractors, allies and stakeholders.

MISSION AND FOCUS

To engage itself and others in development activities that contribute to the improvement of the economic climate for and the success of micro, small and technology-based businesses in the State of Maine, as **to assist in the creation, growth and the maintenance of viable micro, small and technology-based businesses and the jobs these businesses provide.**

SUMMARY

For thirty years, the Maine SBDC/SBTDC has been recognized as a leader in the small business improvement and expansion arenas. **The SBDC/SBTDC concept is a simple but effective one: assist small business operators and nascent entrepreneurs through business counseling, training services, information transfer, and resource linkages.** The objective is clear: create and save jobs throughout Maine. To that end, the Maine SBDC provides a variety of services for Maine's existing and prospective small business owners, covering such issues as business feasibility, business plan development, capital acquisition, financial management, marketing and sales, e-commerce, customer service, personnel management, and small business strategic planning. The Maine SBTDC covers similar issues, although with a concentration on companies commercializing technology to launch or grow their business. **Since its inception in 1977, the Maine SBDC has grown from a small pilot partnership project of the SBA into a statewide system, comprised of a myriad of collaborations that support a dynamic network of service centers and outreach offices, and the statewide administrative offices at USM. The Maine SBDC and Maine SBTDC are fully accredited by the Association of Small Business Development Centers (ASBDC) and its hardworking and creative counselors are certified by the New England Professional Development Group (NEPD), and supported by a cadre of dedicated staff.** Over the course of its years, the Maine SBDC and Maine SBTDC have provided individualized business assistance to tens of thousands of clients. Even more individuals have received management training through Maine SBDC/SBTDC-conducted seminars, workshops, and courses. And even more have been served through Maine SBDC web services. Maine SBDC works with those Maine citizens seeking assistance that are willing and able to build, sustain, and/or expand their business.

FUNDING

Base funding is provided by through SBA and the State with additional funding from various hosting organizations, the USM School of Business, MTI and a range of grants, cost-share, in-kind, training registration fees, sponsorships and contracts from other public- and private-sector organizations.

ECONOMIC IMPACT

For each base Maine tax payer dollar invested in helping Maine's small businesses achieve success, more than four dollars in state tax revenue are generated annually, according to a recent independent economic impact study of the Maine SBDC. The study also determined a \$3.30 return through federal treasury revenues for each base federal dollar invested in the statewide, business assistance network. The study report, entitled ***Economic Impact of Small Business Development Center Counseling Activities in Maine: 2004 - 2005*** and conducted during 2006, analyzed the sales and employment changes and financing obtained by a statistically reliable sample of established businesses and pre-ventures (persons aspiring to start a business) that received five or more hours of business counseling from the Maine SBDC in 2004. During 2004, the Maine SBDC provided training and/or technical business assistance to over 5000 existing or potential small businesses owners throughout Maine. According to the study report, 619 received over five or more hours of direct one-to-one business counseling on which the study focuses. Overall, using just the economic impact of the five or more hour group (so-called "long term clients"), the research calculates that for 2005, a total of \$4.72 million in tax revenues were generated by the incremental performance of the established businesses and pre-venture clients studied. Approximately \$3.07 million of the tax revenues went to the state and \$1.65 million went to the federal government. The research also points out that when taking into consideration the entire cost of the Maine SBDC program, which significantly leverages state and federal base investments, the \$4.72 million dollars in tax revenues generated, yielded an **annual return on total investment of 233%**. The study, prepared yearly by James Chrisman, Ph.D., a Mississippi State University College of Business and Industry professor of management and researcher on the value of entrepreneurship and small business to the economy, tracks the return on state and federal investments in SBDCs throughout the country via their impact on state economies. **Maine's latest Chrisman study extrapolates that a job is created or saved by Maine SBDC business assisted clients every 11 hours; \$10,000 in new sales are generated by Maine SBDC business assisted clients every 78 minutes; and \$25,000 in financing is obtained by Maine SBDC business assisted clients every 11.5 hours.** Additionally, the study reports that **ninety-five per cent of Maine SBDC clients surveyed would recommend Maine SBDC services to other business owners.**

LOCATIONS DEDICATED TO HELPING MAINE'S SMALL BUSINESS SUCCEED

Service Centers: Augusta; Bangor; Bath; Caribou; Ellsworth; Fairfield; Gardiner; Lewiston/Auburn; Machias; Portland; Springvale; Wells; Wiscasset • **Statewide Administrative Offices:** 68 High St., Portland • **Phone:** 800-679-SBDC or 207-780-4420 • **Web:** www.mainesbdc.org & www.mainebusinessworks.org • **Email:** mainesbdc@usm.maine.edu

CONTACT

State Director: John R. Massaua; 207-780-4857; jrmassaua@maine.edu

February 2007 Précis

March 8, 2007

Joint Standing Committee on
Appropriations and Financial Affairs Committee
Maine State Legislature
Augusta, Maine

RE: LD499 DECD OFFICE OF INNOVATION BUDGET

Senator Peggy Rotundo, Representative Jeremy Fischer
and Honorable Members of the Joint Standing Committee on Appropriations and
Financial Affairs,

My name is Jake Ward and I support research and economic development activities at the
University of Maine. I am here to testify in favor of the proposed budget for the DECD
OFFICE OF INNOVATION.

In my job I am responsible for transferring the results of UMAINE R&D activities to
Maine's economy, through patenting and licensing, partnering with Maine businesses,
and creating or spinning off new companies. I have been involved in this activity since
the beginning of the "Current Age of R&D" which was initiated in 1996 by University of
Maine faculty.

It was during those early years that it became very clear that R&D and commercialization
needed public and private partnership. A group of dedicated public and private sector
partners worked very hard to support a state appropriation that would fund companies
doing R&D leading to commercialization. That was the birth of the Maine Technology
Institute. I am a founding board member and much like a start-up company those first
few months were full of great ideas, anguish and much debate. We started from scratch
to create a program unlike any in the country, full of risks but full of opportunity.

The most important aspect of MTI is that it is available to anyone who wants to try. The
application and grant process are not easy, nor should they be. The reviews are rigorous
as they should be. Any company that tries and tries hard has the chance to be successful.
It is the same diligent effort a company needs to be successful in their business.

An interesting fact is the role of the University of Maine in the Maine Technology
Institute. Since its inception, nearly 50% of all projects had some involvement of the

University of Maine. Sometimes as R&D partners, a test lab, or as companies try to commercialize technology developed at UMaine. It also includes the companies that spin-out/spin-off from the University and the many cluster enhancement awards.

Recently the *Corporation For Enterprise Development* annual report card of the states ranks Maine #1 for spin-off from University-based research. This is the same report card that ranks Maine 50 out of 50 for University research dollars. Our efforts and ability to achieve success is directly related to the funding available from MTI, funding that also helps leverage additional federal and private dollars to nurture ventures through that critical start-up stage – the valley of death.

Another Office of Innovation Program that is critical to this effort is the *Advanced Technology Development Centers Program – Incubators*. The University of Maine has participated in this program since its inception and co-operates incubators at the Target Technology Center, the Center for Cooperative Aquaculture Research in Franklin, the Darling Marine Center at Walpole, and the Composites Technology Centers in Greenville and Sanford. The incubator program is another key reason we can achieve that #1 ranking. Nearly all of the spin-off activity from UMaine works with our incubators during the start-up stage as affiliate tenants and many become tenants.

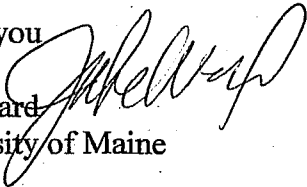
As a final comment, both MTI and the Incubator Program have been instrumental in attracting companies to Maine. Three tenant companies in the Target Technology Center, 1 company at CCAR, and 1 at the Sanford composites center moved to Maine because of the incubator program and its relationship to UMaine. All of these companies have applied for MTI grants, though not all have received them yet.

All the evaluations show that MTI and the Incubators work and that the programs are worthy of expansion. The Original report of the Joint Select Committee on R&D called for state investment of \$10,000,000 a year for MTI by 2005. Can you imagine how much further along we would be if the goals of that report had been implemented as recommended?

My participation in the creation and ongoing operation of the Maine Technology Institute is one of the most rewarding experiences I have had in my career, and an accomplishment that gives me pride. The future of Maine lies in these innovative companies. Since Maine was first settled, it was recognized for innovation, invention, and ingenuity. It was during the industrial revolution that Maine became the “makers of other peoples stuff”, when we lost control of the innovation. Now is the time to get that back and take a lead in invention and innovation. MTI and the ATDC program provide the environment where innovation can thrive.

Thank you

Jake Ward
University of Maine



Testimony of Paul L. Tessier on the Applied Technology Development Centers
March 9, 2007

Senator Rotundo, Representative Fisher, Senator Bromley, Representative Smith and Members of the Appropriations and Financial Affairs Committee and members of the Business Research and Economic Development Committee – I am Paul Tessier, President of the Board of Trustees of the Teague Technology Center in Fairfield, Maine. I am a resident of Rockwood and work part-time Fairfield

I am also a former State Representative that served for six years representing the citizens of Fairfield. As a state legislator I served four years on the Appropriations Committee and three years on the Joint Select Committee on Research and Development, the committee that help jump start Maine in the R&D arena. I am also the representative that wrote the legislation that set up the Applied Technology Development Center program in the state. So not only was I the initiator of the program but I have been affiliated with one of the centers since the day its doors opened four and a half years ago. I know this program well.

I would urge patience. One of the two incubators now held up as an example of excellence and success is the Portland incubator. But this incubator has been in existence for ten years, at least. One should expect some degree of success by now. The rest of us are still working our way to our ten year anniversary – and then we'll have a better opportunity for comparisons. You see, I remember well the trials and tribulations that the Portland incubator experienced when it first started out as well I hope they haven't forgotten that as well.

The second incubator – the Orono incubator – too is upheld as an example to follow. While only as old as the rest of the incubators, it has held a favored position. It has received attention and assistance from the University of Maine. Having that massive assistance readily available to jump start the incubator is an advantage the rest of us have not enjoyed.

Next I would ask you to look at the locations of the rest of the incubators. These are rural areas desperately in need of economic development for the most part. This is precisely why those areas were chosen to have an incubator. The incubators are important to those rural areas, but it also means that it is more difficult to get these incubators up and running as compared to those in a city location. And so I again urge patience.

