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COMMITTEE ON GOVERNMENTAL RELATIONS AND PROCESS

Materials Distributed

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August 23, 1991

TO: Committee on Governmental Relations and Process
FROM: Jon Clark
SUBJ: Staff research on selected issues

Attached are some materials which address issues which the committee had asked staff to research.

1) Long-term vs. short-term budgeting:

There are two basic budget cycles used by states: annual and biennial. Although some states do revenue forecasting for longer periods than their budget cycle, no state designs budgets on any longer term than a biennium. There have been a number of studies comparing annual and biennial budget cycles; there seems to be no clear consensus that one is "better" than the other.

a) Attached are the following materials:

- A paper on annual and biennial budgeting by Barbara Yondoff of NCSL (1987) Included in the paper is a list of some arguments in favor of annual and biennial budgeting and whether evidence tends to support the arguments.
- An excerpt from 'Legislative Budget Procedures in the 50 States: A guide to Appropriations and Budget Processes' by Tony Hutchison of NCSL (1988) which relates some interesting facts and figures on annual and biennial budget states.

- The Summary from 'Annual vs. Biennial Budgeting?' Public Policy Paper Number 7, by Charles W. Wiggins and Keith E. Hamm, Texas A&M University (1984) This paper analyzes annual and biennial budget cycles and considers the benefits and drawbacks associated with a state (namely Texas) changing from a biennial cycle to an annual (or a "mixed biennial-annual") budget cycle (Texas presently employs a biennial budget cycle.)

2. Revenue forecasting

All states use revenue forecasting in designing state budgets. States vary in the sophistication of their forecasts, in whether they produce long-range forecasts and in who is involved in developing and reviewing revenue forecasts.

a) Attached are the following materials:

- 'Revenue Forecasting; A Briefing Paper' Legislative Program Review and Investigations Committee, (1990) which discusses the difficulties of revenue forecasting, the use of econometric models, current trends among the states, and consensus forecasting (consensus among experts).

- 'Long-range Revenue and Expenditure Forecasting Methods Among the States' a Presentation to Colorado Joint Budget Committee Staff by Tony Hutchison, NCSL (1990). This is a brief report which discusses the methods and type of long-range forecasting done in Alaska, California, Florida, Minnesota, Oregon, Rhode Island and Texas.

- The Executive Summary and Introduction from 'The Legislative Role in Revenue and Demographic Forecasting', by Tony Hutchison, NCSL (1987). This report discusses why legislatures become involved in forecasting, how they become involved, what methods are used and sources of inaccuracies in forecasts. The report also examines forecasting processes in Florida (which uses consensus forecasting), California (which has developed an independent forecasting commission) and Illinois (where the legislature has created its own capability to do revenue forecasting)

- 'Good Practices in Revenue Estimating' by Marcia Howard, National Association of State Budget Officers (1989). This brief paper was written at the request of National Association of Governors by the National Association of State Budget Officers (NASBO) in conjunction with the Federation of Tax Administrators (FTA). It outlines practices which NASBO and FTA believe may increase the accuracy of revenue estimates. The paper acknowledges, however, that "no specific revenue estimating process, when applied to all states, will yield a correct revenue estimate."

3) Term length

This is not an area in which there has been much discussion in the states in recent years. A few states have changed Senate terms from 2 to 4 years within the last 50 years. No state has changed legislative terms in the last 25 years and no state has changed House terms in the last 50 years. From conversations with Ed Garner (CSG), Brenda Erickson (NCSL) Fred Puckett (Legislative Staff, Ohio -- which changed from 2 to 4 year Senate terms in the 1950s), and Jack Rogers (Legislative Staff, Nebraska -- which changed from 2 to 4 year terms for members of its unicameral Legislature in 1964) a few pros and cons have emerged:

Lengthening Legislative Terms

Pros

May allow legislators more time to gain expertise and develop their programs

May attract persons who are more dedicated to the process

May reduce the percentage of a legislator's term which is spent campaigning

May provide more continuity in the Legislature

Cons

May discourage potential candidates

May reduce accountability

I have not yet been able to discover any study which has considered this issue or which tests these arguments.

a) Attached is a table from the 1991, Council of State Governments' Book of the States which identifies the term lengths of both houses of the various state legislatures.

4. Mechanisms for dealing with tax revenues (Norway system).

Representative Charlene Rydell, who lived in Norway for a period, has some personal knowledge of that system. She outlined it to me as follows: Everyone files income tax by January 31. In late summer, generally the end of August, government has processed all filings and sends out all refunds and notices of underpayment. Under this system, no refunds are issued until the government knows the total amount of the refunds that will be sent out. Our library systems have found no materials on this aspect of the Norway system. Carol has been attempting to contact the Norwegian Embassy to see whether more information can be obtained. She has not had any luck so far.

5. Actual revenues and revenue estimates over the last decade.

Finance Commissioner Sawin Millett has been asked by Carol Michel to provide to the committee a chart showing actual and projected revenues over the last 10 years and information on the number of revised estimates that were submitted during those years.

6. Special Investigations Unit

Attached is a short fact sheet on the Special Investigations Unit which was prepared by staff for the Committee on Health and Social Services and Economic Security. When the federal Inspector General's Office report on the Special Investigator is completed, a copy will be obtained for the committee's review.


7. Process outline

Attached is an updated process outline which includes issues raised during the committee's August 9th meeting.

8. Work Plan

Attached is a brief outline of a committee work plan. The committee will need to develop its work plan during its Tuesday, August 27th meeting.

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ANNUAL AND BIENNIAL BUDGET STATES

Prepared by the Fiscal Affairs Program
National Conference of State Legislatures
January, 1987

Annual Sessions and Annual Budgets

Alabama	Michigan
Alaska	Mississippi
Arizona	Missouri
California	New Jersey
Colorado	New Mexico 1
Connecticut 1	New York
Delaware	Oklahoma
Florida 2	Pennsylvania
Georgia	Rhode Island
Idaho	South Carolina
Illinois	South Dakota
Iowa 9	Tennessee 2
Kansas	Utah 1
Louisiana	Vermont 2.4
Maryland	West Virginia
Massachusetts	

Annual Sessions and Biennial Budgets

Hawaii (Y,M)	Ohio (Y,M)
Indiana (Y,M)	Virginia (Y,M)
Maine (Y,M) 1	Washington (L,M) 6
Minnesota (Y,M) 2,5	Wisconsin (Y,M) 5
Nebraska (Y,M) 8	Wyoming (L,M) 1,6
New Hampshire (Y) 3	
North Carolina (L,M) 2,5	

Biennial Sessions and Biennial Budgets

Arkansas (Y)	North Dakota (L)
Kentucky (Y)	Oregon (L)
Montana (Y)	Texas (Y)
Nevada (Y)	

KEY:

- L - Appropriations made for full biennium rather than for each year of the biennium.
- M - Major annual review or modifications of biennial budget may take place.
- Y - Appropriations are made separately for each year of the biennium in the biennial budget bills.

ANNUAL AND BIENNIAL BUDGET STATES (cont'd)

NOTES:

1. Second session limited to budgetary/fiscal matters.
2. Formally, legislature meets in biennial session, but actually meets each calendar year via continuous, or split, session arrangement.
3. Switched to annual sessions beginning in 1937.
4. Governor can decide whether to submit annual or biennial budget. For past eight or nine years, however, annual budgets have been submitted and passed.
5. Some appropriations are made for the biennium.
6. Biennial appropriations with annual review.
7. Between 1979 and 1985, the governor submitted two-years budget but the legislature continued to pass annual appropriations only.
8. Switched to biennial budget under law passed in 1986.
9. Iowa is technically a biennial budget state. However, since 1983, while the governor has submitted a biennial budget, the legislature has passed annual budgets only.

STATES THAT HAVE CHANGED THEIR BUDGET CYCLES SINCE 1970

Prepared by the Fiscal Affairs Program
National Conference of State Legislatures
January, 1987

From Biennial to Annual Appropriations

Alabama - 1976

Reasons: To get a better handle on revenues, keep a closer watch over executive operations. Coincided with move to annual sessions.

Connecticut - 1971

Reason: Switched to annual budgets at same time legislature switched to annual sessions.

Georgia - 1974

Idaho - 1971

Missouri - 1972

Reason: Switched to annual budgets at same time legislature switched to annual sessions.

Tennessee - 1970

Vermont - 1979

Reasons: The governor may submit either an annual or a biennial budget. However, since 1978, he has submitted, and the legislature has passed, annual budgets. This switch to annual budgets occurred as a result of revenue forecasting problems (second year forecasts were too rosy, forcing second year cuts) and because the governor (who has a two-year term) prefers annual budgets.

From Annual to Biennial Appropriations

Hawaii - 1971

Reason: Primarily so that legislature could devote more attention to systematic administrative program reviews and evaluations during the course of the second session.

From Biennial to Annual to Biennial

Indiana - to annual in 1975, to biennial in 1978.

Minnesota - to annual in 1973, to biennial in 1975.

Reason: Legislature tried annual budgeting in 1974 but it was rejected in a referendum.

Nebraska - to annual in 1972, to biennial in 1987

Reason: Returned to biennial budgets to encourage legislature and agencies to consider second year impacts of legislation. Nebraska had problem with bills being passed that had minimal fiscal impact in next year but significant impacts in second and third years, creating major budget balancing problems in the out years.

North Carolina - to annual in 1973, to biennial in 1975

Reason: In 1973-74, when a Republican assumed the governor's office, the Democratic legislature passed annual appropriations only. State reverted to biennial appropriations in 1975 when tensions with the Republican governor eased.

From Biennial to Annual to Biennial to Annual

Iowa - to annual in 1975, to biennial in 1978, to annual in 1983.

Reason: Since 1974, whenever there has been a Republican governor and Democratic legislature, the governor has submitted a biennial budget but the legislature has passed annual budgets only. When both the legislature and governor's office have been Republican, biennial budgets have been submitted and passed. Technically, Iowa is a biennial state.

COMMON LEGISLATIVE ARGUMENTS IN FAVOR OF EITHER ANNUAL
OR BIENNIAL BUDGETING: THE EVIDENCE

Prepared by the Fiscal Affairs Program
National Conference of State Legislatures
January, 1987 1

PART I: SUMMARY

<u>Common Arguments for Annual Budgets</u>	<u>Evidence</u>
A.1 Gives the legislature more time to analyze the budget.	Limited evidence tends to support.
A.2 Enhances the legislature's budget oversight capabilities.	Tends to support.
A.3 Gives the legislature greater opportunity to exercise control over federal funds.	Tends to support.
A.4 Increases the accuracy of revenue estimates.	Tends to support.
A.5 Reduces the need for supplemental appropriations and special sessions. ²	Tends to support.
A.6 Gives the executive branch less discretion in expenditure decisions.	Limited evidence suggests no effect.
A.7 Provides an opportunity for more legislators to become knowledgeable about the budget.	Tends to support.
<u>Common Arguments for Biennial Budgets</u>	<u>Evidence</u>
B.1 Gives the legislature more time for substantive deliberation.	Limited evidence suggests no effect.
B.2 Leaves more time for program evaluation and review. ³	Tends to support.
B.3 Provides greater opportunity for long-range planning.	Either no or little effect.
B.4 Results in lower state budgets.	Either no or little effect.
B.5 Results in lower budget preparation costs.	Tends to support.

NOTE:

The evidence cited here and in the following pages is discussed in detail in the excellent report, Annual Versus Biennial Budgeting? prepared by

Charles W. Wiggins and Keith E. Hamm, Department of Political Science,
Texas A&M University, for the Texas Legislature, August 1984.

2. The argument about special sessions is not as strong in Wisconsin as it might be in another state because Wisconsin is in session each year of the biennium for longer than many states. Thus, the need to call special sessions to deal with fiscal emergencies is no more of a problem in Wisconsin than in most annual budget states. The argument about supplemental appropriations, however, probably does apply in Wisconsin.
3. This argument is not as strong in Wisconsin as it might be in another state because Wisconsin has a stronger program evaluation and review process in place than many states and it is largely independent of the fiscal process (i.e., Legislative Audit Bureau and Legislative Council). Thus, a shift to annual budgeting would probably not adversely affect the program evaluation and review process in Wisconsin to the extent it might in other states.

PART II: SURVEY AND STUDY RESULTS

A. Arguments for Annual Budgets

A.1 Annual budget cycles give the legislature more time to analyze the budget. Annual budgeting doubles the amount of time the legislature may devote to the budget. Although the legislature may never have enough time to scrutinize every agency request carefully every year, the agency's chances of being reviewed are greatly increased under annual budgeting.

- o Texas A&M University (1984): In a survey of officials in five states, survey found, "Most respondents were in agreement that the time spent on the budget has increased (under annual budgeting), although they did not always see that the additional time was necessarily used wisely, or had produced that many significant results... Ironically, for some legislators, annual sessions actually reduced the time for budgeting considerations."

A.2 Annual budgeting enhances the legislature's budget oversight capabilities. This assertion is based on the assumption that the budget process can be an effective mechanism for legislative review of executive agencies and programs. If an agency must seek funding from the legislature every year, it must justify its operations and prove its responsiveness twice as frequently as it would if budgeting were biennial.

- o Texas A&M University (1984): "Taken together, interviewees in five states provided a complex evaluation of the impact of annual budgeting on legislative-executive relations. Positive comments emphasized the increase in the number of legislative-executive interactions, the increase in the level of discourse, and the increase in the level of competency." The study also found, "Legislators appear to write more specific program objectives into appropriations bills when using annual budgets, but this is not necessarily due solely to the use of this budget cycle."

A.3 Annual budgeting gives the legislature greater opportunity to exercise control over federal funds. Because new federal funds may become available at any time, legislatures have difficulty controlling federal funds if the state's budget is adopted once every two years. Federal aid reductions also take effect at different times of the year making it still more difficult for biennial budget states to respond quickly to the shifting availability of federal funds.

- o Texas A&M University (1984): Based on interviews with officials in five states, study found that, "For some respondents, annual budgeting gave the legislature more time to track federal funds... According to one former executive officer, federal funding encourages annual budgeting."

- o Council of State Governments (1972): Among those interviewed in eight states that had switched to annual budgeting, "A majority of state officials took the position that the change to an annual budget increased the ability to meet matching requirements for federal grants in aid."

A.4 Annual budgeting increases the accuracy of revenue estimates. Economic conditions change so rapidly that revenue estimates made for a two-year period are less reliable than those made for a one-year period. A similar problem

exists with predicting federal revenues to the state for 30 months under biennial budgeting as opposed to 18 months under annual budgeting.

- o Council of State Governments (1972): Survey of officials in eight states that had switched to annual budgets showed, "A majority of the officials felt that a change to an annual budget cycle should, or did, increase the accuracy of revenue estimates."
- o Public Affairs Research Council of Louisiana, Inc. (1982): Survey of officials in states that had changed their budget cycles since 1970 showed they "were almost evenly divided about whether the change affected the accuracy of revenue estimates and accumulation of surplus funds."
- o Texas A&M University (1984): "In general the interviewees in Iowa, Illinois, Nebraska, Florida, and North Carolina agreed with the assertion that annual budgeting increases revenue accuracy... When forced to make estimates over a longer time period, there was a tendency to be conservative about available revenues, decreasing the probability of there being a revenue shortfall at the end of the biennium."

A.5 Annual budgeting reduces the need for supplemental appropriations and special sessions. A supplemental appropriation is one which the legislature makes when the purpose of a regular appropriation has been expanded or when the funds for a particular purpose have been exhausted before the end of the fiscal year.

- o Illinois Economic and Fiscal Commission (1977): Illinois found that the average supplemental was 2.9 percent of total appropriations for the first seven years under annual budgets, compared to 4.3 percent in the last year in which a biennial budget system was used.
- o Council of State Governments (1972): Found that among legislative officers whose states had switched to annual budgets, one of the reasons for keeping the new system was fewer emergency appropriations were needed. "Interviews with individuals who have operated under both annual and biennial budgeting processes partially confirmed the relationship between annual sessions and decreased need for special sessions."

A.6 Annual budgeting gives the executive branch less discretion in expenditure decisions. With a two-year budget cycle, the legislature is not able to anticipate all expenditures in the appropriations bills. It must, therefore, either make appropriations to broad budget categories, allow large discretionary funds, or create executive branch bodies with expenditure decision-making power.

- o Texas A&M University (1984): Interviews with officials in five states showed, "Within a state there is no agreement among the respondents as to the effects of annual budgets on the need for agency cushions."

A.7 Annual budget cycles provide an opportunity for more legislators to become knowledgeable about the budget. Expanding the time which the legislature may devote to the budget may also expand the number of legislators who are involved in appropriations decisions. With perhaps twice the time for considering appropriations there is greater opportunity for legislators to develop expertise on the budget.

- o Texas A&M University (1984): Study found that, in general, legislators are more knowledgeable about budgetary matters under an annual budget system. Study also found that the switch to annual budgeting is associated with "greater number of amendments offered to the appropriations bill, greater involvement by legislators who are not part of the appropriations committee, and mixed success rates by these legislators."

B. Arguments for Biennial Budgets

B.1 Biennial budgeting gives the legislature more time for substantive deliberations. In the states with annual sessions and biennial budget cycles, the legislature is able to spend more time on substantive policy decisions.

Texas A&M University (1984): Interviews with officials in five states found, "no consensus emerged" on this issue.

B.2 Biennial budgeting leaves more time for program evaluation and review. Non-budget sessions can be devoted to review of the performance of programs and agencies.

Public Affairs Research Council of Louisiana, Inc. (1982): Study of state officials indicated that 92 percent of respondents from biennial budget states agreed that a biennial budget cycle permitted adequate time for planning and evaluating state programs, while 80 percent of respondents from annual budget states thought annual budget cycles gave sufficient time.

B.3 Biennial budgeting provides greater opportunity for long-range planning. Annual budgeting is too short to facilitate long-term planning by state agencies. Determination of state fiscal policy on a two-year basis is a stabilizing influence on state government.

Council of State Governments (1972): State officials in eight states that switched from biennial to annual budgeting gave mixed responses to the effect on their ability or willingness to undertake planning beyond the budget period. Slightly more than 40 percent of the respondents saw an increase in planning under an annual budget, 24 percent saw a decrease, and the remainder indicated no change had occurred.

Texas A&M University (1984): Survey of officials in five states indicated, "Our indepth interviews...did not produce substantial agreement on this issue... None of the interviewees offered the observation that long-range planning had increased under annual budgeting." "Most respondents in Illinois...suggested there was little long-range planning under either system." "For some of our interviewees, the process of long-range planning was destroyed under an annual system, with the consequence that the governors in at least two states wanted biennial budgets so that a more policy-driven budget might emerge."

B.4 Biennial budgeting results in lower state budgets. The reasoning is that the legislature is confronted with half as many opportunities to approve budget increases and may more easily be able to hold the line on spending. Lobbyists and special interests are given half as many chances to push for higher funding of their favorite program.

Kentucky Legislative Research Commission (1973): Looking at 1970 and 1971 data concluded, "The presumed relationship between, type of legislative sessions and indirect costs in the form of increased expenditures is not apparent..."

Illinois Economic and Fiscal Commission (1977): Examination of effects of annual and biennial budgeting in Illinois showed, "There do not seem to be major effects attributable solely to annual budgets."

Council of State Governments (1972): Analysis of surveys of officials in eight states that had switched from biennial to annual: "There is no evident consensus on what effect, if any, the change to an annual budget might have on the rate of annual increase in expenditures: 16 thought it would result in greater increase than biennial budgets while 12 indicated there would be no change."

Public Affairs Research Council (1982): Survey of state officials in 13 states that had changed budget cycles since 1970: "The change had no effect on the rate of increased spending according to 55 percent of the respondents. The remaining responses were equally divided between those who thought the change did increase state spending and those who did not know."

Texas A&M University (1984): "In-depth interviews with 'knowledgeables' in Iowa, Illinois, Florida, North Carolina, and Nebraska produced differing perspectives as to whether annual budgeting leads to higher state spending and higher tax increases."

B.5 Biennial budgeting results in lower budget preparation and review costs. Presumably both the legislature and executive branch agencies need less staff to prepare budgets on a biennial basis.

Council of State Governments (1972): Survey of officials in states that had switched to annual budgeting felt there was either no or a slight increase in the duties of executive budget agencies as a result of the switch. However, "an overwhelming majority of officials responding were of the opinion that the change to an annual budget significantly increased the workload of other executive agencies." Finally, the study found that, "The majority of legislative officials felt that the change to an annual budget had no significant effect upon the size or workload of legislative budget staffs already in operation." [Emphasis added]

Texas A&M University (1984): "Interviewees in five states tended to see increased budget preparation costs for agencies under annual budgeting... In at least two states, interviewees mentioned the problem that annual budgeting poses for administrators at the end of the fiscal year" (e.g., writing next year's budget request when agency is only one to three months into current fiscal year and hasn't closed the books on previous fiscal year). [Emphasis added]

FROM: NCSL DENVER

TO:

2072891275

AUG 15, 1991 2:44PM #247 P.10

GENERAL FINDINGS AND OBSERVATIONS ABOUT BIENNIAL VERSUS ANNUAL BUDGETING

Council of State Governments (1972):

"In reality, a State can develop a good system of executive and legislative fiscal and program planning and controls under either an annual or biennial budget. The system would work differently with the alternate time-spans, but could be effective under either approach."

Public Affairs Research Council of Louisiana, Inc. (1982):

"While more states changed to annual budgeting during the 1970s than in the 1960s, the arguments used to justify and refute both annual and biennial budgets remain essentially unchanged--and unproven. The inconclusive and generally split results on controversial survey questions indicate that both budgeting methods and modifications of them may work effectively in different situations. The success of a budget cycle seems to depend on the commitment of state officials to good implementation rather than on the method itself."

Texas A&M University (1984):

"Annual budgeting appears to increase the accuracy of revenue estimates and agency budget estimates, reduce the need for special sessions associated with budgetary matters, increase the time devoted to considering the budget, and increase budget preparation costs and workloads for agencies. At the same time, it is difficult to disentangle the effects of changing the budget process from other legislative changes (e.g., increased staffing when examining legislative oversight, the level of legislators' budgetary knowledge, the amount and effects of lobbying, and so on. Also, the review of past studies and the present research point out the difficulty of trying to attribute significant effects of changing to an annual budget on such factors as state spending, taxes, or the amount of supplemental appropriations allocated, without taking into account a myriad of social, economic, and political changes that may occur simultaneously or precede the budget change."

FROM: NCSL DENVER

TO:

2072891275

AUG 15, 1991 2:45PM #247 P.11

COLORADO AS AN EXAMPLE OF AN ANNUAL BUDGET STATE

<u>Dates</u>	<u>Executive</u>	<u>Legislature</u>
July-Aug 1986	Agencies prepare FY 88 requests and submit them to executive budget office. Budget officials work on closing out FY 86 books. Expand, create, phase out programs following dictates of FY 87 appropriations and new statutes.	Limited activity; staff writes FY 87 appropriations report, conducts interim studies. (Legislature is not in session.)
Sept-Dec 1986	Governor's budget office finalizes FY 88 request.	Staff examine existing material on agency operations and expenditures. Staff and legislators conduct site visits. (Legislature is not in session.)
Nov 86-Jan 87	Submits FY 88 request to JBC. Prepares FY 87 supplemental requests. Attends budget hearings. Responds to JBC and other legislative requests for information.	Joint Budget Committee (JBC) does first round of hearings on FY 87 requests. Staff analyze requests and write up analyses. (Legislative session begins in January.)
Jan-Mar 1987	Attends JBC hearings and responds to other legislative requests for information. Lobbies for budgets.	JBC does "figure-setting" for FY 88 budget; reviews FY 87 supplemental requests.
Apr-June 1987	Agencies monitor budget bill progress, suggest amendments, lobby for changes.	FY 88 budget bill goes to caucuses, conference committee, floor and is passed. FY 87 supplementals are passed.

NOTE: Colorado was selected as an example for Wisconsin for several reasons. Like Wisconsin, the Colorado Legislature has a "powerful" Joint Budget Committee (although it does not have a joint revenue committee), the Joint Budget Committee is small (6 members), the Colorado Legislature meets for four to six months every year, and it writes a fairly detailed budget. Colorado is also comparable in size, having a population of 3.2 million.

Legislative Budget Procedures in the 50 States:
A Guide to Appropriations and Budget Processes

by

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and

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regularly that they can maintain constant oversight over the executive branch's expenditure and fiscal policy. Legislatures that meet less frequently or for shorter periods of time must develop interim oversight mechanisms to offset this disadvantage.

Annual Versus Biennial Budgeting

Whether a legislature appropriates on an annual or biennial basis is one of the most basic decisions about the budget process that has to be made. The type of budget a legislature develops can have a good deal of impact on the other components of the budget process. Currently, 20 states have biennial budgets and 29 annual budgets. (Table II-2).

In 1975, when the first 50-state survey of the legislative appropriations process was undertaken, 21 state legislatures budgeted on a biennial basis. However, prior to that survey, four states (Connecticut-1975, Idaho-1971, Missouri-1972, and Tennessee-1970) switched from biennial to annual budgeting. Since 1975, three states--Alabama, Georgia, and Iowa--have switched to annual budgeting and two states--Vermont and Florida--have switched to biennial budgeting.

The common arguments for and against annual budgeting include:

Arguments for annual budgeting	Evidence ¹
a. Gives the legislature more time to analyze the budget	Limited evidence tends to support
b. Enhances legislative budget oversight capabilities	Tends to support
c. Increases the accuracy of revenue estimates	Tends to support
d. Reduces the need for supplemental appropriations and special sessions	Tends to support
e. Gives the executive branch less discretion in decisions about expenditures	Tends to support
f. Provides an opportunity for legislators to become more knowledgeable about the budget	Limited evidence tends to support
Arguments against annual budgeting	Evidence
a. Annual budgeting reduces deliberation time on substantive legislation	Limited evidence suggests no effect
b. Reduces time for oversight and program evaluation activities	Tends to support

¹Charles W. Wiggins and Keith E. Hamm, *Annual Versus Biennial Budgeting?*, (College Station, Texas: Department of Political Science, Texas A & M University, for the Texas Legislature), August 1984.

- c. Results in higher budget preparation costs Tends to support ...
- d. Causes higher state budgets Evidence suggests little effect

Characteristics of States with Biennial and Annual Budgeting

Some observers argue that more populous, urbanized states are more difficult to govern. A larger population leads to more demands for government services and increasing urbanization can be linked to a myriad of social concerns such as family, transportation, and environmental problems, as well as crime. Because the budget process is the chief method for allocating resources to address a state's needs, it follows that states with more complex problems may need to spend more time on budgeting.

States that budget on an annual basis are more populous on average than states that budget on a biennial basis. Fourteen of the 25 most populous states reported that they have annual budgets and in three other large states--Florida, Kentucky, and Wisconsin--the legislature either appropriates annually, although the governor submits a biennial budget, or the legislature is attempting to move to annual budgeting. In a fourth state, North Carolina, the biennial budget is reviewed on an annual basis. (See Figure 1)

Another indication of the prevalence of annual budgeting in the more populous states is average population rank. The average rank for annual budgeting states is 23.4 while biennial budgeting states have an average rank of 28.3².

Level of urbanization means the percentage of a state's population that lives in metropolitan areas. In 1987, the average level of urbanization in the United States was 76.5 percent. By region, the breakdown was Northeast, 88.1 percent; Midwest, 70.7 percent; South, 69.4 percent; and West, 83.6 percent.³ (See Figure 2)

Among states that have a biennial budget, the average level of urbanization was 59 percent, while among those with an annual budget, that percentage was 66.5.

While the level of urbanization of states that budget annually is higher than that of those that do so biennially, two large, urban states--Texas (81 percent) and Florida (91 percent)--follow the latter practice. Regional political culture and legislative traditions may outweigh other factors in some cases.

²Calculated from USA Statistics in Brief, 1987, Washington, D.C.: U.S. Department of Commerce, Bureau of Census)

³Ibid.

Figure 1

Population Rank	State	Annually (A) Or Biennially (B)	Notes
1	CA	A	
2	NY	A	
3	TX	B	
4	PA	A	
5	FL	B	Executive submits biennial budget; legislature appropriates annually.
6	IL	A	
7	OH	B	
8	MI	A	
9	NJ	A	
10	NC	B	Appropriations made biennially, reviewed annually.
11	GA	A	
12	MA	A	
13	VA	B	
14	IN	B	
15	MO	B	
16	TN	A	
17	WI	B	Governor requested to submit an annual budget.
18	LA	A	
19	MD	A	
19	WA	B	
21	MN	B	
22	AL	A	
23	KY	B	Budget adopted for the biennium, appropriations made annually.
24	SC	A	
25	AZ	A	
26	OK	A	
27	CO	A	
28	CT	A	
29	IA	A	
30	OR	B	
31	MS	A	
32	KS	A	
33	AR	B	
34	WV	A	
35	UT	A	
36	NE	B	
37	NM	A	
38	ME	B	
39	HI	B	
40	NH	B	
41	ID	A	
42	RI	A	
43	NV	B	
44	MT	B	
45	SD	A	
46	ND	B	
47	DE	A	
48	VT	B	
49	AK	A	
50	WY	B	

Figure 2

Annual-Budgeting States with Above-Average Levels of Urbanization

California	95.7%
Colorado	81.2
Connecticut	92.6
Illinois	82.3
Maryland	92.9
Massachusetts	90.9
Michigan	80.2
New Jersey	99.9
New York	90.5
Pennsylvania	84.6
Rhode Island	92.6
Utah	76.8

Biennial-Budgeting States with Above-Average Levels of Urbanization

Florida	91.0%
Texas	81.0
Hawaii	77.3
Nevada	83.0
Washington	81.0
Ohio	79.8

Source: *USA Statistics in Brief, 1987*, (Washington, D.C.: U.S. Bureau of the Census)

Table II-1.

Legislative Sessions

State	Annual	Biennial	Approximate Session Length
Alabama	X		Early Feb. - mid-May
Alaska	X		January - May (120 days)
Arizona	X		January - mid-April
Arkansas		X	January - mid-March
California	X		December - early September (no limit)
Colorado	X		January - early June (Even: 140-day limit)
Connecticut	X		Odd: January - early June; Even: February - early May
Delaware	X		January - June 30
Florida	X		April - early June
Georgia	X		January - late March
Hawaii	X		January - mid-April
Idaho	X		January - early April (no limit)
Illinois	X		January - June 30 (no limit) ¹
Indiana	X		Odd: January - April 30; Even: January - March 15
Iowa	X		January - early May (no limit)
Kansas	X		Odd: January - April (no limits); Even: January - April
Kentucky		X	Even: January - mid-April; Odd: organizational session in Jan.
Louisiana	X		Mid-April - mid-July
Maine	X		Odd: January - mid-June (by 3rd Wednesday) Even: January - mid-April (by 3rd Wednesday)
Maryland	X		January - mid-April
Massachusetts	X		January - all year (no limit)
Michigan	X		January - all year (no limit)
Minnesota	X		Odd: January - late May; Even: January - March
Mississippi	X		January - early April ²
Missouri	X		Odd: January - June 15; Even: January - April 30
Montana		X	January - late April
Nebraska	X		Odd: January - late May; Even: January - early April
Nevada		X	January - early June (no limit)
New Hampshire	X		January - June (45 days or July 1, whichever occurs first)
New Jersey	X		January - all year (no limit)

State	Annual	Biennial	Approximate Session Length
New Mexico	X		Odd: January - mid-March; Even: January - mid-February
New York	X		January - about July 1 (no limit)
North Carolina	X		January - late July (no limit)
North Dakota		X	January - late March
Ohio	X		January - All year (no limit)
Oklahoma	X		January - early June
Oregon		X	January - early July (no limit)
Pennsylvania	X		January - all year (no limit)
Rhode Island	X		January - May (no limit)
South Carolina	X		January - early June
South Dakota	X		Odd: January - March 1; Even: January - late February
Tennessee	X		January - May
Texas		X	January - June 1 (Odd: 140-day limit)
Utah	X		January - late February
Vermont	X		January - April (no limit)
Virginia	X		Odd: January - Mid-February; Even: January - Mid-March
Washington	X		Odd: January - April 25; Even: January - mid-March
West Virginia	X		January - early April
Wisconsin	X		Odd: January - late June & October session;
Wyoming	X		Even: January - May (no limit)
			Odd: January - February 27; Even: mid-February - early March
TOTALS	43	7	

NOTES

1. Illinois - A fall veto session usually occurs at the end of October or after the elections in an election year.
2. Mississippi - Legislative sessions are for 120 days in the first year of an administration and 90 days in the second, third, and fourth years.

Table II-2.
Budgeting Periods

State	Annual	Biennial	Beginning Month of Fiscal Year
Alabama	X		October
Alaska	X		July
Arizona	X		July
Arkansas		X ¹	July
California	X		July
Colorado	X		July
Connecticut	X		July
Delaware	X		July
Florida		X ²	July
Georgia	X		July
Hawaii		X	July
Idaho	X		July
Illinois	X		July
Indiana		X	July
Iowa	X		July
Kansas	X		July
Kentucky		X ³	July
Louisiana	X		July
Maine		X	July
Maryland	X		July
Massachusetts	X		July
Michigan	X		October
Minnesota		X	July
Mississippi	X		July
Missouri	X		July
Montana		X	July
Nebraska		X	July
Nevada		X	July
New Hampshire		X ⁴	July
New Jersey	X		July
New Mexico	X		July
New York	X		April
North Carolina		X ⁵	July
North Dakota		X	July
Ohio		X	July
Oklahoma	X		July
Oregon		X	July
Pennsylvania	X		July
Rhode Island	X		July
South Carolina	X		July
South Dakota	X		July
Tennessee	X		July
Texas		X	September
Utah	X		July
Vermont		X	July
Virginia		X	July
Washington		X	July

State	Annual	Biennial	Beginning Month of Fiscal Year
West Virginia	X		July
Wisconsin		X ⁶	July
Wyoming		X ⁷	July
TOTALS	29	21	

NOTES

1. Arkansas - Every two years, the legislature passes two annual budgets for the subsequent two years.
2. Florida - The executive submits a biennial budget, but the legislature makes appropriation only one year at a time.
3. Kentucky - The budget is adopted for a biennium; appropriations are annual.
4. New Hampshire - Appropriations Act provides for each fiscal year separately.
5. North Carolina - Appropriations are made for biennium but may be reviewed annually.
6. Wisconsin - Under 1987 Wisconsin Act 4, the governor is requested in 1988 to submit an annual budget bill to the legislature incorporating any needed changes in appropriations or revenues as established in the biennial budget.
7. Wyoming - Appropriations are made for biennium but may be reviewed annually.

VI. SUMMARY AND CONCLUSIONS

In this report, we have attempted to describe and analyze the nature of state budgeting systems, both from a historical perspective and within the contemporary setting. Our focus has been upon the length of the budgeting cycle--annual versus biennial--and what it means in terms of how states go about allocating their scarce resources for public programs and services. Special emphasis has been given to the pure biennial budgeting cycle employed in Texas--its origins, efforts to change it, the critical points at which it impacts the state's overall budget process, and the views of two groups of Texas "knowledgeables" (state agency heads and lobbyists) about the desirability and consequences of the state changing to a one-year budget cycle.

Our analysis also included an examination of the possible impacts, or effects, resulting from a state moving from a biennial to either an annual or mixed biennial-annual budget system. Although a diversity of conclusions and perceptions tended to characterize what was found with regard to a number of possible effects in several areas, not only across states but within them as well, we did uncover at least a few areas where prevailing viewpoints were apparent.

Annual budgeting appears to increase the accuracy of revenue estimates and agency budget estimates, reduce the need for special sessions associated with budgetary matters, increase the time devoted to considering the budget, and increase budget preparation costs and workloads for agencies. At the same time, it is difficult to disentangle the effects of changing the budget process from other legislative changes (e.g., increased staffing) when examining legislative oversight, the level of legislators' budgetary knowledge, the amount and effects of lobbying, and so on. Also, the review of past studies and the present research point out the difficulty of trying to attribute significant effects of changing to an annual budget on such factors as state spending, taxes, or the amount of supplemental appropriations allocated, without taking into account a myriad of social, economic and political changes that may occur simultaneously or precede the budget change.

Agencies that operate from year-to-year with little variation in programs or plans (i.e., licensing agencies).

Agencies like this small agency, which can update and adapt without excessive effort.

Finally, a few people thought that those agencies receiving federal funds would benefit.

Which agencies would be hindered? Aside from mentioning their own agency, administrators most frequently focused on the smaller agencies. A sampling of responses includes:

Smaller agencies with limited resources will be required to shift resources away from other programs.

Smaller agencies with 1-5 budget personnel who full-time take care of agencies ordinary fiscal needs.

A second set of agencies mentioned are those which have long-range planning goals:

Agencies needing to make long-range commitments, such as for new computer systems development programs, will have to pay higher prices to compensate for funding uncertainty.

Agencies that depend on long-range planning and programming could be hindered unless the annual budgeting system allowed for this.

Lobbyists

Lobbyists were slightly more willing than agency heads to agree that under annual budgeting certain agencies would be helped and others hindered. Here, there is also a greater tendency to single out specific agencies or types of agencies as being helped by annual sessions. These include MHMR, Human Resources, Corrections, Education, and Highways. No such specification is provided for those hindered.

What options appear to be available to modify and perhaps strengthen current budgeting practices in Texas, if such is deemed a worthy goal? Two broad approaches can be taken to budget change, with support for one not necessarily precluding support for the other. In essence, the main difference between these two approaches involves a judgment as to whether or not the state's present pure biennial budgeting cycle should be retained.

The first approach involves attempting to strengthen the current budgeting system without tinkering with the present pure biennial budgeting cycle. It emphasizes the identification and adoption of effective mechanisms to improve state financial management during the budget execution phase of the current biennial format. If the present Texas budget system is going to increase its capacity to respond more effectively to the rapidly changing economic, social, and political environments--both national and international--within which it operates, then tools must be provided for making adjustments in budget authorizations during the 18-19 month period when the legislature is not in regular session. In a state which has experienced wide variations during brief periods of time in such areas as population expansion, the price of oil, unemployment, and the structure and level of federal aid, the need for such budget adjustment mechanisms appears to be particularly acute.

Most states, including those employing annual budget cycles, have taken action on the budget execution front by granting their governors discretionary authority to make at least minor adjustments in prior funding authorizations when the legislature is not in session, while others have delegated this responsibility to a special legislative or executive-legislative interim committee or have spelled out contingent courses of action in statutory law. For example, in the budget reduction area, about 40 governors today have budget reduction powers which they can implement if, for example, anticipated state revenues are not realized (National Conference of State Legislatures, 1983: 80-90). Even here, however, certain restrictions are normally placed upon the governor's exercise of this authority. Such restrictions range from the requirement that all reductions must be "across the board" with regard to all agencies (at least 11 states) to bans on reductions in certain areas (at least 7 states), such as funding for legislature, judiciary, school aid, universities, debt retirement, etc., to limitations on the percentage amount of budget authorizations which can be reduced (at least 7 states, with a low of

1/2 percent in Wisconsin to a high of 25 percent in Virginia). Only Mississippi and South Carolina assign the budget reduction responsibility to an interim executive-legislative committee, while New Hampshire assigns it to a committee made up entirely of lawmakers. In addition to reductions, at least 27 states have authorized their chief executives to make transfers of appropriated funds, with the most common pattern (24 states) being that of permitting such transfers only within agency budgets, as opposed to across them.

Texas initiatives on this front have occurred only recently, with voters turning down specific constitutional initiatives in 1980 and 1981 to establish an interim executive-legislature committee (but legislatively dominated) which would have authority in this area. Although we understand the strong traditional norm regarding legislative supremacy in the Lone Star State, arguments can be made for trying to strengthen the governor's role in their area, while at the same time retaining some legislature-based discretionary authority by, for example, requiring LBB approval of gubernatorial reductions or transfers that exceed a specified level of funding.

The second approach to changing the Texas budget process involves modification of the present two-year budget cycle itself and emphasizes the possible strengthening of the legislative authorization phase of the budgeting process. Here the state is confronted with two options: (1) adoption of a pure annual budget preparation - annual legislative appropriations format or (2) adoption of a more mixed format of biennial budget preparation and second-year review and modification by the legislature. While valid arguments could be made in favor of, as well as against, either one of these formats, the second option tends to combine key strengths of both pure annual and pure biennial budgeting cycles. For example, biennial budget preparation and initial authorization would probably maximize the value of long-term planning, while annual legislative review would maximize the values of revenue forecasting accuracy and, overall, permit the state to respond in a more timely and effective manner to the major changes which appear to be occurring on a more frequent basis in its economic, social, and political environments.

Of course, the adoption of either option would require the legislature to meet annually, a procedure which is not expressly authorized at present by state constitutional law, and one, as we have previously noted, which voters

have rejected on four, or possibly five, occasions since 1949. Based on our study of other states, it would appear that annual legislative sessions might be achieved via one of two alternative strategies: extraconstitutional (for lack of a better term) and constitutionally. The extraconstitutional route entails the legislature recessing (as opposed to adjourning sine die) at the end of its session the first year and reconvening for a review of state budget matters the second year. North Carolina, whose constitutional provision regarding legislative sessions is very similar to the Texas provision, and at least a few other states have employed this strategy very successfully over a period of several years. At present, we have serious doubts about the prospects for such an arrangement being realized in Texas, given its constitutional traditions and litigious culture, as well as the fact that the present 140 day session limit would probably remain operative (although some pure annual budgeting state legislatures employing prudent pre-session planning are able to overcome even more limited handicaps).

The more feasible strategy for Texas probably involves the more conventional constitutional route, or amending the 1876 Constitution to permit the legislature to meet the second year of the biennium for a limited number of days; this second session should also probably be restricted to budgetary matters and gubernatorially-determined emergency measures. The prospects for the successful passage of such a constitutional amendment proposal would most certainly be linked to the extent to which relatively widespread interest, enthusiasm, and support can be generated for it among state public officials and other opinion leaders in the state. Our analysis of previous annual session adoption efforts leads us to conclude that strong gubernatorial support for an annual session adoption effort would be especially critical to its prospects for voter approval.

Overall, we suggest that serious consideration be directed toward a two-pronged revision of the present budgeting process in Texas. One involves strengthening the role played by the governor in this process, not only during the budget execution phase, but also perhaps at the budget preparation stage of the process as well. The other involves strengthening the role of the legislative branch in the budget authorization phase by allowing it to review and modify in a timely manner its previously approved two-year plan of state spending, and thereby respond effectively to significant short-term changes in the environment within which it operates.

APPENDIX A

STATE ADMINISTRATORS

POSSIBLE IMPACTS OF ANNUAL BUDGETING IN TEXAS

In general, do you favor, oppose, or are you neutral towards an annual budgeting/appropriations process in Texas?

<u>Favor</u>	<u>Oppose</u>	<u>Neutral</u>	<u>Favor & Oppose</u>
38.5	50.0	10.3	1.3

General Government Operations

Note: For purposes of the questionnaire, the term budgeting refers to both budget preparation and legislative appropriations.

1. Annual budgeting will reduce long-range planning.
2. Annual budgeting will benefit some agencies and programs more than others.
3. Annual budgets will hinder some agencies' operations or programs.
4. Public interest in state fiscal affairs would increase with an annual budgeting process because of increased exposure to budget issues.
5. Public interest in state fiscal affairs would decrease with annual budgeting due to the public's limited attention span to complex issues.
6. Annual budgeting would lead to more frequent tax increases.
7. The news media would be more informed about budgetary matters under annual budgeting.

<u>Strongly Agree</u>	<u>Agree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Have No Opinion</u>
12.0	25.3	42.2	16.9	3.6
6.0	37.3	19.3	3.6	33.7
7.3	32.9	28.0	6.1	24.4
6.1	31.7	40.2	4.9	17.1
2.4	13.3	55.4	7.2	21.7
7.2	25.3	44.6	1.2	21.7
1.2	47.0	32.5	6.0	13.3

LONG-RANGE REVENUE AND EXPENDITURE FORECASTING
METHODS AMONG THE STATES

September 24, 1990
Denver, Colorado

Presentation to Joint Budget Committee Staff

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NCSL has received information from a limited number of states that produce long-range budget and revenue forecast reports. The following list gives a brief description of the methodology, length of outlook and other forecast information for a few states involved with long-range forecasting.

Alaska- The long-range forecast for the State of Alaska is produced by the Department of Revenue. Since 85% of the state's general fund revenue collections are from severance taxes the revenue forecast focuses primarily on the projected world cost of a barrel of oil. The Long-Run Fiscal Model (LRFM) provides revenue projections for the period FY1993 through FY2010 and also issues low, mid and high scenarios. The assumptions used in the forecast model through FY2010 are inflation rates, Alaskan crude oil production, Trans-Alaskan Pipeline System (TAPS) tariffs, and the average Lower 48 price for Alaska North Slope (ANS) oil.

California- The Commission on State Finance prepares the economic and revenue forecasts for the State of California. The Commission's report titled *The Economic and Revenue Models: Documentation* describes the tools used in preparing the long-range forecasts. California uses models for estimating revenues from the three major taxes (personal income, sales, and bank and corporation) that account for over 90% of total revenue collections.

The report describes the revenue estimates as being accomplished in four general steps:

1. National Economic Forecast
2. State Economic Forecast
3. Forecast of Tax Liabilities
4. Forecast of Receipts

The national forecast and the state-level projections are based on econometric models produced by Data Resources, Inc. and the Commission. Econometric models consist of a group of regression-based equations which, together, attempt to approximate the structure of a national or regional economy.

The national model consists of about 1,200 equations, covering household and business spending, government receipts and expenditures, exports and imports, profits, personal income, and prices.

The state economic model consists of about 85 simultaneous equations. The model is designed to provide state-level forecasts which are consistent with the U.S. macroeconomic outlook.

The Commission's Annual Long-Term General Fund Forecast includes a section that compares revenue growth under the existing tax structure to expenditures needed to maintain current services over the next decade. The report also compare revenue and expenditure estimates to the state's constitutional spending limit.

Florida- Florida's method of long-range economic and revenue forecasting incorporates a series of conferences as part of the planning and budgeting process.

The conferences are held by professional staff members of the Office of the Governor, the House of Representatives, the Senate, the Division of Economic and Demographic Research, and where appropriate, the

agency which administers the area with which the conference is concerned.

These conferences produce true consensus forecasts with each principal having a veto. All parties must agree on the final forecast. Once agreed to, all state agencies are bound to use the results of the conference in all official actions.

Conferences are held two, three, or four times a year, depending on the conference and how it fits into the budget cycle. Conferences may be called by any participant at any time deemed necessary.

Forecasts are regularly made with a two year horizon for budgeting purposes. In addition, ten year forecasts are also made. The longer forecast period helps highlight potential problems beyond the budgeting time frame, such as a rapidly expanding caseload in an entitlement program that might force a tax increase or a redirection of state funds from more desirable programs in a period beyond the fiscal year being budgeted.

All estimates are required to be made with the assumption that no law changes or administrative policy changes other than those already enacted will take place. Results of the estimating conferences are monitored to ensure forecast accuracy.

The revenue forecasts are created by the Consensus Revenue Estimating Conference. The process begins by adopting a forecast of the national economy. The conference subscribes to the forecasts of a nationally-known economic consulting firm which provides a range of possible economic scenarios. The principles debate the merits of the various alternatives and choose what they feel is the most likely path of the economy. This forecast provides basic measures of inflation, interest rates, spending, investment, etc.

A second conference is held to debate and agree to a forecast of the Florida economy. The national forecast is used by the conference members to derive projections of the state's economy, with particular attention to how Florida's economy interacts with the rest of the nation as well as its own internal characteristics.

These forecasts are then used to project tax revenues that will result from the agreed-upon levels of economic activity.

Minnesota- The Minnesota state revenue forecasts are prepared by the State Economist and three other professional staff in the Department of Finance, with advice from the Minnesota Council of Economic Advisors. The national consulting firm, Data Resources, Inc., provides forecasts of the national economy.

The two major components of the revenue forecast are the Minnesota Economic Model, which estimates employment, income, and consumption levels for the economy of the state; and the tax models, which use the results from the Minnesota Economic Model to estimate state revenues from personal income tax, corporate income tax, motor vehicle excise tax, and sales tax.

The variables that have the most pronounced effects on state revenues are the estimates of economic growth, employment, and inflation. The forecast summary notes that the models are not very sensitive to major structural changes in the economy, and will sometimes fail to discern such changes, resulting in forecast error.

The Research Department of the Minnesota House of Representatives issued a working paper titled Minnesota's Revenue Forecasting Process which identifies five ways in which the Minnesota economic forecast process might be improved. The paper suggests that the forecast may be enhanced by improving data, expanding personnel resources in the forecast office, purchasing supplemental national forecast data for reliability checks, providing clearer statutory directives regarding content and timing of forecasts, and improving the presentation of material, particularly to the legislative audience.

Oregon- The Oregon Executive Department issues a quarterly report that contains the economic and revenue forecasts for the state. The methodology used in making the forecasts is detailed in the Annual Review of Methodology.

The Oregon report contains a forecast that extends through the 1993-95 biennium.