I would remind both of your committees that the now world renown Research Triangle in North Carolina waited ten years for its very first tenant!

Finally, I am concerned about the stranding of small rural towns that have invested borrowed money in these incubators with the belief and I would say assurance that the State of Maine would continue to be supportive – and I don't necessarily mean only

financially. For example, if Maine were to pull the plug on the Teague incubator, the town of Fairfield and its citizens will be left on the hook for \$1.6 million dollars. This is a huge debt for a small town. Others are in a similar situation, I believe.

If the State of Maine does decide to only support the two incubators – one in Orono and one in Portland - I believe it has the responsibility of at least cutting them loose debt free. Pay off the Teague's bond and we will sink or swim based on our abilities to be successful. Success surely will not come, however, if we are faced with this current bond debt and all day to day operating costs.

I close by saying that the Teague Center is on the cusp of success. Two of the six laboratories are rented. One affiliate member, a cancer research company, will come into the center once they secure funding. They will bring 15 jobs with them. Their basic research is done and they are ready to enter the second phase of research. A second affiliate is slated to come into the center in late spring. This is a bio-diesel company that is currently operating a pilot project to make bio-diesel fuel. They are making 3,000 gallons a day now and will shortly ramp up to 6,000 gallons. They have contracts for as much fuel as they can produce. In the summer a full production facility will be built in Fairfield. They will come into the Teague Center to do their research not only for various feed stocks for the production of bio-diesel fuels, but will also perform research on potential uses of the bio-diesel by-products.

There are other potential clients we are working with currently. Some may come into the Center, some may not.

This is a far cry from two years ago when we had only a couple of leads to work on. To abandon the effort of having a Center in Fairfield at this time would not be a smart move not only for the town of Fairfield but for the State of Maine. I urge you to give this program not only more time but more funding as well.

**Testimony of
John Richardson, Commissioner
Department of Economic and Community Development**

Before the Joint Standing Committee on Appropriations and Financial Affairs,
Joint Standing Committee on Business, Research, and Economic Development,
And Joint Standing Committee on Insurance and Financial Services

Hearing Date: March 9, 2007

“An Act Making Unified Appropriations and Allocations for the expenditures of State Government, General Fund, and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the FY Ending June 30, 2008 and June 30, 2009.”

Part H: Sec. H-1. Merger. The Department of Professional and Financial Regulation and the Department of Economic and Community Development shall merge into a single department, which shall be named the Department of Commerce, to perform the duties of both departments. The departments shall commence merger activities immediately. The departments shall cooperate with any other entities in state governments in accomplishing this merger. The merger must:

- 1. Streamline services to businesses;*
- 2. Minimize administrative overhead;*
- 3. Eliminate duplication of services*
- 4. Otherwise create efficiencies and cost savings in the provision of services*

The departments shall participate in producing a report to the joint standing committees of the Legislature having jurisdiction over appropriations and financial affairs, business, research and economic development, and insurance and financial services no later than October 1, 2007 as to the progress of the merger. Any necessary revisions to legislation will be submitted to the Second Regular Session of the 123rd Legislature by January 1, 2008.

Senator Rotundo, Senator Bromley, Senator Sullivan, Representative Fischer, Representative Smith, Representative Brautigam, and distinguished members of the committees on Appropriations and Financial Affairs, Business, Research, and Economic Development, and Insurance and Financial Services. I am John Richardson, Commissioner of the Department of Economic and Community Development.

I am here this morning to testify in support the of the Part H section of LD 499, the portion of the biennial budget bill pertaining to the proposed merger of the Department of Economic and Community Development and the Department of Professional and Financial Regulation in to a new Department of Commerce.

Background

The concept of this merger proposed in the budget is to bring together two departments with similar clientele with the goals of streamlining state services, minimizing administrative overhead, eliminating duplication of services, and creating efficiencies and cost savings. Both departments support this initiative and believe that this merger can accomplish these goals.

This project is certainly still in its infancy, so there is not a great deal to report in terms of how the department will look when the final report is submitted on October 1, 2007. We have already begun to meet, however, in an attempt to lay out our plan for how the planning and decisions between the two departments will unfold in the coming months.

Our plan is to proceed with two working groups:

1. An internal working group comprised of the superintendents and directors of the two departments will work on the details of the merger i.e., reducing administrative overhead, drafting a new organizational chart, identifying opportunities for efficiencies, looking for administrative savings, strengthening consumer protection, and identifying and resolving potential conflicts.
2. An advisory board of 8 industry leaders and 5 consumer advocates led by Peter Pitegoff of the Maine Law School will make recommendations to and review recommendations of the internal working group in order to ensure those who would be impacted by this merger are able to review the plan for potential conflicts that may arise.

We are approaching this merger this way because we understand that there are concerns about joining the business enforcement arm of state government with the economic development arm. Currently, the Commissioner is statutorily prohibited from interfering with any regulatory decisions of the PFR Directors and Superintendents. We want to make sure that in this new organization there are enough firewalls in place to eliminate as many conflicts as possible. We are confident that on October 1, 2007 you will receive an overview of a new Department of Commerce that streamlines

services, minimizes administrative costs, eliminates duplication, and ultimately better serves the businesses, and better protects the consumers of this state.

Progress

The internal working group has met twice since January, 2007. The first meeting focused on 1) The scope and missions of the two departments, and 2) Concerns about the impact of the merger on each of the offices within the two departments.

At this initial meeting, three major concerns were identified:

- 1) Proceeding in a way that maintains appropriate firewalls;
- 2) Ensuring that this merger does not enable the legislature to continue to tap the dedicated revenue funds; and
- 3) The physical co-location of the two departments

The second meeting was held last week, where DECD Directors toured the PFR offices.

Afterwards, the internal working group met to compare departmental organizational charts and mission statements.

This second meeting was the first time we were able to come together to talk about administrative efficiencies that these two departments could realize. It became clear that this exercise of merging the two departments would be an excellent opportunity for both departments to work together in order to see how the organizations can be streamlined and combined whenever reasonable to save taxpayer monies. We also believe this merger can attain savings without having to eliminate employees who currently work for either department, but can still lower head count by a number of positions.

Savings to both special revenue accounts and the general fund of these two departments are possible. We believe the final number can be around one million dollars in savings. PFR is funded by special revenue sources, therefore we think this will be an opportunity to reduce the fees we charge Maine businesses.

At this meeting, we also considered the creation of a position known as the Superintendent of Consumer Protection that would replace the Director's position now held by Will Lund. The purpose of this change would be to strengthen the current staff position related to consumer protection by adding gubernatorial appointment and legislative confirmation to the position. This proposal is one of many that will be discussed with the internal working group and Advisory Board.

For our next working group meeting in March, we will hope to have a draft organizational chart of what the Department of Commerce will look like, and also begin the discussion of what kinds of legislation we could propose to strengthen the firewalls within the new department.

After the third meeting of the internal working group, we will convene the advisory committee to begin reviewing our work.

Conclusion

This merger makes sense for a more efficient state government.

1. Its creation will result in a one-stop shop for both businesses and consumers looking for assistance related to business.
2. It will flatten the organizational structure, allowing more resources to be targeted toward enforcement and consumer protection.
3. Efficiencies will be realized.
4. Administrative savings of approximately \$1million could be accomplished.
5. It will reduce the cost of doing business for license holders.
6. Consumer protection will be prioritized and strengthened.

At least six states have already brought together the business and promotion arms of state government; Alaska, Massachusetts, North Carolina, Ohio, West Virginia, and Wisconsin all provide this one-stop approach to doing business. We intend to study those states for "best practices" within state government.

This process is certainly far from completion, and we look forward to working the Legislature as well as all of the other groups who have an interest in this merger as we move forward.

Senator Peggy Rotundo, Representative Jeremy Fischer, and members of the Appropriations and Financial Affairs Committee and Senator Lynn Bromley, Representative Nancy Smith, and members of the Business, Research and Economic Development Committee:

My name is Lisa McLeod, and I am the owner and operator of Tourmaline Hill Farm in Greenwood, Maine. I own a business that produces high quality fresh and aged goat cheese for wholesale and retail. My business was featured at the Reception for Funders and Legislators held by Maine Centers for Women, Work, and Community at the Senator Inn on February 6, 2007.

I first got my vision for my business when I had to purchase goat milk for my daughter who has many allergies. In order to save money, I purchased 2 goats in 2004 to have ample milk for her and then went on to make her cheese since she was limited on what she could eat. I first went to the Career Center in South Paris, which is in the Western Maine University and Community College Center building, to find out how I could turn this small activity into a viable "INCOME".

Oxford County has a Business Development Network Group in South Paris, which has a Resource brochure with valuable information. The Career Center counselor handed me this brochure with the Women, Work and Community contact person's name circled. She told me that the Women, Work and Community's Microenterprise Coordinator would be able to help me get started with a business plan to turn my farm into an income source for my family. That was two years ago this March, and I am well on my way. I have increased my goat herd from the initial 2 to 13 to date, with 5 more does to give birth this month. I have the Health Inspector coming this month and plan to start selling my fresh cheese April 2007.

Women, Work and Community has not only helped me to get my business up and running but they have been there for every turn in dealing with all the different Government agencies. I worked with a Social Security Benefits Specialist on a Plan to

Achieve Self-Sufficiency (PASS) plan and went through the Vocational Rehabilitation Program. I got help from SCORE/SBA and the Maine Small Business Development Center, the Central Maine Medical Center Vocational Department, and a couple of local banks, but none of my help was duplicated. The Business Development Network Group was developed to coordinate the business support for businesses in the area.

I would like to say that any person struggling with disabilities needs to be patient and work with as many agencies as it takes to make it work. Don't give up, and remember to keep your vision in sight and utilize the tools available to you. **Women, Work and Community helps people where they are in their life path to move them forward and to become self-sufficient.**

Thank you for supporting Women, Work, and Community in helping those of us who need assistance. I recognize that these are tight and difficult budget times, but I hope you will keep in mind the importance of continued funding to Women Work and Community. This agency has certainly helped me to take charge of important aspects of my life. I now feel that I am becoming a contributing member of society and that's a much better feeling than being dependent.