Rhode Island- The Budget Office is required by law to issue the state's annual Five-Year Financial Projection

Report 1991-1995. The report also includes the Capital Development Budget 1991-2002.

The purpose of the Five-Year Financial Projection is to present the future fiscal implications of current state law and policy within the context of economic factors affecting the state budget. By doing so, lawmakers and the general public will be better able to:

- (1) assess the fiscal condition of the state beyond the 18-month period currently projected;
- (2) identify and address emerging trends in the financing of existing programs before they develop into crisis situations;
- (3) estimate the long-term fiscal impact of any new state law/policy under consideration; and
- (4) identify critical "decision points" for the state over the ensuing five year period.

The Rhode Island forecast report focuses on the resources which will be generated by the statutorily defined revenue structure, expenditures which will result from a continuation of "current services" being provided, and future services required under existing laws, court orders and/or consent decrees and emerging costs or cost containment categories which must be addressed during the forecast period.

The budget office emphasizes through the report the future impact of current commitments and indicates that the report must be viewed as an extension of the current budget into future years.

Texas- The Economic Analysis Center of the Texas Comptroller's Office produces the state's integrated economic-demographic forecasting system. The Center uses a microcomputer based forecasting system that integrates an econometric model with a demographic model for short-term and long-term economic and population forecasts.

The State of Texas Forecasting System consists of 1) the State of Texas Econometric Model (STEM), and 2) the Comptroller's State Population Analysis Model (C-SPAM). STEM is an econometric forecasting tool. C-SPAM utilizes a cohort-component population projection method, providing detailed age and sex population data.

The primary purposes for this forecasting system are:

- (1) Short-term statewide economic forecasting;
- (2) Input data for the Comptroller's official Revenue Estimates;
- (3) Alternative forecast analyses; and
- (4) Long-term forecasting and analyzing the changes in the economic structure of Texas.

Socio-economic forecasts produced by the combined STEM and C-SPAM system provide important information for:

- (1) General economic and demographic forecast information to the Comptroller, state government personnel, and for public dissemination;
- (2) Input data to the state revenue forecasting.

STEM runs on an IBM AT microcomputer, using proprietary software developed by Wharton Econometric Forecasting Associates. STEM's 130 equations replicate the interrelationships between the national economy, oil and gas prices and drilling activity, the Texas economy, and Texas population growth. This system of equations is then used along with forecasts of the national economy, oil and gas prices, and drilling activity to project changes in the Texas economy.

C-SPAM runs on an IBM AT microcomputer, using LOTUS 1-2-3 spreadsheet software. C-SPAM is a "modified cohort-component" population projection model, in which the population is divided into 152 age and sex cohorts. The cohort-component method permits the use of age and sex specific rates the number of births, the number of deaths, and migration.

The integration of these two models for the most accurate economic and population projections is accomplished through an interactive process.

Because both models run on microcomputers, they are easy to work with and are very cost efficient compared to their mainframe predecessors. The accuracy, cost efficiency, simplicity and analysis flexibility offered by this new system makes it an ideal tool for state government.

ALBION, MI 48101

THE LEGISLATIVE ROLE IN
REVENUE AND DEMOGRAPHIC FORECASTING

Legislative Finance Paper #58

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Executive Summary

Because revenue and program workload projections are integral to the development of overall budget parameters, forecasting is a task that traditionally has been part of the executive budget preparation process. However, state legislators have always had an interest in the forecast process since its execution seriously affects budgetary policy. A recent (fall 1986) NCSL survey shows that many legislatures now consider forecasting to be important enough to warrant independent legislative capabilities or at least significant legislative involvement. This report is based on information gathered from that survey. All 118 legislative budget, appropriations, tax, and ways and means committee offices in the 50 states were surveyed; 54 offices in 40 states responded. The survey asked for general information on fiscal operations and specific information about revenue and demographic forecasting.

Some of the factors that are related to increased legislative involvement in revenue and demographic forecasting are:

1. The boom and bust economic conditions experienced by many states in the last nine years;
2. The effect of the tax limitation movement on new sources of revenue;
3. The increased data processing capabilities of many legislatures; and
4. The growth and specialization of professional fiscal staff.

The study found that 35 of the 53 fiscal offices (about 90 percent) in the 40 states that responded to the survey prepare independent or joint legislative/executive revenue forecasts. The majority of legislatures still rely somewhat on "expert opinion" in formulating their revenue forecasts, but many employ more sophisticated techniques, such as regression analysis and econometric modeling. The typical legislature uses a combination of expert opinion and quantitative analyses.

The study also identified three major institutional arrangements for legislative revenue forecasting. They are:

1. The executive-oriented forecast;
2. The independent legislative and executive forecast; and
3. The joint legislative/executive forecast.

Of the three types, the joint forecast seems to hold the most potential for those states that are experiencing problems with their revenue forecasting arrangements.

Survey data also included information on types of software and data sources that are used by legislatures in the forecasting function. Many legislative fiscal offices said they developed their own in-house software.

Others use "canned" software such as SAS (Statistical Analysis System) and SPSS (Statistical Package for the Social Sciences). In the area of input data, however, the fiscal offices rely heavily on the executive branch and national econometric forecast firms.

Fiscal offices also reported on their use of long-range forecasts. Twenty offices produce two-year forecasts, and four said they prepare 10-year projections. The longer forecasts are most useful when considering policy direction and revenue trends, rather than predicting exact revenues.

Most fiscal offices prepare their forecasts on a quarterly basis and most prepare estimates of big revenue-producing taxes such as sales, income, motor fuels, and cigarettes. Twenty-five fiscal offices have been using their current revenue estimating method for more than five years. Most other offices have been using their current method from four to five years.

In the area of forecast accuracy, most of the legislative fiscal offices that have already developed fairly sophisticated capabilities rely heavily on in-house, state/regional econometric models. Almost all of these offices also subscribe to one of the major national econometric forecasting services. The combination of regional and national data is one of the best ways to improve a forecast's accuracy. However, keep in mind that forecast accuracy is to a large degree a function of the stability of the state's revenue base. States that consistently have significant problems with revenue forecast accuracy should take a close look at the structure of their tax base.

The survey found that legislative fiscal offices are less involved in demographic forecasting than in revenue forecasting. Eleven offices in 10 states said they prepare an independent demographic forecast. According to the survey, the executive budget office is the chief source of demographic forecast information in the states.

Welfare clients, prison populations, and institutionalized mental patients are the most commonly forecast populations. Not surprisingly, these populations account for a significant amount of expenditures in most states.

The software fiscal offices use for demographic forecasting is similar to that used in revenue forecasting. Again, in-house packages are the most popular, followed by canned packages such as SAS or SPSS.

Florida has been most successful at integrating demographic forecasting into the budget process.

The last section of the study is devoted to case studies of revenue forecasting in Florida, California, and Illinois. These states all have strong forecasting capabilities and heavy legislative involvement in the forecast process, but have developed different institutional and political arrangements.

Florida has a strong "consensus" model, whereby staff representatives of the legislature, Governor's office, and executive agencies meet and mutually agree on forecast numbers. The Florida forecasts are generally considered to be among the most sophisticated in the nation.

California also has a very sophisticated revenue forecasting model. The California Commission on State Finance, which is an independent agency, is

overseen by both the legislative and executive branches. The Commission is staffed by trained economists who have been producing forecasts since 1980. Its forecasts serve as second opinions to those produced by the Governor's office.

Finally, the Illinois Economic and Fiscal Commission is highlighted because it typifies a strong, independent legislative forecast capability. The Commission gained its present status through hiring specialized fiscal personnel and developing in-house forecast models that accurately weight national economic data to specific Illinois conditions. Because of its expertise, the Commission is now called upon to produce routine revenue projections, as well as a variety of reports on revenue trends and their impacts.

I: Introduction

Because revenue and workload projections are integral to the development of overall budget parameters, forecasting is a task that has been traditionally part of the executive budget preparation process. However, state legislators have always had an interest in the forecasting process because its execution greatly affects budgetary policy. A recent (fall 1986) NCSL survey of legislative fiscal offices shows that many legislatures now consider forecasting to be important enough to warrant independent legislative capabilities or at least significant legislative involvement. This report is based on information gathered from that survey. All 118 legislative budget, appropriations, tax, and ways and means committee offices in the 50 states were surveyed; 54 offices in 40 states responded (see Table 1). The survey asked for general information on fiscal office operations and specific information about revenue and demographic forecasting. The purpose of this report is to convey the findings of the NCSL survey regarding the role of legislative fiscal offices in this important part of the budget process.

The paper first addresses the need for and legislative involvement in the forecast function; then the extent of that involvement is addressed. The role of political and economic factors as well as changes in legislative organization are discussed in relation to the forecast function.

The paper deals generally with the various means legislatures have developed to improve their ability to forecast tax revenues and the demographic changes that drive certain program expenditures. Specifically, it deals with such issues as the types of organizational structures legislatures have devised to perform the forecast function and the level of sophistication of those forecast organizations. Additionally, the paper includes a

discussion of the range of involvement in forecasting by legislative fiscal officers, types of methodologies employed, and specific taxes or client groups being forecast.

The paper also deals with the issues of accuracy and objectivity in revenue forecasts. It concludes with case studies of revenue forecasting models in Florida, California, and Illinois.

COMMITTEE ON GOVERNMENTAL RELATIONS AND PROCESS

WORK PLAN

AUGUST

23rd Educational meeting; Executive and Legislative representatives give presentations

27th Develop work plan, determine topics for investigation and priorities

1) What are the areas to be explored

Careful evaluation of time constraints: level of detail which can be expected considering the number of topic areas identified (If there are 4 topic areas, then the level of detail will presumably need to be lower than if there are 1 or 2 topic areas)

2) What hypotheses will be tested

The more refined these are, the more precisely they may be tested

3) How will these be tested

Questions for key officials

Examination of studies

Interviews with experts

Examination of/comparison with other states' approaches

4) Procedure for evaluation of results

Is there are problem

What is the source of the problem

SEPTEMBER (Meetings presently scheduled: 6th and 20th)

Investigation of topics: Interviews with key players,
experts; research

BUDGET ISSUES

1) Examination of Muskie
Institute report on budget
process; discussion with
author, Josie LePlant;

2) Interviews with executive
and legislative leaders,

SPECIAL INVESTIGATOR

1

1) Examination of report on
Special Investigator,

BOARDS AND COMMISSIONS

1) 1600 page report from
Secretary of State

LEGISLATIVE STRUCTURE

1) Evaluation of pros and
cons for lengthening terms

EXECUTIVE STRUCTURE

PERSONNEL SYSTEMS, BUILDINGS AND LAND,
INFORMATION SYSTEMS, PURCHASING

OCTOBER

4TH Outline of report: findings, recommendations
18th Rough draft of report

NOVEMBER

1st COMMITTEE FINAL REPORT TO COMMISSION
15th Commission draft final report

DECEMBER

15th COMMISSION FINAL REPORT

GOOD PRACTICES IN REVENUE ESTIMATING

National Association of State Budget Officers

Federation of Tax Administrators

THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS, founded in 1945, is the principal organization for the professional development of its members; for improving the capabilities of staff and information available to state budget offices; and for development of the national fiscal and executive management policies of the National Governors' Association. It is a self-governing affiliate of the National Governors' Association. The National Association of State Budget Officers is composed of the heads of state finance departments, the states' chief budget officers, and their deputies. All other state budget office staff are associate members. Association membership is organized into four standing committees: Education and Human Resources; Financial Management, Systems, and Data Reporting; Commerce, Physical Resources, and Transportation; and Personnel Development.

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GOOD PRACTICES IN REVENUE ESTIMATING

Marcia A. Howard

National Association of State Budget Officers

TABLE OF CONTENTS

	PAGE
Acknowledgements.....	v
Introduction	1
The Revenue Estimating Process	
The National Economic Forecast.....	3
The State Economic Forecast	3
The Revenue Estimate	5
The Data	7
Monitoring Revenues	8
Revising Estimates	9
Conclusion.....	11
Appendix A: Fiscal 1989 Tax Collections Compared with Projections Used in Formulating Budget ..	15
Appendix B: Revenue Estimates and the Governor's Budget.....	17
Appendix C: Economic Advisors.....	19

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INTRODUCTION

In developing their executive budgets, Governors rely most heavily on the revenue estimate, which is almost always wrong (see Appendix A). It is for this reason that the Governors -- acting through the National Governors' Association --- asked the National Association of State Budget Officers to look at the process of revenue estimating. In particular, they wanted to know how to be certain that the revenue estimate they receive is as accurate as possible.

The Governors' interest in this issue is at least two-fold. On one hand, they want to use all available funds to pursue their policy objectives, for which an accurate revenue estimate is essential. On the other, they must be confident that the estimate will not lead to fiscal problems.

An estimate that errs on the high side sets the stage for budget cuts or tax hikes, neither of which are desirable from a Governor's perspective. An estimate that errs on the low side, while often considered preferable, calls into question the credibility and reliability of the estimate and the estimators. It also may prevent Governors from spending unanticipated funds and diminish their control over the policy agenda.

What follows are a series of good revenue estimating practices that may offer Governors some guidance in this area. The intent is to suggest some practices that may reduce the uncertainty associated with the revenue estimate.

To develop this document, the National Association of State Budget Officers (NASBO) and the Federation of Tax Administrators (FTA) hosted a discussion session on revenue estimating practices. Held on June 11, 1989 in conjunction with FTA's annual meeting in Portland, Oregon, the session was attended by representatives of twelve states. Participants represented both budget and revenue offices. This document summarizes their observations on revenue estimates and the revenue estimating process.

THE REVENUE ESTIMATING PROCESS

In most cases the state revenue estimate is the third step in a process and is developed from the top down. First, a national economic forecast is used to identify national economic trends and to provide values for economic variables. From this big picture, a state-specific economic forecast is developed. This forecast, in turn, provides the information on which forecasts of individual revenue sources are based. Combined, these individual sources make up the single number that represents the state revenue estimate.

The National Economic Forecast

Most states subscribe to one of several available national economic forecasting services offered by private firms and universities. These services forecast values for variables --- such as gross national product, personal income, interest rates, inflation, and employment --- that play an important role in the overall performance of the national economy. A newsletter, *The Blue Chip Indicators*, summarizes 50 economists' forecasts of these variables. Also, an annual revenue estimating conference hosted each October by the Federation of Tax Administrators provides a good overview of the national and regional outlooks for the coming year.

The State Economic Forecast

The state economic forecast flows from and is generally consistent with the national forecast. Some of the large states can buy state economic forecasts and state econometric models from the same firms that prepare national forecasts. Other states develop their own econometric models, often in conjunction with a university. States dependent on one or a few key sectors of the economy can develop a state forecast based on national statistics in those industries. For example, Michigan will concentrate on the automotive sector of a national forecast.

The purpose of national and state economic models is to forecast the variables that affect the state economy and revenue collections. These models usually forecast at least eight quarters forward and therefore provide data that predates the end of the fiscal year by at least eighteen to twenty months. There can be significant uncertainty associated with forecasts prepared this far in advance of the period to which they apply.

Regardless of the availability of state-specific data from national sources, state revenue estimators generally develop their own state economic forecasts. The state economic forecast can be developed by state agencies alone or with the assistance of outside economic advisors.

Good Practice #1: Governors should understand and participate directly in the development of a state economic forecast that has broad acceptance.

The state economic forecast represents the big picture of the state economy through forecasted levels of employment, personal income growth, inflation, and production. Because Governors find it necessary to fully understand their state economies and the variables that will affect them in the coming year, they should participate directly in the development of the state economic forecast.

State revenue estimators agree that gaining a consensus around the state economic forecast is an important first step toward developing a revenue estimate. The consensus should be broad and include academic, business, labor, and legislative interests as well as the executive branch.

Throughout the discussion of the state economic forecast, revenue estimators used such phrases as "gaining credibility" and "getting people to buy into the forecast" when talking about the desirability of consensus. It is desirable to get the best advice when developing the economic forecast and the broadest sign-off when adopting it. The people who "own" the forecast will have a stake in insuring it is as accurate as possible.

Good Practice #2: The estimating process should utilize the expertise of academic and business economists in developing the state economic forecast.

The process by which outside experts are brought into the economic forecast process must be fashioned to accommodate each state's political environment. In some states, a public meeting is held with the media invited. In others, a meeting takes place behind closed doors. In still others, a survey is conducted or informal contacts are made with knowledgeable experts. Regardless of the forum, the objective is to gain information about the state economy that businesses may be unwilling to share publicly.

Businesses often have information that will affect the state economic forecast. For example, a company's decision to double the production of an assembly plant could affect the state's unemployment situation. While members of the firm may share their plans off-the-record, they may be less likely to share them at a public meeting. Utility companies frequently have access to advanced planning data from which the state can benefit. Accounting firms will advise their clients with respect to filing taxes and this advice can affect state revenues. So there is much to be learned from outside sources.

Good Practice #3: As a part of the revenue estimating process and to the extent possible, the legislative branch should be included in the development of the economic forecast.

In gaining consensus around the economic forecast, including the legislature helps to prevent multiple economic forecasts that hinder the budget process. Debates on the economic forecast itself can become the focus of legislative/executive interaction, leaving important policy decisions for the last minute. Therefore, the Governor may find it useful to establish a revenue estimating process that involves the legislature in the development of a state economic forecast.

In some states executive/legislative relationships are contentious and cooperation on the state economic forecast is unlikely if not impossible. In others, the state forecast is adopted through a process that insures legislative representation on advisory panels. All things considered, legislative participation up front can save time and resources later. A single forecast will facilitate the budget process.

Those taking exception to these first three recommendations argue that the Governor should be able to rely on a designated person within the executive branch to gather all of the pertinent information and develop a state economic forecast. With this approach, the Governor still benefits from the input of business and academia but the format is less formal and the accuracy of the forecast is vested in one person rather than in a group of advisors or panel of experts.

The Revenue Estimate

State revenue estimators find that developing the economic forecast is simple compared with developing the actual revenue estimate. For the most part, states use their own simulation models and techniques that, when "fed" the necessary economic variables, calculate a revenue estimate for particular revenue sources. Several participants observed that more sophisticated models may have increased the credibility of the revenue estimate without necessarily improving the accuracy of the estimate.

One reason suggested for the lack of improvement is the number of changes both the federal tax system and most state tax systems have undergone in the last five years. Models that attempt to predict human behavior are unstable in a changing environment and a high margin of error is probable. Only when stability is restored and the tax base is left unaltered can a model be expected to generate a reasonably accurate revenue estimate. No such period of stability has existed during the 1980s.

But what is reasonable? The tendency of elected officials and the press to fix on a single number, view it as the revenue estimate, and then decry any deviation from it makes revenue estimators cautious and places decisionmakers at risk. The fact is that the estimate is not exact.

Good Practice #4: When presented with a revenue estimate, the Governor should understand the degree of uncertainty associated with it.

When the Governor submits a budget, it contains a single number that represents the revenue estimate. Before submitting that number, the Governor should understand the probable range around the estimate, the risks associated with being on the high or low side of the estimate, and should then plan accordingly. Given policy considerations, these risks may affect the choice of the estimate. For example, the size of a year-end reserve the Governor hopes to achieve might be a factor affecting the revenue estimate decision.

To gain some perspective on the range around a revenue estimate, consider that for a state with a \$5 billion annual budget, a 3 percent variation would equal \$150 million. When California experienced a \$1 billion revenue shortfall in 1988 it sounded like a huge variance, but represented only about 3 percent of the general fund budget.

The estimates referred to here are those used in developing the executive budget. In most cases, a Governor will present the fiscal 1991 budget in early 1990 and will therefore have settled on a revenue estimate in late 1989. Thus, the estimate precedes the fiscal year for which it is made by up to eighteen months or even more in some cases.

Within a fiscal year it is possible to get a much better sense of revenue collections. A revised revenue estimate made in January, midway through the fiscal year, will be much closer to actual revenue collections than the original estimate prepared for the budget.

In developing the revenue estimate itself, only one of the twelve states represented employed a consensus process. In this state, a specified number of meetings are held throughout the year to discuss the economic forecast and arrive at a consensus revenue estimate to be used for budgeting purposes. Representatives of the executive and legislative branches are specified by statute to sit on the panel and the remaining members are selected by the Governor.

In the other eleven states, the revenue estimate is prepared by either the executive branch alone or the executive branch working with the legislative branch using information from the economic forecast. In some cases, legislative staff are consulted and participate in the process. Although there are advantages and

disadvantages associated with using a consensus estimate versus a single agency estimate, there was no strong preference for any particular approach, in part because the consensus method is not widely used. Similarly, there was no clear sense that any particular approach would yield a more accurate revenue estimate.

The Data

Good Practice #5: Establish an organizational structure that aids the development of a single executive revenue estimate.

In some states there are rivalries among the agencies that participate in the revenue estimating process. State agencies must work together to develop an accurate revenue estimate. In most states, the budget agency and the revenue agency participate in development of the revenue estimate. Other state agencies, including the department of motor vehicles and the state treasurer, may be responsible for data or revenue sources that are critical to the revenue estimate. Each state should establish a single revenue estimating process that includes economic analysts, tax policy analysts, and revenue estimators. The process may include personnel from several state agencies and must have access to data housed in various agencies.

For example, tax law changes affect only certain classes of tax filers. A change in depreciation allowances might have a disproportionate effect on capital-intensive industries. In order to reflect the effect of these law changes on actual revenue collections, the estimating agency must know how many filers take advantage of the provision. Procedures must be introduced for developing aggregated data based on information in tax files accessible only by the tax agency.

In short, good communication, trust, and information sharing among executive agencies will help insure that the revenue estimate is accurate.

Good Practice #6: Insure that the agency responsible for the revenue estimate has the data and personnel required to generate a good estimate.

The revenue estimate is only as good as the information upon which it is based. For the most part, the best indicator of revenue collections in one year will be the level in the previous year, adjusted for growth and law changes.

In a changing economic environment, however, it is sometimes necessary to invest in new databases, new methodologies, and new models that will improve the ability to estimate revenues. These investments should be made, since they can improve the accuracy of the estimate and thereby diminish the risks of an incorrect estimate.

As important as the data and infrastructure used to develop the revenue estimate are the people that work with, manipulate and interpret the data. The revenue estimator must understand the state economy, revenue estimating, and economics. Investing in quality information and personnel at the front end can help avoid embarrassment later on.

Monitoring Revenues

Revenue estimators agree that revenue collections should be monitored carefully and frequently throughout the fiscal year. They do not necessarily agree on how widely to share the information. While the Governor is an obvious recipient of revenue collection information, the press can be difficult to educate and public release of revenue collections compared with estimates can seem counterproductive.

Good Practice #7: Require a monthly report on revenue collections and an annual report on the variance between revenue collections and revenue estimates.

A Governor will always want to know how revenues compare with estimates and how revenues compare with estimated and actual expenditures. This information should be provided on a monthly basis. At certain times --- such as when the state economy is at or near a state of serious fiscal instability --- it may be necessary for the Governor to receive more frequent reports.

In addition to monthly reports, both the Governor and the revenue estimating process are well served by an annual report that compares revenue estimates with collections for each major revenue source and analyzes the variance between the two. This analysis will help those interested in the process understand the difficulty of estimating revenues. It also will be a valuable exercise for the revenue estimators themselves.

Good Practice #8: Monthly collections are a snapshot. Understand the difficulty of drawing conclusions based on short-term revenue collections.

Revenue directors and budget officers share the concern that a Governor will overreact to the pattern reflected in a single month's receipts. A single month's performance is simply a snapshot and not the whole story. Variations between monthly estimates and collections may occur; strong performance early in

the year may be followed by poor performance in later months. In addition to receiving monthly reports on revenue collections, Governors may find it useful to obtain explanations for deviations between collections and estimates. These explanations will help to demystify the sometimes volatile nature of revenue collections.

Revising Estimates

Many states are required to revise the revenue estimate at specific times of the year. In addition to the estimate that is done in conjunction with submission of the Governor's proposed budget, some states are required to produce a revised estimate when the legislature adopts a budget. Beyond that, states vary as to if and how often they revise the revenue estimate.

Good Practice #9: The revenue estimate is based on a certain set of economic assumptions. Maintain the flexibility to respond to dramatic economic changes by revising the revenue estimate.

Estimators agree that quarterly revenue estimate revisions are the maximum that should be required but that the Governor should be able to request a revision when it becomes clear that one is necessary.

The revenue estimate is a conditional statement that "if the economy performs as it is forecast, this much revenue will flow into the state treasury." Similarly, the revenue estimate is based on tax laws as they exist at the time of the estimate and may not be accurate if laws are amended, enacted, or repealed.

Dramatic changes in the national economy may result in the national economic forecasts undergoing significant revision. Since the variables in national models also affect the state economic forecast and the state revenue estimate, significant changes in the national forecast may warrant revisions in both the state economic forecast and revenue estimate.

Revenue estimators view estimating as a twelve-month process. The original estimate is just the beginning of a daily tracking and monitoring process that helps ensure that state revenues are sufficient to meet spending obligations. In its monthly report to the Governor, the revenue estimating agency explains minor variations and cycles evident in the month's collections. Similarly, when it becomes aware of significant variations between collections and estimates, the agency indicates the need to revise estimates. The Governor and his or her staff must always have available to them documents explaining deviations between collections and estimates or changes in the revenue estimate.

Good Practice #10: Consider the need to share revenue-related information with the public throughout the fiscal year and be consistent in the practice you choose.

While the Governor needs monthly reports on revenue collections compared with estimates, public reports on collections are a different issue. In some states, a monthly revenue report that compares revenue collections with estimates becomes a media event. The need to explain even simple, predictable, and easily understood variations can cast doubt on the accuracy of the original estimates. In other states, a monthly report goes unnoticed.

There should be consistency in the decision to share information with the public. To share it only when the news is good or bad will diminish the credibility of the process. Rather, the decision should be to share the news regularly or not at all.

One approach to dealing with a public release is to include a short analysis of the variance between the actual and estimated figures. Releasing collection data compared with estimates on the last day of the month prevents any thoughtful analysis of the variation between the two figures. Instead, it would be more useful to wait a week or two and share the data after there has been time to review and explain it.

When there appear to be significant changes in the state economy and variation from estimates in revenue collections, the question arises as to how much information should be made public. Deviations between collections and estimates, if explained publicly, can help the executive branch control subsequent events rather than be controlled by them. Sometimes hiding the severity of a problem makes the problem worse.

CONCLUSION

Unfortunately, there is no specific revenue estimating process that, when applied to all states, will yield a correct revenue estimate. Frequent changes in state tax bases make a correct estimate difficult to achieve; differences in state revenue systems makes a single estimating procedure impossible; and politics make a single process unlikely. A budget official from one state observed that a consensus estimating process is the only process that makes sense and, in the next breath, confessed that her state would never be able to initiate such a process.

There is wide agreement, however, that some degree of concensus is good and that while a consensus revenue estimate may be impossible to institute, a consensus process for developing the state economic forecast is desirable. By removing this one point of contention from the budget process, discussions can then be focused on policy issues. Even if the resulting revenue estimate turns out to be wrong, the Governor will have had the benefit of tapping the intelligence gathered from the most knowledgeable people in the state.

Governors are well advised to understand and be a part of the revenue estimating process and to use it to control both the process itself and the policymaking that follows from it. The good practices outlined here will contribute to that outcome.

Appendix

Appendix A
FISCAL 1989 TAX COLLECTIONS COMPARED WITH PROJECTIONS USED IN
FORMULATING BUDGET
(\$ in millions)

	Personal Income Tax		Sales Tax		Total Revenue Collection*
State/Region	Original Estimate	Current Estimate	Original Estimate	Current Estimate	
New England					
Connecticut*	\$410	\$509	\$2,289	\$2,098	L
Maine	466	521	464	486	H
Massachusetts	4472	4287	2302	2084	L
New Hampshire	N/A	N/A	N/A	N/A	L
Rhode Island	427	419	412	395	L
Vermont	196	202	118	124	H
Midcast					
Delaware	\$465	\$487	N/A	N/A	H
District of Columbia	\$589	\$609	\$426	\$419	L
Maryland	2520	2620	1501	1517	T
New Jersey	2910	2900	3320	3080	L
New York	15132	13844	5675	5513	L
Pennsylvania*	3075	3147	4132	4086	H
Great Lakes					
Illinois	\$3,524	\$3,619	\$3,550	\$3,728	H
Indiana	1834	1945	2021	2066	H
Michigan	3533	3749	2600	2620	H
Ohio	3042	3394	3129	3260	H
Wisconsin	2476	2515	1790	1875	H
Plains					
Iowa	\$1,262	\$1,368	\$677	\$702	H
Kansas	825	844	695	709	H
Minnesota	2067	2380	1674	1778	H
Missouri	1718	1843	1181	1165	T
Nebraska	430	474	400	428	H
North Dakota	90	106	266	254	H
South Dakota	N/A	N/A	207	219	H
Southeast					
Alabama	\$1,024	\$1,024	\$779	\$779	H
Arkansas	\$633	\$682	\$666	\$692	H
Florida	N/A	N/A	7752	7719	L
Georgia	2650	2628	1924	2015	T
Kentucky	1060	1112	1041	1045	H
Louisiana	576	674	1421	1428	H
Mississippi	360	401	757	761	H
North Carolina	2947	3002	1669	1682	T
South Carolina	1164	1245	1065	1075	H
Tennessee	77	96	2263	2229	L
Virginia	3045	3045	1271	1271	T
West Virginia	440	440	350	381	L
Southwest					
Arizona	\$979	\$958	\$1,333	\$1,338	T
New Mexico	292	350	586	607	H
Oklahoma	839		730	738	H
Texas	N/A	N/A	6706	6891	H
Rocky Mountain					
Colorado	\$1,215	\$1,299	\$675	\$697	H
Idaho	296	343	265	289	H
Utah	582	609	605	667	H
Wyoming	N/A	N/A	91	86	L
Far West					
Alaska	N/A	N/A	N/A	N/A	H
California*	\$14,850	\$15,884	\$12,522	\$12,560	H
Hawaii	579	767	970	1011	H
Montana	141	151	N/A	N/A	H
Nevada	N/A	N/A	216	242	H
Oregon	1575	1725	N/A	N/A	H
Washington	N/A	N/A	2394	2678	H

* L = revenues lower than estimates; H = revenues higher than estimates; and T = revenues on target.

Source: NASBO, Fiscal Survey of the States, September 1989

NOTES TO APPENDIX A

California Compared with forecast when budget was adopted.

Connecticut Personal income tax figures reflect a tax increase. Tax includes only capital gains, dividends, and interest.

Pennsylvania Compared with official estimate.

Appendix B

Revenue Estimates in the Governor's Budget

State	Who Prepares Estimate (B, R, C)	Estimate Revised At Budget Enactment (Y, N)	Who Revises (G, L, C)	Statutory Requirement to Publish Revenue Estimates (Y, N)	How Often (N, Q, S, A, BA)
Alabama	B,R	Y	G,L	Y	A
Alaska	R	N	-	Y	A*
Arizona	B	Y	L	*	-
Arkansas	B	N	G	Y	A
California	B	Y	G	Y	S
Colorado	B	N	G	Y	Q
Connecticut	B	Y	L	Y	M
Delaware	C	Y	L	Y	Q, M*
Florida	C	Y	L	Y	A
Georgia	G	N	G	Y	A
Hawaii	C	N	-	Y	Q
Idaho	B	Y	L	Y	A
Illinois	B	Y	G	Y	A
Indiana	C	Y	L	N	-
Iowa	C	Y	C	Y	S
Kansas	C	N	C	N	S
Kentucky	R	N	-	Y	A
Louisiana	C	Y	C	Y	Q
Maine	B	Y	G	N	-
Maryland	C	N	C	Y	A
Massachusetts					
Michigan	B	Y	G,L	Y	M
Minnesota	B	Y	G	Y	A
Mississippi	B,R	Y		Y	A
Missouri	B	Y	G	Y	A
Montana	B,R,C	Y	L	Y	BA
Nebraska	C	N	C	Y	S
Nevada	B	Y	G,L	Y	BA
New Hampshire	B	Y	G,L	Y	A
New Jersey	B,R	Y	G	Y	A
New Mexico	B,R	N	-	Y	A
New York	B	Y	L*	Y	Q
North Carolina	G,C	Y	L	Y	A
North Dakota	B,R	Y	G	Y	BA
Ohio	B	Y	L	Y	BA*
Oklahoma	B,R,C	N*	B,R,C	Y	S
Oregon					
Pennsylvania	B,R	Y	G	Y*	A**
Rhode Island	B	Y	G,L	N	M
South Carolina	C	N	-	Y	Nov./Jan./Feb.
South Dakota	B	Y	L	Y	A
Tennessee	B	Y	G	Y	A
Texas	R	N	R	Y	BA
Utah	B,R	Y	G,L	N	Q
Vermont	B	N*	B	N	-
Virginia	B,R,C*	Y	L	Y	A
Washington	B,C*	N	-	Y	Q
West Virginia	B,R*	N	-	Y**	M**
Wisconsin	R	N	G,L*	Y	A
Wyoming	C	Y	C	N	S
Codes:	B....Budget Agency R....Revenue Agency C....Board or Commission		Y....Yes N....No M....Monthly	Q....Quarterly S....Semi-annually G....Governor	L....Legislature A....Annually BA....Biennially

Source: NASBO, Budgetary Processes in the States, 1989.

NOTES TO APPENDIX B

Alaska	Revenue estimates must be published annually but are traditionally published semi-annually.
Arizona	Statutory requirement to publish original revenue estimate but not revisions.
Delaware	Revenue estimates are published quarterly in September, December, and March and monthly in April, May, and June.
New York	Revenue estimate revision is generally done with the cooperation and agreement of the Governor and Division of the Budget.
Ohio	Annual revenue estimates are published monthly although the requirement is for the Governor to publish estimates biennially.
Oklahoma	Estimates are revised if legislation passed that will change them.
Pennsylvania	Revenue estimates are sent to four appropriations committees. Revenue estimates are published annually upon enactment of budget and, as needed, upon enactment of tax changes.
Vermont	Estimates are revised at beginning of fiscal year and when budget is presented to legislature.
Virginia	Two advisory boards, the Advisory Council on Revenue Estimates and the Advisory Board of Economists, assist in the development of the revenue estimates.
Washington	The Forecast Council estimates the general fund and the budget agency estimates all other funds.
West Virginia	The official revenue estimate is determined by the Governor. Annual estimates by source and month are published annually. Actual versus estimated revenues are prepared monthly.
Wisconsin	The Governor reestimates in November of even years. The Legislature reestimates in the following January when it receives Governor's budget.

Appendix C

Economic Advisors

State	Council of Economic Advisors (Y, N)	Source of Authority	Official/Agency Providing Assumptions Going Into Executive Budget
Alabama	Y	Informal	Budget Agency
Alaska	N	-	OMB, Dept. of Revenue
Arizona	N	-	Director, Executive Budget Office
Arkansas	Y	Informal	Budget Office, Economic Analysis & Tax Research
California	Y	Informal	Dept. of Finance
Colorado	Y	Statute	Governor's Rev. Estimating Advisory Group
Connecticut	N	-	Office of Policy and Management
Delaware	Y	Executive Order	Dept. of Finance Budget Office
Florida	N	-	Revenue Estimating Conference
Georgia	N	-	
Hawaii	N	-	Council on Revenues; State Economist
Idaho	Y	Ad Hoc	Division of Financial Management
Illinois	N	-	Budget Bureau
Indiana	Y	Informal	Governor and Budget Director
Iowa	Y	-	Dept. of Management
Kansas	N	-	Consensus Revenue Estimating Group
Kentucky	Y	Executive Order	Secretary, Finance Adm. Cabinet, Ofc. of Rev. Forecast & Econ. An.
Louisiana	Y	Statute	Governor
Maine	N	-	State Budget Officer
Maryland	N	-	
Massachusetts			
Michigan	N	-	DMB, Office of Revenue & Tax Analysis
Minnesota	Y	Executive Order	Dept. of Finance
Mississippi	N	-	Tax Commission, Leg. Bdgt. Ofc., Dept. of Finance & Admin., University
Missouri	N	-	Budget Office
Montana	Y	Executive Order	Revenue Estimating Advisory Council
Nebraska	Y	Statute	Revenue Department & Legislative Fiscal Office
Nevada	N	-	Budget Office
New Hampshire	N	-	
New Jersey	Y	Statute	Economic Policy Council
New Mexico	N	-	Dept. of Finance & Admin., Ofc. of Sec'y; Tax & Revenue Dept.
New York	Y	Executive Order	Budget Office
North Carolina	N	-	Office of State Budget and Management
North Dakota	N	-	Office of Management and Budget
Ohio	Y	Informal	Director of Budget and Management
Oklahoma	N	-	State Comptroller and Tax Commission
Oregon			
Pennsylvania	N	-	Budget Office and Revenue Dept.
Rhode Island	N	-	Budget Office
South Carolina	Y	Statute and Proviso	Board of Economic Advisors
South Dakota	N	-	Bureau of Finance and Management
Tennessee	Y	Statute	Center for Business & Economic Research-University of TN
Texas	N	-	
Utah	Y	Statute	Office of Planning and Budget and Tax Commission
Vermont	Y	Executive Order	
Virginia	Y	Statute	Revenue Agency
Washington	Y	Governor Appointment	Forecast Council
West Virginia	Y	Informal	Governor
Wisconsin	Y	Governor	Revenue Agency and Budget Office
Wyoming	N	-	Dept. of Administration and Fiscal Control
Codes:	Y....Yes		
	N....No		

Source: NASBO, Budgetary Processes in the States, 1989

REVENUE FORECASTING

A BRIEFING PAPER

**LEGISLATIVE PROGRAM REVIEW AND
INVESTIGATIONS COMMITTEE**

NOVEMBER 9, 1990

REVENUE FORECASTING

Background

Revenue forecasting methods vary throughout the states. In the last decade there have been numerous developments in the way states have undertaken revenue forecasting. There has been a general trend toward more forecasting of national variables considered relevant to revenue performance. Such variables as economic growth and inflation are coupled with state variables considered relevant to revenue collections, such as employment and personal income. Improved documentation of revenue models has also been a key factor in the attempt to link economic variables with state revenues.¹ These recent trends in forecasting present a significant departure from the past.

Traditionally, revenue estimating assumes that past revenue patterns provide a reliable guide to the future tax collections. This approach could incorporate the simple assumption that a particular revenue source will grow by the same absolute amount as it did the year before, or, using a slightly more sophisticated technique, revenues may grow by some rate of change that can be estimated from past years' performance. The failings of these methods are apparent when used to predict Connecticut's corporation tax stream from 1982 to 1988.

¹ State Policy Report (1990), Vol. 8, Issue 18, page 11.

Table 1. Percentage Change in Connecticut's Corporation Tax Receipts.

FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
33%	5%	20%	25%	26%	4%	-3%

Source: Revenue, Budget, and Economic Data: Fiscal Years 1969-1989
Office of Fiscal Analysis, Connecticut General Assembly.

As the table clearly indicates, it would be difficult to forecast the corporation tax receipts for FY 87 and FY 88 based upon past trends. Using this methodology, the actual 3 percent decrease in FY 88 in corporate revenues would never have been predicted. This approach ignores state and national trends in corporate profits, and does not account for economic variables, such as the build-up of business inventories, that can affect corporate profits. Volatility in the tax structure increases the difficulty in obtaining accurate revenue forecasts, especially if past performance is the analytical tool for estimating. The role of volatility and the problems it causes Connecticut's revenue forecasters will be explored in more detail later.

The Use of Models

In recent years, state revenue forecasters have embraced "econometric" approaches to ascertain revenue estimates. Econo-

metrics is the study of the application of statistical methods to the analysis of economic data. Typically, states using econometric approaches will attempt to derive revenue estimates from forecasts of state economic activity. Rather than forecasting future corporate tax revenues from past collections, the method estimates corporate taxes from future projections of corporate profitability.

Econometric models view the behavior of an economic system as guided by numerous variables whose interrelationships can be expressed by a set of simultaneous equations. The variables within the equations include, among other things, data on income, production, money stock, employment, prices, rent, and interest. Econometrics seeks to discover and measure the quantitative aspects of the actual operation of an economic system in order to forecast the course of certain economic events with a specific level of probability of those events occurring. Simply, the discipline attempts to determine what are the important pieces of the economy, how will they affect future activity, and what are the odds of it all occurring. Forecasting by econometric methods starts with model building and involves theorizing of the interrelationships between the variables under investigation and expressing them in mathematical terms. A model, then, is a set of mathematical relations, usually in the form of equations, each expressing an economic theory.²

² Chou, Ya-lun, Statistical Analysis, (New York, 1975) p. 776.

Currently, there are four major firms that operate elaborate forecasting models of the national economy: Chase Econometrics; Evans Economics; Data Resources, Inc.; and WEFA, Inc. (formerly Wharton). State revenue estimators frequently subscribe to one or more of these forecasting organizations. The firms will also produce either a regional forecasting model or a state-specific model to enhance their ability to predict economic trends that may be more accurate based upon local conditions.

National, regional, and state forecasting models are used to translate predictions of economic activity into estimates of state revenues. This is usually done through the use of simulation models that take forecasts of economic variables, such as income, and generate expected revenues based upon a particular level of taxation. These revenue models vary in complexity. Oregon, for instance, has a sophisticated personal income tax model that separates married from single filers and groups filers by income class to better estimate revenues. The Connecticut legislature recently contracted with a consultant to develop an income tax model that can be used as a tool for policy formulation. This "personal income tax simulation model"³ contains such parameter options as tax rates, tax brackets, exemption amounts, standard deductions, federal tax credits, indexing adjustments, and capital gain exclusions. The level of detail is intended to improve the

³ Analysis of Connecticut Personal Income Tax Alternatives, Price Waterhouse (October 23, 1990), prepared for the Connecticut Tax Task Force.

accuracy in examining income tax options. However, it also indicates that not only have economic forecasting models become increasingly complex, but so have the revenue estimating models that are tied to them.

Current National Trends

While the use of models represents a scientific approach to revenue forecasting, there is a great deal of debate among theorists and practitioners as to the approach's accuracy. The track record for econometric modeling has not been that good. Lester Thurow, a noted economist, writing in Dangerous Currents: The State of Economics, (1983) concluded that:

In the 1950s, when econometrics first emerged, the discipline was seen in America as an icebreaker that would lead the economics profession through the ice pack of conflicting theories. Econometric techniques would, it was presumed, conclusively prove or disprove economic hypotheses, accurately quantify economic relationships, and successfully predict the economic future. Unfortunately, the icebreaker failed to work and the econometric passage to utopia has not been found. The expectations might have been excessively optimistic, but failures of econometric techniques were to have a profound impact on the discipline of economics.

The problem began with the inability of macro-economic models to predict events -- soaring inflation, steadily climbing unemployment, and the cessation of productivity growth -- that were about to hit us in the 1970s. That failure to predict led to a breakdown in both the economics profession's confidence in econometric results and the public's confidence in economists.

While Thurow railed against the failures of economic models to accurately predict the upheavals of the 70's, a parallel can be drawn to the 1980s. To overcome the deficiencies of the national models, states turned increasingly to regional and local models in their desire to better predict economic outcomes. However, these models face the same problems that the national models do; they are not able to foresee events that can have a significant impact on the state of the economy, nor are they able to determine a change in the relationship among economic variables. A year ago, when revenue forecasts were being made for the current state budgets, no one predicted that the price of a barrel of oil would double, and even if they did, the models might not accurately estimate the impact of this micro-economic variable on the macro-economy. States are faced with further difficulties in translating the impact this change will have on the rate of revenue collections.

Forecasting by Consensus

Revenue forecasts in most states do not strictly adhere to any one econometric model. The practitioners have generally come to agree that scientific models alone will not always produce the most accurate results. Most states use a consensus approach to revenue estimating. This approach usually combines mathematical modeling with economic advice. For instance, many states subscribe to a newsletter, The Blue Chip Indicators, which summarizes the

forecasts of 50 national economists. Some states will also draw upon local and regional economists who are watching for area trends for supplemental advice on how the economy in their area is performing.

To further improve the process of consensus forecasting, the National Governors Association asked the National Association of State Budget Officers (NASBO) and the Federation of Tax Administrators (FTA) to develop standards for "best practices" in revenue estimating. The governors wanted to know how to be certain that the revenue estimates they received were as accurate as possible. In 1989, NASBO and FTA developed a document that outlines the current state of revenue forecasting and suggests practices they believe may reduce the uncertainty associated with revenue estimating.

The practices cover five areas: 1) state and national forecasts; 2) revenue estimates; 3) data; 4) monitoring revenues; and 5) revising estimates. The general principles outlined for each area are that:

- forecasts should be developed by consensus drawing upon academic and business experts, as well as executive and legislative branch expertise;
- revenue estimates should be viewed with a degree of uncertainty;
- governments need to establish an organizational structure that has the data and personnel to generate a good estimate; and

- revenue collections should be monitored monthly, and revisions in revenue estimates should be based upon changes in economic assumptions and rates of tax collection.

These practices may improve the level of confidence the public has in forecasts, but the report concludes that:

... there is no specific revenue estimating process that, when applied to all states, will yield a correct revenue estimate. Frequent changes in state tax bases make a correct estimates difficult to achieve; differences in state revenue systems makes a single approach impossible; and politics makes a single process unlikely.... There is wide agreement, however, that some degree of consensus is good and that while a consensus revenue estimate may be impossible to institute, a consensus process for developing the economic forecast is desirable.⁴

NASBO/FTA buttress their conclusion with a comparison of estimated actual state collections on personal income and sales taxes with the revenue projections used in formulating budgets for fiscal year 1989. The report shows that in 34 states the estimates of collected revenues were higher than the projections at the beginning of the budget process. Ten states, including Connecticut, were estimating revenue collections that were lower than the original budget projections, with only six states considered to be on target.

⁴ Howard, Marcia A., Good Practices in Revenue Forecasting, National Association of State Budget Officers, 1989.

Beyond the methodologies for revenue estimating, there are differences among states as to what agency has the responsibility for publishing the forecast. A survey done by KPMG Peat Marwick on [state revenue estimating practices in the fall of 1989, found that in 31 states an executive agency had the responsibility for compiling revenue forecasts. In 2 states the legislature had primary responsibility, while in 14 states forecasting is shared between the legislative and executive branch. (In some of the 14 states there may also be participation by an appointed advisory group). In four states a separate entity had been created, such as the Hawaii Council on Revenues, and given the chief responsibility for projecting revenues. Appendix A provides the survey results compiled by KPMG Peat Marwick. (202) 467-3800

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Revenue Forecasting in Connecticut

There are two types of revenue forecasts produced in Connecticut. One projects revenue to be received in the next fiscal year, while the other estimates revenue to be collected in the current year.

Section 4-72 of the Connecticut General Statutes requires the governor to include in his budget message to the General Assembly an estimate of revenues to be received during the year for which the budget is proposed. The forecast is prepared by the Office of

Policy and Management (OPM) and covers every major source of revenue.

The governor's forecast is primarily the function of a revenue analysis unit located within OPM's Budget and Financial Management Division. The unit is staffed by four persons all of whom are in the state's classified service. Revenue forecasting is only one aspect of their duties. Others include: reporting on national and state economic activity; providing economic, financial, and revenue data for state bond sales; preparing the governor's economic report; providing financial data for state binding arbitration process; and carrying out a variety of special budgetary projects.

In preparing its revenue estimate, the unit follows a conventional methodology. It obtains national and state economic forecasts from WEFA-based optimistic, pessimistic, and most likely assumptions. Revenue estimates for each of the state's major taxes using the various economic scenarios are generated by OPM using a model developed by WEFA.

A further perspective on future economic activity is obtained from the newsletter, The Blue Chip Indicators. The newsletter reports a consensus forecast of the national economy based on the responses of 50 leading financial institutions. The staff supplements this information by holding direct discussions with

prominent regional and state economists and financial experts to develop a consensus forecast of Connecticut's revenues.

A critical factor that must be determined before the OPM staff can finalize its revenue forecast is the tax changes being proposed by the governor. Once the proposals are complete, an estimate of their revenue impact is integrated into the forecast.

The final staff forecast is based on its economic outlook and the estimated changes in revenue resulting from the governor's tax proposals. The completed staff forecast is presented to the budget director and the OPM secretary for their review. Once finalized, the forecast is included in the governor's budget proposal.

Within the legislature, review of the governor's revenue forecast is initially the responsibility of the Joint Committee on Finance, Revenue and Bonding. The committee is aided in its analysis by the Office of Fiscal Analysis (OFA), which critiques the governor's forecast and provides its own independently derived revenue estimates.

After consultations with OFA, the governor's staff, and, in some instances, outside experts, the committee adopts its own revenue estimates. Ultimately, the full General Assembly approves an official revenue forecast through passage of the appropriation act.

It is extremely difficult to judge the accuracy of the revenue forecast contained in the governor's proposed budget. The problem arises because differences between revenue forecasted and actually collected is attributable to both estimating errors and tax changes made by the legislature.

To evaluate the OPM forecast, adjustments would have to be made in both the revenue forecast and collections. This would require eliminating the portion of the OPM forecast attributable to the governor's tax proposals that were not enacted, and removing the portion of actual collections resulting from actions of the legislature that occurred subsequent to the budget being submitted.