Lisa McLeod
Tourmaline Hill Farm
Fresh Goat Cheese Production
Greenwood, Maine
February 28, 2007

In Support of Women, Work and Community

Senator Peggy Rotundo, Representative Jeremy Fischer, members of the Appropriations and Financial Affairs Committee; Senator Lynn Bromley, Representative Nancy Smith, and members of the Business, Research and Economic Development Committee, my name is Janyce Boynton. I have a business named Sojourn Quilts located in Bangor. I am here to testify on behalf of the DEDC Budget and their support of Women, Work and Community through the Maine Microenterprise Fund. I would like to tell you about my experience in developing my business and how Women, Work and Community has been a help to me.

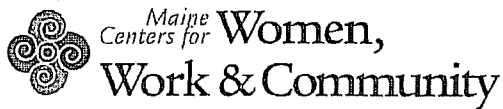
I work from my home and focus primarily on custom-designed art quilts. I also make felt wallets, NotYerAverage Lobsters and Maine balsam-filled sachets for my on-line shop (www.sojournquilts.etsy.com). I have products in several fine arts shops here in Maine. And, currently, I am providing fabrication services for a clothing manufacturer in Bangor.

By participating in New Ventures and other workshops provided by Women, Work and Community, I learned ways to transition my hobby into a viable business opportunity. While other workshops and classes told me what I had to do, Women, Work and Community showed me how to do it. They introduced me to resources (both people and materials) relevant to my business and helped me complete a business plan. They've provided on-going support as new challenges arise for me or to congratulate me on reaching individual milestones.

My biggest challenge is developing products and services diverse enough to bring year-round income in the creative economy. The first two quarters are the toughest on Maine's craft industry. Women, Work and Community helped me develop an approach to doing business that's focused enough to be viable and flexible enough to adapt to Maine's creative economy. This is an on-going process and I continue to use the skills I learned through Women, Work and Community to make my business stronger. I count doing what I love and getting paid for it as one of my greatest successes.

I've participated in most of the workshops Women, Work and Community has to offer: assertiveness training, financing your future, creating your future, basics of starting a business, and New Ventures--all of which helped me clarify personal, financial and business goals and supported me in a time of transition. I thank you for the opportunity to speak here today and am happy to answer any of your questions.

Janyce L. Boynton
Sojourn Quilts
208 Maple St. Apt. 2
Bangor, ME 04401
207.990.1571



Fiscal Year 2007 Projected

July 1, 2006 - June 30, 2007

Revenue

State:

Department of Labor	\$837,554
University of Maine at Augusta	\$59,856
Department of Economic and Community Development, Maine Microenterprise Initiative Creative Enterprise	\$60,984 *
Ttl	\$958,394

Federal:

Maine Community College System (Perkins) DHHS	\$120,000 *
Business Ownership	\$136,082
Department of Transportation	\$207,123
Department of Labor	
MEO	\$8,000
LiLA	\$35,952 *
WIA	\$38,819 *
Other Contracts	\$5,000
Ttl	\$550,976

Grants:

Maine Women's Fund	\$8,500
River Rock Foundation	\$15,983 *
Other Asset Development Grants	\$9,984
Other Organizational Capacity-Building Grants	\$26,905
Betterment/Cohen	\$24,737
Merck Fund	\$23,470 *
Leadership Grants	\$9,470
ME Policy	\$22,000
Other Program Grants	\$25,000
Ttl	\$166,049

Other Sources:

Fee for Service/Events	\$10,000
Contributions/Sponsors	\$27,000
Workplace Giving	\$3,750
Interest Income	\$6,860
Cash Forward	\$10,965
Ttl	\$58,575

TOTAL INCOME

\$1,733,994

* Funds not available or changing after FY 2007.

Fiscal Year 2007 Projected
July 1, 2006 - June 30, 2007

Expenses

Staffing

Salaries	\$933,500 *
Fringe @ 40%	\$373,400
Consultants/Trainers/Work Study	\$61,000
Ttl	\$1,367,900

Supplies & Materials

Supplies	\$17,675
Resources	\$10,750
Ttl	\$28,425

Communications

Phone/FAX/Internet	\$18,650
Postage	\$8,000
Printing/Copying	\$26,750
Outreach/Marketing	\$3,250
Ttl	\$56,650

**Travel/Staff
Development**

Travel	\$43,000
Staff Development	\$8,000
Ttl	\$51,000

Facilities/Equipment/Technology

Rent/Improvements	\$45,000
Utilities	\$6,500
Equipment, Maintenance, & Service	\$7,500
Technology	\$6,500
Meeting Costs	\$7,500
Ttl	\$73,000

Supportive Services

\$7,000

Total Direct Costs

\$1,583,975

Indirect Costs

\$93,480

Transfer to Other Assets

\$8,000

Total Expenses

\$1,685,455

Cash and Grants Forward

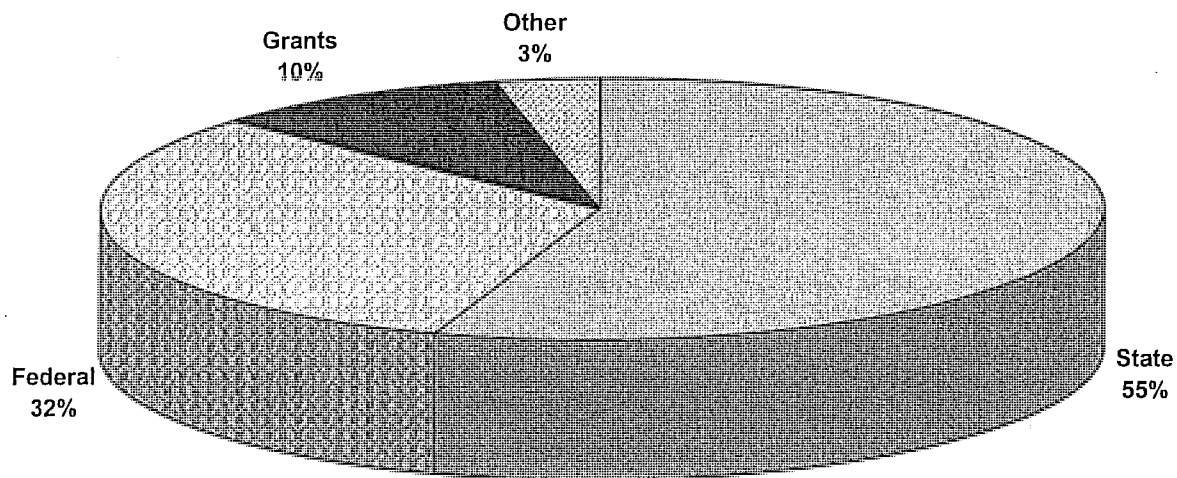
\$48,539

TOTAL EXPENSES AND CASH

\$1,733,994

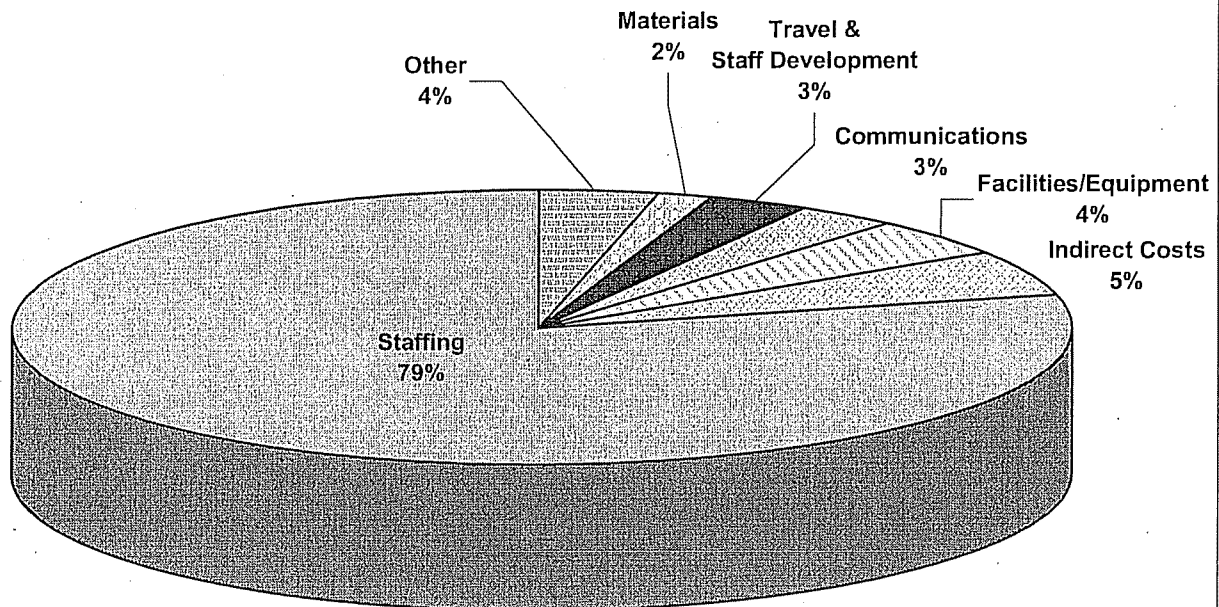
** Includes retroactive wages from FY 2006*