A further problem is the adjustments that would have to be made to the forecast and actual collections are estimates and have an error element of their own. Thus, the true forecasting error can not be isolated from other sources of error. Further, because adjustments must be made to both sides of the ledger, real differences can be distorted.

An analysis of the forecast adopted by the legislature is less complicated, but even here there are times when adjustments to the revenue collection data have to be made. Specifically, adjustments are necessary when actions affecting revenue in the forecasted year are made by either a subsequent special or regular session of the General Assembly. For example, the 1989 General Assembly enacted

tax increases that become effective during that fiscal year, thus impacting current revenues. However, with the legislative forecast the adjustments can be limited to the collection side of the ledger.

Table 2 presents the revenue forecasts adopted by the legislature for fiscal years 1981 through 1990. Shown in column three of the table are revenue collection data. A caution is in order because the collection data, for the reasons outlined above, have been adjusted to account for tax changes made after the forecast was adopted.

Examples of the adjustments include: \$27 million in reductions to FY 85 revenue resulting from changes in the effective dates of certain taxes enacted in the session following adoption of the budget; and \$85 million in revenue enhancements passed in the 1990 session but affecting the current year (FY 90).

Column four of Table 2 shows that the legislative forecast greatly underestimated revenues in fiscal years 1985, 1986, and 1987. Indeed, in two of the years, the forecast was off by more than 10 percent.

Table 3 tracks OPM's forecasting record. However, to avoid the problem of having to adjust the forecast for subsequent legislative changes, a proxy has been used. The proxy, which is

displayed under column two, is the initial revenue estimate developed by OPM after the budget was been adopted and is in effect. This forecast is actually developed in August and released September 1.

Table 2. Comparison of Legislative Revenue Forecast with Actual Revenues Collected: FY 81 to FY 90.

Year	Legislative Forecast	Adjusted Actual Revenues	Adjusted Revenue Differences	% Difference: Forecast v. Actual
FY 81	\$2,708,500	\$2,660,889	-\$47,611	-1.76%
FY 82	\$2,985,934	\$2,994,491	\$8,557	0.29%
FY 83	\$3,229,100	\$3,233,890	\$4,790	0.15%
FY 84	\$3,649,800	\$3,840,242	\$190,442	5.22%
FY 85	\$3,660,450	\$4,037,884	\$377,434	10.31%
FY 86	\$3,972,400	\$4,326,092	\$353,692	8.90%
FY 87	\$4,297,000	\$4,742,875	\$445,875	10.38%
FY 88	\$4,947,300	\$4,860,295	-\$87,005	-1.76%
FY 89	\$5,547,550	\$5,368,762	-\$178,788	-3.22%
FY 90	\$6,323,000	\$6,026,500	-\$296,500	-4.69%

Table 3 shows that OPM, like the legislature, underestimated revenues in the mid-1980s. It should be noted that a significant portion of the underestimate during the period can be attributed to

factors that few forecasters around the nation anticipated. These factors included much stronger than expected economic growth, lower inflation, and federal tax reform. The impact of the latter was particularly significant in FY 87. For instance, as a result of federal tax reform, OPM estimates that an additional \$250 million in capital gains and sales tax revenues were generated.

Table 3. Comparison of OPM Revenue Forecast with Actual Revenues Collected: FY 81 to FY 90.

Year	OPM Forecast	Adjusted Actual Revenues	Adjusted Revenue Differences	% Difference: Forecast v. Actual
FY 81	\$2,703,718	\$2,660,889	-\$42,829	-1.58%
FY 82	\$2,976,800	\$2,994,491	-\$17,691	-0.59%
FY 83	\$3,226,100	\$3,233,890	\$7,790	0.24%
FY 84	\$3,658,300	\$3,840,242	\$181,942	4.97%
FY 85	\$3,766,000	\$4,037,884	\$271,884	7.22%
FY 86	\$4,011,500	\$4,326,092	\$314,592	7.84%
FY 87	\$4,370,000	\$4,742,875	\$372,875	8.53%
FY 88	\$4,972,100	\$4,860,295	-\$111,805	-2.25%
FY 89	\$5,459,550	\$5,368,762	-\$90,788	-1.66%
FY 90	\$6,382,600	\$6,026,500	-\$356,100	-5.58%

Comparing the data in tables 2 and 3 it is clear that in most years the forecasting errors of the legislature and OPM are in the same direction and differ only slightly in magnitude. As the tables illustrate, this has been a consistent pattern since FY 84. It is noteworthy that in each of the years the legislative forecast is generally lower than OPM's.

Revenue Volatility

A major difficulty for all revenue forecasters is the volatility of a state's tax structure. Revenue sources, which fluctuate from year to year, impact the stability and predictability of state revenue collections. Connecticut's tax structure has highly volatile elements that diminish the ability to chart future trends. In a recent report by Price Waterhouse, prepared for the Connecticut Tax Task Force, Connecticut's major general fund taxes as well as personal income and consumption expenditures were analyzed to obtain a measure of volatility.⁵ When these measures are compared with the forecasts for specific taxes, the difficulty for revenue forecasting becomes clearer.

For instance, 1986, 1987, 1988, and 1989 were years when forecasters had large margins of error. Examining the deviations for three taxes -- sales and use, corporations, and capital gains -

⁵ Analysis of the Volatility of Connecticut's Major Revenue Sources, Price Waterhouse, October 17, 1990.

-- for those years illustrates just how much influence these categories have on forecasts. The three taxes account for over 75 percent of the state's revenue sources.

The table below indicates that in FY 87, the legislature's forecast of capital gains taxes was nearly 52 percent under the revenue actually realized. Corporations paid 33 percent more in taxes than was expected in FY 86, and sales taxes, which are over half of the state's revenue source, fell 8 percent short of the forecast in FY 89.

Table 4. Percent Deviation of Legislative Forecast with Actual Revenues for Selected Tax Sources.				
Tax / Year	FY 86	FY 87	FY 88	FY 89
Sales & Use	2.33%	9.75%	-3.73	-8.36%
Capital Gains	28.99%	51.29%	7.32%	24.07%
Corporations	32.71%	12.99%	-11.09%	7.68%

The Price Waterhouse study found Connecticut's sales and use tax to be a relatively volatile source of revenue. They traced the annual percentage change in tax receipts from 1973 to 1990, adjusted for tax rate changes, and found it to be quite variable. While the average annual change was 9 percent, the standard deviation was 5.09 percent, meaning that one-third of the time, the percent change was either greater than 14 percent or less than 4 percent, a large spread given its size as a revenue generator.

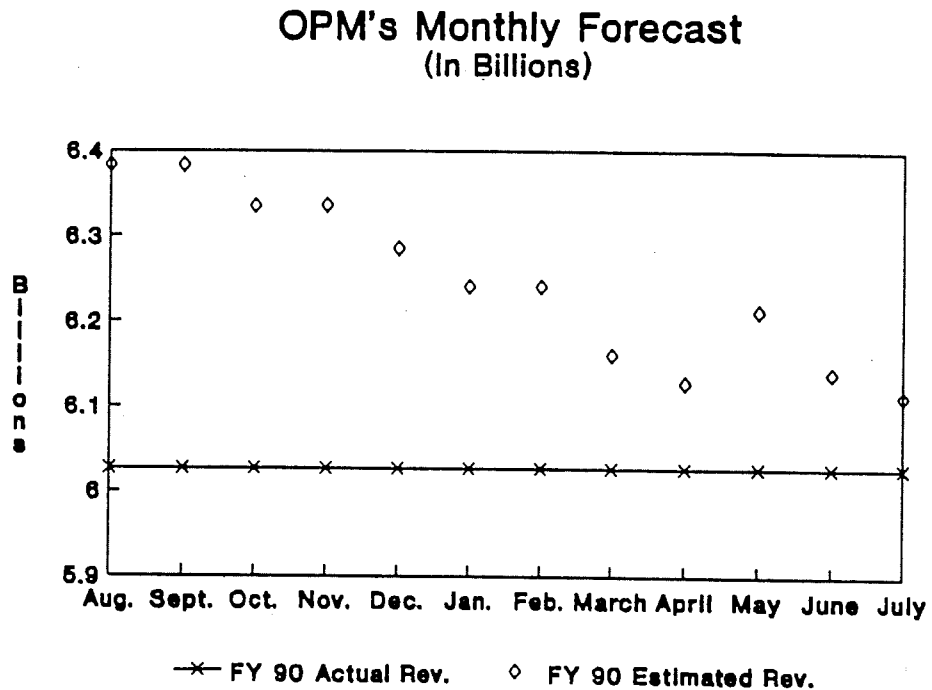
The study also found the corporate tax to be even more volatile. The annual average percentage change was 6.3 percent with a very large standard deviation of 14.39. As with the sales tax, this means that one-third of the time, the increase was greater than 20 percent while the decrease was less than -8 percent. Price Waterhouse cites the years of 1976 through 1978 to portray the extremes the state faces in terms of corporate tax collections. For FY 76 and FY 77, corporate taxes declined by 12 and 7 percent respectively, in sharp contrast to a dramatic increase of 20 percent in 1978. Within this short span of three years, there was a 32 percent swing in corporate revenues. Forecasting, given this swing in revenues, would be extremely difficult if not impossible.

Monitoring Current Year Revenues

In addition to forecasting revenues for the purpose of budget preparation, OPM is required by Section 3-115 of the Connecticut General Statutes to provide the comptroller and the legislature with monthly estimates of current year revenue.

The methodology used by the OPM staff in developing the current year forecast differs from the process followed in preparing the budget forecast. The current year forecasts are much less reliant on the state's economic outlook and much more dependent on actual revenue collections.

The following graph plots the deviations between the year-end revenue collected and the monthly forecast. The actual end of the year revenue collected at the end of the year is represented by the straight line. The graph shows that as expected, the margin of error tends to decrease as the time between the prediction and the close of the fiscal year narrows.





John R. McKernan, Jr.
Governor

H. Sawin Millett, Jr.
Commissioner

DEPARTMENT OF FINANCE

Telephone (207) 289-3446

August 21, 1991

TO: Carol Michel, Deputy Director

State Planning Office

FROM: H. Sawin Millett, Jr., Commissioner

Finance

SUBJECT: Material for Presentation to Committee on Governmental Relations and Process

As a follow up to your August 13th memorandum, and discussions we have had before and subsequent to that date, I am enclosing a packet of materials that, I believe, will provide the Committee on Governmental Relations and Process with an overview of the State budget development process, including both the expenditure and revenue aspects of that process. This material includes segments describing:

- Budget Development
 - Overview
 - Procedures
- Revenue Forecasting
- Effect of a Contracting Economy on the Budget Process (FY1990-FY1993)
- Coordinating Budget Submissions with the Legislature

I am providing sufficient copies of this material for the members of the Committee and staff and would appreciate an opportunity to highlight key portions of this material and respond to questions from the members when we meet at 12:45 p.m. on Friday, August 23rd. State Budget Officer, G. William Buker, and Deputy State Budget Officer, Jack Nicholas, will join me for this presentation.

Also, Commissioner of Administration, Dale Doughty and I have been working together to prepare a presentation regarding the structure and functions of our departments as they presently exist and to share with the Committee Members our present thinking as to the rationale for, and benefits to be derived from, the consolidation of the two departments. If it is agreeable with you, we would like to have 45 minutes to an hour, after the

August 21, 1991

budget process material is discussed, to make this initial presentation. I understand that the Committee is scheduled to meet from 12:45 - 2:30 p.m. and I believe we can be responsive to all aspects of your August 13th memo with that block of time.

Please let me know if this proposed presentation outline is acceptable. We look forward to this initial meeting with the Committee and hope to work closely with the Commission as they consider the restructuring of the Departments of Finance and Administration.

HSM/js

Attachments

Budget Process

The Bureau of the Budget starts process in July of even years providing:

- Position calculations on the 'B' forms
- Instructions and required forms

Departments and Agencies submit at the lowest level which is due to the Bureau of the Budget September 1:

- Part I continue level currently approved and funded
- Part II expansion of current program or funding of a new program

The Bureau of the Budget summarizes department requests and:

- Makes Part I recommendation in accordance with criteria preapproved by the Governor
- Identifies Part II by priority if one has been established

The Bureau of the Budget makes revenue projections:

- Preliminary in September
- Revised in November

The Bureau of the Budget prepares and is involved in:

- Discussions with the Governor, staff, cabinet and other agency heads in order to arrive at a budget recommendation
- Review and recommendation process which takes place over a three month period

The Governor makes final decisions in late December and:

- Submits budget document to Legislature early in January/
February

*incl of 2nd full week in Jan for sitting Gov
... .. Feb for incoming Gov*

Responsibility

The Bureau of the Budget will be responsible for the development and execution of the biennial budget process on behalf of the Governor, or the Governor-elect. Any department and/or agency desiring to receive State appropriations and/or allocations will be responsible for cooperating with the Bureau of the Budget in the completion of that department's and/or agency's budget submission. In turn, the Bureau of the Budget will be responsible for providing staff assistance to each department and/or agency in the development, preparation, and submission of their biennial budget requests.

Departments and/or agencies requesting State appropriations and/or allocations, and the Bureau of the Budget, will be jointly responsible for ensuring that the recommendations submitted to the Governor, or the Governor-elect, for the biennial budget are formulated in an effective process of management planning, directing, evaluating, and controlling. Each department and/or agency and the Bureau of the Budget also will be responsible for making certain that programs recommended for inclusion in the two year financial plan of the Governor, or the Governor-elect, are of the highest priority. It will likewise be the responsibility of each department and/or agency, and the Bureau of the Budget, to respect the laws that define and limit the biennial budget process and the legislative process that gives legal sanction to the two year financial plan of the Governor, or the Governor-elect.

Guidelines and Procedures

Function: Biennial budget process calendar of events commencing in even numbered years for the unified budget act

<u>*Date/Task</u>	<u>Responsibility</u>	<u>Source Documents</u>
* <u>April 15</u> budget guidance document submitted to line managers for Part I and Part II budgets	Agency Head Admin. Director	Budget guidance document and comparative budgets
* <u>May 31</u> bureau division budget meetings for Part I and Part II budgets	Bureau/Division Directors	Budget guidance document, comparative budgets, and program priority analyses
* <u>June 15</u> position file listing submitted to agencies upon request for update/correction	State Budget Officer Position Control Analyst	Position File Listing
* <u>July 1</u> position actions frozen for the budget process	State Budget Officer Position Control Analyst	Position File and B Form Positions
* <u>July 15</u> executive budget meeting to draft preliminary Part I and Part II budgets	Agency Head Admin. Director Bureau/Div. Directors	Budget guidance document, comparative budgets, and program priority analyses
* <u>July 15</u> budget guidance document and budget forms submitted to agencies for Part I and Part II budgets	State Budget Officer Deputy State Budget Officer	Budget guidance document and budget forms
* <u>August 1</u> form B Positions submitted to agencies for review/correction	State Budget Officer Position Control Analyst	Form B Positions
* <u>August 10</u> corrected form B Positions received in the Bureau of the Budget	Agency Head Admin. Director	Form B Positions
* <u>August 31</u> executive budget meeting to finalize Part I and Part II budgets	Agency Head Admin. Director Bureau/Div. Directors	Bureau of the Budget guidance document, budget forms, comparative budgets, and program priority analyses
* <u>September 1</u> Part I and Part II budgets received in the Bureau of the Budget	Agency Head Admin. Director	Budget forms

<u>*Date/Task</u>	<u>Responsibility</u>	<u>Source Documents</u>
* <u>Oct. 1 - Dec. 15</u> budget analysts review/analyze agency budget submissions	Deputy State Budget Officer Budget Analysts Admin. Directors	Budget forms, comparative budgets, budget analysis criteria, and other budget analyses sources
* <u>October 15</u> Governor meets with agency heads for preliminary review of Part I and Part II budgets if required	Governor Agency Heads	Budget forms and program priority analyses
* <u>October 31</u> target budget alternative budget impact statements due in the Bureau of the Budget if required	Agency Head Admin. Director	Target or alternative or budget impact statement form
* <u>October 31</u> printout of Part I budget requests sent to agencies for verification of data	Deputy State Budget Officer	Budget forms
* <u>October 31</u> agency heads meet with Comm. of Finance Governor's Liaison, and State Budget Officer for indepth review of Part I and Part II budgets	Comm. of Finance State Budget Officer Agency head, Governor's Liaison, Admin. Director	Budget forms and program priority analyses
* <u>October 31</u> Budget analysis criteria finalized by the Governor	Governor, Governor's Liaison, Comm. of Finance, State Budget Officer	Budget analysis criteria
* <u>December 1</u> tentative Part I budget recommendations prepared	Deputy State Budget Officer Budget Analysts	Budget forms
* <u>December 1</u> budget guidance document and budget forms submitted to agencies for the identification of funding to implement pending reclassifications and range changes	State Budget Officer Position Control Analyst	Budget guidance document and budget forms
* <u>December 15</u> Form B positions updated and Part I recommendations finalized and submitted to printer	State Budget Officer Deputy State Budget Officer	Budget forms
* <u>December 15</u> funding identified to implement pending reclassifications and range changes received in the Bureau of the Budget	Agency Head Admin. Director	Budget forms

<u>*Date/Task</u>	<u>Responsibility</u>	<u>Source Documents</u>
* <u>December 22</u> Part II budget finalized and sent to printer	Comm. of Finance State Budget Officer	Budget forms
* <u>December 28</u> budget document sent to printer	State Budget Officer Deputy State Budget Officer	Budget forms and supplemental budget forms and summaries
* <u>Feb. - March</u> Part I budget hearings before the Legislature's Committee on Appropriations and Financial Affairs	Agency Head Admin. Director Deputy State Budget Officer	Appropriations Committee form
* <u>February 1</u> budget guidance document and budget forms submitted to agencies to identify positions vacant six months or more as of December 31	State Budget Officer Position Control Analyst	Budget guidance document and budget forms
* <u>February 15</u> updated listing of positions vacant for six months or more as of December 31 received in the Bureau of the Budget	Agency Head Admin. Director	Budget forms
* <u>February 25</u> listing of positions vacant for six months or more as of December 31 submitted to the Legislature's Committee on Appropriations and Financial Affairs	State Budget Officer Position Control Analyst	Budget forms
* <u>March - April</u> Part II hearings before the Legislature's Committee on Appropriations and Financial Affairs	Agency Head Admin. Director Deputy State Budget Officer	Appropriations Committee form
* <u>March</u> work sessions held by the Legislature's Committee on Appropriations and Financial Affairs for the Part I budget	Comm. of Finance Deputy State Budget Officer Agency Head Admin. Director	Appropriations Committee form, budget forms, comparative budgets, and program priority analyses
* <u>May</u> work sessions held by the Legislature's Committee on Appropriations and Financial Affairs for the Part II budget	Comm. of Finance Deputy State Budget Officer Agency Head Admin. Director	Appropriations Committee Form, budget forms, on comparative budgets, and program priority analyses

<u>*Date/Task</u>	<u>Responsibility</u>	<u>Source Documents</u>
* <u>November 1</u> second regular session budget guidance document sent to agencies	State Budget Officer Deputy State Budget Officer	Budget guidance document and budget forms
* <u>November 30</u> second regular session budget submissions received in the Bureau of the Budget	Agency Head Admin. Director	Budget forms
* <u>February 1</u> budget guidance document and budget forms submitted to agencies to identify positions vacant six months or more as of December 31	State Budget Officer Position Control Analyst	Budget guidance document and budget forms
* <u>February 15</u> updated listing of positions vacant for six months or more as of December 31 received in the Bureau of the Budget	Agency Head Admin. Director	Budget forms
* <u>February 25</u> listing of positions vacant for six months or more as of December 31 submitted to the Legislature's Committee on Appropriations and Financial Affairs	State Budget Officer Position Control Analyst	Budget forms
* <u>February</u> budget hearings held by the Legislature's Committee on Appropriations and Financial Affairs for the supplemental budget	Agency Head Admin. Director Deputy State Budget Officer	Appropriations Committee Forms
* <u>March</u> work sessions held by Legislature's Committee on Appropriations and Financial Affairs for the supplemental budget	Comm. of Finance Deputy State Budget Officer Agency Head Admin. Director	Appropriations Committee Form, budget forms, comparative budgets, and program priority analyses

*These are approximate dates. Each task may or may not be included in the actual biennial budget process at the discretion of the Governor.

Total General Fund Revenues FY 1977-1993 (figures in millions)

FY	(1) Actual	Actual (2) more/(less)	Final (3) FY Est	Actual (4) more/(less)	Revised (5) FY Est	Actual (6) more/(less)	Orig (7) FY Est	Actual (8) more/(less)	(9) Budget Est
1977	383.4	3.2%	371.0	3.2%	371.0	3.6%	369.6	9.9%	345.3
1978	433.7	2.8%	421.7	2.8%	421.7	5.6%	409.6	6.5%	405.5
1979	469.9	4.7%	448.0	5.0%	446.5	7.3%	435.5	8.4%	430.5
1980	522.3	1.2%	515.8	1.2%	515.8	1.6%	513.8	2.8%	507.8
1981	579.0	3.6%	558.1	3.6%	558.1	3.6%	558.1	3.9%	556.2
1982	639.9	0.6%	636.0	1.6%	629.5	1.5%	630.4	2.9%	621.4
1983	677.5	-1.7%	689.1	-1.7%	689.1	-1.7%	689.1	-2.3%	693.4
1984	774.8	0.6%	770.1	0.6%	770.1	2.2%	757.7	7.5%	717.0
1985	848.2	0.3%	845.6	1.9%	832.4	2.5%	826.7	8.4%	777.2
1986	948.6	0.7%	941.6	1.5%	934.1	2.5%	924.6	2.6%	923.7
1987	1,117.8	0.8%	1,109.0	6.1%	1,049.4	7.5%	1,034.4	10.9%	995.8
1988	1,291.7	7.6%	1,194.0	10.8%	1,152.0	10.8%	1,151.8	12.8%	1,126.9
1989	1,384.1	0.2%	1,381.5	0.5%	1,377.2	7.5%	1,280.8	12.2%	1,215.5
1990	1,379.4	-0.2%	1,381.8	0.5%	1,372.1	-7.0%	1,475.9	-8.3%	1,493.5
1991	1,424.1	-0.6%	1,432.0	-2.7%	1,462.7	-10.2%	1,569.0	-14.9%	1,636.5
1992							1,572.6		1,569.8
1993									1,658.1

(1) Actual – Tax revenues received for that fiscal year (less any Revenue Sharing and Windfall Amounts).

(2) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Final FY Est. (3).

(3) Final FY Est – Final revised Fiscal Year revenue estimate. Figures represent estimates obtained from the June Controller's Report for that particular fiscal year.

(4) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Revised FY Est (5).

(5) Revised FY Est – Revised Fiscal Year revenue estimates for a particular fiscal year. Estimates reflect revisions as reported during the course of a fiscal year.

(6) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Original FY Est (7).

(7) Original FY Est – Revenue estimates as reported at the beginning of the fiscal year.

(8) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the revenue estimates as originally reported in the Governor's Budget (9).

(9) Budget Est – Revenue estimates as reported in the Governor's original Biennial Budget submission.

(-) revenue over est.
(+) " under est.

Sales Tax Revenues FY 1977-1993 (figures in millions)

FY	(1) Actual	Actual (2) more/(less)	Final (3) FY Est	Actual (4) more/(less)	Revised (5) FY Est	Actual (6) more/(less)	Orig (7) FY Est	Actual (8) more/(less)	(9) Budget Est
1977	163.6	0.6%	162.6	0.6%	162.6	0.6%	162.6	-0.2%	163.9
1978	178.6	-0.7%	179.9	-0.7%	179.9	-0.7%	179.9	-3.2%	184.4
1979	189.9	1.3%	187.5	1.3%	187.5	1.3%	187.5	-5.3%	200.0
1980	205.3	-2.0%	209.4	-2.0%	209.4	-2.0%	209.4	-1.9%	209.3
1981	225.9	-2.1%	230.6	-2.1%	230.6	-2.1%	230.6	-2.0%	230.5
1982	238.7	-0.5%	239.8	-0.0%	238.8	-0.0%	238.8	0.0%	238.6
1983	259.6	-1.3%	262.9	-1.3%	262.9	-1.3%	262.9	-1.2%	262.7
1984	299.4	1.2%	295.9	5.5%	282.9	5.8%	282.0	6.3%	280.5
1985	333.9	0.1%	333.6	0.1%	333.6	0.6%	331.9	7.6%	308.6
1986	360.7	-0.7%	363.1	-0.7%	363.1	-0.8%	363.6	-0.9%	363.8
1987	413.6	0.2%	412.6	0.8%	410.4	1.5%	407.4	4.1%	396.5
1988	464.1	1.0%	459.6	1.0%	459.6	3.6%	447.6	4.3%	444.0
1989	488.0	0.4%	486.0	-3.1%	503.0	-3.1%	503.0	0.8%	484.0
1990	480.0	-0.7%	483.2	-0.7%	483.2	-9.1%	523.6	-16.3%	558.3
1991	468.8	0.3%	467.2	-0.4%	470.8	-26.7%	593.9	-32.2%	619.7
1992							545.4		486.9
1993									514.5

- (1) Actual – Tax revenues received for that fiscal year (less any Revenue Sharing amounts).
- (2) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Final FY Est. (3).
- (3) Final FY Est – Final revised Fiscal Year revenue estimate. Figures represent estimates obtained from the June Controller's Report for that particular fiscal year.
- (4) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Revised FY Est (5).
- (5) Revised FY Est – Revised Fiscal Year revenue estimates for a particular fiscal year. Estimates reflect revisions as reported during the course of a fiscal year.
- (6) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Original FY Est (7).
- (7) Original FY Est – Revenue estimates as reported at the beginning of the fiscal year.
- (8) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the revenue estimates as originally reported in the Governor's Budget (9).
- (9) Budget Est – Revenue estimates as reported in the Governor's original Biennial Budget submission.

FY	(1) Actual	Actual (2) more/(less)	Final (3) FY Est	Actual (4) more/(less)	Revised (5) FY Est	Actual (6) more/(less)	Orig. (7) FY Est	Actual (8) more/(less)	(9) Budget Est
1977	72.6	-2.9%	74.7	-2.9%	74.7	-2.9%	74.7	23.0%	55.9
1978	98.8	11.6%	87.3	11.6%	87.3	16.7%	82.3	13.2%	85.8
1979	107.5	8.9%	97.9	8.9%	97.9	19.2%	86.9	14.6%	91.8
1980	137.4	3.6%	132.4	3.6%	132.4	5.1%	130.4	5.1%	130.4
1981	169.6	11.3%	150.4	11.3%	150.4	11.3%	150.4	11.9%	149.5
1982	200.8	-0.2%	201.2	8.2%	184.4	8.1%	184.5	9.7%	181.4
1983	226.2	7.3%	209.6	7.3%	209.6	7.3%	209.6	5.0%	214.9
1984	251.5	-1.7%	255.8	-0.5%	252.8	-2.5%	257.8	7.6%	232.4
1985	283.0	-0.4%	284.2	2.9%	274.7	3.3%	273.6	11.2%	251.2
1986	318.6	-1.6%	323.6	-1.6%	323.6	1.7%	313.1	1.7%	313.1
1987	400.8	1.8%	393.4	3.3%	387.4	10.2%	359.8	14.3%	343.6
1988	482.9	12.2%	423.9	12.2%	423.9	13.9%	415.9	17.3%	399.4
1989	527.7	1.3%	520.6	1.8%	518.0	11.7%	466.2	16.0%	443.3
1990	551.2	3.4%	532.7	3.4%	532.3	-6.2%	585.5	-4.8%	577.5
1991	555.2	-1.6%	563.9	-3.3%	573.4	-8.5%	602.3	-16.0%	643.9
1992							638.8		614.5
1993									668.5

- (1) Actual – Tax revenues received for that fiscal year (less any Revenue Sharing and Windfall Amounts).
- (2) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Final FY Est. (3).
- (3) Final FY Est – Final revised Fiscal Year revenue estimate. Figures represent estimates obtained from the June Controller's Report for that particular fiscal year.
- (4) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Revised FY Est (5).
- (5) Revised FY Est – Revised Fiscal Year revenue estimates for a particular fiscal year. Estimates reflect revisions as reported during the course of a fiscal year.
- (6) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the Original FY Est (7).
- (7) Original FY Est – Revenue estimates as reported at the beginning of the fiscal year.
- (8) Actual more/(less) – Percent variance between the Actual revenues for that fiscal year (1) and the revenue estimates as originally reported in the Governor's Budget (9).
- (9) Budget Est – Revenue estimates as reported in the Governor's original Biennial Budget submission.

Revenue Forecasting

The process of revenue forecasting can best be described as a cumulative approach. An extensive amount of economic data is collected and used as a basis for assessing future trends. Therefore, it is the process of evaluating the past in order to project into the future.

Various economic statistics are collected, including Wage and Salary Employment, Personal Income, Disposable Income, Housing Starts, New Car Registrations, Total Retail Sales, Maine Economic Growth Index Figures, Unemployment Rates, Resident Employment, and Consumer Price Index rates. These actual figures are tabulated and seasonalized, if necessary, and used as a basis for trend analysis. Projected growth figures for all of the aforementioned economic statistics are also used for projecting future trends. These projections currently are supplied by WEFA (Wharton Econometric Forecasting Associates) and NEEP (New England Economic Project). Both of these organizations reproject these statistics on a quarterly basis. Typically these estimates will project into the next two calendar years.

Current revenue estimates for individual income tax, sales tax, and corporate income tax are actually based on WEFA's projected economic growth, however, NEEP's economic analysis is taken into consideration to avoid any selective perception. Approximately every three months representatives from the State Planning Office, the Bureau of Taxation, Central Maine Power, Department of Labor and the Bureau of the Budget meet in order to discuss and analyze the most recent economic forecasts supplied by WEFA and NEEP. From these discussions, a consensus economic trend for the next two years is developed. This economic trend is then applied to the revenue trend estimates for the major

revenue - generating categories referenced above.

Other revenues require more input from the particular agencies that actually collect these revenues. Most of these revenues are dependent upon agency operating experience and administrative procedures. Examples of such agency-dependent revenues are lottery sales and revenues collected from court fines. Revenues of this type are analyzed within the context of the underlying economic trend, as previously described, and modified based upon the estimates and experience of the particular agency.

Coordination with the Legislature

The new Budget Management System uses the Oracle database program to store, sort, and retrieve budget data. The database design and structure was reviewed with the Legislature's data processing staff during the development of the Budget Management System.

Close coordination of effort is maintained between the Bureau of the Budget and the Office of Fiscal and Program Review and the Office of the Revisor regarding the exchange of budget data electronically and in hard copy. The electronic transfer of FY92 and FY93 budget document data to the Legislature seemed to have occurred reasonably well with one exception. Selected fund data did not rollup correctly due to an error in the computer program written to select data for aggregation. This program was debugged and correctly written by staff of the Bureau of Data Processing in coordination with the Legislature's data processing staff.

Budget bills, other than the General Fund and Highway Fund Unified Acts, are prepared in a Lotus 1-2-3 spreadsheet through direct entry to a PC or as a download from the Budget Management System. Computer diskettes of the budget bills are provided to the Legislature in a compatible Lotus 1-2-3 version containing all the embedded formulas.

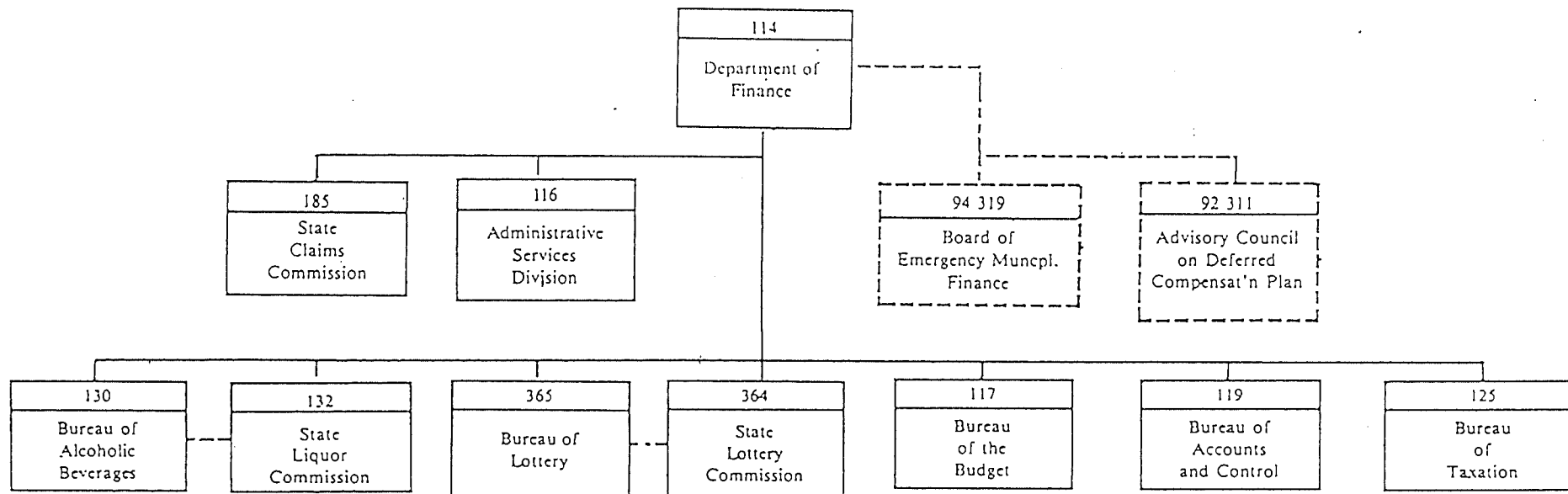
Budget bill changes, however, have presented a problem with respect to the transfer of budget data to the Legislature. The open-ended nature of the process and the hard copy format requirements cause the Bureau of the Budget to have to prepare these budget changes using a PC based word processing program (WordPerfect 5.1). This text file format does not allow the Office of Fiscal and Program Review to easily convert the budget data to its spreadsheet files. Staff

of the Bureau of the Budget and the Office of Fiscal and Program Review have discussed this problem. A solution seems achievable as the obstacle is not technical in nature but due to historical process.

The Appropriations Committee requires budget data to be prepared manually by Departments and Agencies in a format different from the budget document and the budget bills. The result is merely a rearrangement of the same budget data. The Bureau of the Budget and the Office of Fiscal and Program Review have had preliminary discussions regarding the feasibility of electronically producing this financial statement for Departments and Agencies.

Statutory changes that are integral to the Governor's budget balancing plan should be included in the budget bills in order to present a comprehensive budget package. Perhaps some agreement in terms of a detailed process may be arranged with respect to the referral to subject matter committees of the more complex statutory language.

ORGANIZATIONAL CHART
DEPARTMENT OF FINANCE
UMB 08



STATE CLAIMS COMMISSION

Mission Statement

Assures that the rights of property owners and/or interested parties are protected and that just compensation is awarded in highway condemnations in the State of Maine.

Functions

- Hearings processing relative to real property taken by the State to include the appearance of property owners and/or interested parties to present their cases and to have their rights fully protected without the necessity of retaining professional assistance
- Just compensation award determination for highway takings, relocation assistance, grading and well damage claims, outdoor advertising signs, the relocation, removal or disposal of automobile graveyards and junkyards, and assessment of damages for takings by the Portland Water District and by the Maine Turnpike Authority
- Rules, regulations, and form development and implementation to secure speedy, efficient and inexpensive dispositions of all condemnation proceedings
- State or State agent claim approval, partial approval, or disapproval which are not submitted under specific statutory provisions and which do not exceed the sum of \$2,000 for each claim

DIVISION OF ADMINISTRATIVE SERVICES

Mission Statement

The mission of the Administrative Services Division is to provide quality and timely administrative, financial and personnel management services for all bureaus in the Department of Finance.

Functions

- Personnel management and record maintenance
- Payroll processing
- Workers' Compensation management
- Budget and Work Program development
- Accounting transaction processing and record maintenance
- Financial Reporting

BUREAU OF ALCOHOLIC BEVERAGES

Mission Statement

Provides for the complete distribution and sale of liquors, wines and malt beverages to the public. Collects and reports malt beverage and wine excise taxes. Licenses liquor retail outlets.

Functions

- Alcoholic beverage sales through 70 State-operated retail stores
- Liquor sales control for 75 privately-owned agency stores
- Liquor license issuance to qualified licenses
- License fee collection and reporting
- Excise tax collection and reporting on malt beverage and wine sales

MAINE STATE LOTTERY COMMISSION

Mission Statement

The mission of the Maine State Lottery is to develop, implement and operate lottery games of all types so that it may effectively generate additional revenues for the General Fund of the State of Maine.

Functions

- Lottery game design, implementation and sales to the public
- Agent network licensing and maintenance
- Advertising and marketing program development and maintenance
- Outside vendor contracting for cost effective services and products
- Accounting systems maintenance to account for sales and accounts receivable at the agent and state level
- Security maintenance for lottery games and accounting systems

BUREAU OF THE BUDGET

Mission Statement

The mission of the Bureau of the Budget is to support the Administration and the Legislature in their efforts to provide the resources necessary to operate State government while assuring its financial integrity is maintained. This role is accomplished through an active program of budget related planning, analysis, control, and performance measurement carried out in a uniform, consistent and impartial manner. Specific functions and responsibilities of the Bureau of the Budget are described below in detail. Consistent with the goals and objectives of the Governor or Governor-elect and within the intent of the Legislature performs the following specific functions and responsibilities.

Functions

- Budget Planning and Control
- Position Planning and Control
- Revenue Forecasting
- State Cost Allocation
- Budget Policy Development
- Organizational and Management Systems Analysis
- Budget Performance Measurement
- Budget Management System Administration

BUREAU OF ACCOUNTS AND CONTROL

Mission Statement

Maintains a set of central accounting records for Maine State Government. Processes and records payments and revenues made/received by the State and effects transfers of funds from one State agency to another as required and prepares reports reflecting the financial condition of Maine State Government.

Functions

- General accounts maintenance in accordance with appropriate accounting standards
- Accounting document examination and approval
- Invoice and payroll audit and approval
- Monthly report preparation for the Governor and State Auditor on all receipts and expenditures
- Monthly report preparation for the Governor, State Auditor, and Agency Heads on appropriations, allotments, encumbrances, and authorized payments
- Annual State of Maine Financial Report preparation

BUREAU OF TAXATION

Mission Statement

Nearly every person who lives, works, or visits in Maine is affected by at least one of the State taxes administered by the Bureau of Taxation (BOT). Since people tend to form a general impression of State Government from contacts with the general taxing authority, the management of the BOT believes it especially important that taxpayers be treated fairly under the law and with respect in tax matters. Established priorities are:

- A. The proper assessment and collection of taxes as required by Maine law.
- B. The operation of an agency which serves the needs of Maine taxpayers.
- C. The improvement of operating efficiency by strengthening office automation and revitalizing major data processing systems.

Functions

- Income and estate tax form design and distribution, tax return processing, tax refunds and notices generation, tax information, property tax relief program administration, and low cost drug card issuance
- Sales and use tax form design and distribution, tax return processing, sales tax exemption/refund for machinery and equipment purchased by commercial fisherman and farmers administration, tax information, solid-waste advance-disposal fee program administration, and Regional Fuel Tax Agreement administration

- Mail processing, revenue depositing and accounting, central files, design, and maintenance and operation of automated systems.
- Property Tax State Valuation determination, supervising local assessors, assessment and collection of taxes in the Unorganized Territory, auditing the reimbursement claims of municipalities relative to the tree growth tax law and veterans exemptions, and elderly property tax deferred system administration
- Delinquent tax collection through a variety of measures including telephone and billing efforts, liens, and legal action
- Individual and business potential for liability examination through review of their tax returns and/or pertinent records
- Fiscal analyses of tax revenue and tax revenue projections, review of fiscal impact of legislative proposals, and statistical information
- Tax assessments, requests for refunds or abatements, and revocation or denial of exemptions or licenses reconsideration processing
- Tax law research involving Constitutional law conflicts, contracts, and administrative procedure

Subject: Proposed Consolidation of the Departments of Administration and Finance

Goal: To define and implement an organizational structure to provide and meet essential central service and control functions which support the goals and objectives of operating Departments/Agencies while, at the same time, achieving greater economy and efficiency of operation, budget and financial compliance, financial planning and evaluation, accountability for management decision making and the cost effective use of financial, human, information, capital and materials resources.

Potential Economies:

- Integration of separate but similar Department missions and functions
- Better definition of goals and objectives
- Effective utilization of central staff
- Elimination or consolidation of duplicate functions and/or staffing
- Consolidation of similar or overlapping operational and support functions
- Application of uniform and consistent financial, accounting and management practices
- Effective financial and administrative planning, evaluation, and control
- Effective use of consolidated computer and data information systems

Philosophy of Approach (High Level):

- Centralize administrative and financial support functions
- Combine functionally similar operations
- Organize management reporting and accountability around responsibility centers
- Emphasize long range as well as short range planning
- Operate within a framework of "management by objectives"
- Emphasize management accountability for decisions and results
- Report management information for useful and timely decision making



DEPARTMENT OF ADMINISTRATION

Office of the Commissioner

State House Station 74
Augusta, Maine 04333

M E M O R A N D U M

Tel: (207) 289-4505

TO: Carol A. Michel, Deputy Director
FROM: Dale F. Doughty, Acting Commissioner
Department of Administration
DATE: August 23, 1991
SUBJ: Transmittal Letter

We have prepared a very brief overview of each of the Bureaus within the Department of Administration followed by an organizational chart reflecting the major functions of each of the Divisions within the Bureaus.

It should be noted that the First Regular Session of the 115th Legislature moved the functions of the Bureau of Employee Health, the Employees' Health Insurance Program, and Workers' Compensation Division into the Bureau of Human Resources. This reorganization has been completed.

In the following description, we have placed the Risk Management Division under the Bureau of Public Improvements reflecting the initial direction afforded us through the reorganization legislation.

We hope that the following brief descriptions are helpful to you, and staff members throughout the Department look forward to cooperating with the Committee in achieving the Committee's goals.

DFD:sjd

Enclosure

DEPARTMENT OF ADMINISTRATION

REORGANIZATION REPORT

August 23, 1991

BUREAUS

PAGE NUMBERS

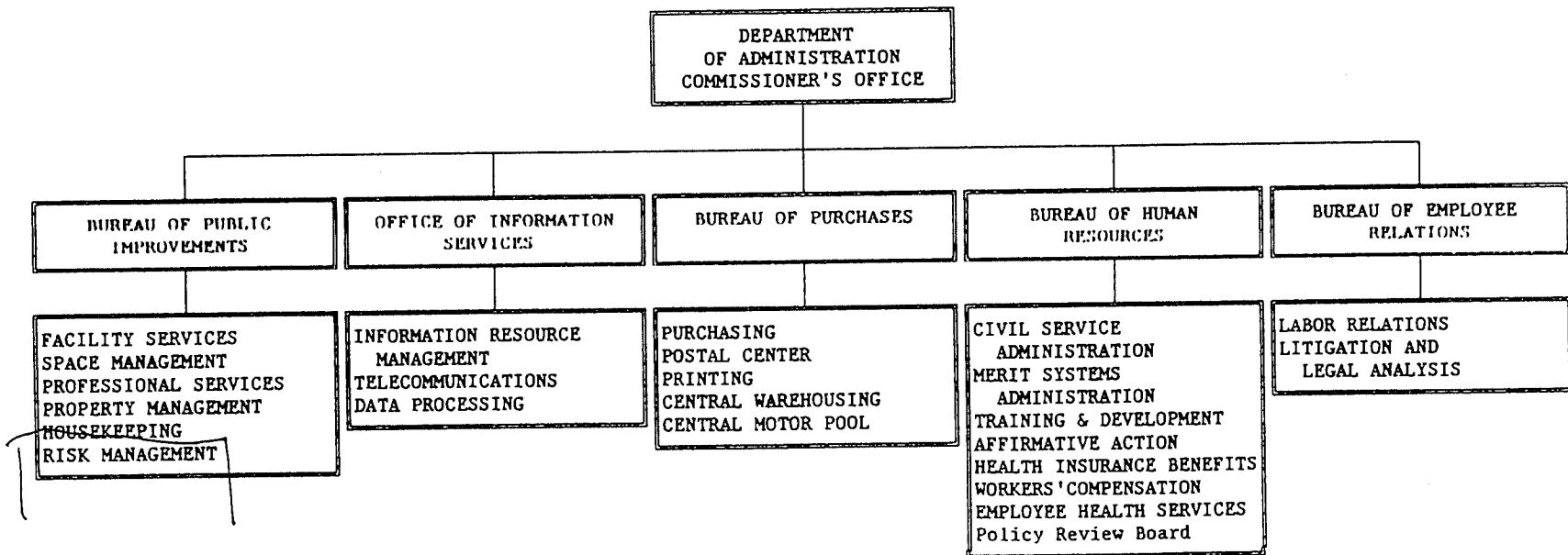
Bureau of Purchases	1 - 5
Bureau of Public Improvements	6 - 11
Bureau of Employee Relations	12 - 14
Bureau of Human Resources	15 - 20
Office of Information Services	21 - 24

COMMITTEE ON GOVERNMENTAL RELATIONS AND PROCESS

Materials Distributed

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DEPARTMENT OF ADMINISTRATION
CURRENT FUNCTIONAL ORGANIZATION
AUGUST 23, 1991



BUREAU OF PURCHASES

Description and Organization

The Bureau of Purchases manages a procurement program to obtain maximum value and and assure fairness, integrity, and open competition. The Bureau is authorized to purchase the services, supplies, materials, and equipment required by State government, and to adopt and enforce specifications for those items. In addition, the Bureau directly provides certain services and supplies to State agencies through a series of divisions operated under an internal service fund titled Postal, Printing and Supply Fund. The Central Motor Pool has recently been added to Purchases. It is responsible for procurement, control, operation, maintenance, and disposition of State passenger vehicles and light trucks.

The Bureau of Purchases is managed by the State Purchasing Agent, who is appointed by the Commissioner of Administration. This management is carried out with the assistance of the Deputy Purchasing Agent, whose primary responsibility is the central service functions.

The Bureau's functions are performed in the following divisions.

- Purchasing
- Central Printing
- Central Photo Lab
- Central Warehouse
- State Postal Center
- Central Motor Pool

Goals

Short Term. 1) The entire Bureau has experienced deep cuts while activity has remained high. The first priority is to organize to provide the best possible service to State agencies, while meeting all the requirements of both the law and good procurement practices. 2) Continue to explore new techniques for inventory management, product specification and service quality/ control.

Purchasing

Description and Organization

The Purchasing unit issues all bids, quotations, purchase orders, and contracts. In FY91, this unit purchased over \$46 million in

commodities, supervised the contracting of \$34 million in service contracts, and oversaw direct agency procurement totaling \$13 million.

The Purchasing section consists of a staff of professional buyers, each responsible for specific commodities and services. Funded largely through general fund appropriation, this area has been significantly cut.

Goals

Short Term. 1) Redistribute the assignment of commodities and services among staff to ensure timely and smooth flow of purchase orders. 2) Remain very active in the procurement of recycled products. Maine is seen as a leader in this area. 3) Foster joint purchasing state-to-state and state-to-local government. This effort will save money for all levels of government and can help develop markets for hard to purchase products.

Long Term. 1) Computerize the procurement system. This will greatly improve the ability to purchase effectively, provide management data, reduce clerical functions, and minimize inventories through coordinated ordering.

Central Printing

Description and Organization

Central Printing provides centralized printing and photo lab services for State agencies. Printing processes approximately 20,000 orders a year, while the Photo Lab processes about 1,200 photographic jobs ranging from emergency custom prints to industrial quality video used in training films, adoption files, etc.

Central Printing is managed by a director. Individual supervisors are responsible for three major sections. Staff range from multilith operators and reprographics workers to laborers.

Goals

Short Term. 1) Provide the best possible service at the best prices. 2) Continually meet all standards for use of products with recycled content. 3) Assure that employees work in a safe, productive environment by proper use of continually changing technology.

Long Term. 1) Integrate functions with the State Postal Center. 2) Computerize further for greater control and task simplification. 3) Review the possibility and cost effectiveness of physically consolidating closer to the State Office Building. 4) Simplify photocopiers and auditron key readings. 5) Improve photo lab quality to reach broadcast level.

Central Warehouse

Description and Organization

The Central Warehouse provides storage and distribution of office supplies, dry goods, and certain foods commonly used by State agencies and institutions. Items are purchased in bulk at bulk prices and redistributed with a handling surcharge. In addition, the State Surplus Program disposes of State property through auction and public sale, while surplus federal property is donated (for a handling fee) to eligible recipients.

The Warehouse is operated by a manager with a supervisor in both surplus and the distribution warehouse. Staff persons prepare orders, deliver, pick up, and record inventory activity.

Goals

Short Term. 1) Improve food ordering to minimize inventory on hand and to enable institutions to receive their foods within a week. 2) Begin serving local governments within current staff resources.

Long Term. 1) Provide a larger warehouse so that larger quantities of items can be purchased at the best possible price and so that travel to and from other storage areas is minimal. 2) Stock frozen foods. 3) Scout and screen surplus federal property further south, possibly down as far as Virginia.

State Postal Center

Description and Organization

The State Postal Center administers the inter-office mail system and coordinates State agency use of the U.S. Postal System. A small fleet of vans picks up and delivers mail sorted overnight to Augusta area agencies. Additional services are provided to sort, bundle, and send mail at discounted rates. Currently, over 65% of all mail is sent at less than full first class rates.

The State Postal Center is managed by a Director and an assistant. This operation runs 18 hours per day, Monday through Friday, with sorting on Saturday.

Goals

Short Term. 1) Reduce overtime through reorganization of staff and schedules. 2) Expand deliveries and collections to include afternoon service for large agencies. 3) Pilot project to convert address files to Zip + 4 and barcode letter mail to increase postage savings.

Long Term. 1) Convert all major agency address files to ~~mini-~~^{MAX} ~~size~~ postage savings. 2) Replace mailing machines to reduce labor and postage costs and align the Postal Center with current and future technology. 3) Gradually replace postal vans.

Central Motor Pool

Description and Organization

Formerly titled the Vehicle Rental Agency, the Central Motor Pool was established in FY 92 to control the use of passenger vehicles and trucks in State government. There are 43 vehicles in the pool, with nearly 50 to be added in the first quarter of FY 92. Vehicles will be added and operating procedures developed to transfer fleet operations to the central agency.

The Central Motor Pool is headed by a manager. No other positions have been established but a computer supervisor, an auto mechanic, and a laborer will be added soon. Growth beyond this is tied to the size and effectiveness of the operation.

Goals

Short Term. 1) Staff up to meet the needs of existing and future fleets. 2) Find a suitable location for the Central Motor Pool. 3) Create operating procedures and appropriate waivers to ensure compliance, including developing a detailed, comprehensive list of all State vehicles.

Long Term. 1) Establish long term fuel procurement requirements. 2) Replace poorly operating, older vehicles on a regular basis. 3) Reduce the number of vehicles owned by State government. 4) Reduce the cost per mile rates currently charged to using agencies.

PRIVATIZATION

Purchasing. Privatization of procurement would require a private vendor to administer State rules and laws. Issues of accountability, ethics, and conflict of interest would be difficult to overcome.

Central Printing. Privatization of printing services and photography are possible and are done to some degree now. Commercial printing can not provide immediate service comparable to that provided the Legislative and Executive branches. On large orders with reasonable lead times, work is bid out and performed by private vendor. Further, Central Printing's existence helps keep vendor pricing low in this region.

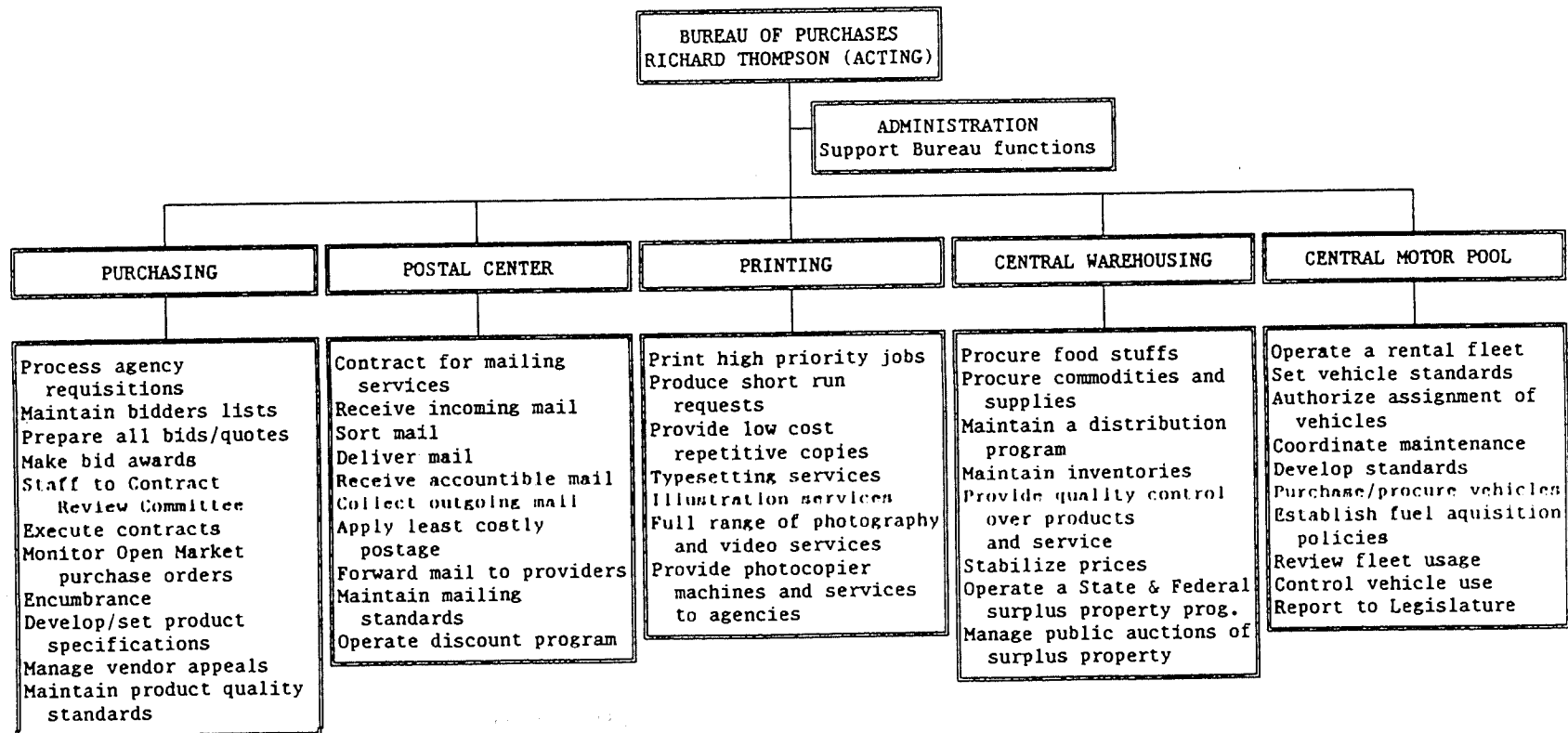
Copier services are contracted through several vendors. Administration of the billings, supply, and placement systems are all handled by State staff.

Central Warehouse. Privatization of services is possible using a prime vendor concept. While there are some advantages to that concept, our experience with frozen foods has been that a State owned facility provides more control over product and service performance. In some circumstances, cereal for example, the State buys direct from the manufacturer at prices below those paid by local wholesalers. Privately, discounts would be decreased based on limited spot buying power. Legislative mandates, such as recycled content and Blind Made Products, would be difficult to monitor. Finally, surplus properties are not good candidates for privatization, particularly the Federal Program.

State Postal Center. Privatization of the entire service is not practical at this point. Discount mail programs through contracted vendors are currently being explored. Pick up and delivery to all agencies plus sorting of incoming mail requires a State run internal facility.

Central Motor Pool. Privatization of the entire program has not been considered, but various components such as scheduled maintenance, repairs, collision damage, brake work, and exhaust work, are slated for competitive bidding versus gearing up for in house operation. A good internal system for fuel exists within MDOT, but one or more private vendors will enhance current locations and reduce costs based on bidding.

BUREAU OF PURCHASES
CURRENT FUNCTIONAL ORGANIZATION
AUGUST 23, 1991



BUREAU OF PUBLIC IMPROVEMENTS

Description and Organization

The Bureau of Public Improvements (BPI) oversees the expenditure of State funds for all public improvements. The Bureau now also reviews and approves school construction projects, identifies and resolves facility environmental problems in State and school facilities, and manages space allocation and lease space programs. In addition, the Bureau has direct management responsibility for 52 buildings in the Augusta-Hallowell region. Finally, the Department's Risk Management Division is planned to be incorporated into the Bureau of Public Improvements.

The Bureau of Public Improvement's functions can be summarized as follows:

- Safety and Environmental
- Space Management
- Planning and Construction
- Property Management - Maintenance
- Property Management - Custodial
- Building Control
- Property Records
- Risk Management

BPI currently has 4 divisions encompassing 140 employees. Each division has a manager who reports to the Bureau director:

- Division of Professional Services - Chief Engineer
- Division of Safety and Environmental Services - Director
- Division of Property Management - Superintendent of Buildings
- Division of Housekeeping & Custodial Services - Director

Each unit of the Bureau has seen significant staff reductions in the last year, usually without a commensurate reduction in duties and often with an increase.

Safety/Environmental

Description and Organization

Using bond issue funds as the primary source, the safety and environmental programs now include facility evaluations and corrective action. The main focus is on asbestos management, with attention to indoor air quality, radon, chemical hazard, and general safety issues. Most of these programs are available to public schools as well as State facilities.

Goals

Short Term. 1) Continue to provide the highest possible level of service with the reduced staff and declining bond funds. 2) Participate with other bureaus and departments in the development of an improved State system of managing safety and health issues.

Long Term Goals. 1) Provide environmental support services for State and school facilities on an advisory, unfunded basis, with emphasis on emergencies and training. 2) Provide basic field services for lease space management as the new program evolves.

Space Management

Description and Organization

The Bureau has recently been given expanded duties for the allocation and management of State owned and/or leased space. BPI is now directed to establish space standards and enforce them in statute or code, to allocate space, to lease and manage property as needed, and to seek the best economic interest of the State in obtaining and allocating space. The state has leases totalling 1,416,611 square feet of office space at an annual cost of \$11,934,403.

Goals

Short Term. 1) Meet the lease space budget reduction in the Augusta area set by the Legislature. 2) Improve existing available State owned space to reduce the dependency on leased facilities. 3) Adjust internal space allocations to reflect staff reductions resulting from budget cuts.

Long Term. 1) Establish a statewide space allocation and management policy to improve the use of space in regional centers under direct BPI management. 2) Develop additional office space in the Augusta area by the construction or lease purchase of a facility that will reduce dependence on leases. 3) Seek adequate resources by implementation of the Service Funds concept in the statute.

Planning and Construction

Description and Organization

BPI directly or indirectly reviews and monitors \$50 to \$100

million dollars of State and school construction annually. Most of this task falls to the Division of Professional Services, which is staffed with architects, engineers, and field inspectors. The division works directly with building owners to select professional assistance for projects, and then supervises the process of contracting and construction through to a finished project.

In limited instances the division works with building managers to design and implement solutions for facility renovations or repairs in the Augusta area and at sixteen facility complexes around the State.

The Bureau also provides staff support for the planning of a statewide capital construction program and for specific physical planning in the capitol area. The planning process is managed by several commissions involving state employees, legislators, and citizens.

Goals

Short Term. 1) Complete the construction projects currently underway, with a particular focus on Corrections and Technical Colleges. 2) Organize property plans and files to improve management and accessibility of construction records.

Long Term. 1) Integrate new computer system into daily work methods and move to CAD building plan system compatible with DSES computer files. 2) Continue development of preventive maintenance program for facilities. 3) Seek restoration of capitol and capital repair funds at the earliest possible stage.

Property Management (Maintenance)

Description and Organization

Maintenance including building repairs, grounds maintenance, snow plowing, safety checks, and minor construction and renovation activities. The Property Management Division operates and maintains a vehicle and equipment fleet, and maintains an inventory of parts and supplies.

Goals

Short Term. 1) Maintain services with severely reduced budget and staff, using new work methodology and organization as needed. 2) Computerize work order and supply inventory management to improve the control and assignment of costs.

Long Term. 1) Improve quality of vehicle fleet, directly or through the new central motor pool. 2) Integrate management of facilities outside the capitol complex for improved State facility control. 3) Implement a preventive and deferred maintenance program for facilities to avoid the continuing deterioration of our investment and to correct serious code, safety, and structural problems.

Property Management (Custodial)

Description and Organization

The Housekeeping/Custodial Division provides for day-to-day cleanliness and waste management in State owned facilities in the Augusta/Hallowell area. In addition to cleaning, rug shampooing, waste gathering, etc. the division manages a pioneering waste recycling program that has proven to be effective in reducing costs.

Goals

Short Term. 1) Develop and implement employee safety and training programs. 2) Raise custodial staff self esteem and morale levels by implementing new employee recognition programs to reward outstanding performance. 3) Implement new scheduling and work team procedures to continue a reasonably effective housekeeping program after serious staff and budget reductions.

Long Term. 1) Increase staffing levels so that complete and comprehensive custodial service can be provided in all buildings.

Building Control

Description and Organization

This unit focuses on the security of buildings 24-hours per day, including access control, boiler and temperature management for efficiency, and fire safety. Computerized control equipment and strategically placed video cameras are operated from a single control room. Detailed records of access and equipment operation are kept. An emergency phone line allows the dispatch of help when needed.

Goals

Short Term. 1) Resolve staffing and overtime issues so as to maintain the function on a reasonable basis. 2) Improve the physical setting of the control system to reduce the impact on operators and allow for additional equipment.

Long Term. 1) Integrate the new Motor Vehicle and Medical Examiner's buildings into the control system. 2) Upgrade fire protection systems in all facilities. 3) Improve the control of lighting in the State Office Building to reduce costs.

Property Records

Description and Organization

This function, recently reduced from two to one staff member, is based on the statutory requirement to maintain records on real property and removable equipment. Recent improvements have been made with use of a computer, but much more needs to be done to bring the system out of the thirties.

Goals

Short Term. 1) Maintain reasonable property records within the capability of one staff person. 2) Integrate the function into a line unit to improve day-to-day supervision and communication.

Long Term. 1) Bring the system fully into the State's current MFASIS capability so as to improve accuracy and reduce hand written forms and reports. 2) Increase voluntary compliance by State agencies.

Risk Management

Description and Organization

This unit is responsible for insuring State property and activities against financial loss. All insurances are overseen, including purchasing insurance and setting up self-insurance programs. All claims against the State are managed here, and the unit also handles all the property, vehicle, and bonding claims agencies have against others. The Risk Management unit also handles underwriting and subrogation. Data on property values,

losses, and payments is maintained. Premiums are collected from departments to maintain the self-insurance fund. A safety and loss prevention program is managed. A staff of five performs these duties.

Goals

Short Term. 1) Continue service while protecting the State liabilities. 2) Keep rates low by handling claims promptly and maximizing recoveries. 3) Prevent claims through proactive safety programs and promote health and safety with emphasis on VDT health issues.

Long Term. 1) Maintain proper ratings in all program categories to insure the self-insurance fund is adequate. 2) Implement innovative solutions to the challenging risk management problems posed by solid waste, pollution, low-level radioactive waste, civil rights, discrimination, and other changing government policies and programs.

PRIVATIZATION

The space management, safety/environmental, and planning and construction functions of the Bureau of Public Improvements are already substantially privatized. In these areas, the Bureau's functions are mainly control and monitoring of private consultants or contractors working under State or school contracts.

Additional privatization is possible in the property management area. While we now rely heavily on outside trades persons for support in electrical, plumbing, and heating, it is appropriate to assess the contracting of core maintenance functions.

The maintenance of vehicles could be done privately and, in fact, will be under the new Central Motor Pool concept.

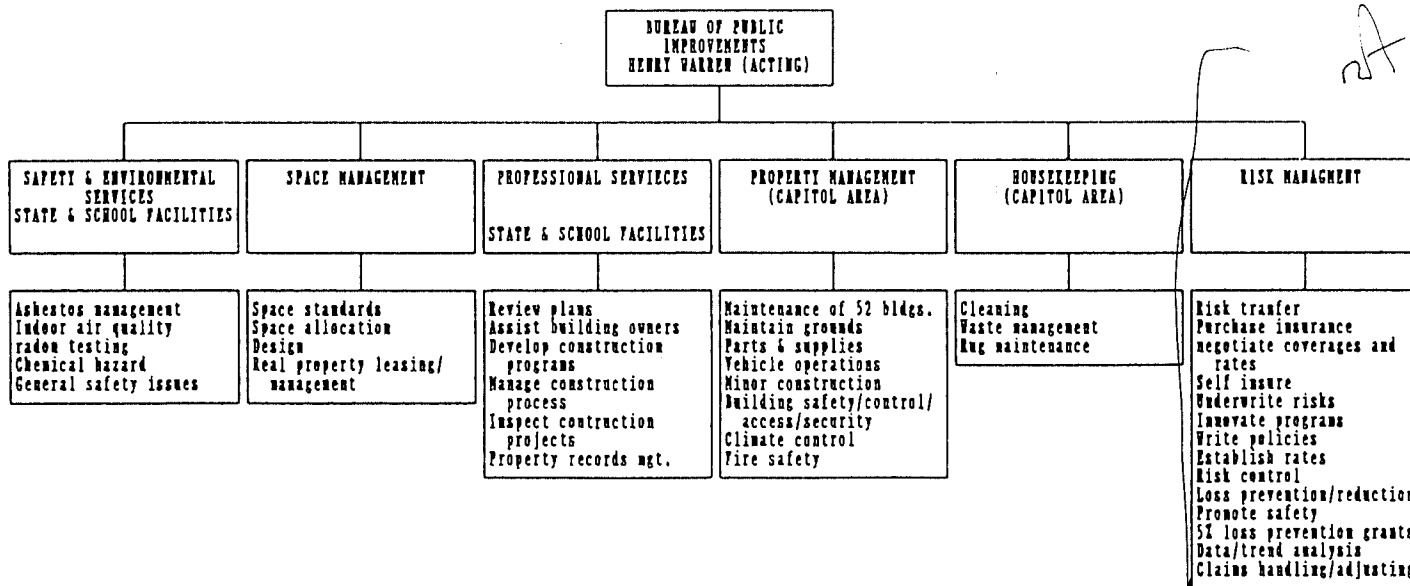
Some custodial services are now contracted for both State and leased space. This function could be privatized almost entirely.

The building control function could be contracted to a security or maintenance contractor.

The risk management functions resulted from the determination that deprivatization was appropriate and cost effective. The central administration of self-insurance and claim functions is presently the most inexpensive approach. Many of the State's needs are unique to government and can not be satisfied by private carriers.

PROPOSED ORGANIZATION
BUREAU OF PUBLIC IMPROVEMENTS
AUGUST 23, 1991

THE DEPARTMENT PROPOSES A
REORGANIZATION OF THE BUREAU THAT WILL
INCORPORATE THE CURRENT DIVISION OF
RISK MANAGEMENT



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BUREAU OF EMPLOYEE RELATIONS

Description and Organization

The Bureau of Employee Relations is by law the Governor's designee to carry out the employer functions of the State under the State Employees Labor Relations Act ("SELRA"). Accordingly, the Bureau is responsible for all matters concerning the collective bargaining process and for the development and implementation of employee relations policies for all agencies the Executive Branch of State Government.

The Bureau's functions can be summarized as follows.

1. Develop and execute employee relations' policies, objectives and strategies consistent with the Governor's overall objectives.
2. Conduct negotiations with designated employee bargaining agents.
3. Administer and interpret collective bargaining agreements for the benefit of all State departments and agencies.
4. Represent the State in all legal proceedings that emanate from the collective bargaining process, such as bargaining unit determination, elections and prohibited practice complaints.
5. Coordinate the compilation of all data necessary to the collective bargaining process and implementation thereof.
6. Coordinate the State's approach to all instances of negotiating, mediation, fact finding, arbitration and other legal proceedings.
7. Provide necessary technical advice and training to State agencies for implementation and administration of collective bargaining agreements.

The Bureau of Employee Relations is managed by a Director who is appointed by the Commissioner of Administration. The Bureau is loosely divided into two functions or sections -- labor relations and legal -- but because of the close connection and overlap of the two functions, in fact the Bureau is run under a team approach. The Bureau has ten employees, including employee relations counsel and labor relations specialists.

Goals

Short Term. 1) Work within existing resources to maintain a high level of services to agencies during this period of greatly increased grievance activity and law suits. 2) Reach agreement pursuant to P & S Law 1991 Ch. 65 with MSEA and AFSCME on how to fund the current collective bargaining agreement increases. 3) Work with departments and agencies to implement and administer the methods used to fund the contracts. 4) Resolve all problems and issues arising out of the furloughs, shutdown days, and pay lag. 5) Work with departments and agencies to minimize employee relations problems caused by the necessity of maintaining services with reduced resources. 6) Repair the State's relationship with employees and employee unions in the existing climate of low morale, anxiety, and tension. 7) Prepare for contract negotiations for the successor agreements to those expiring on June 30, 1992. 8) Improve the effectiveness of the new arbitration panel for non-select cases. 9) Decide upon and implement a procedure for dealing with pending unit clarification matters.

Long Term. 1) Work with departments to reduce number of grievances filed and to resolve grievances at the lowest possible level. 2) Improve the grievance procedure by reducing the backlog and providing for speedier resolution of grievances. 3) Successfully negotiate and complete all collective bargaining agreements, which will most likely be an extremely difficult task in light of the State's current and projected financial conditions. 4) Develop and implement procedures for the administration of new collective bargaining agreements. 5) Resolve outstanding unit clarification petitions and those subsequently filed by the Maine State Employees Association. 6) Negotiate substantive changes in the layoff and recall process to provide for more expeditious layoffs and to limit the movement of employees so as to reduce the impact of layoffs upon departments and employees. 7) Complete negotiations over the State's compensation system pursuant to 26 M.R.S.A. §979-D(1)(E)(1)(g), (h), and (i).

PRIVATIZATION

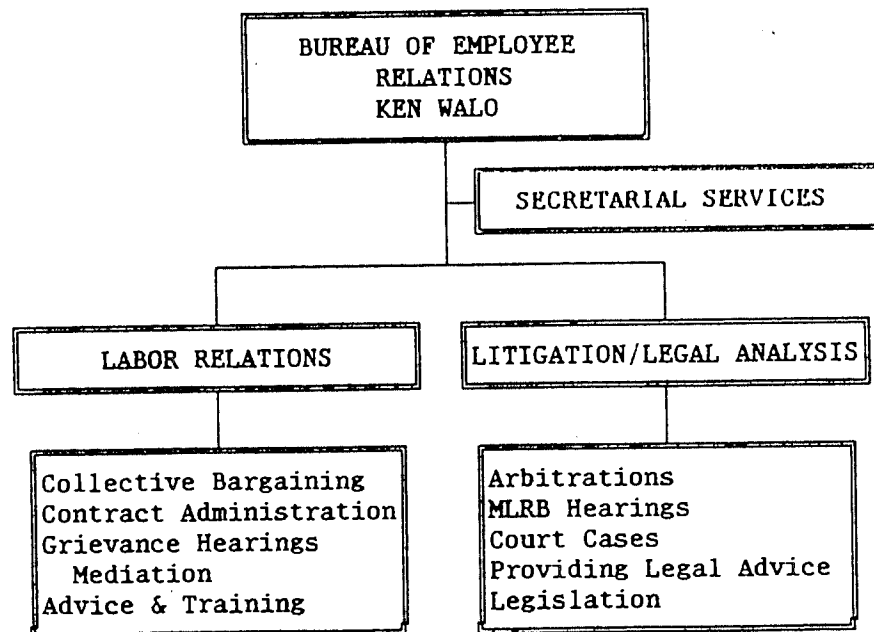
Employee relations is a function for which privatization would be neither practical nor cost effective. With respect to the legal function, the cost of paying outside attorneys on an hourly basis would be prohibitive, perhaps three or four times as high as having staff counsel. Additionally, it would be impractical because the attorneys must always be ready to assist and advise departments, on a daily as well as emergency basis, in addition to representing the Bureau in grievance, MLRB, and court cases.

With respect to the labor relations section, it would not be feasible to contract out those services. The services required

by the State are not available on a contract basis, and if they became available they would not be appropriate because of the special relationship the function has to management. Contracting out contract negotiations is feasible but our experience has been that negotiators without an ongoing relationship with the State, departments, and unions, are not effective. Further, the subsequent administration of the contracts is much more successful if our staff has been a part of the actual negotiating process.

Finally, the SELRA requires that the Bureau of Employee Relations perform the employer functions for the Governor for the Executive Branch of the State.

BUREAU OF EMPLOYEE RELATIONS
CURRENT FUNCTIONAL ORGANIZATION
AUGUST 23, 1991



BUREAU OF HUMAN RESOURCES

Description and Organization

The Bureau of Human Resources is State government's central administrative agency for a range of human resource functions. These include the traditional aspects of civil service administration plus a broader set of functions that pertain to human resource management. Just this summer, the Legislature again acknowledged this broader human resource environment when it combined several related organizational units under the single management umbrella of the Bureau of Human Resources. At this writing, the Legislature's reorganization is being implemented. It is expected that additional opportunities for structural improvement will be generated by the current changes.

The Bureau's clientele are State agencies, State employees, and applicants for State employment. The agency operates in an environment circumscribed by State and federal civil service and employment law, State civil service rules, and collective bargaining agreements. The Bureau of Human Resource's functions can be summarized at the most general level as follows:

- Merit System Administration
- Health Insurance
- Training and Development
- Workers' Compensation for State Employees
- Affirmative Action
- Employee Health Services

Merit System Administration

Description and Organization

The primary functions of the merit system are to ensure that employment practices provide for fair and open competition for State jobs and to ensure equitable and adequate compensation for work performed. State agency activities are audited for compliance with applicable laws, rules, policies, standards, and collective bargaining agreements. The primary components are:

1. Classification/compensation. Responsible for position classification, job evaluation (pay grade assignment), employment test construction and validation, recruitment and selection programs, representing the Bureau of Human Resources in appeals and arbitrations, conducting

salary surveys, providing informational services to applicants for employment, and overseeing decentralization of appropriate functions to operating agencies.

2. Employment registers and certification. Maintains centralized employment registers for use by line agencies in filling all competitive job classifications. Monitors the filling of all vacancies for compliance with Civil Service laws and rules and collective bargaining agreements.
3. Personnel Transactions and Salary Authorization. Audits and authorizes all changes to employment status or pay that are initiated by line agencies. Develops procedural methods and controls. Provides policy and procedural instructions to agencies. Develops supporting reports and documentation. Works in concert with the Budget Office and the State Controller to maintain the integrated Human Resource, Payroll, and Position Control System (MFASIS).
4. Test administration. Schedules and administers employment tests and notifies applicants of results. Responds to appeals.

Goals

Short Term. 1) Continue to respond to the human resource implications of the present economic difficulties by implementing layoffs, hiring freezes, cost savings programs, special collective bargaining agreements, and other related activities.

Long Term. 1) Provide the agencies of State government timely and effective human resource services. 2) Ensure that State government hires and retains individuals who possess the knowledge and skills necessary for the effective operation of State agencies.

Health Insurance

Description and Organization

The Health Insurance Division provides central administration of the health, dental, managed care, and prescription drug programs for the 22,000 State employees and retirees and their eligible dependents. Functions include securing vendors either through negotiating contracts or by conducting competitive bidding, processing enrollments and changes, coordinating payroll deductions, and providing information to participants and providers.

Goals

Short Term. 1) Introduce alternative health insurance programs on July 1, 1992. 2) Issue RFP's on prescription drug and managed care components for implementation on July 1, 1992. 3) Integrate First Aid Station nurse into office operations and managed care component.

Long Term. 1) Study the feasibility of self insurance. 2) Assess the potential to integrate functions of the health insurance program, workers' compensation, employee assistance, and wellness and screening programs to create a comprehensive approach to respond to employee needs.

Training and Development

Description and Organization

The Training and Development unit has statutory responsibility to provide centralized management development, employee skill training, organizational consulting services, and coordination of statewide training activities in order to improve employee productivity and organization effectiveness. In carrying out these responsibilities the division conducts assessments of training needs, develops training curricula, trains trainers, conducts workshops and new employee orientations, evaluates training effectiveness, provides management consulting services, establishes and develops training policy, and assists agencies in the implementation of agency level training.

Goals

Short Term. 1) Advocate to establish managerial and employee development as an accepted agency priority during this period of reduced resources. 2) Improve use of statewide resources through cooperative activities in order to meet training needs. 3) Establish programming addressing State's need to enter the rebuilding process required to manage with reduced resources.

Long Term. 1) Increase resources to meet training needs. 2) Update training needs data and establish a State Training and Development Plan. 3) Implement pilot performance appraisal system. 4) Institute program to prepare skilled managers to progress from first line supervisor to middle manager, then to executive manager.

Workers' Compensation

Description and Organization

The mission of the Workers' Compensation Division is to reduce the incidence of work related injuries and illnesses, improve the quality and efficiency of services for injured employees, reduce the medical costs associated with work related injuries/illnesses and reduce the duration and severity of employee incapacity due to work related injuries/illnesses. This unit also advises agencies on safety and rehabilitation programs, as well as maintaining data for program development and evaluation.

Goals

Short Term. 1) Resolve long term claims. 2) Implement cost containment strategies. 3) Fully incorporate direct line supervisors in early intervention efforts with injured employees. 4) Continue pilot programs at Pineland and BMHI to develop innovative means to manage claims more effectively. 5) Develop pilot program with Health Insurance Division to provide injured employees workers' compensation benefits through comprehensive health insurance. 6) Implement a pilot safety program within Finance/Administration. Implement/coordinate safety training programs in high loss experience areas.

Long Term. 1) 90% of injured workers return to work within 10 days. 2) State agencies manifest a positive "return to work" philosophy. 3) State agencies capable to managing their own cases with minimal assistance from the central division.

Affirmative Action

Description and Organization

The Bureau has a statutory obligation to insure that the civil service system is free of illegal bias and to monitor affirmative action programs for compliance with State and federal regulations. The obligation is met through policy-making, technical assistance, and monitoring of EEO/AA issues throughout State government. State agencies get direction, guidance, and assistance in formulating affirmative action plans, investigation of complaints, and staff training. There are central systems for monitoring the compliance of State agencies.

One area of particular emphasis is the State's Supported Employment/Special Appointment Project, a program that increases for

people with severe disabilities both access to the State civil service system and success within it. This project works with clients, rehabilitation counselors, and hiring agencies to identify placements and assure continued support following employment.

Goals

Short Term. 1) Develop and implement State Affirmative Action Plan. Update all agency plans and implement monitoring schedule for agencies. 2) Upgrade knowledge and skill levels of part-time AA officers. 3) Develop cadre of investigators to conduct sensitive EEO investigations throughout State government. 4) Help Supported Employment/Special Appointment participants who have been laid off to re-enter the State system. 5) Train employees on the new federal Americans with Disabilities Act.

Long Term. 1) Significant increase in numbers of women, minorities, and disabled individuals in positions where they are underrepresented. 2) Remove systemic and attitudinal barriers to employment/advancement of women, minorities, and disabled individuals. 3) Enhance the natural supports in the civil service system through collaboration with other stakeholders in Maine's Supported Employment initiative.

Employee Health Services

Description and Organization

The Employee Health Services unit plans, develops, and implements programs to improve the health and safety of State employees. This unit is reorganizing at this time, following Legislative action to abolish most of the staff positions. The Legislature also required that the delivery of services of the Employee Assistance Program be contracted out. The Employee Assistance Program conducts assessments and makes referrals for employees whose work performance has been impaired by behavior or medical disorders such as alcoholism, drug abuse, emotional problems, family disorders, and financial, legal, marital, and other stresses.

PRIVATIZATION

Privatization of merit system administration or affirmative action would be both impractical and inappropriate. The complex interplay of State and federal laws, collective bargaining agree-

ments, and rules requires closer management oversight than is practical in contractual relationships. Merit system administration necessitates intricate communication with the human resource and management staff of all State agencies and with the other central administrative agencies (Budget, Accounts and Control), a network that can not be duplicated privately.

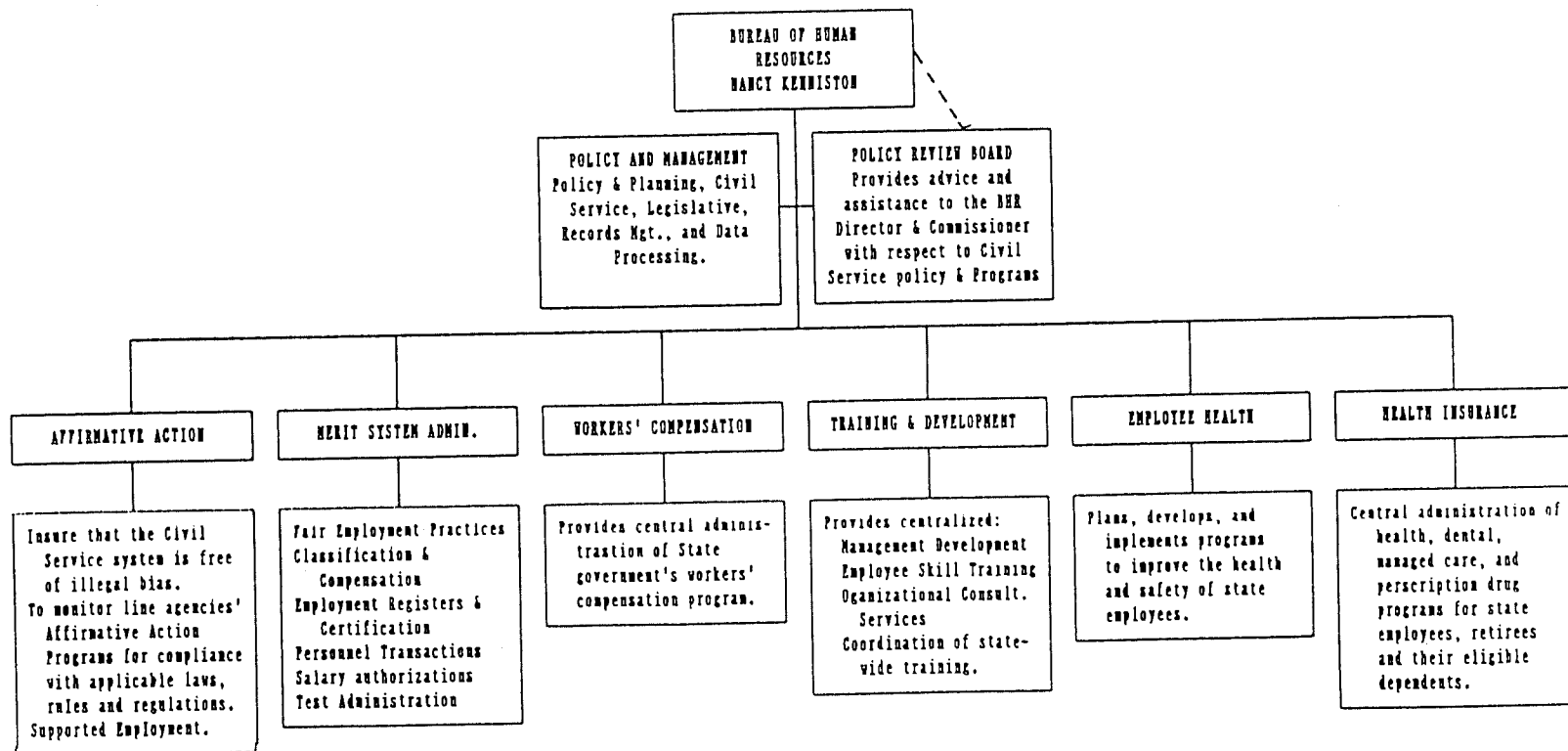
The Health Insurance Program now contracts with Blue Cross and Blue Shield, and Blue Alliance for a fully insured health insurance program. In addition, contracts have been awarded to Health Professional Review, which administers the State's managed care program, and Maine Health Information Center, a private organization which manages the State's data analysis. The remaining State functions can not practically be privatized.

In Training, a significant amount of training and organization development is now provided through contracting with private sector vendors. The University of Maine is one of the most frequently used vendors. Generic types of programs can be and are provided by private vendors. However, much of management training and development is most effectively delivered through in-house trainers, who are knowledgeable in the State's management priorities, systems, and procedures.

In Workers' Compensation, a portion of the function is now contracted out. Review is underway to assess our ability to integrate workers' compensation managed care with our health insurance managed care contracts. Although further privatization of the workers' compensation function has been suggested, it is our belief that as we reorganize the Worker's Compensation unit within the Bureau, the program is most effectively and least expensively administered if retained in State government.

The Legislature has just called for the contracting out of employee assistance services to include assessment, referral, coordination, and education services for State employees. This change is in progress at this writing.

BUREAU OF HUMAN RESOURCES
CURRENT FUNCTIONAL ORGANIZATION
AUGUST 23, 1991



OFFICE OF INFORMATION SERVICES

Description and Organization

The Office of Information Services is responsible for coordinating the deployment of the State's technology resources in a cost-effective manner. The Office assists agencies with long-range information plans, prepares technology standards for consideration by the State's Information Services Policy Board, and provides direct data processing and telecommunications services to all branches of State Government.

The functions of the Office are directed by the Deputy Commissioner of Information Services, who is appointed by the Commissioner of Administration. The Office is organized into three working units:

Information Resource Management Division
Telecommunications Division
Bureau of Data Processing

The Office also maintains a "dotted line" relationship with the Information Service Policy Board, a statewide rulemaking body that functions as a steering committee for information resource policy, standards, and rate setting.

Goals

In 1990, the Office chaired an interagency task force that developed a set of information architecture principles, a blueprint to direct the State's future information resource investment. Among other things, the principles advocate a compatible technical infrastructure, data sharing, cross-agency system development, and equal organizational relationships established between program managers and their technical peers within the State agencies. The goals of each unit of OIS, as described below, have been formulated to advance these architectural principles.

Short Term. Develop a catalog of data warehoused throughout State government.

Long Term. Build the capability for local/regional access to the information stored in the State's computers.

Information Resource Management Division

Description and Organization

Headed by an Assistant Deputy Commissioner, the division is responsible for assisting agencies with long range planning, coordinating cross-agency systems development, developing data processing and telecommunications standards, providing training to the State's data processing professionals, evaluating state-wide computer-related acquisitions, and assisting agencies with vendor contract negotiations. These functions are staffed by 7 general fund and 5 internal service fund positions (10 filled). Considerable work is performed by leveraging staff with committee volunteers from other agencies.

Goals

Short Term. 1) Develop key technical standards related to the information architecture principles. 2) Develop a statewide data catalog, and continuation of cross-agency system initiatives in the areas of criminal justice, natural resources, and human services.

Long term. 1) Champion information sharing within agencies, among agencies, and with the public. 2) Continue to raise the perception of information technology from an overhead burden to one of strategic importance which contributes to informed decision-making and to a restructuring of outdated work flows and processes.

Telecommunications Division

Description and Organization

Headed by an Assistant Deputy Commissioner and funded by an internal service fund, the Telecommunications Division serves as State Government's telephone company, providing telephone and transmission services to some 18,000 customers in over 500 locations across Maine. The Division serves all three branches of government, plus Maine Maritime Academy, the Technical Colleges, and portions of the University system. The Telecommunications Division currently employs 22 people, including the central telephone operators, service order coordinators, and voice and data technicians.

Goals

The Division's short and long term goal is to convert the antiquated, centralized, cumbersome telephone system to modern, integrated voice, data, video networks utilizing digital technology in compliance with international standards. Based upon a design of distributed switching equipment, network software, and high speed/broad bandwidth transmission, the deployment of this network is essential to establishing statewide connectivity and information-sharing.

Bureau of Data Processing

Description and Organization

Headed by a Director, the Bureau provides mainframe computer operations, auxiliary computer services, professional data processing systems development, and statewide agency computer support. Serving all branches of State Government, the Bureau's mainframe computers process over 120,000 jobs per month, including over 5.5 million on-line transactions. Specifically, the law charges the Bureau to assure a high quality of service to all users, allocate resources as necessary to meet peak demands, and assure adequate backup for all information services. The Bureau is the largest of the three OIS units, with 120 filled positions.

Goals

Short term. 1) Continue with cost-cutting initiatives. 2) Complete the installation and support of computer security software, database management software, and network communications changes. 3) Continue annual rate reductions while supporting annual mainframe computer increased growth of 20-30%.

Long term. Reposition the Bureau's computer architecture and services to support the State's information architecture principles, while preparing for the future effects of technology changes.

PRIVATIZATION

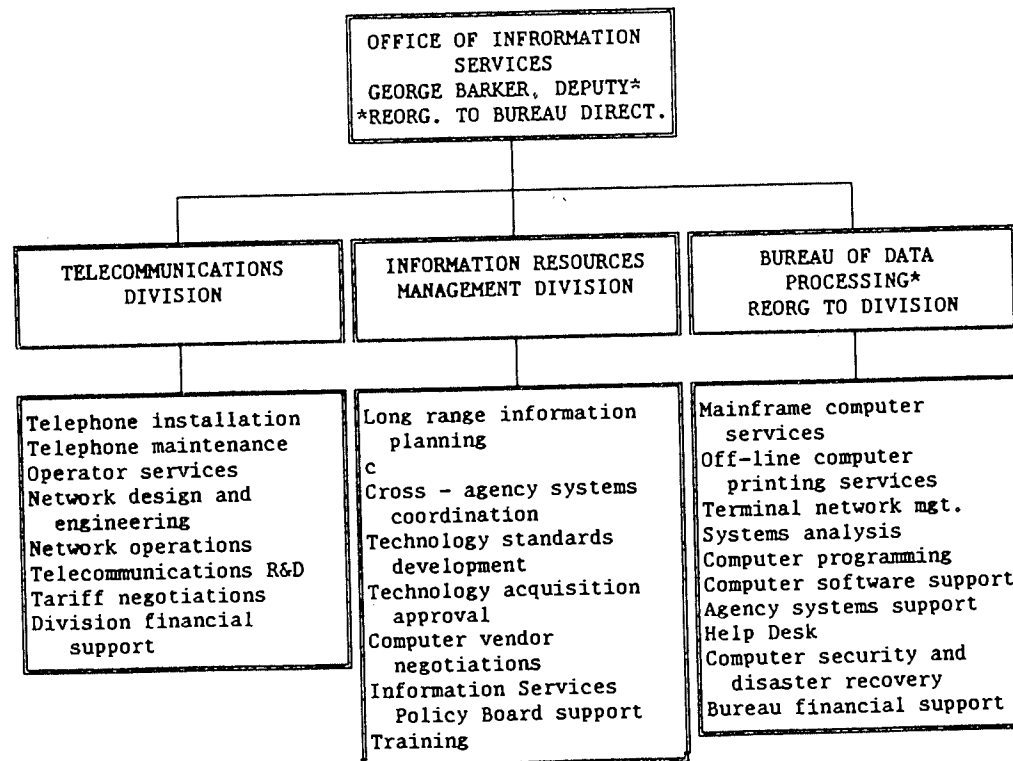
Information Resource Management Division. The most likely function for privatization is in the area of data processing training. The Division already contracts for most of these services, particularly in specialized technical areas. The other functions performed by this Division fall within the consulting

arena, where we believe we provide these services more cost-effectively than the private sector. Additionally, the Division provides an overall perspective to the State's technology plans and directions.

Telecommunications Division. While many of the functions performed by this unit could be performed by outside sources, it should be recognized that this Division currently provides geographic service to all of the State, entering into the territories of nineteen independent telephone companies as well as New England Telephone. The unit is able to provide toll service, installation, operation, and maintenance cheaper with its own employees than by contracting for these services.

Bureau of Data Processing. Although data processing services might be considered good candidates for privatization, the diversity and complexity of the current environment, in which we are supporting our customers with both a Bull and IBM mainframe, would be difficult to assume. The Bureau has been able to reduce its rates to its customers by over 20% in each of the last three years while also supporting increasing work volumes by the large customers. It is also important to note the the agencies have a choice to buy those services from the private sector. Even with that option BDP's mainframe workload has been growing tremendously. Paradoxically, the State's overall direction is toward distributed computer systems throughout the agencies.

OFFICE OF INFORMATION SERVICES
CURRENT FUNCTIONAL ORGANIZATION
AUGUST 23, 1991



MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
DYAN M. DYTTER
GRO FLATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS



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MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

September 11, 1991

TO: Members, Staff, Committee on Governmental Relations
and Process

FROM: Jon Clark

RE: Materials

Enclosed are several items for your information and review.

1. The minutes of the September 11, meeting.
2. A copy of the interim report, with attachment,
which was sent along to Don and Mert.
3. A copy of Maine's Rainy Day Fund law, 5 MRSA §1513
(includes changes made in the last session). The
issue raised at the last meeting was whether there
were limits on expenditures from the fund. The answer
is yes. In sub-section 2 fund expenditures are
limited to prepayment of GF bonds and payment for
major construction (defined as any single project
costing more than \$500,000).
4. An up-dated process outline which includes
suggested possible approaches. These are only some
thoughts which may provide something for you to work
with in thinking about the committee's work over the
next month and in setting your priorities.

2407NRG/rc



MAINE STATE LEGISLATURE
Augusta, Maine 04333

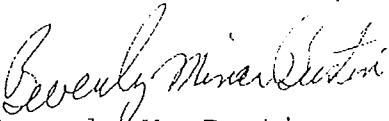
March 25, 1991

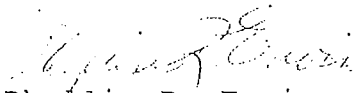
Senator Georgette B. Berube, Chair
Representative Ruth Joseph, Chair
Joint Standing Committee on State
and Local Government
115th Maine State Legislature
Augusta, Maine 04333

Dear Senator Berube and Representative Joseph:

As promised during our testimony of L.D. 604, "AN ACT to Redefine the Term 'Committee' in the Maine Sunset Act", we are providing you a compilation of significant recommendations made by the Audit and Program Review Committee during its 12 year history. Please feel free to contact us with any questions that you might have about any of these recommendations or the Audit review process in general.

Sincerely,


Beverly M. Bustin
Senate Chair


Phyllis R. Erwin
House Chair

1406

JOINT STANDING COMMITTEE ON AUDIT AND PROGRAM REVIEW
HISTORICAL OVERVIEW OF SELECTED RECOMMENDATIONS

This document is a compilation of some of the more significant recommendations made by the Audit and Program Review Committee during the history of the Committee. Several of these recommendations did not receive final approval and were not implemented. For the reader's convenience, the total number of recommendations issued by the Committee is listed in parenthesis next to the heading for each review year.

1979 - 1980 (60 Recommendations)

Department of Agriculture

- Recommended the elimination of General Fund support for an agricultural testing station which could be more appropriately administered by the University of Maine with support from the private sector;
- Recommended the elimination of the state meat inspection program for an annual savings of \$114,000 to the General Fund. This responsibility was assumed by the federal government;
- Recommended the combination of various regulatory programs to increase efficiency and reduce costs.

Department of Defense and Veterans' Services

- Recommended the elimination of direct payments of \$300 to veterans' dependents who were already receiving free tuition;
- Recommended the elimination of the Hazardous Materials Advisory Board and the Civil Emergency Preparedness Council.

1980 - 1981 (54 Recommendations)

Department of Transportation

- Recommended the use of previously authorized, but unspent, bond proceeds totaling \$403,000 to be applied towards meeting the current cost of General Fund debt service; and
- Recommended that \$450,000 in unused dedicated revenue lapse to the General Highway Fund.

Department of Public Safety

- Recommended transfer of the responsibility for inspecting motor vehicle inspection stations to the Division of Motor Vehicles, Secretary of State, for a General Fund savings of \$123,500;
- Recommended the elimination of the Beano/Games of Chance Division of the State Police; and
- Recommended the elimination of General Fund support (\$69,500) for the Fire Service Training Program and replaced with dedicated revenues from the fire insurance fund in the State Fire Marshall's program.

Secretary of State

- Recommended the elimination of the licensure requirement for ministers who solemnize marriages;
- Recommended the combining of the officers of justice of the peace and notary public;
- Recommended the elimination of an unnecessary public notice requirement in the Administrative Procedures Act for a savings of approximately \$37,500;
- Recommended the elimination of the Social Medical Coordination Program in the Division of Motor Vehicles for an estimated savings of \$22,000;
- Recommended the establishment of a single license plate program for an annual savings of \$100,000; and
- Recommended the elimination of Penobscot Bay and River Pilotage Commission.

1981 - 1982 (41 Recommendations)

Department of Human Services

- Recommended the elimination of the Office of Special Projects for an annual savings of \$20,000 to the General Fund;
- Recommended the elimination of the Staff Education and Training Unit and use the savings of \$518,000 to fund the costs of direct service;
- Recommended the elimination of the duplicative Maine Health Systems Agency for a savings of \$325,000 in federal dollars;
- Recommended the undedication of a number of licensing fees to increase revenues to the General Fund by more than \$200,000;
- Recommended the repeal of mandatory State Fire Marshall inspections of health care institutions and replace with safety code standards for fire safety for a net savings of \$68,000 to the General Fund;
- Recommended the reduction of administrative staff in the Bureau of Social Services for a net savings of \$216,300 to the General Fund;
- Recommended a reduction in the number of clerical positions in the Bureau of Rehabilitation and use the savings of \$172,000 for client services;
- Recommended the elimination of the Citizens Advisory Council on Alcoholism, the Interdepartmental Coordinating Committee, and the State Government Coordinating Committee; and
- Recommended the elimination of the Maine Human Services Council.