2007 PROJECTED SOURCES OF FUNDS



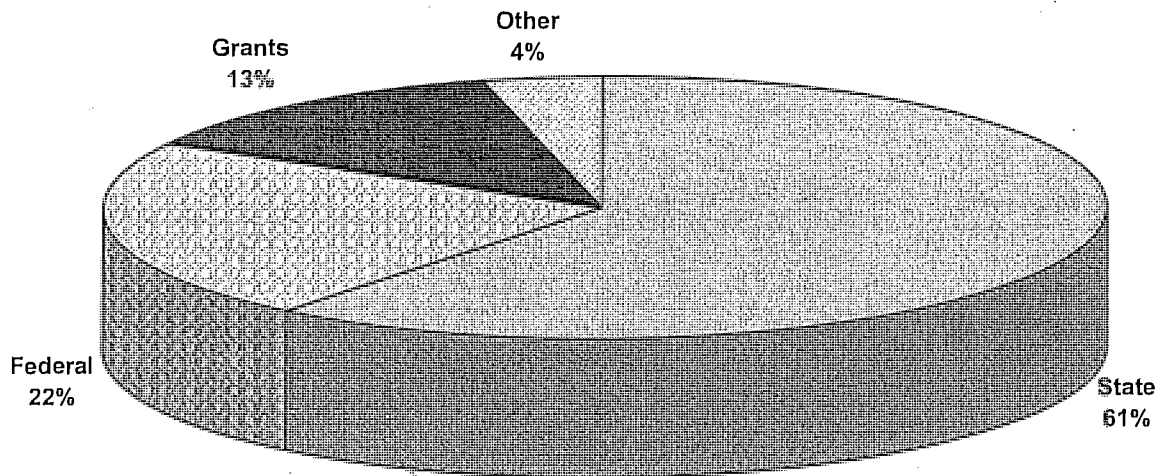
Total 2007 Budget: \$1,733,994

2007 PROJECTED USES OF FUNDS



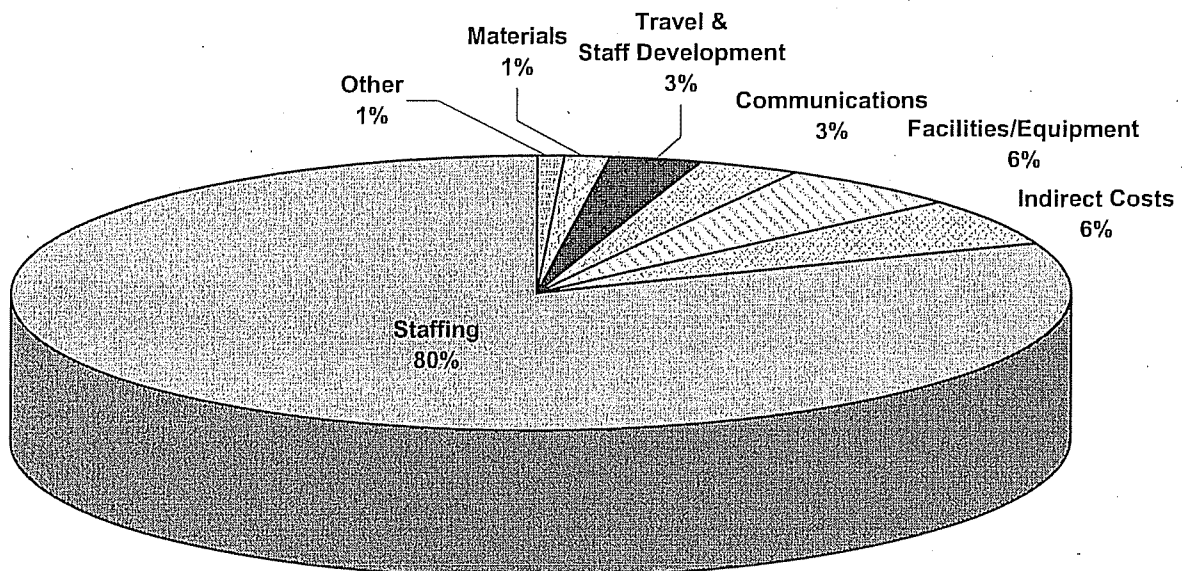
Total 2007 Budget: \$1,733,994

2006 ACTUAL SOURCES OF FUNDS



Total 2006 Actual: \$1,645,051

2006 ACTUAL USES OF FUNDS



Total 2006 Actual: \$1,645,051



JOHN ELIAS BALDACCI
GOVERNOR

STATE OF MAINE
DEPARTMENT OF
ECONOMIC AND COMMUNITY DEVELOPMENT
59 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0059



JOHN RICHARDSON
COMMISSIONER

March 14, 2007

Senator Margaret Rotundo, Chair
Representative Jeremy Fischer
Members, Joint Standing Committee on Appropriations and Financial Affairs
Members, Joint Standing Committee on Business Research and Economic Development
State House Room 228
Augusta, ME 04333

Senator Rotundo, Representative Fischer, and Members of the Committees:

Enclosed is information in response to the public hearings on March 9, 2007. In this letter you will find responses to the questions raised related to the Part H section. We are also including information provided to the Committee on Business Research and Economic Development for their work session on Monday, March 12.

The Department looks forward to continuing to work with you on this budget.

Respectfully Submitted,

Paul Brunetti, DECD

Encl: Responses to Part H Questions
March 12 Memorandum to BRED
Website information supporting the budget Part H



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Part H Questions:

1. Provide examples of other state agencies that have both promotion and regulation functions:

Many state agencies successfully promote and regulate activities related to their mission. We are providing three examples, but will be able to provide more if necessary:

Inland Fisheries and Wildlife is responsible for promoting hunting and fishing, administering licenses, and enforcing rules and regulations related to hunting and fishing

Core Mission: *To focus on the protection and enhancement of the state's inland fisheries and wildlife, while at the same time providing for the wise use of these resources.*

The Department of Labor encourages job training, administers economic incentives to companies that provide training, and also enforces laws and rules related to labor standards

Mission: *To promote the economic well-being of people in the labor force and employers by attracting and retaining a wide range of employment opportunities, by promoting independence and lifelong learning, by fostering economic stability and by ensuring the safe and fair treatment of all people on the job.*

The Department of Agriculture is responsible for promoting farms through marketing and economic incentives, and is also responsible for providing oversight and enforcement for safe practices.

Mission: *Fostering opportunities for the agriculture community and of promoting stewardship of Maine's natural resources.*

2. Mission Statements of the DEDC and DPFR

DECD:

To improve the quality of life for all Maine people through effective programs in business, tourism, and community development, and through policies that advance the state's position in the global economy.

DPFR:

To encourage sound, ethical business practices through high quality, impartial, and efficient regulation of insurers, financial institutions, investment advisors, creditors, and numerous professions and occupations for the purpose of protecting the citizens of Maine.

3. Information from other states

Attached to this memo is information from four states, Massachusetts, North Carolina, Ohio, and Alaska. These states all have economic development and regulatory structures similar to what we are trying to accomplish. As the process unfolds, we will reach out to these

states, as well as identify other states that have similar organizations that we are not yet aware of.



JOHN ELIAS BALDACCI
GOVERNOR

STATE OF MAINE
DEPARTMENT OF
ECONOMIC AND COMMUNITY DEVELOPMENT
59 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0059



JOHN RICHARDSON
COMMISSIONER

MEMORANDUM

March 12, 2007

To: Members of the JSC on Business, Research, and Economic Development
Fr: The Department of Economic and Community Development

Re: Follow up responses to the March 9, 2007 hearing

1. Are the Applied Technology Development Centers supposed to be self-sustaining? By what dates? Are they making progress toward this goal?

Statute requires the Technology Centers to be "self-sufficient with regard to operational costs and structural maintenance." 5 MSRA §15321.3.C

Typically, incubators have a variety of sources of revenue including rent and fees from clients, grants and contracts from local, regional, state or federal government and in-kind support from individuals and/or host organizations such as universities. The revenues are used to pay personnel costs (usually 1-2 staff) and operating expenses for their building.

To be self-sufficient requires a large building (typically greater than 20,000 sq ft) that is "full" (typically around 80% rented, allowing for the graduation of some tenants and the entrance of new, smaller and younger companies). Even then, self-sufficiency on rents and fees alone is extremely rare and usually only happens when either few services are provided, when there is a very large building with a stable set of tenants (i.e. incubation is not really happening), or when the building is provided at low or no cost to the incubator.

In the late 1990s, a number of for-profit incubators were opened with the idea that they would become self-sufficient because they would have equity stakes in their tenants and would generate income from initial public offerings and other liquidity events. With the Dot-Com bust, virtually all of these entities have disappeared, proving again that incubation is not an activity that can be sustained without government support. By definition, the companies that incubation targets cannot pay market rates for the space or assistance that they require. Therefore, subsidy is required.

The Maine ATDCs are all too small to be self-sufficient based on rents and fees, even if they were operating at full capacity. None are "self-sustaining," nor is it likely that they would be.



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2. What is the relationship between the Loring Technology Center, the Loring Development Authority and the Northern Maine Development Commission?

The Loring Development Authority was established in 1993 as an independent authority to manage and develop the Loring Commerce Center, formerly Loring Air Force Base. The Authority owns the building that the Loring Technology Center occupies, and pays some salaries for the staff of the Technology Center.

The Northern Maine Development Commission (NMDC) is a nonprofit organization that provides regional planning, economic and community development, business loans and packaging, geographic information system services, and small business counseling services to the northern Maine region. In addition, NMDC is the lead agency for the Aroostook County Empowerment Zone.

NMDC serves Limestone as it would any other community, but as there is an independent state chartered agency serving Limestone in the LDA, it does not deliver services as intensely in Limestone. The 2 examples of services are 1) Marketing and business attraction efforts (marketing, scouting, etc.), and 2) They both meet each Monday through the Aroostook Partnership for Progress to discuss deal flow and efforts.

NMDC is one of six economic development districts in the state of Maine, established in 1967, and one of 320 nationwide. Initially created in the 1960's, regional development organizations provide rural America with professional planning and economic development services, thereby helping local economies remain competitive both domestically and globally. With representation from member communities, NMDC works with federal, state, regional, and local partners to implement services and programs for all of northern Maine that make the most of the area's resources to build a healthy and diverse economy. Its service area includes 71 communities and 137 unorganized townships throughout Aroostook county and parts of Washington, Piscataquis, and Penobscot counties.

3. Did we require the managers of the Technology Centers to be SBTDC certified counselors?

Yes. Four of the managers are qualified: three are not. The three that are not are the managers of Loring, Fairfield and Rumford.

4. Part K EPSCOR Steering Committee

As noted in Commissioner Richardson's testimony, in 2003, the Governor by Executive Order created the Governor's Maine Science and Technology Advisory Council to replace the EPSCoR steering committee. Since there is legislation introduced this session (LD 253, An Act to Implement the Recommendations of the Joint Select Committee of Research, Economic Development and the Innovation Economy) to establish the Maine Innovation Economy Board to coordinate Maine's research and development activities, replacing the Maine Science and Technology Advisory Board, we recommend that LD 253 incorporate language in 7.10 MRSA c.

107-D § 949.11 to establish this Maine Innovation Economy Board as the EPSCoR steering committee.

5. Goals and Objectives of MTI

Legislation

The Maine Technology Institute "shall encourage, promote, stimulate and support research and development activity leading to the commercialization of new products and services in the State's technology-intensive industrial sectors to enhance the competitive position of those sectors and increase the likelihood that one or more of the sectors will support clusters of industrial activity and to create jobs for Maine people." (5MRSA §15302)

Goals

Offer robust, effective programs that fund innovative, technology based projects that lead to commercialization and job creation.

Continue to fill gaps for Maine businesses seeking early stage capital.

Build on networks and partnerships to enhance clusters of industrial activity.

Help ensure that Maine's strong support of research and development is linked to commercial outcomes that result in economic benefit.

Ensure adequate funding is available to fully support MTI's ability to help stimulate economic growth creating jobs for Maine people.

Maine's Seven Targeted Technology Sectors

Advanced Technologies for Forestry & Agriculture

Aquaculture and Marine Technology

Biotechnology

Composite Materials Technology

Environmental Technology

Information Technology

Precision Manufacturing Technology

6. Stated goals of the ATDC's

The goals for Maine's Technology Centers include:

- The retention of successful start-up businesses in the state
- The improvement of opportunities for workers through the creation of technologically advanced jobs
- The encouragement of private-sector initiatives
- The renovation and utilization of vacant commercial real estate
- The generation of new sources of revenue for local and state tax bases

7. "White Paper" information

The total cost of programs outlined on this "white paper" amounts to \$35,307,850 in FY08 and \$35,227,850 in FY09 above what is presented in this budget. This document is meant to be a rough sketch of where the offices within the department would allocate additional revenues. It has not been prioritized by the department as a whole.

The Official Website of the Economic Development - Business Resource Team (EED)

Economic Development - Business Resource Team

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SECRETARY DANIEL O'CONNELL



Welcome to
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OUR ORGANIZATION

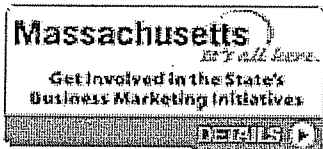
Massachusetts Permit
Regulatory Office

Department of Business and
Technology

Office of Consumer Affairs
and Business Regulation

Department of Labor

Department of Workforce
Development



STRATEGIC INITIATIVES

\$100 Million MORE Jobs
Program

Massachusetts Business
Connect

Base Realignment And

ONLINE SERVICES

Contact the Business
Resource Team

Register a new business

More...

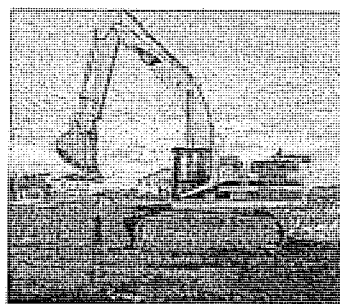
Pay your business taxes

Find bids and contracts



The new **\$100 Massachusetts Opportunity Relocation and Expansion (MORE)Jobs Capital Program** has been launched! MORE Jobs provides funding for infrastructure improvements to help businesses grow in Massachusetts.

[Click to learn more...](#)



[New State Permit Tracking](#)



Chapter 43D Expedited Permitting Program

**Smart Growth Conference PowerPoint:
Tools for Economic Development**

Regional Brownfields Workshop

March 29th, 2007: 8:30am-5:00pm

Framingham Town Hall- Framingham, MA

On March 29, 2007, participate in a one-day workshop to learn how brownfields revitalization is critical to community revitalization. With a focus on redeveloping brownfields in smaller municipalities, brownfield experts will discuss how to cleanup and bring brownfield properties into productive reuse.

SEARCH

NEWS & UP

[Economic Development Team Launch Infrastructure Aimed at Creating](#)

[SBA Economic Injury Loan D Approaching Massachusetts](#)

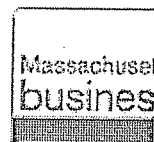
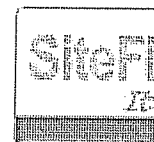
[New Banking Announced by Massachusetts Business and Grow Small Business](#)

[\\$1.1 Million A Massachusetts Business and Grow Small Business](#)

[Chapter 43D Permitting Program Open](#)

[MORE Jobs Funding](#)

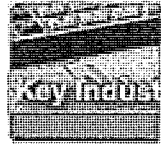
More...



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Answer a few quick questions about your business needs and click submit, it's that easy! You can also contact us at 1-877-BIZTEAM (249-8326)



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The Official Website of the Office of Consumer Affairs & Business Regulation (OCABR)

Consumer Affairs and Business Regulation

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Welcome to
Consumer Affairs
& Business
Regulation

SELECT AN AGENCY

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[Department of
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[Division of Banks](#)

[Division of Energy Resources](#)

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Licensure](#)

[Division of Standards](#)

[State Racing Commission](#)

KEY RESOURCES

[Consumer Hotline
617-973-8787 or 888-283-
3757 \(toll free, in MA only\)](#)

[E-Mail us a question](#)

[Winter Heating Help](#)

[Federal Trade Commission](#)

[Better Business Bureau](#)

[Federal Citizen Information
Center](#)

[Federal Communications
Commission](#)

[Consumer Action Website](#)

[Informação para
consumidores em português](#)

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We're here to help you!**

**Call Our
Consumer Hotline**

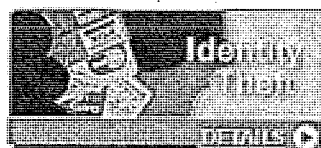
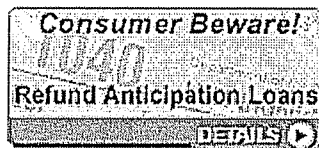
888-283-3757

or

617-973-8787



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The Official Website of the Economic Development - Business Resource Team (EED)

Economic Development - Business Resource Team

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Secretary Daniel O'Connell

Welcome to the Executive Office of Housing and Economic Development website! By aligning the state's housing & economic development agencies, and better coordinating our policies & programs, we can retain and attract the best and brightest people and keep this state competitive for many years to come.

We look forward to working with fellow state agencies, quasi-public organizations and other partners to help the private sector expand in Massachusetts and make the Commonwealth a more affordable place to own a home. Already, Governor Patrick has announced the creation of the Development Cabinet, a collaborative partnership between Cabinet secretaries geared toward identifying and promoting business development, job growth and infrastructure projects. The Cabinet will meet weekly to identify opportunities where secretaries can work together on projects that will expand economic opportunities throughout the Commonwealth. This is just the beginning of our vision to serve Massachusetts.

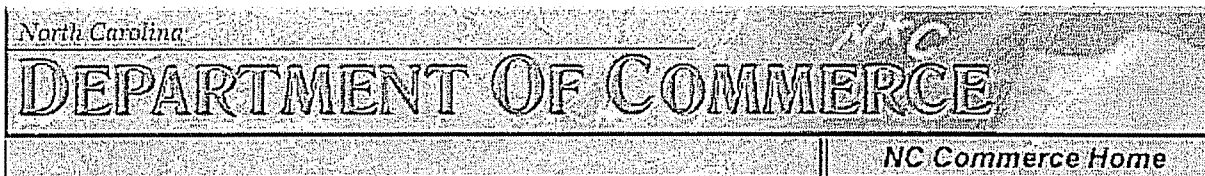
I look forward to serving with the talented team that Governor Patrick has assembled. I am privileged and honored that I have been charged to help realize the goals of this administration to create homes and jobs.

Let's get to work.

SEARCH

[Economic Dev](#)

[Search](#)



Department Organization

Secretary of Commerce

- *Assistant Secretary for Community Development*
- *Assistant Secretary for Economic Development*
- *Executive Director for Policy and Employment*
- *Executive Director of Tourism, Film, and Sports Development*
- *Assistant Secretary for Administration*

The Department of Commerce is an Executive branch agency. The head of the Department, the Secretary of Commerce, is appointed by and reports directly to the Governor. The Secretary serves as a member of the Governor's Cabinet. The Department has a total operating budget of approximately \$144,830,746 and over 765 full-time staff.

Five Assistant Secretaries and two Executive Directors assist the Secretary in overseeing the Department's varied programs. Each of these positions is responsible for the operations of several Divisions.

Assistant Secretary for Community Development:

Division of Community Assistance

The Division of Community Assistance (DCA) assists local governments across the state through economic development, community development, growth management, and downtown revitalization. DCA has three major components:

- the Main Street program, which helps cities maintain a thriving downtown through a four-part self-help process involving organization, promotion, design and economic restructuring;
- the Community Development Block Grant (CDBG) program, a federally funded program that assists local governments with projects that benefit low- and moderate-income families;
- and services to local governments in the areas of planning and growth management.

Assistant Secretary for Economic Development:

Commerce Finance Center

The Commerce Finance Center offers "one-stop financing" assistance for businesses that locate or expand in the Tar Heel State. The Center administers the tax credits available to new and expanding industries under the William S. Lee Quality Jobs and Business Expansion Act. It also offers direct grant and loan funding to businesses locating or expanding in North Carolina through the Industrial Competitive Fund, the Industrial Development Fund, the Utility Fund, the Business Energy Loan Program, and funding available through the Community Development Block Grant (CDBG). The Center also administers the Industrial Revenue Bond program for the state.

Division of Business and Industry Development

This Division leads North Carolina's business and industrial recruitment efforts. The Division's industrial developers work closely with other public and private development organizations to attract new industries to the state. This includes efforts to recruit foreign-owned firms to North Carolina. The Division operates international offices in

Frankfurt, Tokyo, and Toronto to assist in this effort.

The Division also offers retention and expansion services to companies currently located in North Carolina. These programs are staffed by industrial developers located in nine offices spread throughout the seven regions of the state: Asheville, Bryson City and Lenior in the Western Region; Charlotte in the Carolinas Region; Greensboro in the Piedmont Triad Region; Raleigh in the Research Triangle Region; Fayetteville in the Southeastern Region; Greenville in the Global TransPark Region; and Edenton in the Northeastern Region.

International Trade Division

North Carolina's International Trade Division-through two domestic and six foreign office locations-provides expert assistance to North Carolina businesses seeking to take advantage of overseas market opportunities. Trade consultants in Raleigh and High Point are available to assist in tapping into resources and programs that can help businesses grow through international sales. The Division's foreign offices in Canada, Mexico, Germany, China, Korea and Japan are prepared to help North Carolina businesses enter new markets or expand market share.

Marketing and Customer Services Division

The Marketing and Customer Services Division provides marketing support services to the Business & Industry Development Division, the Business & Industry/Regional Operations, the N.C. Partnerships for Economic Development and the International Trade Division. The support services provided include planning and implementation of trade show participation, special event promotion and participation, as well as industry advertising and publications.

Executive Director for Policy and Employment:

Workforce Development

The Workforce Development section oversees the creation and operation of JobLink One-Stop Career Centers. These centers, which are a requirement of the federal Workforce Investment Act, bring together a variety of state and local agencies in one location to provide job seekers with information, vacancy listings, and job training opportunities. The Workforce Development section also serves as staff to the Workforce Development Commission.