1982 - 1983 (47 Recommendations)

Department of Corrections

- Recommended that the Department adopt a new Medicaid payment schedule to realize annual savings of \$82,000;
- Recommended the consolidation of the field staff for the aftercare program of the Maine Youth Center with the Division of Probation and Parole for an annual savings of \$24,000; and
- Recommended the use of \$191,000 in unexpended bond proceeds to reduce the cost of debt service.

Department of Mental Health and Mental Retardation

- Recommended the establishment of the Office of Children's Services;
- Recommended the closing of the Bath Military and Naval Children's Home and use the funds to increase the foster care boarding rate; and
- Recommended the discontinuance of the Community Support System Project and use the funding (\$288,000 for FY 84) to provide additional direct mental health services.

Division of Community Services

- Recommended the creation of an Advisory Council; and
- Recommended the elimination of the Duplicative Youth Conservation Corps Program for an annual savings of \$69,558.

Other Agencies

- Recommended that unexpended bond proceeds from bond issues approved by the voters, should lapse into a debt service account after 10 years; and
- Recommended the establishment of a centralized state office to administer the state's workers' compensation program.

1983 - 1984 (111 recommendations)

Department of Conservation

- Recommended development of a centralized purchasing system to increase efficiency and reduce costs;
- Recommended the reorganization of the Bureau of Public Lands to improve administrative efficiency;
- Recommended that the Bureau of Parks and Recreation charge fees for use of state parks to cover approximately half of park operating costs;
- Recommended the elimination of an unneeded Regional Ranger position for an annual savings of \$26,000
- Recommended the return of funds totaling \$756,368 to the original funding sources which provided services for the Budworm Program, but were not properly reimbursed by the Budworm fund;
- Recommended that the Nursery Supervisor be paid from dedicated nursery funds, and that these funds should reimburse the General Fund for \$68,331 in past salary expenses; and
- Recommended increased staffing of 3 positions for the Land Use Regulation Commission to enable the Commission to complete its mandated duties.

Department of Inland Fisheries and Wildlife

- Recommended the complete reorganization of the Department to improve management and increase fiscal accountability;
- Recommended the elimination of an unneeded staff attorney position for an annual savings of \$31,000;
- Recommended implementation of centralized purchasing and contract development procedures to improve efficiency and fiscal accountability; and
- Recommended several changes which would increase annual dedicated revenues by \$42,000.

Other Agencies

- Recommended the discontinuance of the unnecessary Baxter State Park Advisory Committee;
- Recommended the discontinuance of the unnecessary Maine Forest Authority;
- Recommended the discontinuance of the unused Coastal Island Trust Commission; and
- Recommended a single audit process for community agencies to eliminate duplication and increase efficiency.

1984 - 1985 (133 recommendations)

Department of Environmental Protection

- Recommended the transfer of several programs to the Department to consolidate regulatory functions and increase efficiency; and
- Recommended the establishment of a separate Underground Oil Storage Facility Clean-up Fund.

Department of Marine Resources

- Recommended a moderate reorganization to improve efficiency; and
- Recommended changes in several administrative procedures to increase efficiency and to streamline certain procedures.

Other Agencies

- Recommended a change in the rate regulation process administered by the Public Utilities Commission for consumer owned electric utilities to increase efficiency and reduce costs; and
- Recommended a strengthened procedure for collecting driver license reinstatement fees to increase revenues by \$141,250 to the General Fund.

Department of Business, Occupational and Professional Regulation

- Recommended the deregulation of itinerant photographers;
- Recommended that the Bureau of Banking examination schedule be changed to provide flexibility and increase effectiveness;
- Recommended a number of significant changes to the Maine Consumer Credit Code to provide more flexibility and increase effectiveness;
- recommended the repeal of the outdated Insurance Premium Finance Company Act and the Home Repair Financing Act; and
- Recommended a number of administrative changes designed to improve the effectiveness and efficiency of the Bureau of Insurance.

Maine State Museum

- Recommended a significant reorganization to strengthen middle management and increase effectiveness; and
- Recommended that the museum be provided with adequate storage space.

Department of Human Services; Child Welfare Services

- Recommended that "emotional injury or impairment" be incorporated into the definitions of "abuse" (or neglect) and "serious harm."
- Recommended that the court be authorized to declare in certain cases, that the Department of Human Services has no further responsibility to rehabilitate or reunite families and that the Department be allowed to develop permanent placement plans for children in their custody;
- Recommended that the scope of evidence be broadened in the court's consideration of the future of an abused child;

- Recommended a large number of statutory changes designed to improve the manner in which abused children are protected and ultimately cared for through the judicial process; and
- Recommended a large number of administrative changes designed to improve the various practices and procedures used by the Department of Human Services in child abuse cases.

Department of Human Services, Emergency Medical Services

- Recommended a number of statutory changes which were designed to give the Board of Emergency Medical Services authority for rule making, licensure, disciplinary measures, employment of a Director, designation of regions and regional councils, goal setting, and delivery of educational programs; and
- Recommended a General Fund appropriation of \$210,000 to cover the operational costs of each Regional Council.

- Recommended a series of actions to address instances where several professional licensing boards were gathering revenues which significantly, and consistently, exceeded expenditures; and
- Recommended numerous changes to many professional licensing boards to achieve more efficient and effective regulation and to increase accountability.

Department of Human Services: Child Welfare Services

- Recommended the establishment of a Child Welfare Services Ombudsmen; and
- Recommended the establishment of an out-of-Home Abuse and Neglect Investigating Team.

Other Agencies

- Recommended the discontinuance of the State Running Horse Racing Commission;
- Recommended the discontinuance of the Advisory Committee on Maine Public Broadcasting; and
- Recommended the discontinuance of the Maine Criminal Justice Planning and Assistance Agency.

Maine Maritime Academy

- Recommended inclusion of Maine Maritime Academy employees in the state's group health insurance plan.

University of Maine System

- Recommended that a linkage be established between the academic program review process and the state's budgetary/appropriations process;
- Recommended the adoption of specified guidelines by which future budgetary submissions are made to the Legislature; and
- Recommended that the University System be granted tax exempt status for certain borrowing authorities (This tax exempt status was later interpreted as being synonymous with limited bonding authority and was confirmed as such by later actions of the Legislature).

Department of Transportation: Eminent Domain/Sale of Surplus Property

- Recommended that the state's share of the gross proceeds from the sale of surplus property should be deposited directly into the account of origin without any deductions by the Department of Transportation for administrative costs. To increase accountability, the Committee also recommended that the proceeds not be spent without specific legislative approval.

Department of Environmental Protection: Underground Oil Storage Tanks

- Recommended that liability for leaking underground oil storage tanks be equitably distributed between current and former owners;
- Recommended that certain individuals who had no knowledge of their ownership of underground oil tanks be exempted from liability considerations; and

- Recommended that punitive damages be authorized against any responsible party who fails to comply with an order to clean-up contamination from a leaking underground oil storage tank.

Department of Human Services: Child Welfare Services

- Recommended funding for the previously established Office of Child Welfare Services Ombudsman.

Alcohol and Drug Abuse Planning Committee

- Recommended that the Alcohol and Drug Abuse Planning Committee submit a unified biennial budget for substance abuse services provided by the member agencies;
- Recommended an allocation of \$135,095 from the Alcohol Premium Fund to support a treatment evaluation system which was to review the effectiveness of the state's various substance abuse treatment programs; and
- Recommended that the Alcohol and Drug Abuse Planning Committee streamline its state substance abuse contracting procedures in order to reduce duplicative and unnecessary paperwork.

1988 - 1989 (108 Recommendations)

Department of Administration

- Recommended that, to improve accountability, funds for public improvement projects not be journaled to the recipient agency until the agency has actually begun to initiate the project;
- Recommended that the unnecessary and inefficient use of financial orders to award public improvement contracts be discontinued and replaced by the use of simple "letters of intent";
- Recommended several significant changes to encourage smaller private contractors to make bids on state public improvement contracts;
- Recommended several significant changes to relieve the Bureau of Public Improvement's oversight responsibility for public improvement projects undertaken by public schools;
- Recommended the adoption of a liquidated damages schedule which would incur significant financial penalties on a contractor who fails to complete a Public Improvement Project on a timely basis;
- Recommended that the Bureau of Public Improvements Director be authorized to approve public improvement contracts which include financial incentives for the early completion of Public Improvement Projects;
- Recommended changes in Bureau of Public Improvements funding sources which resulted in annual savings of more than \$145,000 to the General Fund;
- Recommended several actions designed to reduce the backlog in employee grievance arbitrations; and
- Recommended that agencies be provided with a limited authority to borrow from the Risk Management Fund to cover the cost of worker compensation losses incurred by agency employees.

Department of Labor

- Recommended that the Department work to develop a permanent solution to the Bureau of Employment Security's reliance on collection of tax penalties and inadequate federal funding as primary funding sources;
- Recommended that the Bureau of Employment Security re-evaluate the allocation of staff and other resources to address a shortage of job counselors available to Job Service clients;
- Recommended coordination between the automated resources of the Job Service components of the Department of Labor with the Department of Human Services to maximize the integration and efficacy of services to clients;
- Recommended significant changes in the criteria governing loans from the Occupational Safety Loan Fund in order to stimulate participation in the program by the business community;
- Recommended that the Department of Labor fund expanded workplace safety activities with its existing dedicated funding source, before seeing additional resources from the General Fund;
- Recommended changes designed to strengthen and integrate the AFDC population as appropriate candidates for the Apprenticeship Training Program; and
- Recommended a number of changes designed to increase the availability of apprenticeship opportunities for women and minorities by strengthening the adherence and commitment to affirmative action goals of the Apprenticeship Training Program.

1989 - 1990 (104 Recommendations)

Department of Administration

- Recommended the reorganization of the Office of Information Services by consolidating three divisions into one division;
- Recommended the more efficient use of existing General Fund appropriations to the Office of Information Services;
- Recommended a number of significant changes to improve the effectiveness and efficiency of the Information Services Policy Board and the Office of Information Services;
- Recommended that the Bureau of Data Processing and the Telecommunications Division allow agencies to have projects completed on a fixed-cost basis to increase accountability and reduce costs;
- Recommended a number of significant changes designed to increase the accountability efficiency, and effectiveness of the Telecommunications Division by revising the billing, rate setting, and equipment depreciation processes;
- Recommended a number of significant changes designed to streamline the process used to approve special service contracts;
- Recommended a review of the surplus program which resulted in a reorganization which consolidated programs and reduced the costs of administrative overhead;
- Recommended changes to ensure the equitable assessment of per employee fees by the Bureau of State Employee Health and to increase revenues to that Bureau; and
- Recommended an additional staff position be established to further the effectiveness of the Risk Management Division.

Department of Finance

- Recommended that the Bureau of the Budget publish a detailed statement of its policies and procedures to enable state agencies to more effectively manage their programs; and
- Recommended that the State Tax Assessor establish procedures designed to ensure that the certified ratio reported by municipalities on their municipal valuation returns is accurate within a reasonable range, in order to provide more equitable application of the state's municipal funding and reimbursement programs.

Finance Authority of Maine

- Recommended a number of changes designed to increase veterans' access to loans offered by the Maine Veterans' Small Business Loan Board;
- Recommended a number of changes designed to improve the performance of, and participation in, the Job-Start Program; and
- Recommended repeal of the unused Industrial Stability Program.

Department of Human Services: Child Welfare Services

- Recommended the establishment of a Coordinated Response System for child abuse referrals as a two-year model project in Penobscot and Piscataquis Counties; and
- Recommended passage of a bond issue to provide start-up and first year operating loans to facilities providing shelter, care, and treatment for abused children and their families.

1990 - 1991 (136 Recommendations)

Department of Finance

- Recommended changes in the administration of the Bureau of Alcoholic Beverages which will result in substantial improvements in Bureau operations and performance;
- Recommended reorganization of the Property Tax section as a separate division, in order to more accurately reflect the function and responsibilities of this unit; and
- Recommended changes regarding the process used by the Bureau of Taxation to collect certain sales and excise taxes to increase revenues, streamline the process(s), and reduce administrative costs.

Maine Technical College System

- Recommended a number of changes regarding the Board of Trustees designed to improve the Board's performance and increase its effectiveness and efficiency;
- Recommended that the System gradually phase out the use of more than \$470,000 in state appropriations and tuition revenues currently used to subsidize the annual cost of room and board;
- Recommended passage of a bond issue which will provide the System with \$10,045,000 to purchase desperately needed technical training equipment;
- Recommended a change in the state budgetary process which will allow the System to submit its own prioritized public improvement budget request as part of the Governor's budget;
- Recommended several actions designed to enhance the System's planning process and improve accountability to the Legislature; and
- Recommended that Southern Maine Technical College phase out an annual subsidy of \$80,000 for the self-supporting Energy Testing Laboratory of Maine and use this money for educational priorities within the college.

Department of Human Services: Child Support Enforcement Program

- Recommended that references to gender be eliminated with reference to support paid to children and spouses to ensure an equal burden on married men and women for spousal support; and
- Recommended that certain information be shared between the Division of Child Support and Enforcement and the Bureau of Taxation to help ensure that both parents support their children and that taxpayers not be obligated to support other people's children.

Department of Defense and Veterans' Services

- Recommended the updating of rules for the Veteran's Financial Assistance Program to ensure consistent and proper operation of the program.

Department of Attorney General

- Recommended the implementation of billing non-General Fund agencies for hours of legal services rendered to improve accountability and to increase revenues;
- Recommended further study of a possible reorganization which might strengthen the existing relationships between the Department of Attorney General and the District Attorneys' and the Office of the Public Advocate; and
- Recommended the development of a plan to transfer funding from the Department of Human Services to the Department of Attorney General to support the costs of providing legal representation in a more effective and efficient manner.

Maine Emergency Medical Services

- Recommended changes which have reorganized and strengthened Maine's Emergency Medical Services delivery system.

Title 05

§1513. Maine Rainy Day Fund

1. Maine Rainy Day Fund. The State Controller shall at the close of each fiscal year transfer from the unappropriated surplus of the General Fund to the Maine Rainy Day Fund 1/2 the excess of total General Fund revenues received over accepted estimates in that fiscal year. No accepted revenue estimate may be increased after adjournment of each First Regular Session of the Legislature except as provided. For the first year of the biennium, revenue estimates for the 2nd year of the biennium may be adjusted once during the Second Regular Session of the Legislature. Accepted revenue estimates may be increased for other fiscal periods only if an amount not to exceed 1/2 of the increase is appropriated to the Rainy Day Fund at the same time. The fund may not exceed 4% of the total General Fund revenues received in the immediately preceding fiscal year and may not lapse, but remain in a continuing carrying account to carry out the purposes of this section. No reduction in the fund is necessary in the event the total General Fund revenues received in the immediately preceding fiscal year are less than the total General Fund revenues received in the fiscal year 2 years previous and if the fund is at its 4% limit.

1-A. Transfer to the Rainy Day Fund. After the State Controller officially closes the financial accounts of the State for the fiscal year ending June 30, 1991, an amount not to exceed \$1,000,000 must be transferred to the Rainy Day Fund from the available fund balance remaining in the General Fund after the deduction of all appropriations, financial commitments or other designated funds. Notwithstanding subsection 2 and section 1585, in fiscal year 1991-92 an amount not to exceed \$1,000,000 may be transferred from the available balance in the Rainy Day Fund to the Capital Construction, Repairs, Improvements--Administration Program and allotted by financial order, upon the approval of the Governor, to be used for emergency capital repairs to state facilities.

2. Expenditures from the fund. Appropriations from the Maine Rainy Day Fund may be made by the 2/3 vote of the Legislature upon recommendation of the Governor, but only for prepayment of outstanding General Fund bonds or for major construction. Major construction is defined as being any single project with a total cost of over \$500,000.

3. **Investment of funds.** The money in the fund may be invested as provided by law with the earnings credited to the fund.

4. **Exception.**

SPECIAL COMMISSION ON GOVERNMENTAL RESTRUCTURING
COMMITTEE ON GOVERNMENTAL RELATIONS AND PROCESS
WORKING OUTLINE

Function Statement

In order that it fulfill its responsibilities, state government must organize itself efficiently and effectively, employing sound management practices, to provide total quality service to its citizens. At the same time, the process of government must be structured to promote public participation and full accountability of its officials. Furthermore, it is essential that the three branches of state government maintain their distinct and separate roles *and that state government as a whole establish and maintain an effective and responsible relationship with all levels of government.*

POSSIBLE AREAS FOR FURTHER INVESTIGATION

A. Audit and Program Review.

1. Is there a need for more effective review of current programs and of tax exemptions by the Legislature?

Possible approach:

1. Hear from persons knowledgeable about Maine's program review process (e.g. Cheryl Ring, current members of the Audit and Program Review Committee).
2. Make specific findings as to the effectiveness or lack thereof of the process.
3. Examine other state's approaches (e.g. Virginia's).
4. Make recommendations modeled on other States' approaches: make specific statutory recommendations.

B. The budget process

1. Matching of expenditures to revenues. Should growth in expenditures be smoothed out and reserves created to avoid revenue short falls in down economies?

The committee determined that it would deal with this issue on a conceptual basis.

Possible approach:

1. Make some general findings about the inaccuracy of revenue forecasting and the problems this creates in down economies.
2. Discuss and make conceptual recommendations as to other possible approaches. (Offer statutory language which would implement these recommendations).

2. Consensus forecasting. Should a version of consensus forecasting be adopted?

The committee determined that it would deal with this issue on a conceptual basis.

Possible approach:

1. Make general findings about the inaccuracy of revenue forecasting and the relationship between the Executive and the Legislature in the process.
2. Review various approaches to consensus forecasting. Discuss possible approaches with Legislative leaders, Executive leaders, OPFR, budget office. Review proposals submitted during last session.
3. Recommend that some form of consensus forecasting be instituted: What form? Consider whether OPFR needs more staff. What relationship should there be between the Executive and the Legislature?

OR

2. Review proposals submitted during the last session.
3. Either support one of those proposals for reconsideration or make general recommendation that some form of consensus forecasting be instituted and that further study be conducted to determine the appropriate form of that process.

3. The budget document/process

- a. Is the form of the budget document conducive to efficient and effective Legislative review?

Possible approach:

1. Review the form of the budget.
2. Make preliminary findings as to deficiencies in its form.
3. Test these findings against views of Legislators and Executive department officials.
4. Make recommendations for specific changes in the form.

- b. When is it appropriate to insert statutory changes in the budget document?

Possible approach:

1. Review the sorts of statutory changes that have occurred in the past and that occurred in the last session.
2. Develop a preliminary finding as to the sorts of changes which should and should not be included in the document.
3. Test this finding against views of Legislators and Executive officials.
4. Make recommendations as to when it is appropriate to include statutory changes in the document.

- c. Should tax policies (especially business tax credits) be integrated more effectively into the budget process? What is the best method of handling program changes in relation to the budget process?

Possible approach:

1. Make general findings as to whether tax policies and other policies are given sufficient review in the budget process.
2. Make general recommendations that

certain policies be more seriously dealt with in the process.

- d. Should the budget, or parts thereof, be received and passed earlier by the legislature?

The committee agreed that not a great deal of time should be devoted to this issue.

Possible approach:

1. Make findings as to whether the budget can be usefully submitted earlier.

2. Make recommendations that budget or parts thereof be submitted earlier. Offer specific statutory changes to implement these recommendations.

- e. Do staffing resources need to be reorganized to cause more efficient analysis of budget proposals?

Possible approach:

1. Make findings as to whether there are deficiencies in OFPR staffing of the appropriations committee. Make findings as to whether taking OPLA staff away from other projects and having them more involved in the appropriations process would serve a useful purpose.

2. Make recommendations that some sort of reorganization occur.

4. Long-range cost estimates and revenue estimates. Should a process be instituted whereby projections of costs of current programs together with projections of revenues are developed for the future biennium?

The committee determined it would deal with this issue on a conceptual basis.

Possible approach:

1. Make findings that estimates of the long-term budget effects of current and created programs are not presently provided in a systematic fashion to the Legislature.

2. Make recommendations that a long-term budget projection be provided to the legislature. Determine who should provide this, when it should be provided, and the staffing resources required to produce it. Offer statutory language to implement.

a. Fiscal notes. Should fiscal notes include estimates of the long-term costs of the legislation?

Possible approach:

1. Make finding that long-term costs are not presently provided.

2. Determine whether present staffing at OPFR could provide this estimate, how accurate it could be and whether inaccuracies could cause other problems. Investigate whether other states provide long-term estimates on bills and how useful this appears to be in those states.

3. Make recommendations that some sort of long-term cost estimate be made; suggest staffing increases in OPFR, if required.

5. Legislative access to information. Does the OPFR need better access to information on future cost expectations for programs? Does the Executive Branch need improved capabilities of providing that sort of information (i.e. is the information available within the Executive departments)? Is there a need for greater integration of computer systems and for better information flow between OPFR and the Budget Office and the Executive departments?

Possible approach:

1. Make findings that certain information is not as readily available to OPFR as it might be. Make findings that certain information is not presently available from the Executive Branch that should be available. Make findings as to the state of present computer linkage between the budget office, the Executive departments and OPFR.

2. Make preliminary recommendations that certain information (if any) that is available in the Executive but not readily accessible by OPFR be made readily available. Make preliminary recommendations that certain information (if any) that is not available from the Executive should

be. Make preliminary recommendations that certain changes occur in the computer linkages.

3. Test these preliminary recommendations against views of OPFR, Executive department officials, the Budget office and Legislative officials. Would it require more staffing or other costs? Are these costs outweighed by efficiency or effectiveness considerations?

4. Make final recommendations.

6. Contracts and obligations. Do executive departments enter into binding obligations before appropriations have been made for the programs? If so, is it appropriate for there to be a limitation on this practice?

The committee's primary concern at this point is whether in fact this is occurring.

7. Capital expenses. Should cost/benefit analyses be conducted to determine the appropriateness of capital investments? Does there need to be more capital investments in certain technologies? How should capital expenses be financed?

Possible approach:

1. Make preliminary findings that cost/benefit analysis are not presently being conducted. Make preliminary recommendations that cost/benefit analysis be conducted and by whom and how that information should be provided to the Legislature and the Executive.

2. Make recommendations as to certain capital expenses which should be incurred and show the cost/benefit analysis of these.

3. Explore how the various capital expenses are presently incurred. Explore different methods which could be used in financing certain items and demonstrate the costs/benefits of the various methods.

4. Make recommendations.

a. Renting vs. buying. Should the State put a greater emphasis on purchasing lands and buildings rather than renting?

Possible approach:

1. Do a cost/benefit analysis of renting vs. buying. Make findings as to present renting vs buying practices.

2. Make recommendations as to changes in the present practices.

8. Review of federally-funded programs. Is there a need for more careful review of federally funded programs?

Possible approach:

1. Make findings as to present review of federally-funded programs. Make findings as to the cost to the state of these programs.

2. Make recommendations that review of federally funded programs occur more systematically: recommend some new process to ensure closer review (program review process, appropriations process, substantive committee process etc.)

C. Legislative Process

1. Legislative terms. Should legislative terms be extended?

Possible approach:

1. Make findings as to present terms in this state and in other states.

2. List pros and cons of extending terms

3. Make recommendation that terms be extended based on analysis of pros and cons: Offer constitutional amendment.

2. Legislative size. Should the size of the legislature be reduced?

Possible approach:

1. Make findings as to the size of Maine's Legislature and other State's legislatures

2. Recommend a change and the reasons therefor;
offer constitutional amendment.

3. Partisan staffing. Is there a need for partisan legislative staff and if so, how large does that staff need to be?

The committee decided that this issue should be reviewed by the whole committee before a decision was made on whether further examination should occur.

D. Executive Department

1. The structure of the department. Is the organizational make-up of the Executive Department appropriate?

Possible approach:

1. Review organizational chart of department.
Discuss concerns which may exist about that
structure. Speak with other committees as to
whether those concerns are being addressed.

E. Executive Branch

1. The merger of the Departments of Finance and Administration. Should the departments of Finance and Administration be merged and if so how should it be done?

The committee determined that it would review the information and proposals submitted on this issue by Finance Commissioner Sawin Millet and acting Administration Commissioner Dale Doughty

F. Constitutional officers

1. Functions which may be dealt with by the Executive Branch. Are there functions which are performed by the Treasurer and the Secretary of State which could be as effectively and more efficiently dealt with by appropriate executive departments while preserving adequate public accountability?

Possible approach:

1. Review present functions of each officer.
Discuss with the officers, Legislative leaders
and Executive officials the value of the
functions being reposed in those offices.

2. Review other arrangements in other states.
3. Make preliminary findings as to any inefficiency or ineffectiveness which the present structure may cause. Make preliminary recommendations as to other structural arrangements.
4. Do cost/benefit analysis of these recommendations.
5. Make recommendations: offer constitutional amendments and statutory language to implement recommendations.

(2. Return on investments. Does the state get the best return on its investments? Should professional money managers be used in setting investment practices?)

Possible approach:

1. Determine the state's avg. return on investment. Compare this with other state's return.
2. Examine other state's which use professional money managers in making investments. Does it seem to help?
3. Make recommendations as to whether money managers should be integrated into the investment-making process.

G. Administration of lands and buildings

1. Use of regional offices. Is it appropriate for there to be a rearrangement of regional offices and perhaps an elimination or merger of some offices?

Possible approach:

1. Review report/recommendations of Dept. of Admin.
2. Make findings as to present organization and any inefficiency.
3. Adopt some or all of Dept.'s recommendations.

H. Independent boards and commissions

1. Develop criteria for evaluating boards and commissions.
2. Apply criteria to various boards and commissions.

I. Judicial Branch

The committee reaffirmed its decision that it would not deal further with issues related to the Judicial Branch, since that Branch is being carefully studied elsewhere, particularly by the Commission on the Future of Maine's Courts.

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STATE OF MAINE
ONE HUNDRED AND FIFTEENTH LEGISLATURE
COMMITTEE ON AUDIT AND PROGRAM REVIEW

Testimony before the
Joint Standing Committee on State and Local Government
March 13, 1991

LD 604 - An Act to Redefine the Term "Committee"
in the Maine Sunset Act

Representative Phyllis Erwin, Chair
Joint Standing Committee on Audit and Program Review

I. PURPOSE OF THE AUDIT COMMITTEE

The Committee's mandate requires the Committee to conduct a comprehensive review of every agency in State government on an eleven-year periodic cycle *"in order to evaluate their efficacy and performance"*. Every financial and programmatic review is required to include an assessment of *agency management, organization, program delivery, statutory mandate, and fiscal accountability* [3 MRSA §922].

In the Committee's first report to the Legislature in 1979-80, Committee chairs, Senator Jim McBreairsty and then-Representative Georgette Berube, noted that, "Sunset is more than eliminating programs or saving dollars. Its purpose is to review program goals and objectives in order to determine if they are being met as effectively as possible".

II. BENEFITS OF THE CURRENT AUDIT PROCESS

1. Provide a standing mechanism for Legislative oversight of the Executive Branch;
2. Direct agencies to function more effectively and efficiently with the current level of resources;
3. Identify cost savings and reduce future costs of administering State Government;

4. Provide a unique and unbiased perspective on Executive branch agencies and programs;
5. Allow a comprehensive, in-depth review of agencies and significant issues which may not otherwise be subject to Legislative scrutiny;
6. Provide a readily-available mechanism allowing the Legislature to focus on issues of particular concern; and
7. Provide, on a routine basis, previously unavailable factual and complete descriptions of State agencies and their mandates.

III. NOTABLE ACCOMPLISHMENTS OF THE AUDIT PROCESS

1. Reorganized a number of state agencies to ensure greater effectiveness, efficiency, and accountability;
2. Eliminated a number of unnecessary programs and agencies;
3. Identified more than \$700,000 in General Funds spent by the Spruce Budworm Program qualifying for reimbursement by the budworm dedicated revenue source;
4. Enhanced DEP's ability to protect the State's groundwater by working with interested parties, including the Committee on Energy and Natural Resources, to develop a program to regulate underground petroleum storage tanks;
5. Conducted an extensive review of Maine's child welfare service delivery system in order to enhance State Government's ability to protect children from abuse and neglect;
6. Provided the University of Maine System with a limited bonding authority which significantly reduced future borrowing costs to the people of the State of Maine;
7. Issued a number of recommendations to ensure conformity and to increase the accountability of many of the State's professional licensing boards;
8. Streamlined the internal organizational structure and procedures used by the Department of Administration to provide services to other state agencies;

9. Reorganized and strengthened Maine's Emergency Medical Services delivery system;
10. Increased the availability of apprenticeship opportunities for women and minorities by strengthening the adherence and commitment to affirmative action goals of the Apprenticeship Program;
11. Currently recommending a bond issue for the Maine Technical College System which will provide the System with the means for meeting the upcoming employment and training needs of the people of the State of Maine; and
12. Currently recommending changes in the administration of the Bureau of Alcoholic Beverages which, if enacted, will result in substantial improvements in Bureau operations and performance.

The Joint Standing Committee on Audit and Program Review is preparing a comprehensive history of significant recommendations made by the Committee since the Committee's inception. This document will be available to the Committee on State and Local Government within the next several days.

AUDIT AND PROGRAM REVIEW COMMITTEE

Departments/Agencies Reviewed to Date

NOTE: Several agencies were held over for review in succeeding years. This list includes the agency for the year in which the bulk of the review was done.

1979-80

Department of Agriculture;
Department of Defense and Veterans' Services;
Maine Blueberry Commission;
Seed Potato Board;
Board of Veterinary Medicine
Maine Milk Tax Commission;
Maine Dairy and Nutrition Council Committee;
Board of Pesticide Control;
State Planning Office; and
State Lottery Commission

1980-81

Department of Transportation;
Department of Public Safety;
Department of Secretary of State;
Maine Turnpike Authority;
Penobscot Bay & River Pilotage Commission;
State Board of Registration for Professional Engineers; and
State Board of Registration for Land Surveyors

1981-82

Department of Human Services;
Plumbers' Examining Board;
State Board of Funeral Services;
Board of Hearing Aid Dealers and Fitters; and
Maine Human Services Council

1992-83

Department of Mental Health & Mental Retardation;
Department of Corrections;
Division of Community Services;
Maine State Housing Authority;
Board of Chiropractic Examination & Registration;
Board of Dental Examiners;
State Board of Licensure of Administrators of Medical Care
Facilities other than hospitals;
Board of Registration of Medicine;
State Board of Nursing;
State Board of Optometry;
Board of Osteopathic Examination & Registration;

1992-83

Continued

Board of Commissioners of the Profession of Pharmacy;
Examiners of Podiatrists;
Maine Health Facilities Cost Review Board;
Maine Medical Laboratory Commission;
State Planning & Advisory Council on Developmental
Disabilities;
Maine Problems of the Mentally Retarded;
Governor's Committee on Employment of the Handicapped;
and
Maine Health Facilities Authority.

1993-84

Department of Conservation;
Department of Inland Fisheries & Wildlife;
Baxter State Park Authority;
Coastal Island Trust Commission;
Soil & Water Conservation Commission;
Inspector of Dams and Reservoirs;
Board of Certification of Water Treatment Plant Operators;
and
Keep Maine Scenic Committee

1984-85

Department of Environmental Protection;
Department of Marine Resources;
Atlantic Sea Run Salmon Commission;
State Board of Examiners of Psychologists;
Public Utilities Commission;
State Development Office;
Office of Energy Resources;
Low-Level Waste Siting Commission; and
Maine Development Foundation

1985-86

Department of Business, Occupational, and Professional
Regulation;
Department of Human Services, Child Protective Services
and Emergency Medical Services (other to be determined);
State Historian;
Maine State Commission on the Arts and the Humanities;
Maine Historical Society;
Oil and Solid Fuel Board;
Maine State Museum;
Advisory Commission on Radioactive Waste;
State Energy Resources Advisory Board;
Atlantic States Marine Fisheries Commission;
Maine Municipal and Rural Electrification Cooperative
Agency;
Lobster Advisory Council; and
State Board of Examiners of Psychologists

1986-87

Department of Educational and Cultural Services, including:
Maine Arts Commission
Maine State Library;
State Board of Education; and
Governor Baxter School for the Deaf
Maine Real Estate Commission
Board of Examiners for Examination of Applicants for
Admission to the Bar
Maine Athletic Commission
State Board of Accountancy
Arborist Examining Board
Board of Barbers;
Maine State Board of Cosmetology
Maine State Board for Registration of Architects and
Landscape Architects
Board of Registration of Substance Abuse Counselors
State Board of Social Worker Registration
Board of Examiners of Speech Pathology and Audiology
Board of Examiners in Physical Therapy
Electricians' Examining Board
Oil and Solid Fuel Board
State Board of Certification for Geologists and Soil
Scientists
Manufactured Housing Board;
Board of Registration for Professional Foresters;
State Claims Board
State Running Horse Racing Commission
Maine Criminal Justice Planning and Assistance Agency
Maine Occupational Information
Department of Human Services:
Child Welfare Services

1987-88

University of Maine System;
Maine Maritime Academy;
Board of Commissioners of the Profession of Pharmacy;
Alcohol and Drug Abuse Planning Committee;
State Government Internship Program Advisory Committee;
Advisory Committee on Maine Public Broadcasting;
Maine Conservation School;
Department of Environmental Protection:
Underground Petroleum Storage Tanks;
Department of Transportation:
Eminent Domain
Sale of Surplus Property
Maine Uniform Accounting and Auditing Practices Act.

1988-89

Department of Administration:
Bureau of Public Improvements;
Bureau of Human Resources;
Bureau of Employee Relations;
State Employee Health Insurance Program;
State Civil Services Appeals Board; and
Educational Leave Advisory Board.
Maine State Retirement System
Department of Labor
Maine Labor Relations Board
Workers' Compensation Commission
Plumbers' Examining Board
Board of Accountancy
Advisory Commission on Radioactive Waste
Department of Human Services:
Suspected Child Abuse & Neglect Committees; and
Family Support Teams.
Emergency Medical Services

1989-1990

Department of Administration:
Office of Information Services;
Bureau of Purchases;
Bureau of State Employee Health;
Division of Risk Management
Capitol Planning Commission
Maine State Board of Licensure for Architects and
Landscape Architects
University of Maine System:
Use of discretionary funds
Department of Finance:
Deferred Compensation Programs;
Bureau of the Budget;
Bureau of Taxation;
• Appellate Division;
• Audit Division;
• Property Tax Section.
Finance Authority of Maine
Office of the Treasurer of State
Maine Municipal Bond Bank
Department of Audit
Bureau of Capitol Security
Department of Human Services:
Child Welfare Services
Maine Emergency Medical Services

1990-1991

Maine Technical College System
Department of Attorney General
Department of Defense and Veterans' Services
Department of Finance:
 Bureau of Taxation;
 Administrative Services Division;
 Bureau of Alcoholic Beverages;
 Bureau of Accounts and Control;
 State Liquor Commission;
 Bureau of the Lottery;
 State Lottery Commission.
Maine Human Rights Commission
Maine Commission for Women
State Board of Property Tax Review
Maine High Risk Insurance Organization
Maine Emergency Medical Services
Department of Human Services:
 Maine Child Support Enforcement
Maine Blueberry Commission
Maine Milk Commission
Maine Dairy Promotions Board
Maine Dairy and Nutrition Council
Blueberry Advisory Committee
Board of Pesticides Control
Seed Potato Board
Maine State Harness Racing Commission
State Board of Veterinary Medicine
Maine Agricultural Bargaining Board
Department of Public Safety
 Bureau of Capitol Security

SENATE

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STATE OF MAINE

ONE HUNDRED AND FIFTEENTH LEGISLATURE
COMMITTEE ON AUDIT AND PROGRAM REVIEW

HOUSE

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WESLEY FARNUM, SOUTH BERWICK

July 1990
ID # 217

The Audit & Program Review Process in Maine

This paper describes the process by which state agencies are reviewed on a regular basis by the Maine State Legislature. The Legislature accomplishes this task through the work of the Joint Standing Committee on Audit & Program Review.

The Committee periodically reviews each agency in Maine State Government according to a schedule prescribed in law (3 MRSA c.33 §921 et.seq.). That same law also gives the Committee the authority and flexibility to review any agency at any time. These mandates enable the Committee to review all state agencies not only on a scheduled basis, but also as the need arises.

Although each agency, regardless of its size and complexity, is subject to a comprehensive review, not all state agencies are subject to the law's automatic termination provision. Entities designated in the law as "agencies" are not subject to automatic termination but only to the Committee's review (the Committee could, of course, recommend termination if their review so indicated); entities designated as "independent agencies" must be positively reaffirmed by the Committee following a thorough review or these independent agencies would statutorily "sunset" out of existence.

Agencies are reviewed by the Committee by means of a comprehensive and thorough process. The review process includes a consideration of the agency's purpose and mission, the resources the agency has been given to accomplish its mission, and its method of operation and program delivery. During the course of its review, the Committee is authorized to issue a set of recommendations designed to improve overall agency efficiency and effectiveness.

Typically, the Committee's review of state agencies is wide ranging and multi-faceted. Examples of issues and programs dealt with by the Committee during the first ten years include:

- spruce budworm management and administration;
- the organization of the Maine Department of Inland Fisheries and Wildlife;
- the Baxter State Park Authority;
- uniform accounting and auditing practices for community agencies;
- leaking underground petroleum storage tanks;
- management of Maine's marine resources;
- the regulation of public utilities in Maine;
- professional regulation;
- child welfare services;
- emergency medical services;
- workers' compensation;
- labor issues;
- government service agencies; and
- education in Maine.

The Committee is staffed by 1 Principal Analyst, 2 Analysts, 1 Secretary, and 1 Office Assistant with the Principal Analyst responsible for coordinating overall staffing as well as conducting a portion of the review. The Committee's staff is part of the Legislative Office of Fiscal and Program Review, a non-partisan office, which also staffs the Joint Standing Committees on Appropriations and Financial Affairs, Taxation, and Transportation.

To begin their research, staff will study the agency's Justification Report in detail, and then inventory existing sources of information, conduct interviews, perform analysis and projection, conduct file searches, prepare case studies, conduct site visits, design questionnaires and surveys for selected user populations, solicit input from the public and augment this work with direct observation. Staff conduct their research according to a number of criteria, including:

1. Is the program or agency carrying out Legislative intent?
2. Are the agency's priorities balanced with the public interest?
3. Are the program or agency objectives being achieved?
4. Are program or agency operations being managed efficiently and economically?
5. Are the public benefits from the program or agency sufficient to justify the cost?
6. Have conditions changed which affect the need for the program?
7. Do future plans reflect a concern with improving efficiency and effectiveness?

The Committee's review process can be summarized in three distinct phases, as follows.

PHASE ONE: COMMENCEMENT OF REVIEW.

Agencies under review submit a Program Report to the Committee by March 31 of the review year. The Program, or Justification Report, prepared by the agency provides basic information used to orient staff and Committee to the agency. Program Reports typically include information on agency contact people, authorizing legislation, agency priorities or objectives, population served, communication lines, general problem areas, internal cost-containment, financial summaries, staffing, future plans, and other information as applicable. Agencies are asked to provide 5 copies of the report, which are usually submitted in loose-leaf notebooks.

Following receipt of the Program Reports, the Committee Chairs divide the full Committee into subcommittees, appoint subcommittee chairs, and assign each subcommittee responsibility for a portion of the total review. Each subcommittee is augmented by at least one member from the committee of jurisdiction in the Legislature; e.g. the subcommittee reviewing the Department of Education will include a member of the Education Committee. During the early stages of a review, Committee members will often visit the agency's physical plant and hold an introductory orientation meeting with the agency.

The subcommittees meet frequently when the Legislature is in session and every three to four weeks between the sessions. The subcommittees conduct their business in an open manner which encourages comment and provides a forum for all views to be heard and aired. Staff assigned to the subcommittee will prepare material for the subcommittee's deliberation and present it to the subcommittee in one of several forms; as an information paper, discussion paper, or an option paper. Information papers and discussion papers are used to present background and orientation material and to elicit subcommittee discussion. Option papers present the subcommittee with a broad range of possible options the subcommittee may wish to consider in addressing the issue; pros and cons of each option are also included, further illuminating the choices available to the subcommittee. The Committee has found that these formats facilitate its process by accurately describing the topic for discussion and any subsequent issues which may be the subject of Committee recommendation.

PHASE TWO: FULL COMMITTEE MEETINGS AND THE LEGISLATURE

As each subcommittee concludes its work, the Audit and Program Review Committee meets as a whole to hear and consider the subcommittees' recommendations. In most cases, the subcommittee's recommendations are adopted by the full Committee, traditionally producing a unanimous Committee report. Staff then prepare a report and draft a bill which are introduced into the Legislative session in progress. As an additional avenue for public comment prior to final Legislative action, the Committee holds public hearings and work sessions on all its recommendations.

After the Committee concludes work sessions following public hearing, the bill is amended accordingly and placed on the calendar for consideration by the entire Legislature.

PHASE THREE: COMPLIANCE REVIEW

The Audit and Program Review Committee conducts a compliance review with each agency one year following the effective date of the legislation. The purpose of these reviews is to determine the degree to which the agency has complied with each recommendation. At this time, the Committee may choose to approve the agency's compliance efforts, request additional information or effort from the agency, or take stronger action to ensure compliance.

CHAPTER 33

JUSTIFICATION OF STATE GOVERNMENT PROGRAMS

Title 03

§921. Short title

This chapter shall be known and may be cited as the "Maine Sunset Act."

Title 03

§922. Scope

This Act provides for a system of periodic justification of agencies and independent agencies of State Government in order to evaluate their efficacy and performance. Only those agencies, independent agencies or parts thereof which receive support from the General Fund or that are established, created or incorporated by reference in the Maine Revised Statutes are subject to the provisions of this chapter. The financial and programmatic review shall include, but not be limited to, a review of agency management and organization, program delivery, statutory mandate and fiscal accountability.

Title 03

§923. Definitions

1. Agency. "Agency" means a governmental entity subject to review pursuant to this chapter, but not subject to automatic termination.

2. Committee. "Committee" means the joint standing committee of the Legislature having jurisdiction over audit and program review matters.

3. Independent agency. "Independent agency" means a governmental entity subject to review pursuant to this chapter and to automatic termination unless continued by Act of the Legislature.

Title 03

§924. Justification reports

1. Report required. Each agency and independent agency shall prepare and submit to the Legislature, through the committee, a justification report no later than March 31st of the calendar year prior to the review year specified in section 927.

2. Contents of justification reports. Each report shall include the following information, in a concise but complete manner:

A. Enabling or authorizing law or other relevant mandate;

B. A description of the program, including its priorities, objectives, effectiveness, operation, communication lines, population served, staffing and future plans;

C. A financial summary;

D. A list of related programs having similar or complementary objectives; and

E. Any other information specifically requested.

Title 03

§925. Committee analysis and recommendations

1. Objectives. For each agency and independent agency subject to review pursuant to this chapter, the committee may conduct an analysis which shall include, but not be limited to, an evaluation of the justification report and the extent to which the legislative mandate and objectives of the agency or independent agency have been achieved. The Legislative Council shall provide the committee with assistance as required for the purposes of this subsection.

2. Findings and recommendations. The committee shall submit to the Legislature the findings, recommendations and legislation required to implement its study of the agencies and independent agencies scheduled in section 927 by the dates listed in section 927.

The committee shall submit to the Legislature its evaluations and analyses of justification reports of unscheduled agencies submitted pursuant to section 928 no later than 14 months after those reports are submitted to the Legislature.

3. Maine Historical Society. Notwithstanding the fact that the Maine Historical Society is a private, nonprofit corporation, it shall be reviewed by the committee no later than June 30, 1997, and at least every 10 years thereafter, as long as it receives an appropriation from the State. The termination provisions of this chapter shall not apply to the Maine Historical Society.

Title 03

§926. Termination of independent agencies

1. Termination process. Unless continued by Act of the Legislature prior to June 30th of the year specified in section 927, each independent agency shall be accorded a grace period of not more than one year from June 30th of the year specified in section 927, in which to complete its business prior to termination. During the grace period, the statutory powers and duties of the independent agency shall not be limited or reduced.

2. Disposition of property, funds and records. During the period of grace, the Legislature shall determine the disposition of:

A. All property, including any land, buildings, equipment and supplies used by the independent agency;

B. All funds remaining in any account of the independent agency; and

2. Findings and recommendations. The committee shall submit to the Legislature the findings, recommendations and legislation required to implement its study of the agencies and independent agencies scheduled in section 927 by the dates listed in section 927.

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2. Disposition of property, funds and records. During the period of grace, the Legislature shall determine the disposition of:

A. All property, including any land, buildings, equipment and supplies used by the independent agency;

B. All funds remaining in any account of the independent agency; and

C. All records resulting from the activities of the independent agency.

3. Expiration of grace period. Upon the expiration of the grace period, the independent agency shall cease its activities and terminate.

Title 03

§927. Justification schedules and termination dates
(CONFLICT)

The committee shall submit its evaluation, analysis and recommendations regarding the following agencies and independent agencies to the Legislature no later than June 30th of the years specified in this section.

1. 2001.

A. Agencies:

- (1) Department of Finance, but limited to the Bureau of the Budget;
- (2) Office of Treasurer of State;
- (3) Department of Audit;
- (4) Department of Administration, except for the Bureau of Human Resources, Bureau of Employee Relations, Bureau of Public Improvements and the state employee health insurance program;
- (5) Department of Public Safety, but limited to the Bureau of Capitol Security;
- (6) Board of Emergency Municipal Finance;
- (7) Finance Authority of Maine; and
- (8) Maine Municipal Bond Bank.

B. Independent agencies.

2. 1991.

A. Agencies:

- (1) Department of Defense and Veterans' Services;
- (2) Department of the Attorney General;
- (3) Department of Human Services, but limited to support and enforcement functions within the Office of Programs; and
- (4) Department of Finance, except for the Bureau of the Budget.

B. Independent agencies:

- (1) Maine Blueberry Commission;
- (2) Blueberry Advisory Committee;
- (3) Seed Potato Board;
- (4) Maine Milk Commission;
- (5) State Harness Racing Commission;
- (6) Maine Agricultural Bargaining Board;
- (7) State Board of Veterinary Medicine;
- (8) Maine Dairy and Nutrition Council;
- (9) Board of Pesticides Control;
- (10) State Planning Office;
- (11) State Lottery Commission;
- (12) Maine Dairy Promotions Board;
- (13) Maine High-Risk Insurance Organization;
- (14) State Board of Property Tax Review;
- (15) Maine Technical College System;
- (16) Maine Commission for Women;

- (17) Maine Human Rights Commission;
- (18) State Liquor Commission;
- (19) Capitol Planning Commission; and
- (20) Educational Leave Advisory Board.

3. 1992.

A. Agencies:

- (1) Department of Transportation;
- (2) Department of Public Safety, except for the Bureau of Capitol Security;
- (3) Department of the Secretary of State;
- (4) Maine Turnpike Authority;
- (5) Maine Educational Loan Authority; and
- (6) Department of Agriculture, Food and Rural Resources.

B. Independent agencies;

- (1) Maine State Pilotage Commission;
- (2) State Board of Registration for Professional Engineers; and
- (3) State Board of Registration for Land Surveyors.

4. 1993.

A. Agency:

- (1) Department of Human Services, including the Office of Emergency Medical Services.

B. Independent agencies:

- (1) State Board of Funeral Service;
- (2) Board of Hearing Aid Dealers and Fitters;
- (3) Maine Human Services Council; and
- (4) Advisory Commission on Radioactive Waste.

5. 1994.

A. Agencies:

- (1) Department of Mental Health and Mental Retardation;
- (2) Maine Indian Tribal-State Commission; and
- (3) Department of Corrections.

B. Independent agencies:

- (1) Board of Chiropractic Examination and Registration;
- (2) Board of Dental Examiners;
- (3) Nursing Home Administrators Licensing Board;
- (4) Board of Registration in Medicine;
- (5) State Board of Nursing;
- (6) State Board of Optometry;
- (7) Board of Osteopathic Examination and Registration;
- (8) Board of the Maine Children's Trust Fund;
- (9) Examiners of Podiatrists;
- (10) Maine Medical Laboratory Commission;
- (11) State Planning and Advisory Council on Developmental Disabilities;
- (12) Maine Committee on the Problems of the Mentally Retarded;

(13) Governor's Committee on Employment of People with Disabilities; and

(14) Division of Community Services.

6. 1995.

A. Agencies:

(1) Department of Conservation;

(2) Department of Inland Fisheries and Wildlife; and

(3) Baxter State Park Authority.

B. (CONFLICT: Text as amended by PL 1989, c. 878, Pt. B, @1) Independent agencies:

(1) Advisory Board for Licensure of Water Treatment Plant Operators;

(2) Office of Energy Resources;

(3) Saco River Corridor Commission;

(4) State Soil and Water Conservation Commission;

(5) Acupuncture Licensing Board;

(6) Board of Licensing of Auctioneers;

(7) Board of Licensing of Dietetic Practice; and

(8) Board of Commercial Driver Education.

B. (CONFLICT: Text as amended by PL 1989, c. 913, Pt. C, @1) Independent agencies:

(1) Advisory Board for Licensure of Water Treatment Plant Operators;

(2) Office of Energy Resources;

(3) Saco River Corridor Commission;

- (4) State Soil and Water Conservation Commission;
- (5) Acupuncture Licensing Board;
- (6) Board of Licensing of Auctioneers;
- (7) Board of Licensing of Dietetic Practice;
- (8) Board of Commercial Driver Education; and
- (9) Advisory Board for the Licensing of Taxidermists.

7. 1996.

A. Agencies:

- (1) Department of Environmental Protection;
and
- (2) Department of Marine Resources.

B. Independent agencies:

- (1) Maine Sardine Council;
- (2) Atlantic Sea Run Salmon Commission;
- (3) Public Utilities Commission;
- (4) Atlantic States Marine Fisheries Commission;
- (5) Maine Development Foundation;
- (6) Board of Directors, Maine Municipal and Rural Electrification Cooperative Agency;
- (7) Lobster Advisory Council;
- (8) Board of Environmental Protection;
- (9) Board of Underground Oil Storage Tank Installers; and
- (10) Telecommunications Relay Services Advisory Council.

8. 1997.

A. Agencies:

(1) Department of Professional and Financial Regulation; and

(2) Maine Low-level Radioactive Waste Authority.

B. Independent agencies:

(1) Real Estate Commission;

(2) Maine Athletic Commission;

(3) State Claims Commission;

(4) Board of Examiners on Speech Pathology and Audiology;

(5) Maine State Board for Licensure of Architects and Landscape Architects;

(6) State Board of Barbers;

(7) State Board of Cosmetology;

(8) Manufactured Housing Board;

(9) State Board of Substance Abuse Counselors;

(10) State Board of Licensure for Professional Foresters;

(11) State Board of Certification for Geologists and Soil Scientists;

(12) Board of Examiners in Physical Therapy;

(13) Oil and Solid Fuel Board; and

(14) Plumbers' Examining Board.

9. 1998.

A. Agencies:

(1) The Department of Education;

(2) Maine State Housing Authority; and

(3) Maine Health and Higher Educational Facilities Authority.

B. (CONFLICT: Text as amended by PL 1989, c. 700, Pt. B, @1) Independent agencies:

- (1) Maine Conservation School;
- (2) Office of State Historian;
- (3) Maine Arts Commission;
- (4) Maine State Museum Commission;
- (5) Maine Historic Preservation Commission;
- (6) Maine Health Care Finance Commission;
- (7) Maine Health Facilities Authority;
- (8) Board of Occupational Therapy Practice;
- (9) Board of Respiratory Care Practitioners;
- (10) Radiologic Technology Board of Examiners; and
- (11) Maine Library Commission.

B. (CONFLICT: Text as amended by PL 1989, c. 857, @13) Independent agencies:

- (1) Maine Conservation School;
- (2) Office of State Historian;
- (3) Maine Arts Commission;
- (4) Maine State Museum Commission;
- (5) Maine Historic Preservation Commission;
- (6) Maine Health Care Finance Commission;
- (7) Maine Health Facilities Authority;
- (8) Board of Occupational Therapy Practice;
- (9) Board of Respiratory Care Practitioners;
- (10) Radiologic Technology Board of Examiners; and

(11) Maine Waste Management Agency.

10. 1999.

A. Agency:

(1) Department of Economic and Community Development.

B. Independent agencies:

(1) Board of Trustees of the University of Maine System;

(2) Board of Trustees of the Maine Maritime Academy;

(3) State Government Internship Program Advisory Committee;

(4) Arborist Examining Board;

(5) State Board of Examiners of Psychologists;

(6) Board of Commissioners of the Profession of Pharmacy; and

(7) Alcohol and Drug Abuse Planning Committee.

11. 2000.

A. Agencies:

(1) Maine State Retirement System;

(2) Department of Labor; and

(3) Department of Administration, but limited to the Bureau of Human Resources, Bureau of Employee Relations, Bureau of Public Improvements and the state employee health insurance program.

B. Independent agencies:

- (1) State Civil Service Appeals Board;
- (2) Maine Labor Relations Board;
- (3) Workers' Compensation Commission;
- (4) Board of Accountancy;
- (5) State Board of Social Worker Licensure;
- (6) Electricians' Examining Board;
- (7) Maine Occupational Information Coordinating Committee; and
- (8) State Employee Health Commission.

Title 03

§928. Special sunset reviews

Any agency or independent agency designated by joint resolution of the Legislature for review in addition to those already scheduled shall submit justification reports to the Legislature following the passage of the joint resolution as directed by the committee.

The committee may review any aspect or element of any agency or independent agency scheduled for review under this Act when the committee determines it necessary.

Title 03

§929. Future or reorganized agencies and independent agencies

The Legislature shall establish schedules for the submittal of periodic justification reports by agencies and independent agencies created or substantially reorganized after the effective date of this chapter and for the termination of independent agencies created or substantially reorganized after the effective date of this chapter. All such agencies or independent agencies shall be subject to the provisions of this chapter.

Title 03

§930. Legislative Council

The Legislative Council shall be responsible for and, subject to the approval of the Legislature, shall issue rules necessary for the efficient administration of this chapter.

Title 03

§931. Legal claims

Termination, modification or establishment of agencies or independent agencies as a result of the review required by this chapter shall not extinguish any legal claims against the State, any state employee or state agency or independent agency. The provisions of this chapter shall not relieve the State or any agency or independent agency of responsibility for making timely payment of the principal and interest of any debt issued in the form of a bond or note.

Title 03

§932. Review

The Legislature shall review the provisions and effects of this chapter no later than June 30, 1999, and at least once every 10 years thereafter.

WPP/1697

SUNSET REVIEW CYCLE

SHOWING THAT EACH CALENDAR YEAR INCLUDES PARTS OF THREE SEPARATE REVIEWS

1988	1989	1990	1991	1992
YEAR I Subcommittee Meetings Dept. of Admin. Workers' Comp Commission Dept. of Labor	YEAR II Report & Bill to the Legislature	YEAR III Compliance Review 1988		
	YEAR I Subcommittee Meetings Dept. of Finance Dept. of Audit FAME. etc.,	YEAR II Report & Bill to the Legislature	YEAR III Compliance Review 1989	
		YEAR I Subcommittee Meetings Dept. of AG Tech. Col. System State Pl. Office	YEAR II Report & Bill to the Legislature	YEAR III Compliance Review 1990
Prepared by Audit Staff (1990) WWP/693			YEAR I Subcommittee Meetings Dept. of Trans. Sec. of State Dept. of Public Safety, etc.,	YEAR II Report & Bill to the Legislature

AGENCIES SCHEDULED FOR REVIEW 1991 - 1992

Dana Connors, Commissioner
Department of Transportation
Statehouse Station #16
Augusta, ME 04333

John R. Atwood, Commissioner
Department of Public Safety
Statehouse Station #42
Augusta, ME 04333

G. William Diamond, Secretary of State
Department of Secretary of State
Statehouse Station #42
Augusta, ME 04333

Paul Violette, Commissioner
Maine Turnpike Authority
430 Riverside Street
Portland, ME 04103

Gordon Pow, Chair
Maine Educational Loan Authority
P.O. Box 510
Augusta, Maine 04330

Bernard W. Shaw, Commissioner
Department of Agriculture Food & Rural Resources
Statehouse Station #28
Augusta, ME 04333

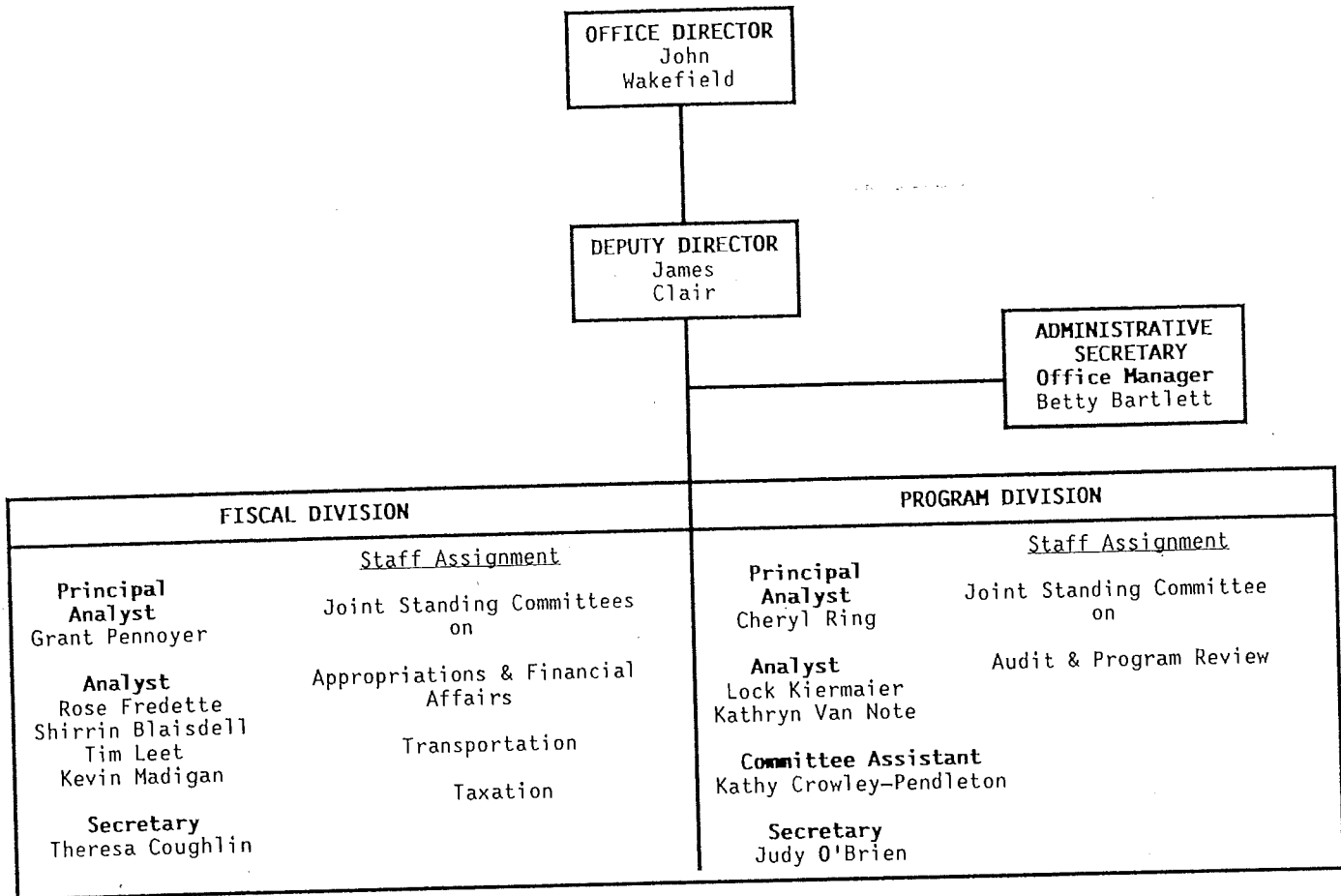
INDEPENDENT AGENCIES

Arthur Fournier, Chairperson
Maine State Pilotage Commission
Statehouse Station #35
Augusta, Me 04333

Richard A. Coleman, Chair
State Board of Registration for Professional Engineers
Statehouse Station #92
Augusta, ME 04333

Lou Maguire, Acting Chair (New election sometime in January)
State Board of Registration for Land Surveyors
Statehouse Station #35
Augusta, ME 04333

OFFICE OF FISCAL AND PROGRAM REVIEW
ORGANIZATION STRUCTURE



The Maine EPSCoR Advanced Development Program Proposal

Part I Infrastructure Plan



The Maine EPSCoR Advanced Development Program Proposal

Part I Infrastructure Plan

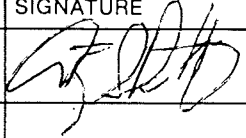
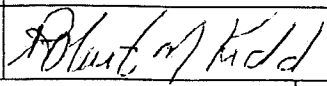


Submitted to the National Science Foundation

Maine Science and Technology Commission
January, 1991

COVER SHEET FOR PROPOSALS TO THE NATIONAL SCIENCE FOUNDATION

APPENDIX IV

FOR CONSIDERATION BY NSF ORGANIZATION UNIT <small>(Indicate the most specific unit known, i.e. program, division, etc.)</small>		PROGRAM ANNOUNCEMENT/SOLICITATION NO./CLOSING DATE	
EPSCoR		EPSCoR January 15, 1991	
EMPLOYER IDENTIFICATION NUMBER (EIN) or TAXPAYER IDENTIFICATION NUMBER (TIN) EIN: 01-6000001	SHOW PREVIOUS AWARD NO. IF THIS IS: <input type="checkbox"/> A RENEWAL or <input type="checkbox"/> AN ACCOMPLISHMENT-BASED RENEWAL	IS THIS PROPOSAL BEING SUBMITTED TO ANOTHER FEDERAL AGENCY? YES _____ NO <u>X</u> ; IF YES, LIST ACRONYM(S)	
NAME OF ORGANIZATION TO WHICH AWARD SHOULD BE MADE: Maine Science and Technology Commission			INSTITUTION CODE (if known) 4002758000
ADDRESS OF ORGANIZATION (INCLUDE ZIP CODE) State House Station #147, Augusta, Maine 04333			
IS SUBMITTING ORGANIZATION: <input type="checkbox"/> For-Profit Organization; <input type="checkbox"/> Small Business; <input type="checkbox"/> Minority Business; <input type="checkbox"/> Woman-Owned Business			
BRANCH/CAMPUS/OTHER COMPONENT (Where work is performed, if different) Statewide			INSTITUTIONAL CODE (if known)
TITLE OF PROPOSED PROJECT Maine EPSCoR Advanced Development Program			
REQUESTED AMOUNT \$4,500,000	PROPOSED DURATION (1-60 months) 36 months	REQUESTED STARTING DATE January 1, 1992	
CHECK APPROPRIATE BOX(ES) IF THIS PROPOSAL INCLUDES ANY OF THE ITEMS LISTED BELOW: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"><input type="checkbox"/> Vertebrate Animals</div> <div style="width: 33%;"><input type="checkbox"/> National Environmental Policy Act</div> <div style="width: 33%;"><input type="checkbox"/> Facilitation Award for Handicapped</div> <div style="width: 33%;"><input type="checkbox"/> Human Subjects</div> <div style="width: 33%;"><input type="checkbox"/> Proprietary and Privileged Information</div> <div style="width: 33%;"><input type="checkbox"/> Research Opportunity Award</div> <div style="width: 33%;"><input type="checkbox"/> Research Involving Genetically Engineered Organisms</div> <div style="width: 33%;"><input type="checkbox"/> International Cooperative Activity:</div> <div style="width: 33%;"><input type="checkbox"/> Disclosure of Lobbying Activities</div> <div style="width: 33%;"><input type="checkbox"/> Historical Places</div> </div>			
Country/Countries			
PI/PD DEPARTMENT Same as above	PI/PD PHONE NUMBER/ELECTRONIC MAIL ADDRESS (207) 289-3703 BITNET: MSTC@Maine		PI/PD FAX NUMBER (207) 289-3690
NAMES (TYPED)	SOCIAL SECURITY NO.*	HIGHEST DEGREE & YEAR	SIGNATURE
PI/PD Terry Shehata	006-58-8790	Ph.D. 1981	
Co-PI/PD			
Co-PI/PD			
Co-PI/PD			
Co-PI/PD			
By signing and submitting this proposal, the individual applicant or the authorized official of the applicant institution is providing the certifications regarding Federal debt status, debarment and suspension, drug-free workplace, and lobbying activities, as set forth in <i>Grants for Research and Education in Science and Engineering</i> , NSF 90-77 (8/90).			
(If answering "yes" to either, please provide explanation.)			YES NO
Is the organization delinquent on any Federal debt?			X
Is the organization or its principals presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency?			X
AUTHORIZED INSTITUTIONAL REPRESENTATIVE		SIGNATURE	DATE
NAME/TITLE (TYPED) Robert Kidd, Executive Director			1-9-91
TELEPHONE NUMBER (207) 289-3703	ELECTRONIC MAIL ADDRESS BITNET: MSTC@Maine		FAX NUMBER (207) 289-3690

Submission of social security numbers is voluntary and will not affect the organization's eligibility for an award. However, they are an integral part of the NSF information system and assist in processing the proposal. SSN solicited under NSF Act of 1950, as amended.

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	i
LIST OF APPENDICES	ii
1. PROJECT SUMMARY	1
2. RESULTS OF PRIOR NSF SUPPORT	2
3. PROJECT DESCRIPTION	5
3.1 BACKGROUND	5
3.2 OBJECTIVES AND STRATEGIES	15
3.3 RESEARCH TO BE SUPPORTED	18
3.4 HUMAN RESOURCE DEVELOPMENT	24
3.5 FINANCIAL COMMITMENT	29
3.6 MANAGEMENT PLAN	30
4. BIBLIOGRAPHY	32
5. BIOGRAPHICAL SKETCHES	33
6. BUDGET	40
5.1 SUMMARY BUDGET	41
5.1 ANNUAL BUDGETS	42
7. BUDGET EXPLANATION	45
6.1 MANAGEMENT	45
6.2 JUSTIFICATION	45
8. CURRENT AND PENDING RESEARCH SUPPORT	48
APPENDICES	50

LIST OF APPENDICES

	<u>Page</u>
APPENDIX A MAINE SCIENCE AND TECHNOLOGY COMMISSION AND ORGANIZATIONAL CHART	50
APPENDIX B RESEARCH EXCELLENCE PARTNERSHIP	53
APPENDIX C RECENT UMAINE FACILITIES UPGRADES AND ACQUISITIONS BY SOURCE	55
APPENDIX D EXECUTIVE ORDER ESTABLISHING THE COMMISSION ON SCIENTIFIC LITERACY	57
APPENDIX E INTERNAL AND EXTERNAL EVALUATION FORMS AND NAMES OF EXTERNAL REVIEWERS AND LEAD REVIEWERS	62
APPENDIX F CONFLICTS OF INTEREST MANAGEMENT PROCEDURE	71

1. PROJECT SUMMARY

The Maine Science and Technology Commission (MSTC), with input from the Research Excellence Partnership (REP), has developed a 3-year Experimental Program to Stimulate Competitive Research (EPSCoR) Advanced Development Program proposal to further improve Maine's research competitiveness in global change, marine molecular biology and in wood science and engineering. The three research activities, which were selected on their scientific merits, represent a diverse set of research areas of importance to the State of Maine in terms of research excellence, human resource development, and opportunities for economic vitality. The objectives for the Maine Advanced Development Program are:

- (a) To develop and Implement Long Range Plan for Integrating Science and Engineering Research, Education and Development into the State's Economic Development Strategy;
- (b) Increase Awareness and Importance of Science and Engineering;
- (c) Build and Retain Technical Expertise; and
- (d) Expand State Support for Research.

The total proposed 3-year budget for the Maine EPSCoR Advanced Development Program is \$13,463,926 dollars. The Maine EPSCoR Program is requesting \$4.5 million from the NSF and is committing a total of \$ 8,963,926 in non-federal match. The MSTC is committing \$3,600,000 million dollars in cash match and \$1,035,844 in waived indirect costs. The University of Maine is committing \$4,012,164 in cost-sharing and waiver of indirect costs. The Mount Desert Island Biological Laboratory is committing \$15,918 in cost-sharing match. An additional \$300,000 will be secured from private sources. With regard to research, \$10,628,000 of the total budget is allocated to the three clusters: \$4,350,000 from NSF, \$1,950,000 from the MSTC, \$4,027,918 from institutional sources, and \$300,000 from private sources.

2. RESULTS FROM PRIOR NSF SUPPORT

2.1 Maine EPSCoR Round I (NSF Award Number: RII-8011448; Cumulative Award Amount: \$2,930,172; Award Period: 1980 to 1988).

Maine's experience as a first-round EPSCoR state has been clearly successful in strengthening the targeted areas of Appalachian Geology and Marine Sciences. Maine EPSCoR targeted researchers have been able to compete with greater success for new federal research funds. The EPSCoR experience has demonstrated that research competitiveness among targeted researchers can be improved and that research programs of regional and national significance can be established through comprehensive program planning and development. It is also clear that improved funding opportunities are a critical incentive to building a quality research program.

Several brief observations reflect the successes of the Maine EPSCoR program:

- o Maine was able to attract nationally competitive scientists to fill critical positions in both Geological and Marine Sciences;
- o The University of Maine has supported the retention of these scientists by appointing them to new tenure-track positions in their academic departments;
- o The laboratories used by the EPSCoR researchers have been equipped and modernized to enhance continuing research competitiveness;
- o Cooperation and lines of professional communication between researchers at the University of Maine and Bigelow Laboratory and the regulatory staff and policy makers at the Maine Geological Survey and the State Department of Marine Resources have been established and will continue;
- o Research results by Maine scientists have not only extended the boundaries of their disciplines, but have also contributed to our practical knowledge of the geology and marine environment of Maine. These findings will potentially be of major significance to Maine as policymakers seek to more appropriately manage the State's natural resources for current and future generations;
- o The EPSCoR targeted researchers, on average, have been highly successful in achieving funding for their research proposals. From July 1984 through July 1987, the eight EPSCoR targeted researchers at the University of Maine were awarded a total of 30 competitive grants totaling over \$800,000.

The program, especially for the first-round states, was intended to be experimental and we have learned from our failures as well as our successes. For example, the original proposal envisioned a cost-sharing partnership of the University of Maine, the State, and the private sector. This concept was

developed without the early participation of key representatives from the private sector and without a workable plan to achieve a high level of visibility and support for the EPSCoR program in Maine. The difficulty of initiating a capital development campaign was compounded by the low visibility of the EPSCoR program within the political and economic sectors of the State. Although Maine succeeded in meeting its match commitment, clearly, models developed by other EPSCoR states were more successful in exceeding their match requirements. We hope to explore these models and others during the planning phase period in an attempt to develop a statewide strategy for securing match in excess of our requirements.

2.2 Maine EPSCoR Supplemental Grant (NSF Award Number: RII-8814632; Cumulative Award Amount: \$150,000; Award Period: 1988 to 1991).

The University of Maine and the MSTC are co-recipients of the three-year EPSCoR Supplemental Grant which was awarded in August, 1988. Both organizations are sharing responsibilities for implementing the activities stipulated in the grant. However, for management purposes, Dr. Gregory White of the University of Maine is the Project Director.

The purpose of this grant was to continue the efforts of the Maine EPSCoR program to improve the environment of support for science and engineering research in Maine. The goals of the grant are:

- (a) To improve Maine's research capability in science and engineering,
- (b) To increase the visibility and awareness of science and technology in the state, and
- (c) To continue research development activities of the initial Maine EPSCoR program and participate fully in national EPSCoR activities.

As provided for in the supplemental grant, the MSTC has reorganized the previous Maine EPSCoR Committee into the Research Excellence Partnership (REP). The reorganization has resulted in the expansion of the committee to reflect a broad based participation of the research community, businesses and state government. The REP also serves in an important advisory role to the MSTC on the broader issues related to research enhancement in Maine. Through the Commission, the REP has a leadership role in the development of research-related policies and in monitoring programs and activities consistent with strategies to strengthen the science and engineering base, and in assuring the role of research in the overall science and technology strategy for Maine.

2.3 Maine EPSCoR Round II Planning Grant (NSF Award Number: RII-8912936; Award Amount: \$20,000; Award Period: April 15, 1989 to September 1, 1989).

The Maine Science and Technology Commission (MSTC) and the University of Maine (UMaine) were jointly awarded a \$20,000 planning grant from the National Science Foundation (NSF) to develop a five-year improvement plan in targeted

areas of research excellence in Maine. The objectives of the planning period were to:

- o Identify areas of research excellence for soliciting competitive proposals on research groups or centers of research excellence;
- o Develop a strategy for securing non-federal match from existing and potential sources in Maine for the Implementation Plan and for the long-term success of the EPSCoR Program. The strategy will include encouraging participation of industry and firms in the Centers for Innovation Program of the Maine Science and Technology Commission.
- o Employ the Research Excellence Partnership five-year strategic plan as the framework for developing the implementation plan.
- o Complete the transition of overall management of the Maine EPSCoR Program from the UMaine to the MSTC.

2.4 Maine EPSCoR Round II (NSF Award Number: RII-8922105; Award Amount: \$ 1,200,000; Award Period: March, 1990 to August 31, 1992).

The Maine Science and Technology Commission (MSTC) was awarded a 2-year, \$1.2 million Implementation grant to support a Global Climate Research Initiative as part of a plan to effectuate further improvements in Maine's research competitiveness in a manner complementary to the priorities of the State of Maine. The goals of the Implementation plan are:

- o Nationally competitive research programs in global change within 3 to 5 years with the possibility of expansion into a center for research excellence in 5 years;
- o Increased sustainable non-EPSCoR federal, state, and private research funding for this research area and other research areas of relevance to the State of Maine;
- o Established a consortium of undergraduate institutions in Maine (Maine Undergraduate Science Consortium) to network undergraduate faculty and students with competitive research laboratories in Maine, and to match the needs of K-12 with those at the undergraduate level;
- o Further broad-based reductions in barriers to research competitiveness in Maine; and
- o Identify strategies to increase science and mathematics literacy among K-12 students.

3. PROJECT DESCRIPTION

This proposal is submitted in a difficult and constraining economic climate in the State of Maine. The Maine Science and Technology Commission (MSTC) clearly recognizes the potential severity of the State's economic difficulties and the uncertainty created for providing the necessary support throughout the lifetime of the recommended projects. Many aspects of the the State's budget for FY92 and FY93 will not be known for at least several months. Submission of this proposal reflects priority commitments made by participants involved to continue building the scientific and technological base, in the belief that this infrastructure is essential to the long-term economic prosperity of the State. Indeed it becomes even more important in times of economic decline to continue and improve our long-term capacity for growth and innovation. We believe the data presented in this proposal clearly substantiates the state's priority for building scientific and technological capacity.

3.1 BACKGROUND

EPSCoR has been, and remains, critically important as a catalyst for change in Maine. During the past decade Maine has seen significant improvements in the rate of investment and capacity building for science and engineering (S/E) research. Despite this growth the State has not yet realized the absolute levels of improvement which have occurred in some other states. As this proposal will demonstrate, many of the historic barriers to research improvement are being targeted and successfully addressed through a broad based commitment of effort and investment. EPSCoR is a highly visible keystone within Maine's renewed efforts and constitutes an important source of funding for the continued development of the state's research infrastructure.

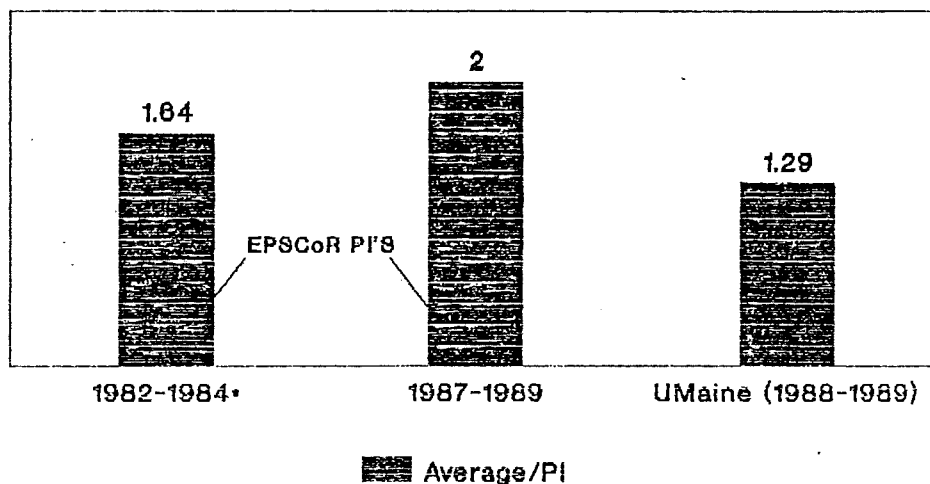
3.1.1 Impact of Federal EPSCoR Support on S&E Research Environment

The initial Round I EPSCoR effort (1980-1985) was successful in enhancing the research competitiveness of ten targeted principal investigators (PI's) at the University of Maine (UMaine) and eight at the Bigelow Laboratory for Ocean Sciences (BLOS). Since 1982, these PI's have been awarded over 60 competitive non-EPSCoR grants totaling over \$4.0 million and have published over 200 articles in national and international peer-reviewed journals. The successes of Maine EPSCoR PI's in publication and non-EPSCoR grants received compare favorably with annual averages for all NSF PI's and for PI's from selected UMaine S/E departments (Figure 1). The national recognition of UMaine's Sedimentology Laboratory and BLOS' research in the geochemistry, benthic-pelagic coupling and plankton ecology have led to the invitations of several EPSCoR PI's to participate on national and international scientific committees. Twelve of the initial eighteen targeted EPSCoR PI's are still employed with their institutions.

The Global Climate Research Initiative, a joint effort between UMaine and BLOS, has yielded some significant infrastructure improvement in a short period since the Round II EPSCoR award was made in March, 1990. For example, the

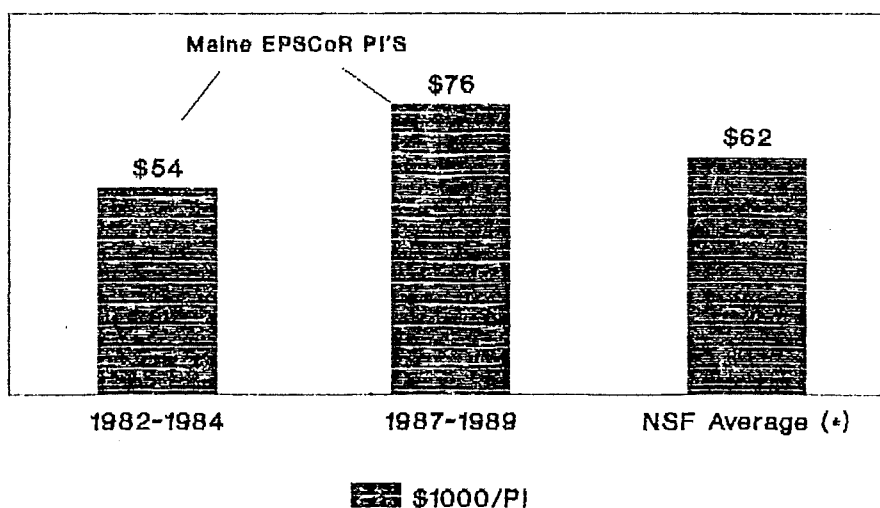
Figure 1

Average Annual Publication Rates



(*) PI's from selected UMaine S/E Departments

Average Annual Federal Award Size For Non-EPSCoR Grants



(*) Average for all NSF PI's in 1989

Stable Isotope Laboratory at UMaine is almost complete. The University purchased two state-of-the-art mass spectrometers from an English manufacturer with State and NSF EPSCoR funds. These purchases will significantly enhance the quality of the research program and will permit the dedication of one instrument for regional use. UMaine was able to attract a mass spectrometer technician with a national reputation from the Scripps Institution of Oceanography to manage the laboratory. Several UMaine and BLOS research activities were initiated in 1990 [1] and others are planned for early 1991. Both organizations are well underway in hiring new faculty for their research efforts.

In the Fall of 1989, the Research Excellence Partnership (REP), the Maine EPSCoR Steering Committee, established the annual **Maine Faculty Enhancement Program** as part of an effort to increase the pool of competitive researchers, thereby increasing the state's share of federal R&D funds awarded to colleges and universities. Under this program, faculty members at Maine's institutions of higher education may request up to \$5,000 to spend one summer at a host institution. Working with a competitive staff member, the visiting faculty member strengthens his/her research and teaching capabilities, and thus becomes more competitive when submitting independent research proposals to federal agencies. In the first year of the program, the REP awarded 5 grants to upcoming scientists at Colby College, Bates College, University of Maine, and the University of New England.

The REP initiated the development of a computer-based, menu driven, statewide **directory of research expertise and equipment**. The capability to communicate scientific problems and to share scarce and expensive equipment are fundamental elements to a program designed to stimulate research excellence. This need is especially acute in a state as rural as Maine. This directory, which was recently released to the State's research community, will foster networks between scientists and engineers within the academic community and business community. The directory also serves as a resource for facilitating peer reviews of proposals and stimulating technology transfer discussions among businesses and academicians.

3.1.2 Impact of State Support on S&E Environment

The last three years has seen dramatic improvements in qualitative and quantitative state support for science and engineering infrastructure. These increases were the direct results of recommendations from two major gubernatorially initiated task forces: (a) the Visiting Committee to the University of Maine; and (b) the Economic Development Strategy Task Force.

In August of 1984 the Governor established the Visiting Committee to review the "overall mission and program priorities [of the University of Maine System] for the remainder of the century...." The 1986 report [2] from the Committee presented the following as its second recommendation;

"The Committee recommends that the University of Maine at Orono be strengthened as a research and doctoral institution, befitting its historic role as the State's land-grant University, and that its graduate offerings rest upon a first-class undergraduate educational program."

As a result of this report and the State's commitment to higher education and research, the Legislature appropriated \$15 million in supplemental funds for the University of Maine System, including \$8.5 million for the Orono campus as a down-payment to implement the Committee's recommendations.

The state's commitment to higher education and science and technology was further bolstered in 1987 by the findings and recommendations of the Economic Development Strategy Task Force. In the Spring of that year the Governor created the Task Force to design a strategy that would position Maine to take advantage of new economic opportunities, strengthen the State's competitive position in a changing world economy, and create quality jobs for the State's workforce. In its October 1987 report [3], the Task Force outlined a series of recommendations for State to invest in its people, infrastructure, natural resources, and entrepreneurial environment. One important recommendation of the Task Force was:

"The contribution of higher education to economic development must be increased. We must designate and support Innovation Centers to undertake applied research to spur economic activity and to transfer new technology to private firms; provide extra funding for economically important academic disciplines; and to fund a pilot telecommunications program to expand access to higher education."

In response to these recommendations, the Legislature created the Maine Science and Technology Commission as a state agency in the Executive Department. The Legislature also appropriated \$7 million to the University of Maine System for the development of a system-wide telecommunication network. The following is a description of the outcomes of these two important state-supported S/E infrastructure-related initiatives.

The creation of the Maine Science and Technology Commission in 1988 as a state agency within the Executive Department was an important milestone for the State of Maine (Appendix A). By their action the Governor and the Legislature acknowledged the Economic Development Task Force's findings that state investment in science and technology is an important strategy for developing the state's economy and preserving its quality of life. The new agency was given a challenging mandate to enhance industrial innovation and research excellence in Maine.

With a \$1.45 million dollar annual budget, the MSTC sponsors several industry innovation centers that help bring technological innovation to Maine firms. Three "Centers for Innovation" target specific industries, working to bolster Maine's competitive position in aquaculture, biomedical technology, and metals and electronics manufacturing. A complementary fourth center, the Maine Research & Productivity Center, provides technical assistance to individual firms in a range of industries. The hallmark of these centers is their responsiveness to industry. Each is guided by an industry-dominated board, which works with partners in the research community to harness Maine's best technical talent for the benefit of business.

With the assistance of the REP (Appendix B), which also serves as the Commission's research policy advisory body, the MSTC successfully competed for a Round II, 2-year, \$1.2 million EPSCoR grant from the NSF to fund the Global Climate Research Initiative. The global climate proposal served as the REP's

lightening rod to heighten the awareness of the public, the Governor and the State Legislature of the need for a sound science and engineering infrastructure. In response to this need, \$300,000 in new state funding was appropriated for the Maine EPSCoR Program by the Legislature and the Governor at a time when the state budget was reduced by \$210 million. This appropriation constituted the initial capital for the Research Excellence Seed Fund, created by the MSTC to institutionalize state support for S/E research and education activities of relevance to the state. In combination with \$2 million in cost-sharing from the University of Maine and Bigelow Laboratory, the new state appropriations represent a milestone in the state's commitment to improve Maine's research environment.

Upon the recommendation of the REP, the MSTC funded the creation of the Maine Undergraduate Science Consortium with state funds in June 1990. The long-term goal of the Consortium, a coalition of 8 undergraduate institutions, is to further linkages and to develop cooperative relationships among all colleges and universities in Maine. The Consortium is well underway in achieving this goal by the recent completion of a 24-hour Electronic Bulletin Board which contains research, education, and technical assistance information in the state and nationally. The Consortium is developing a textbook/laboratory manual concerning the Gulf of Maine for undergraduate students and is in the process of establish linkage with the New England Consortium for Undergraduate Science Education. Additional activities planned by the Consortium include hosting of workshops designed to demonstrate the utility of new technologies to enhance undergraduate teaching, and develop funding to facilitate faculty and student research. The Consortium is quickly being recognized as an important vehicle for coordinating the needs of undergraduate students and faculty throughout the state.

The MSTC and the REP have been staunch supporters of two major State events which are designed to increase awareness of and appreciation for science and technology research and education among the school children and the general public including policymakers. For the third straight year the last week in April, 1990, was proclaimed Maine Science and Technology Week by Governor McKernan as part of an effort to elevate public awareness of the importance of science and technology. This annual event heralds Maine's celebration of National Science and Technology Week. The State Science Fair, sponsored by the Secondary Principals Association, provides an opportunity for Maine high school students to demonstrate their scientific knowledge and skills.

The Marine Research Board was created within the MSTC by the 114th Legislature to provide the state with the capability to identify, prioritize, and support basic and applied research needs of the State. The Board will issue its first mandated biennial research priority and action plan report to the Governor and the Legislature in February, 1991. The creation of this Board acknowledges the commitments of the Governor and the Legislature to enhance the state's marine research infrastructure as a necessary prerequisite to addressing the State's critical marine needs.

The state's institutions of higher education are comprised of 31, 4- and 2-year public and private colleges and universities and 22 vocational institutions that serve a population of approximately 1.22 million. Higher education in Maine has received unprecedented state support over the past 10 years. Maine is ranked first nationally in the 10-year percentage gains

(FY1980-FY1990) for higher education from state appropriations (Figure 2). Even during a difficult economic period for the New England region, Maine is ranked 5th in the 2-year gains (FY88-FY90). Translated in terms of state appropriations plus tuition per student for FY1989, Maine's average expenditure was higher than the averages for the U.S. and for EPSCoR states (Figure 2). Clearly, these statistics demonstrate the ever increasing commitment of state government for Maine's institutions of higher education.

The University of Maine (UMaine), one of seven publicly supported campuses in the University of Maine System, is recognized as the state's major research institution commanding approximately 90% of all funds that support research activities at colleges and universities. As the State's Land Grant/Sea Grant University, UMaine has a responsibility for preserving and adding to the body of knowledge as well as being responsive to the needs of society, particularly the State, by being accessible and willing to address its special needs. As the State's only Ph.D.-granting institution and leading research institution, UMaine faculty members are shouldering the burden of increasing the State's share of federal research and development grants awarded to colleges and universities. Indeed, UMaine recognizes its leadership role in this regard and, fueled by the legislative down-payment, has taken aggressive action over the past several years to improve the research environment on campus and its responsiveness to the State's needs.

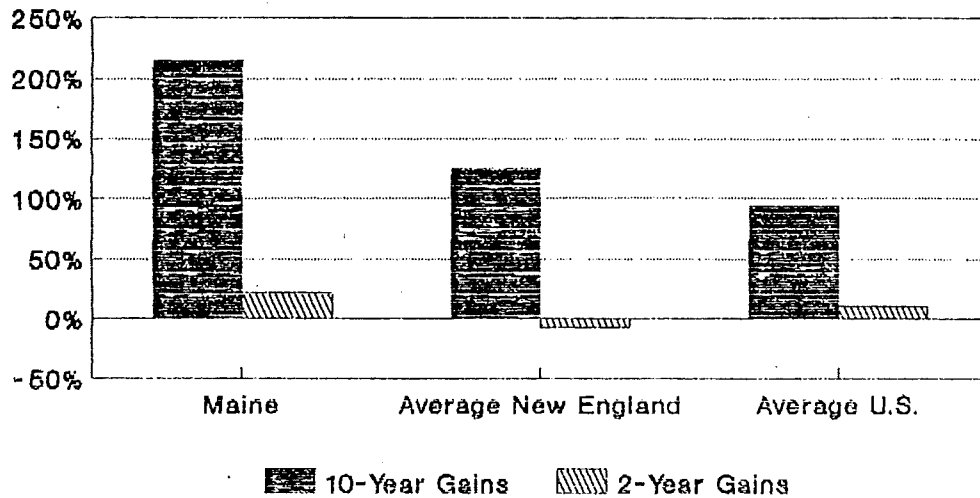
The recent substantial accomplishments of UMaine in sponsored grants must be placed in historical context. Prior to 1970, UMaine operated primarily as a teaching institution. Agriculture-related research was the primary focus and was supported through the Agricultural Experiment Station which receives funding from the state and federal governments. Extramural grants were not vigorously pursued and totaled less than \$1 million from all sources. Since 1970, UMaine redefined its mission as both a research and teaching institution and doubled its effort to work with faculty members to increase extramural funding from all sources.

UMaine's aggressive pursuit of extramural support has paid off with substantial increases in proposal submittals, faculty involvement and dollars received competitively from extramural sources (Figure 3). UMaine S/E programs have been especially successful over the past 3 years (FY88-FY90) realizing a 19% increase in funding from federal sources (\$5.5 million to \$6.5 million).

The increased activity at UMaine primarily reflects enhanced awareness among faculty toward research and external funding expectations. This has been accomplished via meetings between the Vice President for Research and Public Service and all academic departments; speeches and correspondence from President's and Vice President's offices; clear recognition of research as a priority criterion by higher administrative; increased Public Affairs activities toward increased visibility of research and public service; increased Sponsored Programs Division visibility and activity; clear expectations from new Deans; University support of and publicity of Centers of Excellence; and clear expectations in most academic departments in criteria when hiring new faculty.

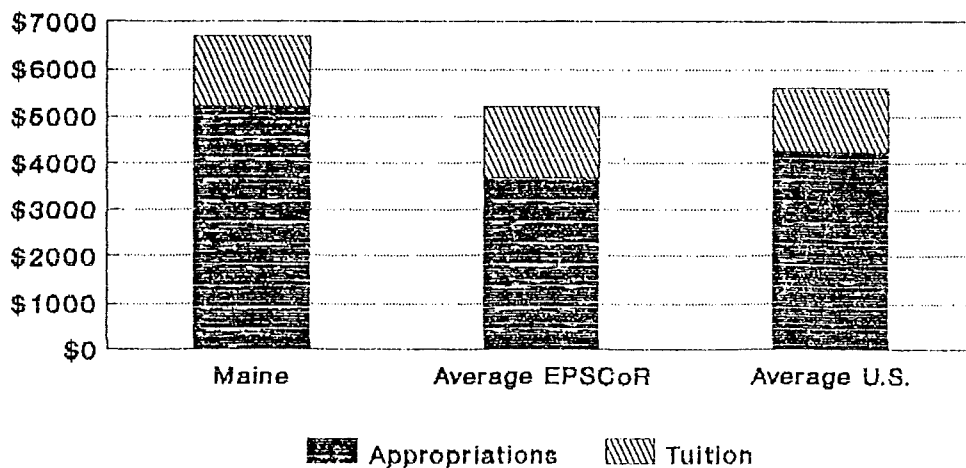
Another important element to a positive research environment is the availability of adequate facilities and equipment to conduct quality research. In this regard, Appendix C describes the several new research buildings or

Figure 2
Increases in State Support for
Higher Education (1980-1990)



SOURCE: New England Board of Higher Education's FACTS 1991

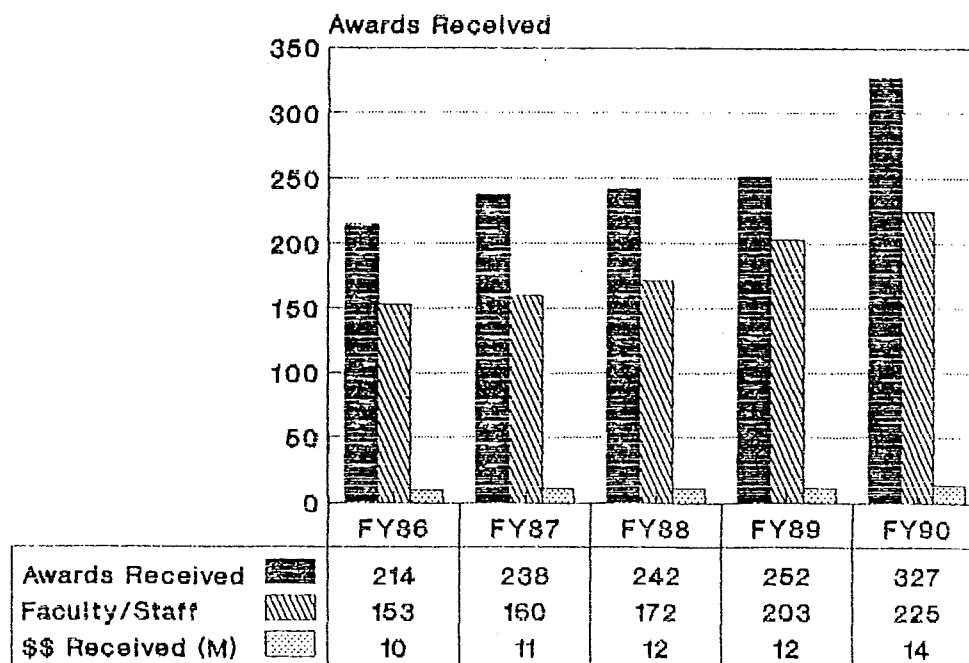
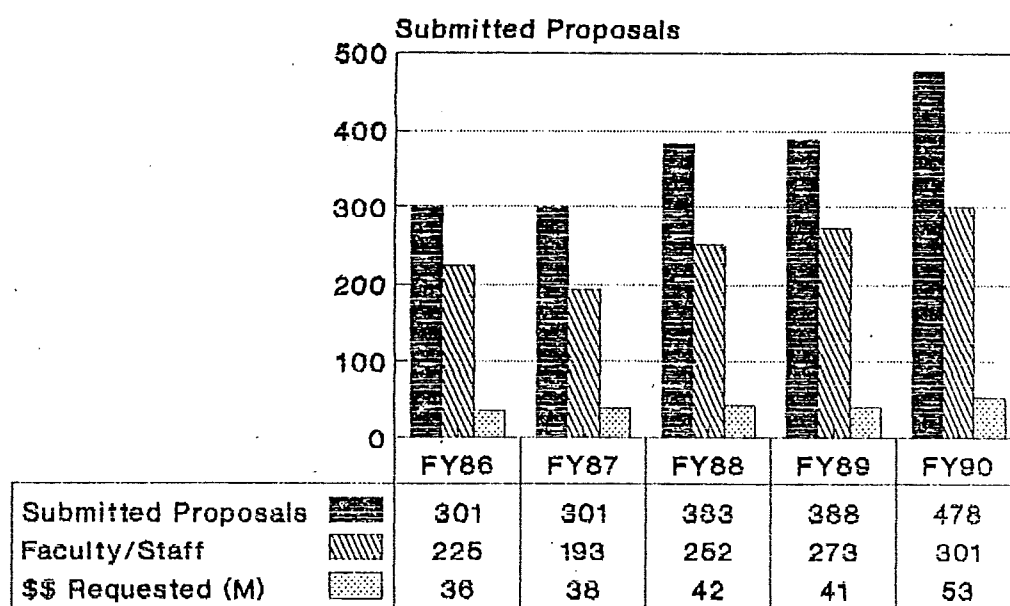
**Appropriations and Tuition Per Student
in Public Higher Education, 1988**



SOURCE: Kent Halstead: Financing Public Higher Education, 1978 to 1989, September 1989.

Figure 3

UMaine Sponsored Research



expansions at UMaine that have been completed during the past 4 years from various sources of private and state funding including the 1987 down-payment. The positive effect these improvements are having on campus environment can be best illustrated by the engineering labs which were greatly improved at a cost of over \$1.2 million. This had a salutary effect on reaccreditation by the Accreditation Board for Engineering and Technology. Coupled with excellent work of the Dean of the College of Engineering and faculty on curriculum, the improved laboratories enabled the engineering programs to receive a remarkable full six-year reaccreditation for all programs. This result is found in perhaps 10%-20% of reaccreditations in engineering programs today nationally.

UMaine administration has continued to work hard to increase faculty salaries to national competitive levels. This effort, to say the least, has been very successful. In comparing the UMaine average faculty salaries with those of the major public university in all of the fifty states for the 89/90 school year, UMaine ranks 32 for professors, 30 for associate professors, and 31 for assistant professors, with an overall ranking of 31 [4]. Figure 4 provides a comparison of UMaine's average faculty salaries with those from public doctoral institutions and Land-Grant universities in EPSCoR states.

UMaine science and engineering faculty salaries have been competitive and are high relative to the campus averages. In the College of Sciences, the average salary (Fall 1989 data for selected departments) for a professor is \$53,915; for an associate professor, \$44,680; and for an assistant professor, \$37,414. The College of Sciences attributes its growth in number of student majors (from 755 in Fall 1989 to 795 in Fall 1990) and in faculty research grants received (from \$2,699,000 in AY 1988-1989 to \$4,056,000 in AY 1989-1990) to improved quality of faculty stemming from the increases in salary and support in recent years.