Division of Employment and Training

The Division of Employment and Training (DET) administers worker-training programs for unemployed and displaced workers and for workers whose family income is below 200% of the federal poverty level. The Division is also responsible for the administration of the state's Welfare-to-Work grant, which offers training and other job-support services to Work First clients facing the greatest obstacles to employment. The Division offers its services through 25 local Workforce Boards, who in turn work with the community college system, the state university system, public schools, the Employment Security Commission and other agencies to provide training and support services.

Policy, Research and Strategic Planning

The Policy, Research and Strategic Planning office maintains data on the state's economy for use by industrial clients and the public. The Division publishes the annual Economic Scans of all 100 counties in the state as well as quarterly Economic Trends reports. The unit analyzes the impact of trends and changes in the state's economy and recommends refinements in the Department's programs in response to those analyses. The Division also provides staff support to the North Carolina Economic Development Board.

Executive Director of Tourism, Film, and Sports Development:

Division of Tourism

This Division undertakes a broad range of marketing activities, in cooperation with local and regional economic development and tourism promotion organizations, to increase tourism in the state. This includes an increasing emphasis on international marketing. The Division partners with the Economic Development arm of the Department to maintain a presence in overseas offices.

The Division also administers a grants program to assist local areas to make improvements to promote tourism in their locale and operates a program to promote Heritage Tourism in the state. The Division also has staff in nine Welcome Centers on interstate highways in the state to assist travelers to North Carolina.

The North Carolina Film Office

The Film Office promotes North Carolina as a location for television, motion picture, and advertising productions. The Office offers location scout services to producers and supports the state's four regional film commissions in their efforts to increase film production in the state.

Division of Sports Development

The Division of Sports Development promotes North Carolina as a leading site for sports events involving amateur and professional organizations. The office works with local government and corporate allies to serve as a clearinghouse for sporting activities in North Carolina and to assist sports organizations and promoters in making North Carolina a host site for leading amateur and professional sports events..

Assistant Secretary for Administration:Executive Aircraft Operation

The Executive Aircraft Operations maintains 2 airplanes and 2 helicopters that are used to transport industrial development clients and consultants, film producers and sporting event promoters, and state personnel on official business.

Fiscal Management Division

The Fiscal Management Division is responsible for the accounting, budgeting and purchasing functions of the Department.

Human Resources Office

The Human Resources office performs personnel functions for the Department, including recruitment and employee relations, position classification, and fringe benefit administration.

Management Information Systems

The Management Information Systems (MIS) is responsible for all information technology services within the Department. This includes LAN management, project management functions for applications development, maintenance of personal computers and peripherals, and graphics design and reproduction.

Wanchese Seafood Industrial Park

The Wanchese Seafood Industrial Park works to promote fishing and marine industries and serves as a location for seafood processing plants, boat builders, fishing supplies, and other marine-related businesses.

Oregon Inlet Project

The Oregon Inlet Project is charged with leading the state's efforts to stabilize the channel in the Oregon Inlet through the construction of jetties.

The following agencies report directly to their respective Boards and Commissions,

rather than to the Secretary of Commerce. They receive administrative oversight from the Department through the Assistant Secretary for Administration:

Alcoholic Beverage Control Commission

The Alcoholic Beverage Control Commission controls the sale of alcoholic beverages in the state through operation of a centralized warehouse, oversight of the local government operated retail sales outlets, and permitting of facilities authorized to sell alcohol in bulk or by the drink.

Banking Commission

The Banking Commission, is responsible for chartering and regulating North Carolina's state banks and trust companies, as well as registration and licensing of various financial institutions operating in the state, including Check-Cashers, Consumer Finance companies, Mortgage Bankers and Mortgage Brokers, Money Transmitters and Refund Anticipation Lenders.

Cemetery Commission

The Cemetery Commission regulates and monitors the activities of all state-licensed cemeteries.

Credit Union Commission

The Credit Union Commission regulates and monitors the operations of all state-chartered credit unions.

Employment Security Commission

The Employment Security Commission is responsible for administering the unemployment insurance program in the state. It also offers job placement and referral services to all North Carolina citizens and maintains the state's labor market information service.

Industrial Commission

The NC Industrial Commission administers the Workers' Compensation Act for all employees and employers in the state to protect Tar Heel workers and employers against loss due to work-related injury or disease. The Industrial Commission also has jurisdiction over tort claims against the state and claims by families of law enforcement officers, fire fighters, and rescue squad workers.

Public Staff of the Utilities Commission

The Public Staff reviews, investigates, and makes recommendations to the North Carolina Utilities Commission on the reasonableness of rates and adequacy of service provided by all public utilities in the state. The Public Staff is also charged with ensuring the consistency of the public policy of assuring an energy supply adequate to protect the public health and safety.

Rural Electrification Authority

The Rural Electrification Authority is responsible for ensuring that customers in the predominantly rural areas of the state have access to adequate, dependable, affordable electric and telephone service.

Savings Institutions Commission

The Savings Institutions Commission regulates and monitors the operations of all state-chartered savings institutions.

Utilities Commission

The Utilities Commission regulates the rates and services offered by more than 1,200 utility companies in North Carolina. Companies under the jurisdiction of the Commission include electric companies, local and long-distance telephone companies, natural gas companies, household goods motor freight carriers, motor passenger carriers,

companies providing private pay phone service, water and sewer companies consisting of approximately 1,500 systems, and ferryboat operators.

Economic Development Allies

NC Partnerships for Economic Development

The seven partnerships work on a regional basis to serve North Carolina's 100 counties in promoting economic development marketing, strategies and opportunities. The partnership offices are located in Asheville, Charlotte, Greensboro, Raleigh, Elizabethtown, Kinston and Edenton.

State Ports Authority

The Ports Authority staff operates and promotes the use of North Carolina's port facilities including deep-water ports at Morehead City and Wilmington; intermodal terminals in Charlotte and Greensboro; and the harbor at Southport. The State Ports Authority Board of Directors governs the authority, and the Secretary of Commerce serves as an ex-officio member of the board.

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NC Department of Commerce

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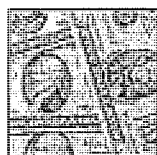
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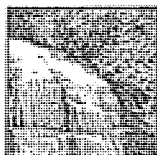
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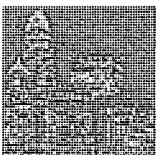
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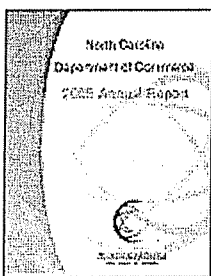
communities

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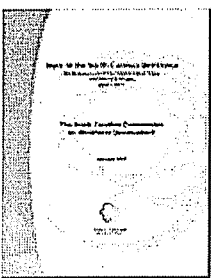


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Tech centers illustrate a failed concept

A failure.

Few other ways should describe the state's investment into rural business incubators: Maine's Applied Technology Development Centers are riddled with failure. Failure to create jobs, failure to deliver on gaudy political promises, failure to become even so marginally self-sustaining as to pay staffers.

Millions of taxpayer dollars have been spent. Almost \$4 million in Rumford, first to rehabilitate a vacant mill and then to keep it open as a precision manufacturing incubator. It's created nine new jobs, two of which are housecleaners.

Fairfield is even worse. Its biotechnology center has received \$4.5 million and created nothing.

That's right. The Teague Biotechnology Center has created neither one new job, nor one new business.

Nothing can veil the transparent inability of these rural technology centers to accomplish their stated intention: jump-starting economies in depressed regions of Maine. As economic engines, they are barely turning over.

Not every center is sputtering, though. In Portland and Orono, this formula has achieved a modicum of success, thanks to ties with the University of Southern Maine and University of Maine. Sinking millions into such fertile ground, however, is not a genius economic development strategy.

The distress of the rural centers begs the question about what's next, as without continued taxpayer support there's little chance the centers in Rumford, Fairfield, Greenville and Limestone can continue to operate. (The Down East center is, at least, swimming with optimism about aquaculture's potential.)

Economists say seven is twice as many technology centers than needed, an assertion supported by the skeleton crews currently stewarding many of the rural facilities. Yet John Richardson, the state's new economic development chief, told the newspaper the problem the state's finding with the centers is "a lack of capital."

We vehemently disagree. The problem, in our estimation, is the fruitless tossing of funds into the inky blackness of an inept economic development project. How many more dollars should be sunk into these technology centers, when most have produced next to nothing?

The answer is apparent.

Maine's economic development strategy already earned a black eye this week, when the tribal Internet pharmacy PIN Rx — the recipient of a \$400,000 state grant — came under investigation for allegedly dealing illegal drugs. PIN Rx has struggled with finances and had layoffs even before this revelation.

Now the technology centers are showing their cracks. Something must give, and someone held accountable for the lost millions plummeted into inferior concepts. Jack Cashman, Maine's former economy czar, at least has underwhelmingly admitted the technology center plan "was not a good move."

Another bad move is keeping the flagging centers open, in stubborn insistence of unrealized potential against a mountain of historical and practical evidence. Richardson said the final decision is up to the Legislature.

Fine. Lawmakers' first step should be realizing what the technology center concept has proven to be: A failure.

Town's deal to give \$400,000 flawed from start

River Valley Technology Center's failure to create jobs will cost Mexico

I congratulate the Sun Journal for its excellent work pertaining to the River Valley Technology Center's dismal failure to produce results and its inability to grow from a huge amount of taxpayer money.

Two issues were brought forth in editorials about the center: "Rumford has been left with an empty building and vague promises," and "Now that the technology center has shown its cracks, someone should be held accountable for the lost millions plummeted into inferior concepts."

As a former Mexico selectman, I have insight into these statements and the questions they raise. Sadly enough, it is Mexico — much more than Rumford — that could lose with the failure of the technology center. In the varied sources of state and federal funding for the technology center, \$400,000 was tied to Mexico

property taxes.

On Aug. 13, 2003, a public hearing was held to explain to Mexico residents a grant of \$400,000 was needed to finish the first phase of the renovation of the old bag mill in Rumford, which was to become the technology center.

Mexico Town Manager Joe Derouche had written the grant application, and needed resident approval because Mexico was the sole applicant for the grant.