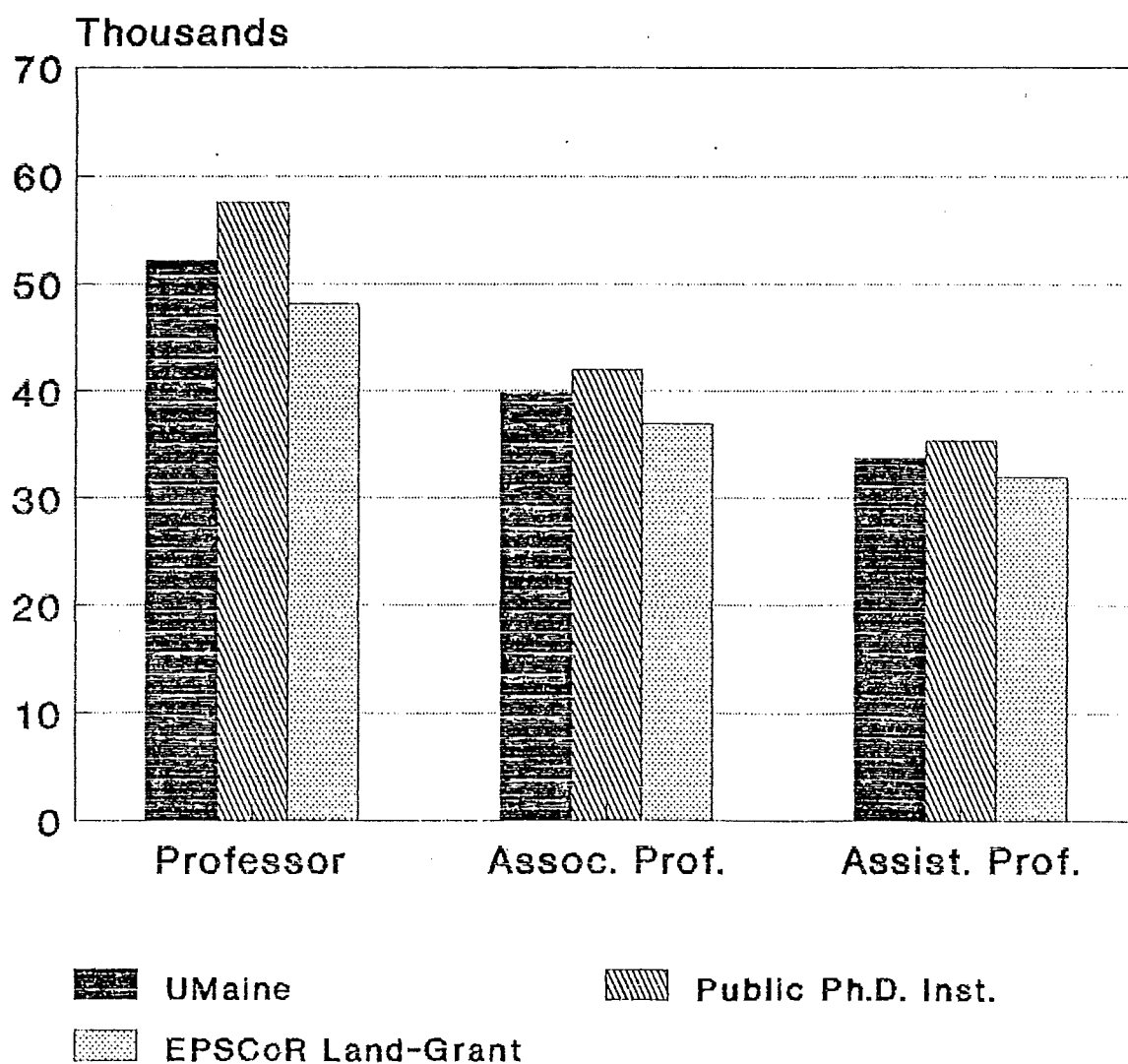
Faculty recruitment at UMaine has also benefit from improvements in start-up funds. In the current fiscal year, UMaine allocation for start-up funds has been as high as \$75,000, and 3-year allocations have been as high as \$160,000.

The subsequent increases in salary, start-up funds, and facilities improvements have created an environment much more attractive to candidates for faculty, staff, and administrative positions. UMaine is particularly proud of the fact that they are now attracting highly qualified women candidates for top administrative and faculty positions.

Since 1986 the nine-month base level stipends for UMaine graduate research and teaching assistantships have risen from \$3,900 to \$5,900. While the stipends are not nationally competitive, the UMaine and the UMaine System are committed to a long-term process to elevate the graduate stipends to competitive levels. Through state appropriations, UMaine annually supports approximately 281 graduate assistantships. Presently the stipend (UMaine funds only) for these assistantships includes tuition waiver of 9 credit hours for both the Fall and Spring Semesters. Some stipends are further supplemented through base operating funds or through grants to competitive levels approaching \$15,000.

Figure 4

Average UMaine Faculty Salaries



SOURCE: Chronicle of Higher Education,
April 25, 1990

3.1.3 Areas Requiring Further Development

It is clear that the State of Maine and institutions of higher education have invested substantial time and money to improve the State's research environment. Faculty salaries for S/E fields are nationally competitive. Maine's S/E faculty per million population ratio of 840 compares favorably with the EPSCoR states (741) and national (857) averages. Maine State Government has outpaced the nation in increases in funding for higher education. However, more improvements are needed in order to assure a productive and sustainable research community. Areas requiring improvement include: (a) graduate stipends; (b) start-up funds; (c) equipment purchases and upgrade; (d) increased participation of industry in support of research activities; (e) increased awareness of the public and lawmakers of the importance and benefits of science and technology; and (f) increased literacy of students and the public in science, mathematics and technology.

3.2 OBJECTIVES AND STRATEGIES

3.2.1 Objectives

The REP and the MSTC appreciate the positive impact EPSCoR is having on individual competitiveness and on the State's research environment. Without a supportive research environment, quality faculty members will likely move and continue their competitive trend in other states in which the research environment is more supportive. Without quality faculty, the State of Maine will lose the momentum it has gained over the past four years to build and expand graduate and research programs that are vitally important to the State's goal to compete effectively in a global economy.

In recognition of these needs, the REP has outlined four interrelated objectives and strategies for the Advanced Development Program. These are:

- (a) Develop and Implement Long Range Plan for Integrating Science and Engineering Research, Education and Development into the State's Economic Development Strategy;
- (b) Increase Awareness and Importance of Science and Engineering;
- (c) Build and Retain Technical Expertise; and
- (d) Expand State Support for Research.

Some of these objectives are similar to EPSCoR II but are restated to emphasize the long-term nature of realizing meaningful and sustainable improvements in a state's science and engineering infrastructure.

3.2.2 Strategies

- (a) Develop and Implement Long Range Plan for Integrating Science and Engineering Research, Education and Development into the State's Economic Development Strategy.

In a period of diminishing and competing resources, it will be difficult to secure new commitments unless the EPSCoR effort is integrated with the state's economic development efforts. Recognizing the inseparable link between

S/E human resource, research and development, higher education and global competitiveness, the REP was instrumental in identifying two major strategies which, if successful, will fully integrate EPSCoR in the state's economic development strategy and will lead to meaningful and sustainable improvements in the state's science and engineering infrastructure.

On October 19, 1990, Governor McKernan signed an executive order (Appendix D) creating the **Governor's Commission on Scientific Literacy**. Administered by the MSTC, the goal of this one-year Commission is to develop an action plan to increase science literacy among Maine residents and students. The Commission will work from the premise that reform in science, mathematics, and technology education must incorporate a K-12/postsecondary/business continuum. The action plan is expected to be completed in the Fall of 1991, at which time recommendations and funding that require legislative approval will be considered in the Second Session of the 115th Legislature which begins in January, 1992. However, concrete recommendations will be developed in time for the State to apply for funding under NSF's Statewide Systematic Educational Initiative in the Summer of 1991.

A second important element to the long range plan is implementation of the 1987 Economic Development Strategy Task Force's recommendation for "...detailed re-examination of the strategy...in 1991, when impacts of the programs will be measurable." In the Spring of 1991, the MSTC and the Department of Economic and Community Development will initiate the re-examination of the strategy by convening a special task group. Since the 1987 strategy did not consider the status of the State's research environment, the 1991 Task Group will be asked to consider this important infrastructure element in their deliberation thereby fully integrating R&D, including EPSCoR, into the state's economic development strategy and solidifying the role of higher education in this effort.

The revised strategy and funding and programmatic recommendations are expected to be completed by the Fall of 1991 and legislation seeking state funding will be considered in the Spring session of the 1992 Legislature. Because of the interrelationships, revisions to the State's economic development strategy will be closely linked with the findings of the Commission on Scientific Literacy.

It is important to note that the three research proposals recommended for State and NSF support combine elements of research infrastructure and economic competitiveness. In particular, the proposed research in marine molecular biology and wood science and engineering are very much linked with two important natural resource-based economic sectors in Maine: marine resources and forest products. The Centers for Innovation in Aquaculture and in Biomedical Technology have taken keen interests in the outcomes of the research from the proposed clusters. All three clusters will significantly enhance the awareness effort and will play important roles in subsequent strategies to increase state and private support for research and to integrate EPSCoR in Maine's economic development strategy.

(b) Increase Awareness and Importance of Science and Engineering.

Maine Science and Technology Week and the State Science Fair are very important activities to the REP's strategy for increasing awareness and the importance of S/E to Maine and to increase the interest of students in S/E

careers. The REP and the MSTC will focus on efforts to increase participation of students, parents, policymakers, and educators in these activities. For example, the State Science Fair is held annually at the end of March. Serious consideration will be given to moving the Fair to Maine Science and Technology Week to maximize scarce resources.

The MSTC will establish a **Governor's Research Achievement Award** to acknowledge the contributions of researchers, educators, and administrators in institutions of higher education, foundations, businesses, and state agencies in promoting and stimulating S/E research and education excellence. Without such recognition it is difficult to demonstrate the commitment of the state for research and thereby motivate researchers and educators to continue their efforts. Selection of awardee(s) will be based on a state-wide solicitation. The award will be given out each year by the Governor at the Annual REP Conference by the Governor.

The REP/MSTC will be a major co-sponsor of a regional conference in Maine on global change along with the University of Maine, and the New England Governors/Eastern Canadian Premiers Conference. The interest of both the REP and the MSTC in this conference is to increase the nation's awareness of the leadership role Maine can provide on global change research. This conference is also part of a strategy to sustain the Global Change Research Initiative post-EPSCoR and to generate interest in evolving the program into a center.

(c) Build and Retain Technical Expertise.

State and NSF support for the targeted three research clusters will significantly contribute to building of the State's technical base in global change, marine molecular biology and wood science and engineering. In conjunction with recent increases in state investment for higher education, these clusters will serve as visible examples of state support for research excellence and serve to attract quality researchers to other discipline areas.

The **Research and Equipment Directory** currently has 160 entries from scientists and engineers in academia, state government, businesses and industry. The directory represents an important element to the REP's networking strategy. The REP will annually update the directory and will undertake efforts to triple the number of entries before the release of the updated version.

The **Maine Faculty Enhancement Program** will be supported by state funding starting in FY92. This step will assure continuation of this valuable program after NSF support terminates in FY91. The REP will award 7-10 grants annually faculty members from Maine's institutions of higher education.

(d) Expand State Support for Research

The MSTC's FY92-FY93 biennium budget request reflects a significant effort by the Commission to increase state support for its technology-based programs and for EPSCoR activities. If approved by the Legislature, the MSTC's budget will increase by 100% over the past biennium. The budget request includes \$1.2 million per year to increase base level funding for the existing three centers for innovation, to establish a new center, and to support technical assistance grants for small business innovation research grant applicants and technology

innovation grants. The MSTC's budget request also includes \$1.2 million per year for the Maine EPSCoR Research Excellent Seed Fund. This request will support the three EPSCoR research activities, the Maine Faculty Enhancement Program, the Governor's Research Achievement Award, the Research and Equipment Directory, educational and awareness programs, and will be used as a source of state matching funds to other federal EPSCoR research programs.

The University of Maine System Board of Trustees approved a new FY92-FY93 biennium budget request package to the Legislature that includes a \$1.05 million dollar request to increase the number and base level of stipends for graduate research assistantships, start-ups funds, cost-shares, and equipment maintenance. It also includes a \$500,000 request to further advance the System's 2-year-old library automation system at UMaine which has substantially improved library searches. Additionally, it also includes \$1.45 million dollars for a special initiative to develop a School of Marine Sciences at the University of Maine in response to a recognized vital need of the state [5]. This infrastructure package is in the EPSCoR spirit and demonstrates the University of Maine System's commitment to strengthen its research environment in order to conduct quality research and to respond to the state needs.

The Marine Research Board submitted its FY92-FY93 biennium request of \$932,466 to support its legislatively authorized competitive grants program. In combination with the marine sciences-related EPSCoR research activities and the University of Maine System's marine studies initiative, state support for the marine grants program will substantially improve the state's marine research environment. This support will surely create a positive domino effect for the state's research, education, and development strategy development plans and, specifically, for the Maine EPSCoR effort.

3.3 RESEARCH TO BE SUPPORTED

As a matter of introduction to this section, it is important to emphasize that the REP, with the approval of the MSTC, entered the Round III competition with the full realization that in order for the Maine EPSCoR effort to have a greater impact on the state's research environment, the proposals to be submitted to the NSF must be diverse in research areas. Therefore, the process outlined below for selecting research activities was designed to assure diversification.

3.3.1 Statewide Solicitation and Review Process

A state-wide solicitation announcement on Round III EPSCoR was prepared and distributed to academic institutions throughout the state. The announcement described the goals and scope of the EPSCoR program and application requirements. All interested applicants were invited to an informational meeting at the Annual REP Meeting which was held on June 6 and 7, 1990, in Bar Harbor.

The application process was in two stages: a preproposal stage and a full proposal stage. The purpose of the preproposal stage was to provide the REP the opportunity to determine which proposals would have the greatest chances for state and federal support. The REP received seven cluster/center preproposals from several institutions in a variety of subject areas such as

global change, molecular genetics, marine molecular biology, wood science and engineering, seaweed, and aquatic ecosystems.

In selecting preproposals for full proposal development, the REP employed an internal review process (see Appendix E for review criteria) which focused primarily on the relevance of the research to Maine and federal funding opportunities post-EPSCoR. At this point in the process, scientific merit was not a major consideration in the selection. The REP selected three (global change, marine molecular biology, and molecular genetics) out of the seven preproposals for full proposal development. The MSTC augmented this selection to include the applicants of the wood preproposal. Because of the potential benefits the wood proposal would have to Maine's forest industry, the MSTC wanted to give the wood applicants the opportunity to develop a scientifically meritorious proposal.

The REP utilized a NSF-type peer review procedure to evaluate final proposals for the EPSCoR Advanced Development Program. A list of nationally recognized scientists and engineers in each area covered by the proposals was developed in consultation with the applicants. Every attempt was made to confirm at least 5 postal reviewers for each proposal. Within each confirmed set, a lead reviewer was designated. The names of reviewers, designated lead reviewers, and the evaluation form are provided in Appendix E. The REP requested each lead reviewer to summarize all comments and represent the set at the November 28, 1990, meeting of the REP.

On November 28, 1990, the REP reviewed and selected the proposals for further consideration by the MSTC. The scientific merits of the proposals were the only factor considered by the REP in formulating its recommendations to the MSTC. Applicants were invited to present their proposals and to respond to reviewers comments and questions from the panel and the REP. Following all presentations, the applicants were dismissed.

After implementing the REP's conflicts of interest management procedures (Appendix F) each lead reviewer provided a summary of the comments from their respective postal reviewers. The lead reviewers were instructed to caucus to consider their overall recommendations on prioritizing the proposals for submittal to the NSF/EPSCoR Program. Before leaving, the lead reviewers asked the REP for guidance on how to treat the Bigelow proposal: together with the UMaine global change proposal or separately. After an extensive discussion, the REP instructed the reviewers to treat the proposals separately to assure that science was the ultimate factor in their decision.

Strictly on the basis of reviewers comments and ratings, the lead reviewers unanimously recommended the following three proposals be revised and submitted to the NSF: (a) an expansion of the global change group at UMaine with the intent to develop a center in Years 4 and 5 of the program; (b) a marine molecular biology research cluster; and (c) a wood sciences and engineering research cluster. The lead reviewers believed that all proposals could be significantly improved for submittal to the NSF, some required more improvement than others. However, the reviewers believed that sufficient improvements were not possible for some proposals given the constraints of time, although the capability to do so might vary with the extent and degree the applicants wished to make time in their busy schedule. The REP unanimously

agreed to forward the recommendations of the lead reviewers to the MSTC for consideration and approval. These recommendations were approved by the MSTC Executive Committee at its December 14, 1990, meeting.

3.3.2 Selected Research Initiatives

The three research activities, which were selected on their scientific merits, represent a diverse set of research areas of importance to the State of Maine in terms of research excellence, human resource development, and opportunities for economic vitality. Figure 5 describes the distribution of over \$10.6 million dollars in NSF and non-federal funds among the three proposals.

3.3.2.1 Global Change Nucleus (Total cost: \$5,708,760).

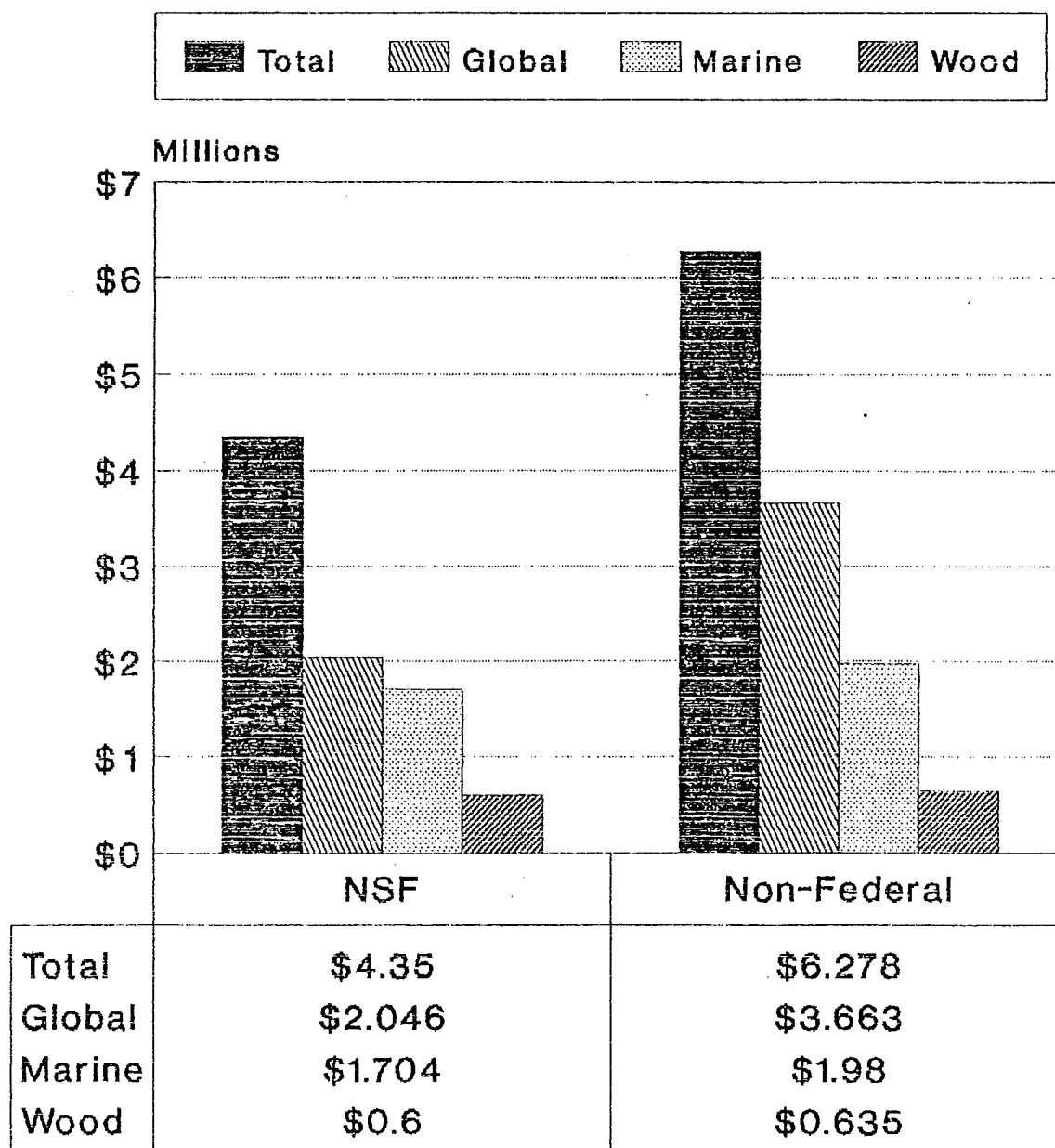
The global change research group was a recipient of 2-year state and Round II NSF EPSCoR grants. If successful in Round III competition, funding would support new and expanded research activities for Years 3 to 5 of the program.

The PI's propose to significantly expand and diversify the disciplines needed to conduct research to understand the structure and mechanisms of past abrupt change in climate so as to improve climate modeling. The research program represents an innovative approach to a complex and serious global-scale problem. The PI's fully realize that solution of the scientific problem will take more resources than have been requested through the EPSCoR program. However, their strategy is to increase their competitiveness by viewing the EPSCoR scientific scheme set forth here as the framework on which to hang numerous other complementary proposals. Accordingly, they have emphasized their laboratory and graduate student infrastructure as the foundation for competitive funding. They have provided the numerous projects with seed funds, and are in the process of applying for supplementary funds from federal agencies. In addition, they have applied for a large equipment grant from a private foundation. They will continue to seek supplementary external, concurrent funding for many of the regional scientific components of this program. In addition to idea-generation, the EPSCoR Program will foster interdisciplinary strategies for problem-solving.

This proposal involves 6 departments from the University of Maine plus the Maine Geological Survey and substantially enlarges the role of oceanography in global change research. The overall goal of the project is to develop an interdisciplinary and well-equipped scientific team that can resolve the record of recent abrupt climate change, investigate the physical mechanisms of abrupt change, and consider the impact of future climate change on the environment, including specific impacts in Maine.

This proposal will upgrade the national competitiveness of the global change research group and the associated departments as well as the entire University of Maine System. It will establish these entities as significant participants in the rapidly expanding field of Global Change Research. This upgrading of infrastructure and staff will allow researchers to compete for funds in the U.S. Global Change Research Program. The existing faculty members and new positions requested are all in fields which rank high in the science priority framework of the U.S. Global Change Research Program.

Figure 5
Distribution of Requested NSF and
Non-Federal Funds Among the Proposals



Non-Federal: State and Institutional

This upgrading will be accomplished by (a) further increasing competitiveness for non-EPSCoR federal and private sources; (b) providing seed support four new tenure-track positions in needed disciplines to compliment research efforts (two of the four positions are identified in the University of Maine Board of Trustees marine studies report [5]); (c) adding facilities for an expanded program; (d) stimulating undergraduate and graduate students participation in a broad spectrum of disciplines; and (e) strengthening existing and establishing new research linkages with state agencies, instate private colleges, with the ice-core community, and other universities.

The final stage of this effort will culminate in a Global Environmental Change Center in Years 4 and 5 of the program. The expected benefits include: (a) development of stronger ties with scientists conducting related research around the world; (b) promotion of University of Maine and other Maine institutions as a center for research excellence of national and international repute; and (c) improvement of science education in Maine. Funding from the state and NSF will enlarge the cluster in the first year. The University of Maine will seek legislative funds to increase its match commitment for the cluster to evolve into a center.

3.3.2.2 Marine Molecular Biology Research Cluster (Total cost: \$3,684,063).

The cluster is composed of three integrated and complementary sets of activities: nine discrete but overlapping cluster research projects; new tenure-track faculty positions; and training programs. Each activity enhances the broad application of molecular biological tools to multiple areas of marine research. Within the cluster, these methodologies will be applied to study marine organisms across a wide phyletic spectrum, from ultraplanktonic algae and marine bacteria to marine vertebrate animals. The varied make-up of Cluster activities testifies to the wide applicability of molecular biology in the study of marine systems and the comprehensive resource of biological expertise within the Cluster. Each of these elements will be drawn upon to establish new educational and training programs at levels from undergraduate through post-doctoral trainees, and others including lay-individuals, high school teachers, and representatives of groups and institutions within the State of Maine.

The research cluster addresses specific recommendations for a strategic nation-wide plan articulated in the report "Initiative for the Accelerated Transfer of Biotechnology to the Ocean Sciences", the product of a workshop of broadly based U.S. ocean scientists and agency representatives, sponsored jointly by programs of the National Science Foundation, Office of Naval Research and NOAA National Sea Grant Program and convened in Tuscon, Arizona in September 1988. The expertise of this cluster will be a valuable resource to the new School of Marine Sciences at UMaine [5].

This proposal will strengthen the ongoing working relationship with three of Maine's top research institutions: the University of Maine, Bigelow Laboratory for Ocean Sciences, and Mount Desert Island Biological Laboratory. The intellectual expertise of this partnership will address a common theme in the application of powerful new molecular biological techniques to elucidate mechanisms of adaptation and evolution of marine organisms. The collective expertise will also become a technical and intellectual resource in marine

molecular biology tools such as Polymerase Chain Reaction (PCR) and DNA sequencing that can be accessed by varied research and academic interests and constituencies within the State of Maine (e.g. aquacultural and biotechnological industries, the Maine Department of Marine Resources, etc.).

The cluster will make prominent the University of Maine as a center of training and research in marine molecular biology. The cluster will catalyze interaction between cluster scientists and institutions through shared experimental techniques, equipment needs and conceptual approaches. Twelve senior-level scientists from three Maine institutions emphasizing marine research will participate in the cluster. A major aim of the cluster is to develop nine new or expanded marine biological research initiatives in laboratories headed by experienced investigators. These initiatives will require collaborative interaction and/or transfer of molecular biological methodologies to participating Cluster research programs. For this to be realized, however, additional scientific expertise in molecular biology must be added to bring the cluster to critical mass. At the conceptual and organizational core of the cluster are two new University of Maine tenure-track faculty with expertise in molecular biology who will be recruited to establish research and training programs specifically applied to marine organisms. Cluster investigators will work closely with these new faculty to develop formal and informal training programs in marine molecular biology for graduate students, postdoctoral students and senior scientists.

The vital importance of marine resources to a coastal state such as Maine is indisputable. There is urgent need to strengthen research capabilities in marine-related subjects to aid developing marine industries such as aquaculture and to understand marine systems for implementing effective management policies. The infrastructure and techniques to be developed with this proposal will clearly benefit the Centers of Innovation in Aquaculture and in Biomedical Technology.

3.3.2.3 Wood Sciences and Engineering Research Cluster (Total cost: \$1,235,114).

The research will focus on the development of a better basic understanding of wood as a material through fundamental research in biology, biochemistry, chemistry, and engineering. The cluster will improve research capabilities to develop a better understanding of basic mechanisms involved in biological and chemical breakdown of wood as well as advance engineering and design principles that are currently being applied to wooden structures. With this understanding, the cluster can improve its competitiveness in wood and wood products in areas such as pulp and paper production, advanced methods in wood decay protection, and superior structural design of timber bridges. Without a strong foundation of fundamental knowledge in these areas, improved utilization of Maine's forest resources is unlikely.

The large number of faculty at the University of Maine with expertise in the area of wood sciences and engineering provide a unique opportunity to develop a strong, interdisciplinary program that will focus on wood science and engineering research. Collaborations among these scientists already occur, however there would be significant benefits associated with the formation of the Wood Science and Engineering Research Cluster including an increased focus

of University, State, federal, and private support to enhance the national competitiveness of the group.

The bulk of the requested funds for this proposal are for postdoctoral and graduate support. The ability to attract and retain qualified personnel is crucial to the development of a nationally competitive program. Significant funds have also been requested for short- and long-term visits by internationally competitive scientists and travel funds to allow Maine researchers and the PI's of the cluster to work with other mentors in national research laboratories. Through this process, the applicants not only remain current in the latest research techniques, but also disseminate information generated at the University of Maine and promote their program nationally.

The importance of wood and the wood products industry to the people and the economic welfare of the state is greater in Maine than perhaps in any other of the 50 states because of the dependence of Maine on its large forest resource base. Maine is the most heavily forested state in the country. The forest products industry dominates Maine's manufacturing sector with pulp and paper, lumber and wood products, and wood-based furniture industries accounting for 39% of the value of all Maine manufactured products (1985), and 30% of manufacturing employment (1986). Even more importantly, this sector of Maine's economy represents base industries whose \$3.2 billion of production and \$750 million in salaries and wages support the livelihoods of large numbers of Maine citizens who are employed in related, service, and government sectors.

3.4 HUMAN RESOURCE DEVELOPMENT

Human resource development in science and engineering is a fundamental goal of the MSTC and the REP. Attainment of this goal is being achieved within the EPSCoR effort as well as outside.

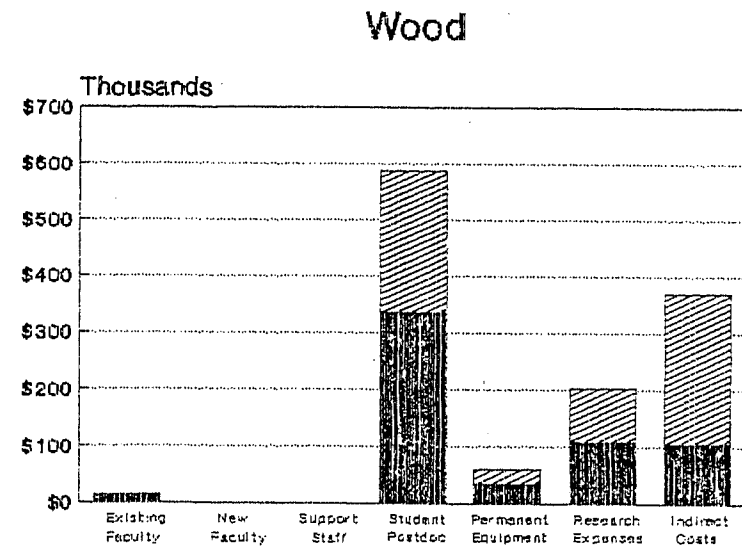
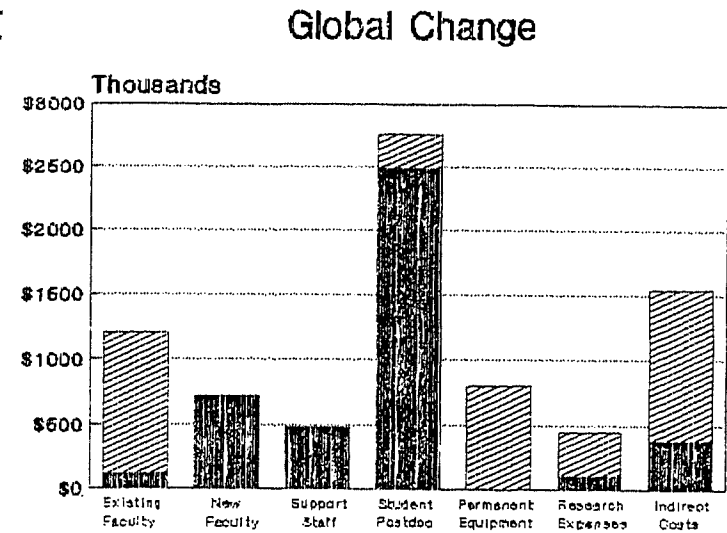
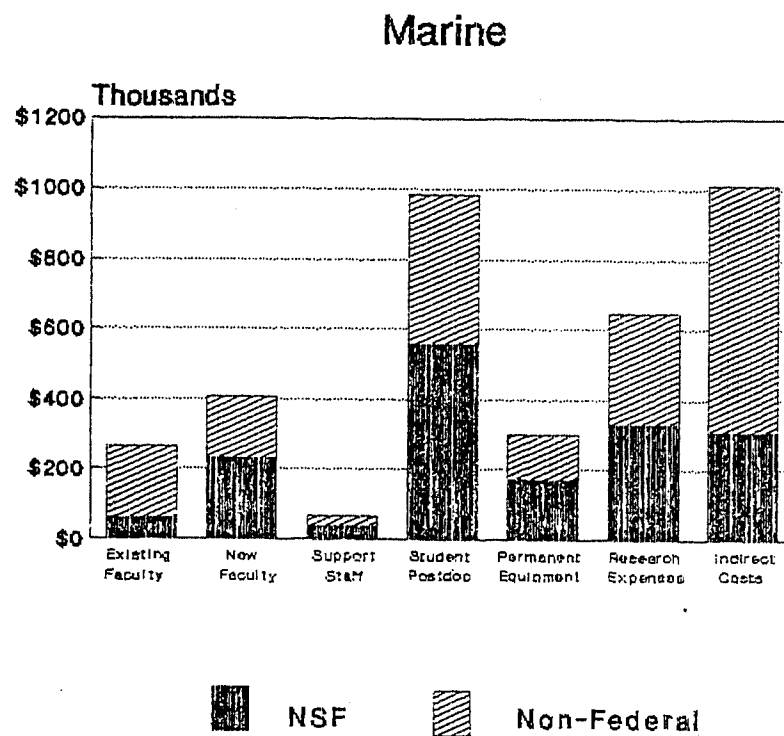
3.4.1 Plans Related to the Proposed Research Activities

Each research activity proposed in the Advanced Development Program has a strong educational component. The budgets of these activities clearly reflect infrastructure improvements. As shown in Figure 6, the bulk of the requested NSF and non-federal funds are primarily distributed in new faculty, students, postdoctoral, and equipment categories. Very little is requested to support existing faculty. Collectively, all three research activities will contribute toward human resource development in the proposed research areas by supporting and training 6 new tenure-track faculty positions, 5 undergraduate students, 26 graduate students, and 11 postdoctoral positions.

The global change research cluster proposal will directly support and stimulate 12 graduate students in a broad spectrum of disciplines. A possible future Global Change Center built on the EPSCoR nucleus will coordinate education activities, support the Maine Undergraduate Science Consortium, and stimulate the further education of current professionals. The program expects to enhance programs by (1) stimulating recruitment of quality graduate students, (2) providing funds for student research, (3) enhancing graduate and undergraduate education in participating departments, and (4) improving university-wide facilities, such as library holdings and laboratories.

Figure 6

Distribution of Funds by Budget Category and by Proposal



The marine molecular biology research cluster proposal includes major cross-disciplinary training of 5 undergraduate and 6 graduate students and 7 postdoctoral fellows through scholarships and fellowships assigned to cluster investigators and the new faculty. During the first year, 5 undergraduate summer research assistantships will be apportioned among investigators on a competitive basis. Five 12-month graduate assistantships will be assigned to UMaine and one to MDIBL. Each of the three institutions involved in the Cluster will be assigned 12-month positions for post-doctoral fellows, to be apportioned according to the needs of each organization. During subsequent years, the number of fellows increases slightly.

Advanced research training for students and post-doctoral associates assures the steady production of young and well-trained marine molecular biologists within the State. These individuals will become the educated nucleus for the wide application of molecular techniques to Maine's fledgling biotechnology industry.

The marine cluster's mini-symposia will also target high school biology teachers. The vast majority of Maine high school science teachers have no professional experience or training with modern molecular biology, yet they are training students for whom this technology will become an important aspect daily life. It is imperative that contemporary teachers integrate concepts such as genomic cloning and DNA sequencing into their classroom activities.

The principal investigators in the wood science and engineering research cluster have several initiatives planned or in the early stages of implementation to attract quality students. One of the PI's (Dagher) recently received an NSF Research Experiences for Undergraduate's site grant. This grant has been a major incentive for attracting new students.

The PI's are also in the planning stages (as of September 1990 with UMaine authorization) for the development of promotional materials for the UMaine Wood Science and Engineering Institute of which the cluster would be the research arm. A brochure outlining the educational and research opportunities afforded by the programs under the Institute will be sent to prospective students. Because of the limited visibility of Wood Science and Engineering programs nationally the brochure will serve two functions. First it will advertise the opportunities that exist in the field to help raise the profile of all programs nationally. Second, it will help attract high-quality students to Maine.

The Vice President for Research and Public Service at UMaine has authorized \$16,500 per year (pending Board of Trustees approval) for the development and promotion of the PI's efforts in Wood Science and Engineering. This support will help in the building of the cluster's infrastructure but research support and support for students must still come largely from outside grants.

The PI's have national and international reputations for their work on wood research and all are experienced managers of research personnel. One strong objective of the cluster is to bring in 4 post-doctoral research associates and 8 graduate students who can benefit from their research experience. Many of the researchers brought to the cluster on EPSCoR funds will come from outside of the forest products field. They will bring their skills in various science and engineering disciplines and, in turn, they will

be trained to apply their skills and knowledge to research on wood. Funding for graduate student stipends in particular is crucial to the development of a professional human resource base. Recognizing the current lack of pluralism in the wood science profession, every effort will be made in filling these assistantships to increase the participation of women, minorities and the disabled.

3.4.2 Additional Human Resource Development Plans

The creation of the **Commission on Scientific Literacy** by the Governor represents an important step towards achieving long-lasting improvements in the quality of science, mathematics, and technology education in Maine. Implementation of strategies that come out of the Commission will significantly contribute to local efforts to increase the number and quality of undergraduate students matriculating in S/E programs at Maine institutions of higher education. EPSCoR research activities will benefit from these results by enhancing their recruitment efforts for quality undergraduate students. Additionally, by these actions, the state will contribute to the national effort to replenish the S/E pipeline.

The **University of Maine** has demonstrated its commitment to further increase the number and base level stipends for graduate assistantships. As part of the University of Maine System budget request for the FY92-FY93 state biennium, the University of Maine has requested \$1.05 million for infrastructure improvements in graduate assistantships, faculty start-ups, cost-shares, and equipment maintenance. Approximately \$300,000 is targeted for graduate research assistantships to increase the number and raise the stipends to nationally competitive levels.

Reallocation of existing resources is also a major commitment of UMaine to further improvements in graduate research and education. As a matter of policy, UMaine has determined that there is a need to strike a balance in the support of undergraduate and graduate programs. To realize this balance, UMaine is gradually decreasing undergraduate enrollment to under 10,000. In conjunction with new funds, the freed up resources will be re-allocated to graduate research and education efforts and should result in further increases in graduate stipends, the number of graduate assistantships, cost-share, equipment, and start-up funds.

The Board of Trustees and the Chancellor of the University of Maine System have a long standing commitment to the goals of pluralism. They subscribe to the belief that in our global society and excellent university must be multicultural. In May of 1989, the Board established a Commission on Pluralism charged to "assess the University System's progress toward meeting the challenge of pluralism" and to "make recommendations to help it attain the goal of pluralism". The report of the Commission was accepted by the Board on January 29, 1990 [6], and contained seven recommendations designed to increase minority participation in higher education in Maine, with particular attention to Maine's historical minorities, the Franco-Americans and the Native Americans. The Commission also suggested that a Board committee be established to continue to assess the progress of the campuses in moving toward multiculturalism in the curriculum, in the campus population, and in the campus atmosphere. The Board of Trustees Subcommittee on Pluralism was appointed in July 1990 and meets in connection with the full Board meetings. Similarly, the

University of Maine has made a substantial investment in addressing gender-related issues on campus. This is primarily reflected in the Task Force on the Status of Women, established by President Lick in 1987. The Report of the Task Force contained both policy recommendations and implementation plans for improving the status of women [6].

For the past five years, UMaine, the Maine Department of Education, and others have co-sponsored **Expanding Your Horizons**, a one-day conference focused on acquainting young women (seventh, eighth, and ninth graders) with opportunities in science and mathematics-related careers. The conference's programs are designed to help the young women develop critical thinking skills regarding mathematics and science choices, increase the participation of young women in science and mathematics courses, become aware of nontraditional and less publicized career choices, develop more positive images of themselves with regard to mathematics and science, and learn how to identify resources and get correct answers. Approximately 400 young women and 150 adults who work with them (parents, guidance counselors, and volunteer youth leaders) attend this annual conference.

Several ongoing efforts in Maine are focused on increasing participation of women and minorities in science and technology fields. Bates College, through its **Women Studies** and various science-related departments, has established a series of workshops for junior and senior high school-aged girls with the goal of interesting them in science and technology. Bates College is able to offer strong encouragement to these students because of the high number of women in Bates science programs. The importance of such role models to students is perhaps indicated by the fact that more than half of the Bates majors in Biology are women.

Other equally important programs include Maine Science and Technology Week; the State Science Fair; the Jackson Laboratory Junior Scholars Project; Bigelow Laboratory's Summer Program of Access to Research and Knowledge of Science (SPARKS) project; the Maine Department of Education Problem Solving in Science and Math (PRISM) for K-12 teachers; the Educator-In-Residence program sponsored by the Maine Development Foundation for secondary teachers; Hebron Academy's Summer Math-Science Scholars Program for high school juniors and seniors; and NSF-supported Foundation for Blood Research high school enrichment program for biology teachers. These programs share a common goal and that is to improve the quality of science education in Maine and to increase the pool of young perspective scientists and engineers.

The proposed NASA/EPSCoR Maine Space Grant Consortium grant to NASA/EPSCoR is focused primarily on efforts to improve aerospace-related science and mathematics education at the elementary and secondary level to begin the long-term process of increasing scientific literacy in Maine. The Consortium has also targeted in its budget funds for one master's and six undergraduate fellowships at UMaine's remote sensing laboratory. The fellowships will be promoted vigorously at all Maine institutions and high schools in order to attract the best qualified Maine undergraduate and graduate students to the UMaine program. Priority will be given to Maine students and special attention will be given to women and minority applicants. MSTC matching funds will also support at least two junior/senior high school students to a NASA Space Camp.

3.5 FINANCIAL COMMITMENT

The total proposed 3-year budget for the Maine EPSCoR Advanced Development Program is \$13,463,926 dollars. The Maine EPSCoR Program is requesting \$4.5 million from the NSF and is committing a total of \$ 8,963,926 in non-federal match. The MSTC is committing \$3,600,000 million dollars in cash match and \$1,035,844 in waived indirect costs. The University of Maine is committing \$4,012,164 in cost-sharing and waiver of indirect costs. The Mount Desert Island Biological Laboratory is committing \$15,918 in cost-sharing match. An additional \$300,000 will be secured from private sources.

With regard research, \$10,628,000 of the total budget is allocated to the three clusters: \$4,350,000 from NSF, \$1,950,000 from the MSTC, \$4,027,918 from institutional sources, and \$300,000 from private sources. Table 1 outlines the source and nature of non-federal cash support at the beginning and by the end of the grant period.

TABLE 1

Non-Federal Sources of Cash Contributions
For the 3-Year Grant Period

Source of Match	Start of Grant	By End of Grant Period
State		
Appropriation	\$ 3,600,000	\$ --
UMaine		
Cash Match	\$ --	\$ 1,050,000
Other	\$ --	\$ 300,000

As part of its commitment in EPSCoR II, the MSTC established the **Research Excellence Seed Fund** to support research activities of relevance to the State of Maine. The global climate research initiative helped capitalize the Fund at an initial state investment of \$300,000. The MSTC and the REP have targeted the Fund for a substantial increase in state funds through Objectives (a) and (b) outlined in Section 3.2: OBJECTIVES AND STRATEGIES. The long-term goal of the MSTC and the REP is to increase the size of the Research Excellence Seed Fund to \$2 million per year from state sources. The MSTC has initiated this effort by requesting in its FY92-FY93 biennium budget an additional \$900,000 to capitalize the Fund at \$1.2 million per year at the beginning of the grant period.

Over the grant period, \$1,950,000 (\$650,000 per year) from the Fund will support the three research activities, \$150,000 (\$50,000 per year) will be allocated for 7-10 Maine Faculty Enhancement grants, and the remainder (\$1,500,000) will support the research and expertise directory, and serve as a source of state match for other federal EPSCoR programs (e.g., NASA and DOE) and non-EPSCoR research and education activities.

The University of Maine has committed \$2,962,000 million dollars at the beginning of the grant period and is committed to secure an additional \$350,000 per year (\$1,050,000 over the grant period) by the end of the grant period to support the three research activities.

The MSTC, the REP, and the University of Maine will work closely to secure the remaining \$100,000 per year (\$300,000 over the grant period) from outside sources such as the Pulp and Paper Foundation, other foundations, and aquaculture and biotechnology businesses in Maine by the end of the grant period. The PI's have also agreed to contribute to this effort by seeking foundation funds to support equipment needs.

Long lasting improvements in the state's research environment will require additional state investments in science and technology and in higher education. The need for these long-term investments will be major outcomes of the Commission on Scientific Literacy and the MSTC's statewide research and development strategy development and implementation.

3.6 MANAGEMENT PLAN

The REP, acting in its advisory capacity to the MSTC (Appendix A for organizational chart), and under the leadership of its Chair, Dr. E.J. Lovett, III, President of Maine Cytometry Research Institute, Inc., has oversight responsibility for EPSCoR research and educational initiatives. The REP will monitor the progress and approve changes in scope and direction of the component projects.

3.6.1 Project Director

Dr. Terry Shehata will continue to serve as the Project Director for the Advanced Development Grant. Dr. Shehata is Associate Director of the Maine Science and Technology Commission and also serves as the lead staff for the REP. Dr. Shehata is an employee of the State of Maine and is accountable to and reports to the Executive Director of the Maine Science and Technology Commission.

Dr. Shehata will spend approximately 40 percent of his time on the overall research excellence-related programs and activities supported by the Commission including the Maine EPSCoR Program. Dr. Shehata's duties and responsibilities will include:

- o maintaining liaison between the MSTC and the REP;
- o monitoring progress of the component projects;
- o preparing progress reports to satisfy NSF and state requirements;
- o promoting research excellence in Maine;
- o making recommendations to the REP concerning changes in the Advanced Development Program Plan and in the REP's work plan; and
- o monitoring all project expenditures.

3.6.2 Fiscal Agent

The MSTC is the fiscal agent for the EPSCoR II grant and will be the fiscal agent for the Advanced Development Program grant. State and federal funds provided for each initiative will be subcontracted from the MSTC to the participating institutions. The contracts will comply with state and federal regulations, and the policies and procedures of the MSTC, and will be handled through regular administrative channels. Administrative support for the Advanced Development Program will be provided by the MSTC.

The Project Director will be the only person designated to approve reallocation of funds among the approved component projects consistent with NSF/OPAS procedures. Routine reallocation of funds within individual component projects during a given fiscal year will be at the direction of component principal investigators as limited by existing rules, policies and procedures of state government, the MSTC, and the institution receiving the subcontract. Each PI will maintain close contact with the REP through the Project Director and will submit annual progress reports describing major findings and accomplishments or proposed significant changes in the direction or scope of the projects.

3.6.4 Annual Evaluation

At the end of the 1st and 2nd years of funding, the REP will evaluate the progress of each research cluster. Each initiative will be examined and evaluated with the view of taking remedial action if problems occur. Upon the recommendations and advice of the REP, the MSTC will reserve the right to discontinue support of a project if the investigator is unable to implement the research plan.

The REP will employ the assistance of an external review panel for its annual evaluation of the programmatic progress and direction of the research initiatives. Each panel will be comprised of nationally prominent researchers from outside Maine in the major scientific areas of the research initiative. The REP will make every effort to ensure that panel membership remains intact from year to year to provide continuity to their advice and evaluation of the research initiatives.

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4. Chronicle of Higher Education, April 25, 1990.
5. Report of the Subcommittee on Marine Studies, July, 1990. University of Maine System Board of Trustees, Bangor, Maine.
6. Personal communications (Dr. Richard Bowers, Vice Chancellor, University of Maine System).

5. BIOGRAPHICAL SKETCHES

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Maine Science & Technology Commission
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Augusta, ME 04333
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MARITAL STATUS Married, children

EDUCATION

Ph.D. Animal Nutrition/Biochemistry, University of Maine,
Orono, May 1981. Advisor: Dr. Joseph Lerner.

B.A. Zoology/Biochemistry, University of Maine, Orono,
May 1976.

NIH-postdoctoral fellow in perinatal toxicology, John B. Pierce
Foundation and the Yale School of Public Health, New Haven, CT,
May, 1981 - May, 1982.

PROFESSIONAL EXPERIENCE

October, 1988 - Associate Director, Maine Science and Technology
Present Commission, Governor's Executive Department.

Responsible for the Commission's state-wide
programs and activities to strengthen Maine's
science and engineering research and education
base.

October, 1985 - Director, Environmental Health Service, Division of
September, 1988 Occupational and Environmental Health, New Jersey
State Department of Health.

Directed the Department's programs and activities
for the assessment and communication of potential
health risks from environmental hazards. Developed
and implemented the Department's public health
policies regarding environmental hazards.