As a selectman, I was terrified at the idea the town could be liable for such an amount of money for a project not located in Mexico. Norman McIntyre, the River Valley Technology Center director at the time, explained this money was needed to cover a budget shortfall.

The grant, however, required that 40 jobs be created two years after the technology center opened, and that the town of Mexico must document the income and demo-

graphic data on all jobs located in the building.

I was unconvinced. Then we needed a second public hearing, after the first, because the first meeting hadn't completely addressed Mexico's liability. The state told the town, "the public hearing must state that if the jobs are not created, Mexico will be responsible for the immediate repayment of the \$400,000."

I only discovered this information two years after it had been written to the town. I would have used it to convince the other selectmen to exercise caution in voting for this grant.

A second public hearing was then held in September 2003. The town manager and McIntyre insisted the need of this money, and the remote chance of needing to pay the money

With the public purse being spent without reservation, or serious consideration, it is more timely than ever that voter participation increase dramatically.

back. The grant was accepted.

I totally disagreed with the concept that Mexico alone should bear the financial liability of the venture. I was skeptical that 40 jobs in precision metal could be found in two years, as stipulated by the grant, and was the only selectman who voted against the grant.

In February 2004, I asked the technology center board to write the town of Mexico a letter stating "that should the center fail to produce the 40 jobs, the technology center should do everything in its power to pay Mexico back even if it means selling the building."

The deadline of August 2006 came and went. The 40 jobs were not found. I asked to see all the written communications between the technology

center and potential businesses to assess what was done to find the 40 jobs. I was told there were none. McIntyre had since resigned.

A one-year extension was granted to the town of Mexico. Six months has passed, and the sad state of affairs at the technology center has now been reported.

In 2007, after a brutal year of confrontation with the Mexico selectmen and Town Manager John Madigan, a small group of dedicated citizens accomplished that any financial mat-

ter should be voted by secret ballot. Had this measure been in place in 2003, the \$400,000 might not have been approved.

With the public purse being spent without reservation, or serious consideration, it is more timely than ever that voter participation increase dramatically.

As the story of Mexico's liability shows, one selectman cannot accomplish much against political inertia.

Monique Aniel is a former selectman in Mexico.

Columns welcome

The Sun Journal welcomes readers to express their views in the hope these expressions provide a forum for debate. The space on this page is generally reserved for guest columns, with preference given to writers in the Sun Journal circulation area who are recognized for their expertise in the chosen subject matter.

To ensure adequate space for many guests, columns are limited to 600 words and must be exclusive to this newspaper.

As with any guideline, there are exceptions, and the Sun Journal reserves the right to edit any column submitted for publication.

Columns may be submitted to the Sun Journal, P.O. Box 4400, Lewiston, ME 04243-4400, to the attention of Anthony Ronzio, editorial page editor. For more information, please call 800-482-0759 or 784-7045, ext. 2285.

ANALYSIS: THE PLIGHT OF THE RIVER VALLEY TECHNOLOGY CENTER

\$3.2 million in. One new job out.

What's wrong with this picture? Will the tech center ever outgrow its infant stage?

BY KATHRYN SKELTON
Staff Writer

Just behind the Dunkin' Donuts drive-thru, in a former mill with exposed beams and nice, natural light, Bob Parise makes machine parts in a half-empty shop.

It's good, steady work, better than his old job at the lumberyard in Andover.

He's quick to smile, quick to say he'd better hustle to get out this Thursday-morning order.

'But, in this case, the woman never fed the baby.'

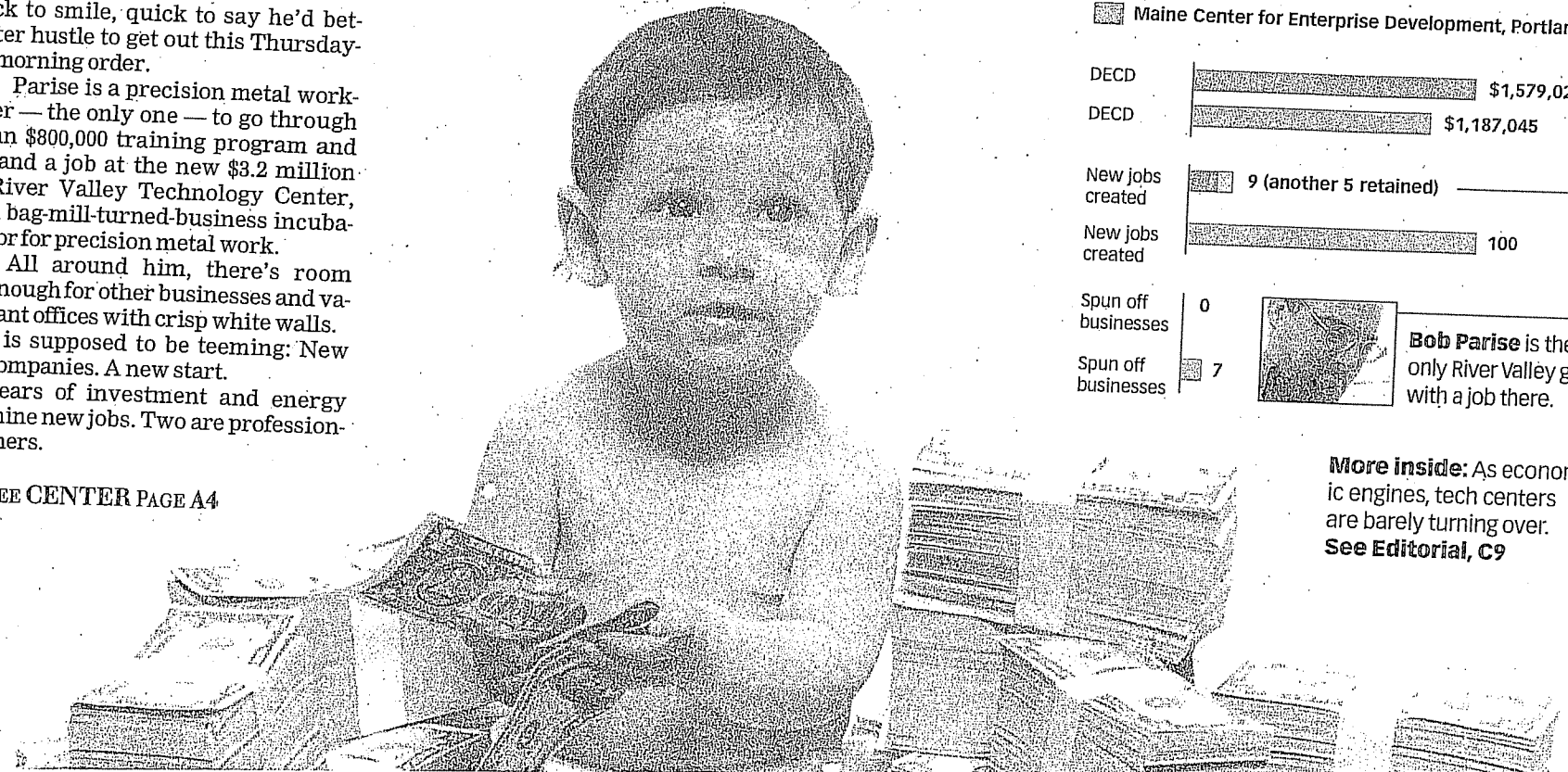
Parise is a precision metal worker — the only one — to go through an \$800,000 training program and land a job at the new \$3.2 million River Valley Technology Center, a bag-mill-turned-business incubator for precision metal work.

All around him, there's room enough for other businesses and vacant offices with crisp white walls.

The place is supposed to be teeming: New ideas. New companies. A new start.

Instead, years of investment and energy have netted nine new jobs. Two are professional housecleaners.

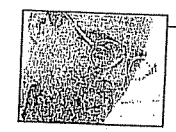
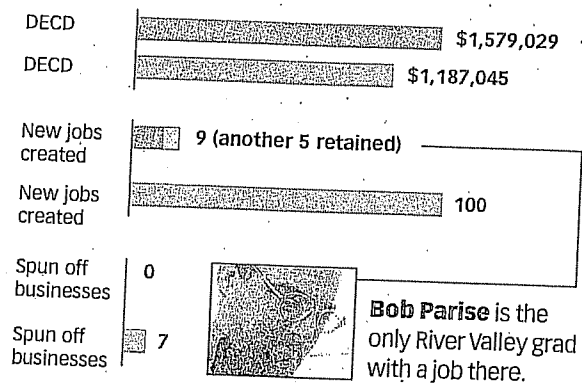
SEE CENTER PAGE A4



Rumford vs. Portland

A comparison of two tech centers. The monetary numbers are since 2001, coming from the Department of Economic and Community Development.

■ River Valley Technology Center, Rumford
■ Maine Center for Enterprise Development, Portland



Bob Parise is the only River Valley grad with a job there.

More inside: As economic engines, tech centers are barely turning over. See Editorial, C9



BRADLEY, executive director of the River Valley Technology Center in Rumford, has high hopes for the wide-open fourth floor of the center.

Center

CONTINUED FROM PAGE A1

Not the sort of success the state hoped for when it launched the applied technology development system in 2001, an innovative idea to spread seven centers around Maine and grow clusters of industry.

The lure at each center? Below-market rent to attract young technology startups, get companies on their feet with mentoring, then gently escort them out the door once they turned successful, creating a base of new, well-paid jobs.

That hasn't happened in the rural outposts and, despite millions spent, in places like Rumford, the state has all but cut them off already.

River Valley can't afford staff. Neither can Limestone. In Fairfield and Greenville, there's money for one part-time director.

The centers are struggling to fill tenant spaces, stay on mission, even keep the lights on.

In a season of increased scrutiny on economic development efforts, state officials concede the original goal may have been too ambitious.

"Facilities in Greenville and Rumford may not have been the best choice," said Peggy Schaffer, who was until recently policy and planning specialist at the Maine Department of Economic and Community Development. "Our desire to be fair and our desire to make things geographically fair... that doesn't work."

Outgoing Commissioner Jack Cashman said that, in hindsight, seven centers is too many; maybe going forward, funds ought to go to the few doing the best.

Scott Christiansen, the River Valley Technology Center's highest-profile tenant, argues it was set up to flop.

"Are there politics here?" he mused in his office at the Fractionation Development Center, listening to the boom and bang of Parise's machine down the hall. "Oh, yeah."

Have and have nots

The initiative has its shining stars, according to Cashman and Schaffer, namely, centers in Orono, Portland and Down East in Franklin. They are, not coincidentally, tied tightly to the University of Maine System.

That link is a sore point. "If they want to have a fancy brochure, they just go down and get a grad student" to make one, said Ed Nickerson, executive director of the Loring Applied Technology Center in Limestone.

Orono's original focus: information. Portland's: the environment. Franklin's: aquaculture.

At the Aquaculture Business Incubator, Director Nick Brown has found ten tenants who've done everything from build a demo seaworm farm (Seabait Inc. wants to grow worms for sports fishing and shrimp farmers) to explore ways to seed the bottom of the ocean to grow urchins.

To come: A UMaine aquaculture institute that will give the center students and researchers to tap.

"We're so new and young we haven't had anyone completely successful and walk out the door commercialized," but two companies are close, Brown said. "I think it's been better than anyone actually imagined it would be."

The center and its businesses have snagged \$3.5 million in grants, not counting nearly \$1 million from DECD.

He and six staffers manage buildings, assist with research, answer questions, recruit new startups and write grants.

Rosie Bradley does all that in Rumford. Her dual role—executive director of the tech center and the River Valley Growth Council—has been paid for by the 10 towns that make up the growth council since July 2005. The council has one assistant who also does double duty.

She was thrilled the doors were still open this past summer.

After a big infusion to start, funding from the state turned competitive in 2005. This year Rumford got \$29,800; \$200 shy of its electric bill. Cashman said the intent was for centers to become self-sustaining (he isn't sure by when); that's the reason behind the plunge.

But it's not a shock that hasn't happened. In a North American survey, 23 percent of incubators said they'd close without

subsidy, according to the National Business Incubation Association.

"I think the concept is a great concept; it makes sense. They just need to learn to stand by their product. Economic development is not a 100-yard dash, it's a marathon," Bradley said. "I think the state has the same mentality as some of the citizens; they want to see it tomorrow."

Chasing money

Frustrated, she still has big plans, big hopes and a big building that could prosper, under the right circumstances.

Only one floor of the looming River Valley Technology Center is finished and eight tenants take up half that. Northwest Precision is the only company that makes anything; the rest, like a cleaning service and Career Center, mostly use office space.

Though it's clearly veered off focus, Bradley would like to see more precision metal companies so all that federal training money can pay off. Twenty-one of Parise's classmates work in precision manufacturing now; they travel away to do it.

Bradley has talked to a firearms manufacturer who might move into space next to Northwest Precision and add three to five jobs. There's also interest in the fourth floor for both an arts space and kitchen incubator for food-related startups; it has asbestos that's got to go first.

The plan for the third floor: finish the basics to make it attractive to a tenant.

"We were thinking maybe a good call center, something that could create jobs," Bradley said. She'll go after grant money to nudge all that along.

"Unfortunately, everything revolves around the dollar," she said.

Christiansen, who's trying to site the world's biggest tree-to-oil plant somewhere in Maine, bristles at Cashman's suggestion that Rumford's success or failure will be tied to his center. ("I guess so far the jury's out," Cashman said.)

Success is more a policy test for the state, Christiansen countered: "Is Maine interested in making life viable in rural Maine—and make life better—or not?" Interest has to be backed up by investment.

"To me, it's on par with a woman giving birth," he added. "It's a big deal. You send out announcements. You send out cards. But in this case, the woman never fed the baby."

This fall, in a report for the Brookings Institution, former state economist Laurie Lachance dogged Maine for choosing "a strategy of investing in bricks and mortar rather than investing sufficiently in the ongoing operations to ensure survival and success."

Seven centers is "twice as many as could

be reasonably supported." Each needs "the skills and efforts of three well-paid individuals" to pull this off, she wrote.

Nickerson, whose position is funded by the Loring Development Authority since that tech center has no more money, said he's repeatedly spoken up.

"If you're chasing money, you can't do your job," he said.

'The ones that haven't worked.'

State funds make up just 20 percent of President John Ferland's budget at the Maine Center for Enterprise Development, the tech center that recently moved to the University of Southern Maine campus. The bulk of that center's money comes from service fees to clients, private sector sponsors and corporate giving.

"Each of the centers exist in a different marketplace. I'm sitting in the middle of the largest urban center in the state," Ferland said. "Rumford, Loring, Fairfield and Greenville have less population to draw from, fewer startup opportunities, but they are very, very important for economic change."

Portland has seen \$1.2 million from DECD. It's created 100 jobs and spun off seven companies.

The four rural tech centers have gotten \$5.6 million—and even more from outside grants and bonds—created 47 new jobs and spun off one business. (With construction lag time, some centers have only been open and running as little as two years.)

"The ones that have worked, yes, (it's been) a very good investment. The ones that haven't worked, not so much," said Cashman, now a senior economic advisor to the Baldacci Administration.

"Planning seven of them around the state for seven different technologies I'm not sure was a good move."

The DECD's Office of Innovation, the parent of the center program, gets a new head this month. John Richardson is new as development commissioner.

Reached Thursday, he said he wasn't prepared to comment on the centers' funding in the next two-year cycle and instead pointed to an \$8 million budget request for Maine Technology Institute. That money, if approved, will be used for competitive, entrepreneurial grants.

"It's about getting the proper tenant who can create jobs in the center. What we're finding is a lack of capital," he said. And will all seven stay open?

"I think so. I can't speak for the Legislature...The answer is they're open today. It's certainly up to the Legislature in the final analysis."

kskelton@sunjournal.com



Bob Parise works in Northwest Precision Inc.'s machine shop, in Rumford's River Valley Technology Center.

River Valley Technology Center, Rumford

Original focus: Precision Manufacturing and Electronics

The skinny: Spent \$3.2 million rehabbing a retired paper bag mill; three floors and basement are unfinished. Eight tenants include a two-person cleaning service, the Fractionation Development Center and Career Center.

DECD \$ since 2001: \$1,579,029

New Jobs created: 9 (another 5 retained)

Spun-off businesses: 0

Staff: 0 (River Valley Growth Council kicks in for, and shares, director and assistant)

The center had a high-energy opening in August 2004 with the governor and U.S. Rep. Mike Michaud on hand. In less than three years, that energy has petered out.

"To try to recreate some of that is really necessary," said Executive Director Rosie Bradley.

Tech centers, at a glance

Teague Biotechnology Center, Fairfield

Original focus: Biotechnology and Information Technology

The skinny: Built new 14,000 square-foot, \$4.5 million center. (Town took out a \$2 million bond for half that.) Has a few doctors and a hospital using space.

DECD \$ since 2001: \$1,806,791

New Jobs created: 0

Spun-off businesses: 0

Staff: 1/2-time executive director

"It takes seven years to develop a product in biotech. It's going to take seven years before you can spin off anything," said Executive Director Clyde Dyar. It's not like software, where "it's passé if it's six months old."

Target Technology Center, Orono

Original focus: Information Technology

The skinny: Inextricably linked to the University of Maine, this center operates out of a building in the Technology Park in Orono and has seven tenants doing everything from multimedia design to developing mass spectrometer components. Also has seven affiliate members (businesses who pay to use the center as a mailing address, get access to the conference room, etc.)

DECD \$ since 2001: \$1,058,602

New Jobs created: 70*

Spun-off businesses: 3 (two of those moved into the Portland Incubator)

Staff: 2 full-time, plus various MBA, grad students and interns

Target is also involved with a new innovation center on campus, where students get free space and help; if their company graduates when they do, it can move into the incubator down the street.

"By getting those students engaged in the business community in Maine," students are more likely to stay here, Director Deb Neuman said.

Composite Technology Center, Sanford/Greenville

Original focus: Composite and Advanced Materials

The skinny: Greenville spent \$1 million on a new facility and equipment; Sanford refitted a 20,000 square foot space. Sanford is full, with three tenants who are developing different technologies, like nanotubes, and are researching light-weight steel panel technology and new power sources. (It's had to expand into additional space.) Greenville is 60 percent occupied by a high-end furniture maker.

DECD \$ since 2001: \$1,447,119

New Jobs created: 17 Sanford, 5 Greenville

Spun-off businesses: 0

Staff: 1/2-time executive director

"In a small community like this, five jobs over 18 months is pretty significant," said John Simko, Greenville's town manager. Local duties fall to him since it's a town-owned building. Forty to 60 jobs over 10 years "would be tremendous."

Maine Center for Enterprise Development, Portland

Original focus: Environmental Technology

The skinny: Moved onto University of Southern Maine campus three months ago. (They use three-quarters of one floor of the Bioscience Research building.) Ten tenants are working on things like a better GPS receiver with homeland security implications, solar power and environmental sensors.

DECD \$ since 2001: \$1,187,045

New Jobs created: 100*

Spun-off businesses: 7

Staff: 2 full-time, 2 part-time

An old study found for every \$1 the state spent, client companies put \$9 back into the economy.

"Eventually, we will be making our way to Lewiston-Auburn through USM," said President John Ferland.

Maine Aquaculture Incubators, Franklin, Walpole, Eastport

Original focus: Aquaculture and Marine Sciences

The skinny: Four tenants are spread among several spaces and tanks on 25 seaside acres bought by the University of Maine in the Down East region. They work with halibut, seaworms and urchins. This spring, one company, Great Bay Aquaculture, is bringing in 100,000 baby cod for a new nursery.

DECD \$ since 2001: \$995,927

New Jobs created: 12

Spun-off businesses: 0

Staff: 5 full-time, 2 part-time

Director Nick Brown sees loads of job potential once businesses spin off, from the need for urchin divers to people to process and deliver fish.

"This country needs to boost its aquaculture and reduce its trade deficit, which is huge," he said.

Loring Applied Technology Center, Limestone

Original focus: Forestry and Agriculture Technologies

The skinny: Spent a little over \$1 million renovating space at the Loring Commerce Center. Houses an expanding custom wood shop, new energy group in the R&D phase and a husband-and-wife chocolate sauce startup.

DECD \$ since 2001: \$813,988

New Jobs created: 16*

Spun-off businesses: Main Street Flour Co., employs between 6 and 12 people turning grain into flour and mixes

Staff: 0 (Loring Development Authority kicks in for a director and assistant)

"I'm talking to a company now that has nothing to do with forestry or agriculture, but it's jobs and it's a new business," said Executive Director Ed Nickerson.

* includes jobs created by tenants, spin-off companies and incubator affiliates