Responsible for a staff of 50 and a \$2 and a half
million budget. Programs supervised included
Radon, Drinking Water, Air Quality, Pesticides,
Hazardous Waste, Surveillance, and Community
Outreach.

A. TERRY SHEHATA

June, 1985 - Environmental Fellow, American Association for the
August, 1985 Advancement of Science, assigned to the U.S.E.P.A.,
Office of Drinking Water, Washington, D.C.

The major focus of the fellowship was in the area of multi-media exposure risk assessment of chemical contaminants in drinking water.

May, 1982 - State Toxicologist, Maine Bureau of Health, State
May, 1985 of Maine Department of Human Services.

Responsible for the assessment of human health risks from environmental and occupational exposures to chemicals.

Supervised four professional staff employees and 1 clerk typist.

Represented the Commissioner of Human Services at state and national functions addressing chemicals hazards.

Developed public health policy recommendations on environmental health issues confronting Maine. Presented testimonies at legislative hearings.

PROFESSIONAL AFFILIATIONS

Member, Sigma Xi
Member, Maine Public Health Association
Member, Society of Risk Analysis
Member, Society of Environmental Toxicology and Chemistry

POLICY AND ADVISORY ROLES

Board of Directors, Public Health Resource Group, Inc.

Policy Board of Directors, Bingham Consortium.

Environmental Health Committee, American Lung Association of Maine.

Advisor to the Commissioner of the Department of Human Services on policy matters involving hazardous and toxic chemicals.

Technical advisor to Joint Standing Committee on Energy and Natural Resources, Maine State Legislature

Technical advisor to the Maine State Health Coordinating Council, Occupational Health Subcommittee

A. TERRY SHEHATA

POLICY AND ADVISORY ROLES CONT.

Member of the Medical Advisory Committee on Health Effects of Pesticides, Pesticides Control Board, Maine Department of Agriculture.

Member, Pesticide Advisory Council, New Jersey State Department of Environmental Protection.

Member, Policy Committee for the New Jersey Safe Drinking Water Act, Joint Standing Committee of the New Jersey State Departments of Health and Environmental Protection.

PUBLICATIONS

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Health Evaluation of High Sodium Levels In Maine's Drinking Water and Recommendations from the Maine Bureau of Health. A.T. Shehata, Bureau of Health, Maine Department of Human Services, 1982.

Assessment of Human Population Exposure to Carbaryl from the 1982 Maine Spruce Budworm Project. A.T. Shehata, E. Richardon, and E. Cotton, Bureau of Health, Maine Department of Human Services, 1982.

Toxicological Assessment of a petroleum vapor exposure episode in an Office Building. A.T. Shehata. Bureau of Health, Maine Department of Human Services, 1983.

A. TERRY SHEHATA

PUBLICATION CONT.

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A Multi-Route Exposure Assessment of Chemically-Contaminated Drinking Water and Health Significance with Emphasis on Gasoline. A.T. Shehata. Maine Department of Human Services. January, 1985.

A Multi-Route Exposure Assessment of Chemically Contaminated Drinking Water. A.T. Shehata. Toxicology and Industrial Health, 1(4):277-298, 1985

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A. TERRY SHEHATA

PRESENTATIONS

First annual Maine Biomedical Symposium in Orono, Maine (June, 1978).
Development of nutrient transport system in chick intestine.

Second annual Maine Biomedical Symposium in Orono, Maine (June, 1979).
Development of nutrient transport systems using a combined tissue
slicebrush border membrane approach.

Third annual Maine Biomedical Symposium in Orono, Maine (June, 1980).
Development of nutrient transport system in the jejunal brush border
membrane of the chick.

Twenty-first annual meeting of the Society of Toxicology in Boston,
Mass. (February, 1982). Elevation of hepatic conjugated dienes
without cellular injury in 1-day old rats following carbon
tetrachloride (CCl_4) treatment.

Fifth annual Maine Biomedical Symposium in Farmington, Maine (May 1982).
Differences in susceptibility to CCl_4 in rat neonates.

A proposed Carcinogen Policy for Maine. A.T. Shehata. Maine
Biological and Medical Sciences Symposium, May, 1983

Petroleum Vapor Exposure in An Office Building. A.T. Shehata. Maine
Biological and Medical Sciences Symposium, May 1983.

Assessment of Human Exposure to Carbaryl from the 1982 Spruce Budworm
Spray Project. A.T. Shehata. Maine Biological and Medical Sciences
Symposium, May 1983

Assessment of Human Exposure to Matacil from the 1983 Spruce Budworm
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Chapter, November 12, 1983, Bowdoin College.

Northeast States for Coordinated Air Use Management Seminar.
Important issues in assessing toxicity of airborne chemicals.
Lexington, MA., November, 28-30, 1983

Maine Safety Council. Toxicological concepts and control of
carcinogens in the workplace. Waterville, Maine. February 23, 1984.

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Maine (May, 1984).

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Water. A Symposium on Health Risk Assessment of Systemic Toxicants
and Chemical Mixtures. Sponsored by U.S.E.P.A., October 23-25, 1984,
Cincinnati, Ohio.

A. TERRY SHEHATA

PRESENTATIONS CONT.

Health Aspects of Chemically Contaminated Drinking Water. Seminar on Groundwater: Technical, Regulatory, and Health Considerations for Industry and Consultants. Sponsored by the University of Maine Technical Services Program. February 19, 1985

Health Effects of Right-of-Way Pesticides used in Maine. Annual refresher course for licensed pesticide applicators. University of Maine at Orono, April 1 and 2, 1985

Session Chairman, Inhalation and Contact Exposures-Chemicals, April 24, morning session, at the "Workshop on Non-ingestion Exposures to Contaminants of Potable Water", Sponsored by the U.S.E.P.A. and the Pittsburgh Graduate School of Public Health, April 24-25, 1985.

A Multi-Route Exposure Assessment of Chemically-Contaminated Drinking Water and Health Significance with Emphasis on Gasoline at the "Workshop on Non-ingestion Exposures to Contaminants of Potable Water", Sponsored by the U.S.E.P.A. and the Pittsburgh Graduate School of Public Health, April 24-25, 1985.

Section Chairman, Environmental and Occupational Health Section of the Annual Maine Biomedical Symposium, Bates College, May 30-31, 1985

Asbestos Management and Control at the State Level. APCA International Specialty Conference on Asbestos: Its Health Risks, Analysis, Regulation, and Control. Atlantic City, New Jersey, November 4-7, 1986.

"Environment and Cancer", American Cancer Society, Bergen County Unit, May 29, 1987.

"Environmental Education", Teacher Workshop, University of Maine at Farmington, August 11, 1989.

"The Status of Research and Development in Maine", 1st Annual Conference of the Research Excellence Partnership. Bar Harbor, Maine, June 6 and 7, 1990.

6. BUDGET

EPSCoR
PROPOSAL BUDGET

APPENDIX II

ORGANIZATION				FOR NSF USE ONLY				
Maine Science and Technology Commission				PROPOSAL NO.		DURATION (MONTHS)		
						Proposed	Granted	
PRINCIPAL INVESTIGATOR/PROJECT DIRECTOR				AWARD NO.				
A. SENIOR PERSONNEL: PI/PD, Co-PI's, Faculty and Other Senior Associates (List each separately with title; A.6. show number in brackets)				NSF FUNDED PERSON-MOS.		FUNDS REQUESTED FROM NSF	NON-FEDERAL MATCHING FUNDS	TOTAL PROJECT COSTS
				CAL.	ACAD	SUMR		
1. T. Shehata (@ 40% time)							\$ 58,896	\$ 58,896
2. B. Manning (Admin. Assist. @ 20%)							16,165	16,165
3.								
4.								
5. (1) OTHERS (LIST INDIVIDUALLY ON BUDGET EXPLANATION PAGE)				18			59,002	59,002
6. (3) TOTAL SENIOR PERSONNEL (1-5)				18			59,002	134,063
B. OTHER PERSONNEL (SHOW NUMBERS IN BRACKETS)								
1. () POST DOCTORAL ASSOCIATES								
2. () OTHER PROFESSIONALS (TECHNICIAN, PROGRAMMER, ETC.)								
3. () GRADUATE STUDENTS								
4. () UNDERGRADUATE STUDENTS								
5. (1) SECRETARIAL-CLERICAL (@ 10%)							5,315	5,315
6. () OTHER								
TOTAL SALARIES AND WAGES (A+B)							59,002	139,378
C. FRINGE BENEFITS (IF CHARGED AS DIRECT COSTS)							21,197	50,930
TOTAL SALARIES, WAGES AND FRINGE BENEFITS (A+B+C)							80,199	190,308
D. PERMANENT EQUIPMENT (LIST ITEM AND DOLLAR AMOUNT FOR EACH ITEM EXCEEDING \$1,000)								
HP Laser Jet Printer								
TOTAL PERMANENT EQUIPMENT							3,500	3,500
E. TRAVEL 1. DOMESTIC (INCL. CANADA AND U.S. POSSESSIONS)							24,000	24,000
2. FOREIGN								
F. PARTICIPANT SUPPORT COSTS								
1. STIPENDS \$								
2. TRAVEL								
3. SUBSISTENCE								
4. OTHER								
TOTAL PARTICIPANT COSTS								
G. OTHER DIRECT COSTS								
1. MATERIALS AND SUPPLIES							22,500	15,000
2. PUBLICATION COSTS/PAGE CHARGES								
3. CONSULTANT SERVICES								
4. COMPUTER (ADPE) SERVICES								
5. SUBCONTRACTS							4,349,859	7,928,088
6. OTHER							19,942	19,942
TOTAL OTHER DIRECT COSTS							4,392,301	7,943,088
H. TOTAL DIRECT COSTS (A THROUGH G)							4,500,000	8,133,396
I. INDIRECT COSTS (SPECIFY)								
TOTAL INDIRECT COSTS MSTC (@ 10% of NSF+MSTC match) waived								
J. TOTAL DIRECT AND INOIRECT COSTS (H + I)							4,500,000	8,963,926
K. RESIDUAL FUNDS (IF FOR FURTHER SUPPORT OF CURRENT PROJECTS SEE GPM 252 AND 253)								
L. AMOUNT OF THIS REQUEST (J) OR (J MINUS K)							\$ 4,500,000	\$ 8,963,926
PI/PD TYPED NAME & SIGNATURE Terry Shehata				DATE 1/3/91		FOR NSF USE ONLY		
INST. REP. TYPED NAME & SIGNATURE Robert Kidd				DATE 1-9-91		INDIRECT COST RATE VERIFICATION		
						Date Checked	Date of Rate Sheet	Initials - DGC
						Program		

EPSCoR
PROPOSAL BUDGET

YEAR 1 1/92 - 12/92

APPENDIX II

ORGANIZATION Maine Science and Technology Commission				FOR NSF USE ONLY			
				PROPOSAL NO.	DURATION (MONTHS)		
PRINCIPAL INVESTIGATOR/PROJECT DIRECTOR Terry Shehata				AWARD NO.	Proposed	Granted	
A. SENIOR PERSONNEL: PI/PD, Co-PI's, Faculty and Other Senior Associates (List each separately with title; A.6. show number in brackets)				NSF FUNDED PERSON-MOS.	FUNDS REQUESTED FROM NSF	NON-FEDERAL MATCHING FUNDS	TOTAL PROJECT COSTS
				CAL.	ACAD	SUMR	
1. T. Shehata (@ 40%)							\$ 19,310
2. B. Manning (Admin. Assist. @20%)							5,142
3.							
4.							
5. (1) OTHERS (LIST INDIVIDUALLY ON BUDGET EXPLANATION PAGE)				6			18,740
6. (3) TOTAL SENIOR PERSONNEL (1-5)				6			18,740
B. OTHER PERSONNEL (SHOW NUMBERS IN BRACKETS)							
1. () POST DOCTORAL ASSOCIATES							
2. () OTHER PROFESSIONALS (TECHNICIAN, PROGRAMMER, ETC.)							
3. () GRADUATE STUDENTS							
4. () UNDERGRADUATE STUDENTS							
5. (1) SECRETARIAL-CLERICAL (@ 10%)							1,705
6. () OTHER							
TOTAL SALARIES AND WAGES (A+B)							18,740
C. FRINGE BENEFITS (IF CHARGED AS DIRECT COSTS)							6,600
TOTAL SALARIES, WAGES AND FRINGE BENEFITS (A+B+C)							25,340
D. PERMANENT EQUIPMENT (LIST ITEM AND DOLLAR AMOUNT FOR EACH ITEM EXCEEDING \$1,000)							
HP Laser printer							
TOTAL PERMANENT EQUIPMENT							3,500
E. TRAVEL 1. DOMESTIC (INCL. CANADA AND U.S. POSSESSIONS)							8,000
2. FOREIGN							
F. PARTICIPANT SUPPORT COSTS							
1. STIPENDS \$							
2. TRAVEL							
3. SUBSISTENCE							
4. OTHER							
TOTAL PARTICIPANT COSTS							
G. OTHER DIRECT COSTS							
1. MATERIALS AND SUPPLIES							7,500
2. PUBLICATION COSTS/PAGE CHARGES							5,000
3. CONSULTANT SERVICES							
4. COMPUTER (ADPE) SERVICES							
5. SUBCONTRACTS							1,449,885
6. OTHER							5,775
TOTAL OTHER DIRECT COSTS							1,463,160
H. TOTAL DIRECT COSTS (A THROUGH G)							1,500,000
I. INDIRECT COSTS (SPECIFY)							
TOTAL INDIRECT COSTS MSTC @10% of NSF+MSTC match) waived							276,598
J. TOTAL DIRECT AND INDIRECT COSTS (H + I)							2,939,529
K. RESIDUAL FUNDS (IF FOR FURTHER SUPPORT OF CURRENT PROJECTS SEE GPM 252 AND 253)							
L. AMOUNT OF THIS REQUEST (J OR (J MINUS K))							\$ 1,500,000
PI/PD TYPED NAME & SIGNATURE Terry Shehata				DATE 1/9/91	FOR NSF USE ONLY		
INST. REP. TYPED NAME & SIGNATURE Robert Kidd				DATE 1-9-91	INDIRECT COST RATE VERIFICATION		
				Date Checked	Date of Rate Sheet	Initials - DGC	
				Program			

EPSCoR
PROPOSAL BUDGET

APPENDIX II

ORGANIZATION Maine Science and Technology Commission				FOR NSF USE ONLY				
PRINCIPAL INVESTIGATOR/PROJECT DIRECTOR Terry Shehata				PROPOSAL NO.	DURATION (MONTHS)			
				AWARD NO.	Proposed	Granted		
A. SENIOR PERSONNEL: PI/PD, Co-PI's, Faculty and Other Senior Associates (List each separately with title; A.6. show number in brackets)				NSF FUNDED PERSON-MOS.		FUND REQUESTED FROM NSF	NON-FEDERAL MATCHING FUNDS	TOTAL PROJECT COSTS
				CAL.	ACAD	SUMR		
1. T. Shehata (@ 40% time)							\$ 19,310	\$ 19,310
2. B. Manning (Admin. Assist. @ 20%)							5,377	5,377
3.								
4.								
5. (1) OTHERS (LIST INDIVIDUALLY ON BUDGET EXPLANATION PAGE)				6			19,640	39,280
6. (3) TOTAL SENIOR PERSONNEL (1-5)				6			19,640	63,967
B. OTHER PERSONNEL (SHOW NUMBERS IN BRACKETS)								
1. () POST DOCTORAL ASSOCIATES								
2. () OTHER PROFESSIONALS (TECHNICIAN, PROGRAMMER, ETC.)								
3. () GRADUATE STUDENTS								
4. () UNDERGRADUATE STUDENTS								
5. (1) SECRETARIAL-CLERICAL (@ 10%)							1,761	1,761
6. () OTHER								
TOTAL SALARIES AND WAGES (A+B)							19,640	65,728
C. FRINGE BENEFITS (IF CHARGED AS DIRECT COSTS)							7,070	23,946
TOTAL SALARIES, WAGES AND FRINGE BENEFITS (A+B+C)							26,710	89,674
D. PERMANENT EQUIPMENT (LIST ITEM AND DOLLAR AMOUNT FOR EACH ITEM EXCEEDING \$1,000)								
TOTAL PERMANENT EQUIPMENT								
E. TRAVEL 1. DOMESTIC (INCL. CANADA AND U.S. POSSESSIONS)							8,000	8,000
2. FOREIGN								
F. PARTICIPANT SUPPORT COSTS								
1. STIPENDS \$ _____								
2. TRAVEL _____								
3. SUBSISTENCE _____								
4. OTHER _____								
TOTAL PARTICIPANT COSTS								
G. OTHER DIRECT COSTS								
1. MATERIALS AND SUPPLIES							7,500	12,500
2. PUBLICATION COSTS/PAGE CHARGES							5,000	
3. CONSULTANT SERVICES								
4. COMPUTER (ADPE) SERVICES								
5. SUBCONTRACTS							1,449,999	4,090,520
6. OTHER							7,791	7,791
TOTAL OTHER DIRECT COSTS							1,465,290	4,110,811
H. TOTAL DIRECT COSTS (A THROUGH G)							1,500,000	4,208,485
I. INDIRECT COSTS (SPECIFY)								
TOTAL INDIRECT COSTS MSTC (@ 10% of NSF+MSTC match) waived							276,796	276,796
J. TOTAL DIRECT AND INDIRECT COSTS (H + I)							1,500,000	4,485,281
K. RESIDUAL FUNDS (IF FOR FURTHER SUPPORT OF CURRENT PROJECTS SEE GPM 252 AND 253)								
L. AMOUNT OF THIS REQUEST (J) OR (J MINUS K)							\$ 1,500,000	\$ 4,485,281
PI/PD TYPED NAME & SIGNATURE Terry Shehata				DATE 1/9/91		FOR NSF USE ONLY		
INST. REP. TYPED NAME & SIGNATURE Robert Kidd				DATE 1-9-91		INDIRECT COST RATE VERIFICATION		
				Date Checked		Date of Rate Sheet		Initials - DGC
				Program				

APPENDIX II
(SEE INSTRUCTIONS ON
REVERSE BEFORE
COMPLETING)

EPSCoR
PROPOSAL BUDGET

APPENDIX II

ORGANIZATION				FOR NSF USE ONLY			
				PROPOSAL NO.	DURATION (MONTHS)		
PRINCIPAL INVESTIGATOR/PROJECT DIRECTOR				AWARD NO.	Proposed	Granted	
Maine Science and Technology Commission							
Terry Shehata							
A. SENIOR PERSONNEL: PI/PD, Co-PI's, Faculty and Other Senior Associates (List each separately with title; A.6. show number in brackets)				NSF FUNDED PERSON-MOS.	FUNDS REQUESTED FROM NSF	NON-FEDERAL MATCHING FUNDS	TOTAL PROJECT COSTS
				CAL.	ACAD	SUMR	
1. T. Shehata (@ 40% time)							\$ 20,276
2. B. Manning (Admin. Assist. @ 20%)							5,646
3.							
4.							
5. (1) OTHERS (LIST INDIVIDUALLY ON BUDGET EXPLANATION PAGE)				6			20,622
6. (3) TOTAL SENIOR PERSONNEL (1-5)				6			20,622
B. OTHER PERSONNEL (SHOW NUMBERS IN BRACKETS)							
1. () POST DOCTORAL ASSOCIATES							
2. () OTHER PROFESSIONALS (TECHNICIAN, PROGRAMMER, ETC.)							
3. () GRADUATE STUDENTS							
4. () UNDERGRADUATE STUDENTS							
5. (1) SECRETARIAL-CLERICAL (@ 10%)							1,849
6. () OTHER							
TOTAL SALARIES AND WAGES (A+B)							20,622
C. FRINGE BENEFITS (IF CHARGED AS DIRECT COSTS)							7,527
TOTAL SALARIES, WAGES AND FRINGE BENEFITS (A+B+C)							28,149
D. PERMANENT EQUIPMENT (LIST ITEM AND DOLLAR AMOUNT FOR EACH ITEM EXCEEDING \$1,000)							
TOTAL PERMANENT EQUIPMENT							
E. TRAVEL 1. DOMESTIC (INCL. CANADA AND U.S. POSSESSIONS)							8,000
2. FOREIGN							
F. PARTICIPANT SUPPORT COSTS							
1. STIPENDS \$							
2. TRAVEL							
3. SUBSISTENCE							
4. OTHER							
TOTAL PARTICIPANT COSTS							
G. OTHER DIRECT COSTS							
1. MATERIALS AND SUPPLIES							7,500
2. PUBLICATION COSTS/PAGE CHARGES							5,000
3. CONSULTANT SERVICES							
4. COMPUTER (ADPE) SERVICES							
5. SUBCONTRACTS							1,449,975
6. OTHER							6,376
TOTAL OTHER DIRECT COSTS							1,449,975
H. TOTAL DIRECT COSTS (A THROUGH G)							1,500,000
I. INDIRECT COSTS (SPECIFY)							
TOTAL INDIRECT COSTS MSTC (@ 10% NSF+MSTC match) waived							277,136
J. TOTAL DIRECT AND INDIRECT COSTS (H + I)							1,500,000
K. RESIDUAL FUNDS (IF FOR FURTHER SUPPORT OF CURRENT PROJECTS SEE GPM 252 AND 253)							3,039,116
L. AMOUNT OF THIS REQUEST (J) OR (J MINUS K)							\$ 1,500,000
PI/PD TYPED NAME & SIGNATURE Terry Shehata				DATE 1/9/91	FOR NSF USE ONLY		
INST. REP. TYPED NAME & SIGNATURE Robert Kidd				DATE 1-9-91	INDIRECT COST RATE VERIFICATION		
					Date Checked	Date of Rate Sheet	Initials - DGC
					Program		

7. BUDGET EXPLANATION

7.1 MANAGEMENT

7.1.1 Personnel

I. MSTC

The MSTC is requesting NSF funds to cost-share 50% of the salary and wages for one professional level position to assist the Program Director in fulfilling the program plan.

II. Global Nucleus

NSF funds will support 9 existing faculty members (32 academic-months, 5 person-summer months), 4 new tenure track faculty positions at UMaine (36 person-academic months), 3 technicians, and 1 secretary. State and NSF funds will cost share the salaries and wages for 12 graduate students.

III. Marine Molecular Biology

NSF funds will cover the cost of 2 existing PI's at BLOS (12 calendar months) and one PI at MDIBL (4.5 calendar months). Funds are requested to cost-share with the state salaries and wages for 2 new tenure track faculty members at UMaine (80 academic months). NSF funds will also be used to cost share with the state one technician to be employed by UMaine. NSF funds will also cost share with the state the salaries and wages for 6 postdoctoral fellows, 5 undergraduate and 6 graduate students.

IV. Wood Science and Engineering

NSF funds will support 4 existing PI's (2 person-summer months), 4 postdoctoral fellows, and 8 graduate students. The latter two will be cost-shared with state funds.

7.2 JUSTIFICATION

7.2.1 Permanent Equipment

I. MSTC

Funds are requested to purchase an HP Laser Jet Printer for the Maine EPSCoR Program.

II. Marine Molecular Biology Cluster

Equipment in Year 1 includes \$75,000 each for start-up equipment for the new faculty positions, funds for the purchase of 6 PCR thermo-cyclers and 6 electrophoresis apparatuses. These numbers of apparatuses are necessary to provide access to the 14 investigators of the project whose laboratories are

distributed among 5 physically separate buildings at 3 different institutions. The cost of preparative ultracentrifuge and rotors (50,000) to be located at BLOS is amortized over years 1 and 2 of the project; currently BLOS does not have this equipment and it is essential to molecular techniques. Because it is central to all cluster research projects and will be required extensively for the molecular systematics components of the Kornfield and Vayda projects, funds are requested for the purchase of an automated DNA sequencer; these costs are amortized over Years 2 and 3 of the budget. This instrument will permit the rapid and reliable acquisition of large numbers of gene sequences. By Year 2, the level of activity of cluster investigators should produce sufficient PCR products to take full advantage of an automated gene sequencer. It is important also to point out that this instrument will be the first of its kind within the State of Maine and will be maintained at UMaine as a statewide resource. Indeed, the PI's have received already initial inquiries from both investigators at other Maine-based research centers (e.g., the Jackson Laboratory) and biotechnology firms about possible use of the automated sequencer. Likewise, the majority of research components will require the ability to synthesize DNA primers for PCR procedures. Funds for purchase of an oligonucleotide synthesizer to meet this need are amortized over years 2 and 3 of MDIBL's subcontract. The State's cash match to equipment purchases is \$130,285.

1.	Start-up equipment for two new faculty	\$150,000
2.	6 Thermocyclers @ \$2,500 each	15,000
3.	6 Electrophoresis apparatus @ \$850 each	5,100
4.	Preparative ultracentrifuge and rotors.	28,400
5.	Automated DNA Sequencer	39,865
6.	Oligonucleotide Synthesizer	6,444

III. Wood Science and Engineering Cluster

\$20,000 per year (\$11,428 per year from NSF and \$8,572 per year from the state) is requested to allow the purchase of moderately priced items of permanent equipment. These funds will be made available on a competitive bases to cluster members who can demonstrate a critical need for specific instrumentation.

7.2.2 Travel

I. MSTC

Funds are requested for the Project Director, the Chairman of the REP, the new staff, and the Administrative Assistant to travel to EPSCoR related meetings within and outside the state of Maine.

II. Marine Molecular Biology

Travel costs for new faculty between the three cooperating institutions. Funds are also requested for travel of cluster investigators between participating institutions for collaboration and research meetings and for travel of external members of the scientific advisory panel to the annual meeting of cluster participants.

III. Wood Science and Engineering

\$10,000 per year (\$5,714 per year from NSF and \$4,286 per year from the state) is requested to establish a travel fund to all members of the cluster to spend time with highly competitive research groups outside the State of Maine. These funds would be made available only to cover the direct costs associated with working in laboratories of established excellence.

7.2.3 Other Direct Costs

I. MSTC

Funds are requested for materials and supplies and to cover the cost of the annual evaluation and the external review panel.

II. Global Nucleus

The other direct costs include materials and supplies required for the conduct of the North Atlantic Paleoceanographic, Glacier modeling, and the Chilean terrestrial and marine research components.

III. Marine Molecular Biology

Supplies and materials, including costs of radioisotope use and disposal at MDIBL, are calculated at \$10,000 for each cluster investigator or group of investigators, \$5,000 per offering for training course supplies, plus \$25,000 in start-up supplies costs for each of the two new faculty. Supplies costs for Years 2 and 3 reflect equivalent support for each cluster investigator and faculty member and continuing support for course supplies and materials.

IV. Wood Science and Engineering

Includes \$69,645 for supplies and materials necessary for the conduct of the three research projects. Also includes \$22,750 to allow senior scientists to pay extended visits to UMaine to serve as research mentors for the cluster participants.

8. CURRENT AND PENDING SUPPORT

Current and Pending Support for Research and Education in Science and Engineering

The following information should be provided for each investigator and other senior personnel. Failure to provide this information may delay consideration of this proposal.

1. Name of Principal Investigator	Source of Support	Project Title	Award Amount (or Annual rate)	Period Covered by Award	Person-months or % of Effort Committed to the Project			Location of Research
					ACAD.	SUMM	CAL.	
Terry Shehata								
A. <i>Current Support</i> List—if none, report none	NSF/EPSCoR	Research Excellence in Maine	\$600,000 per year	3/90 – 2/92			2.4	Statewide
B. <i>Proposals Pending</i> 1. List this proposal	NSF/EPSCoR	Maine EPSCoR Advanced Development Program	\$1.5M per year	1/92 – 12/94			4	Statewide
2. <i>Other pending proposals</i> , including renewal applications. If none, report none.	NASA/EPSCoR	Maine Space Grant Consortium	\$150K per year	1/91 – 12/94			2.4	Statewide
3. <i>Proposals planned to be submitted in near future</i> . If none, report none.	NONE							
II. Name of co-principal investigator and/or faculty associate. A. _____ B. _____								
III. Transfer of Support If this project has previously been funded by another agency, please list and furnish information for immediately preceding funding period.								
IV. Other agencies to which this proposal has been/will be submitted								

USE ADDITIONAL SHEETS AS NECESSARY

APPENDIX A

MAINE SCIENCE AND TECHNOLOGY COMMISSION AND ORGANIZATIONAL CHART

Maine Science and Technology Commission

Membership 1990-1991

Robin Alden
President
Fisheries Division
Compass Publishing, Inc.
P.O. Box 37
Stonington, Maine 04681

Thomas C. Baum
Plant Manager
Pratt & Whitney
Route 9, Wells Road
North Berwick, Maine 03906

David Coit
President
Maine Capital Corporation
70 Center Street
Portland, Maine 04101

Donald Cote
Acting President
ABB Environmental Svcs., Inc.
P.O. Box 7050
Portland, Maine 04112

Kenneth Curtis
President
Maine Maritime Academy
Castine, Maine 04421

Richard H. Curtis, Ph.D.
President
Artel, Inc.
12 Depot Street
Windham, Maine 04062

Margaret Ryan Downing (Chair)
Vice President
Individual Disability Benefits
UNUM
2211 Congress Street
Portland, Maine 04122

Stanley Eller
Staff Attorney
Maine Natural Resources
Council
271 State Street
Augusta, Maine 04330

Reginald Elwell
General Manager
Dead River Company
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Martin Grimnes
President
Brunswick Technologies, Inc.
P.O. Box 516
Brunswick, Maine 04011

Amr Ismail
Executive Vice President
Maine Wild Blueberry
P.O. Box 296
Machias, Maine 04654

Charles Johnson, III
Kennebec Tool & Die Company
RFD 1, Box 1200
Augusta, Maine 04330

Charles Morrison
Commissioner
Maine Department of Labor
State House Station #54
Augusta, Maine 04333

James Patterson
Vice President
Gould & Smith
P.O. Box 627
Caribou, Maine 04736

Elizabeth Reuthe
Vice President
IDEXX
100 Fore Street
Portland, Maine 04101

Robert Sargent
Starboard Watch
Sargentville, Maine 04673

Richard Silkman
Director
Maine State Planning Office
State House Station #38
Augusta, Maine 04333

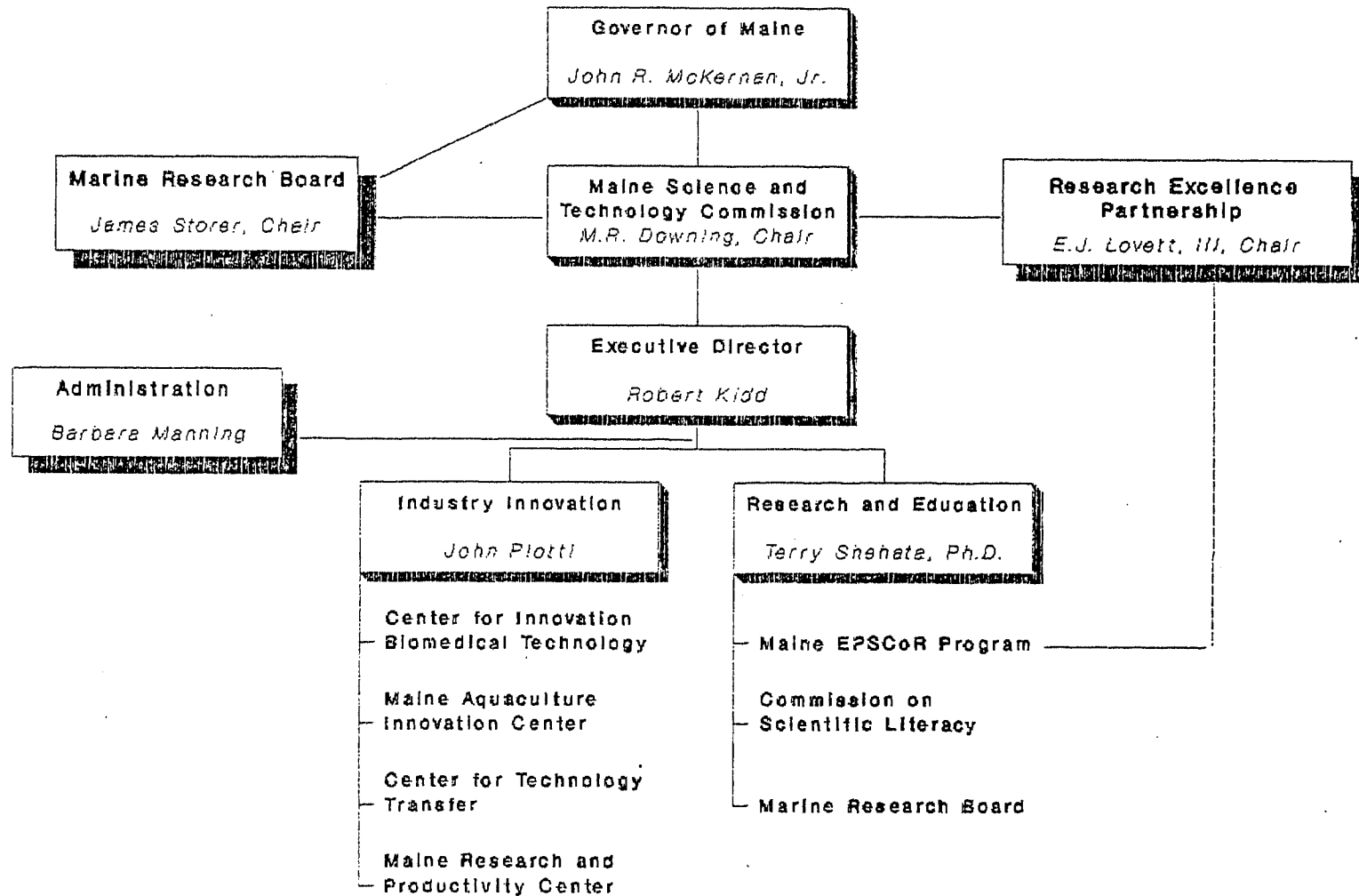
George Spann
President
Thomas College
West River Road
Waterville, Maine 04901

Lynn Wachtel
Commissioner
Maine Department of Economic
and Community Development
State House Station #59
Augusta, Maine 04333

Ronald Woodvine
Plant Manager
ME/COM
448 Griffin Road
Bangor, Maine 04401

Executive Director:
Robert M. Kidd
Maine Science and Technology
Commission
State House Station #147
Augusta, Maine 04333

Organizational Chart of the Maine Science and Technology Commission



Effective 12/90

APPENDIX B

RESEARCH EXCELLENCE PARTNERSHIP

APPENDIX B

RESEARCH EXCELLENCE PARTNERSHIP

ADVISORY BODY

*E.J. Lovett, III, Ph.D. (Chair)
Maine Cytometry Research Institute
125 John Roberts Road, Suite 8
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*Dennis Taylor, Ph.D.
Director, Bigelow Laboratory
for Ocean Sciences
McKown Point
West Boothbay Harbor, ME 04575

Edward Gilfillan, Ph.D.
Bowdoin College
Brunswick, ME 04011

Gregory Brown, Ph.D.
V.P. for Research/Public Service
University of Maine
Orono, Maine 04469

*Richard Bowers, Ph.D.
Vice Chancellor for Academic Affairs
University of Maine System
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Bangor, ME 04401

Sondra Everhart
V.P. for Administration
Foundation for Blood Research
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Scarborough, Me. 04704

Leonard Reich, Ph.D.
Chair, Dept. of Administrative
Science
Colby College
Waterville, Maine 04901

Dr. Donald McCrimmon
Associate Director
MDI Biological Laboratory
Salisbury Cove, Me. 04672

* Executive Committee

John Fitch, Ph.D.
Executive Director
MaineWatch Institute
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Hallowell, Me.

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School of Applied Sciences
Univ. of Southern Maine
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Portland, Maine 04103

David Manyan, Ph.D.
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*Penn Estabrook
Deputy Commissioner
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*Jay Vreeland, Ph.D.
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*Steven C. Ballard, Ph.D.
Dir., UM System/State
Gov. Partnership Prog.
and, Director,
Margaret Chase Smith Ctr.
for Public Policy
University of Maine
Orono, Maine 04469

APPENDIX C

RECENT UMAINE FACILITIES UPGRADES AND ACQUISITIONS BY SOURCE

RESEARCH FACILITIES AT UMAINE: NEW AND EXPANSIONS
OVER THE PAST FOURS YEARS

<u>Type of Construction</u>	<u>Source of Funds</u>
Sawyer Environmental Research Center housing the Laboratory for Surface Science and Technology (LASST), and the Environmental Chemistry Program	Private
Edwards Wing to Boardman Hall housing the National Center for Geographic Information and Analysis (NCGIA)	Private/State
Archeology Research Building	Private
Flowing Seawater Laboratory at the Darling Center;	Private
Integrated Pest Management Laboratory expansion	Private/State
Renovation to Boardman Hall for research programs for the Institute for Quaternary Studies;	Private
Addition to Hitchner Hall supporting Microbiology, Biochemistry, and Biotechnology research	State
Addition to Jenness Hall housing Chemical Engineering research programs (state funding)	State
Mass Spectrometry Laboratory in Sawyer Building	State EPSCoR
Electron Microscopy facility	State

APPENDIX D

EXECUTIVE ORDER ESTABLISHING THE COMMISSION ON SCIENTIFIC LITERACY



OFFICE OF
THE GOVERNOR

NO. 8FY 90-91
DATE October 19, 1990

AN ORDER
ESTABLISHING THE COMMISSION ON SCIENTIFIC LITERACY

WHEREAS, science, mathematics and technology are important factors in the strategy to assure that Maine businesses and Maine workers can compete in a global economy;

WHEREAS, science, mathematics and technology are vital keys to enhanced quality of life for all Maine people;

WHEREAS, a scientifically literate workforce is essential to the survival of Maine educational institutions, businesses, industries, and not-for-profit research institutions;

WHEREAS, the President of the United States and Governors have set as a national goal that our school children will be first in the world in science and mathematics by the Year 2000;

WHEREAS, there is a need to reaffirm that literacy in science, mathematics, and technology is an essential educational goal for Maine residents;

WHEREAS, the Commission on Maine's Common Core of Learning has created a vision that states outcomes and results of science, mathematics, and technology education for all high school graduates;

WHEREAS, there is a need to develop an action plan consistent with the vision of the Commission of Maine Common Core of Learning to increase scientific literacy of Maine residents; and

WHEREAS, the State can coordinate these interests by initiating a statewide dialogue among these constituencies;

NOW, THEREFORE, I, John R. McKernan, Jr., Governor of the State of Maine, do hereby establish the Commission on Scientific Literacy.

MEMBERSHIP

The membership shall include a broadly based group of Maine citizens representing educators, parents, business and industry, government, and the news media.

Co-Chairs:

Business Community
Education Community

Ex-Officio:

Chairperson, Maine Science and Technology Commission
Commissioner, Department of Education
Chancellor, University of Maine System
President, Technical College System

Members (to include one or more of the following):

public higher education representative
private higher education representative
government representative
state board of education member
not-for-profit research institution representative
business representative
industry representative
Maine Aspiration Foundation member
healthcare professional
secondary school teacher
elementary school teacher
middle school teacher
vocational education teacher
secondary school principal
elementary school principal
middle school principal
school board member
parent representative
legislative representative
labor representative
student representative
superintendent of schools
media representative
citizen at large

TERMS OF MEMBERSHIP

The Governor shall appoint members who shall serve at the pleasure of the Governor.

GOAL OF COMMISSION

To develop an action plan for increasing the scientific literacy of Maine residents within the framework suggested by "Maine's Common Core of Learning."

OBJECTIVES

The action plan will address the following objectives:

- (a) Increase the number of scientifically literate educators;
- (b) Increase access to and the availability of resources required for teaching science; mathematics and technology in K-12 and beyond;

- (c) Increase the number of scientifically and technologically trained students graduating from Maine's public and private colleges;
- (d) Increase the number of graduating high school students interested in science, mathematics, and engineering careers.
- (e) Increase scientific literacy of the general population.
- (f) Upgrade science, mathematics, and technology skill levels of current workers.
- (g) Enlist support from Maine's science and technology community in the promotion of scientific literacy.

EXPECTED PRODUCTS

1. An action plan outlining the findings and recommendations reflective of the goal statement and objectives stated above will be developed by September, 1991. The plan will also stress human and material resource needs.

The plan will describe ideas for pre-college and college programs, activities, curricula, and teacher pre-service and in-service development consistent with a vision describing where Maine residents should be with regard to scientific literacy in the 21st Century. The plan will stress human and material resource needs.

2. An implementation strategy and schedule for instituting changes at all levels of participation.
3. An evaluation strategy for measuring the effectiveness of the implemented policies, activities and programs for increasing scientific literacy.
4. A communication strategy to disseminate the plan statewide and to assist schools, businesses, and postsecondary institutions in the development and implementation of selected components of the action plan.

STRUCTURE AND ADMINISTRATION

1. The Commission will develop the components of the action plan with the assistance of study groups.
2. The Chair of each study group will be a Commission member.
3. The Commission will determine the working relationship with each study group.
4. A Steering Committee comprised of representatives from the Maine Science and Technology Commission, the Department of Education, the University of Maine System, and the Technical College System, will serve as the administrative body for the Commission.
5. The Maine Science and Technology Commission will have fiscal responsibility for the conduct of the Commission's work.
6. Each study group and the Steering Committee will be assigned a staff person to assist in the conduct of each's work.

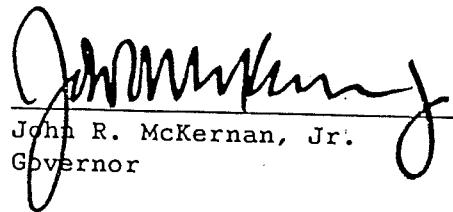
MEETINGS

The Commission, shall, upon at least seven days notice, meet upon the call of the chair.

COMPENSATION

Members of the Commission and study groups will serve without compensation. All legally allowed expenditures incurred while in the performance of their commission and study group duties will be borne by their parent organization. Expenses of members representing organizations that do not reimburse such expenses will be borne by the Maine Science and Technology Commission.

The effective date of this Order is October 19, 1990.



John R. McKernan, Jr.
Governor

APPENDIX E

**INTERNAL AND EXTERNAL EVALUATION FORMS AND NAMES
OF EXTERNAL REVIEWERS AND LEAD REVIEWERS**

PROPOSAL NO.	INSTITUTION	PLEASE RETURN BY
PRINCIPAL INVESTIGATOR		MSTC PROGRAM

TITLE

Please evaluate this proposal using the criteria presented on the back of this review form. Continue on additional sheet(s) as necessary.

OVERALL
RATING: ☐ EXCELLENT ☐ VERY GOOD ☐ GOOD ☐ FAIR ☐ POOR

TOP PORTION WILL BE DETACHED AND SENT TO APPLICANTS

Reviewer's Signature	Reviewer's Name and Address (Typed)
Other Suggested Reviewers (Optional)	

INFORMATION FOR REVIEWERS

The Maine Science and Technology Commission is employing the National Science Foundation research-proposal review criteria as the basis for the fair and equitable selection of the most meritorious research projects for support under the Maine EPSCoR Program.

PROPOSAL EVALUATION CRITERIA

1. **Research performance competence.** Capability of the investigator(s), the technical soundness of the proposed approach, and the adequacy of the institutional resources available. Please include comments on the proposer's recent research performance.

2. **Intrinsic merit of the research.** Likelihood that the research will lead to new discoveries or fundamental advances within its field of science and engineering, or have substantial impact on progress in that field or in other scientific and engineering fields.

3. **Utility or relevance of the research.** Likelihood that the research can contribute to the achievement of a goal that is extrinsic or in addition to that of the research field itself, and thereby serve as the basis for new or improved technology or assist in the solution of societal problems.

4. **Effect of the research on the infrastructure of science and engineering.** Potential of the proposed research to contribute to better understanding or improvement of the quality, distribution, or effectiveness of the Nation's scientific and engineering research, education, and human resources base.

5. **Budget.** Adequacy of the size and the nature of the requested budget to the goal of the research proposal.

Criteria 1, 2, and 3 constitute an integral set that is applied in a balanced way to all research proposals according to the objectives and content of each proposal. Criterion 1 is essential to the evaluation of the quality of every research proposal; all three aspects should be addressed. The relative weight given Criteria 2 and 3 depends on the nature of the proposed research: Criterion 2 is emphasized in evaluating basic research proposals, while Criterion 3 is stressed in evaluating applied research proposals. Criterion 4 permits the evaluation of research proposals in terms of their potential for improving the scientific and engineering enterprise and its educational activities nationally and in Maine in ways other than those encompassed by the first three criteria.

SUMMARY RATINGS

Excellent: Probably will fall among top 10% of proposals in this subfield; highest priority for support. This category should be used only for truly outstanding proposals.

Very Good: Probably will fall among top 1/3 of proposals in this subfield; should be supported.

Good: Probably will fall among middle 1/3 of proposals in this subfield; worthy of support.

Fair: Probably will fall among lowest 1/3 of proposals in this subfield.

Poor: Proposal has serious deficiencies; should not be supported.

CONFLICT OF INTEREST

If you have an affiliation or financial commitment with the institution or the person submitting this proposal that might be construed as creating a conflict of interests, please describe those affiliations or interests on a separate page and attach it to your review. Regardless of any such affiliations or interests, unless you believe you cannot be objective, we would like to have your review. If you do not attach a statement we shall assume that you have no conflicting affiliations or interests.

CONFIDENTIALITY OF PROPOSALS AND PEER REVIEWS

The Maine Science and Technology Commission receives proposals in confidence and is responsible for protecting the confidentiality of their contents. For this reason, please do not copy, quote, or otherwise use material from this proposal. If you believe that a colleague can make a substantial contribution to the review, please consult the MSTC before disclosing either the contents of the proposal or the applicant's name. When you have completed your review, please destroy the proposal. It is the policy of the MSTC that reviews will not be disclosed to persons outside the State Government, except that verbatim copies without the name and affiliation of the reviewer will be sent to the principal investigator.

PROPOSAL NO. 1	LEAD INSTITUTION UNIVERSITY OF MAINE
PRINCIPAL INVESTIGATOR BRUCE D. SIDELL	
TITLE ADAPTATION AND EVOLUTION OF MARINE ORGANISMS: MOLECULAR BIOLOGICAL APPROACHES	

Please evaluate this proposal using the criteria presented below:

1. Potential for stimulating interest in science and engineering in Maine: This criterion is used to assess the likelihood that the proposed research is of national interest and can generate interest and enthusiasm within Maine for science and engineering research activities.
2. Potential for national competitiveness: This criterion is used to assess the likelihood that the proposed research program can become nationally competitive within 3 to 5 years period.
3. Potential for federal research funding opportunities post-EPSCoR: This criterion is used to assess the likelihood that there will be sufficient federal support targeted for the research area undertaken by a nationally competitive research program once the program is ineligible for Maine EPSCoR funding.
4. Effect of the Research on Maine's Science and Engineering Infrastructure: This criterion relates to the potential of the proposed research to contribute to better understanding or improvement of the quality, distribution, or effectiveness of Maine's scientific and engineering research, education, and manpower base.

SAMPLE

OVERALL
RATING: ☐ EXCELLENT ☐ VERY GOOD ☐ GOOD ☐ FAIR ☐ POOR

TOP PORTION WILL BE DETACHED AND SENT TO APPLICANTS

Research Excellence Partnership Member:

Signature

Print Name

Date

REVIEWERS FOR THE UMAINE GLOBAL CLIMATE CHANGE PROPOSAL

Thomas V. Lowell, Ph.D. (Lead Reviewer)
Department of Geology (ML-13)
University of Cincinnati
Cincinnati, Ohio 45221

Dr. Mintze Stuiver
Quaternary Research Center (AK-60)
University of Washington
Seattle, WA 98195

Dr. Larry Mayer
Department of Oceanography
Dalhousie University
Halifax, Nova Scotia, CANADA
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Dr. Richard Fairbanks
Lamont Doherty Geological Observatory
Palisades, N.Y. 10964

John Imbrie, Ph.D.
Department of Geological Sciences
Brown University
Providence, R.I. 02912-1846

REVIEWERS FOR THE BIGELOW LABORATORY GLOBAL CLIMATE CHANGE PROPOSAL

Cabell Davis, Ph.D. (Lead Reviewer)
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Woods Hole, MA 02543

Dr. Gilbert Roe
Department of Oceanography
Texas A&M
College Station, Texas 77843

Dr. James J. McCarthy
M.C.Z.
26 Oxford St.
Harvard University
Cambridge, MA 02138

Dr. J.R. Toggweiler
GFDL/NOAA
Princeton University
Forrestal Campus, Rt. 1
Princeton, N.J. 08542

Dr. Paul Falkowski
Oceanography Sciences Division
Brookhaven National Laboratory
Upton, Long Island, N.Y. 11973

REVIEWERS FOR THE MARINE MOLECULAR BIOLOGY PROPOSAL

William Detrich, Ph.D. (Lead Reviewer)
Department of Biology
Northeastern University
Boston, MA 02115

Dr. John Stegeman
Department of Biology
W.H.O.I.
Redfield Building
Woods Hole, MA 02543

Dr. Leonard Muscatine
Department of Biology
U.C.L.A.
Los Angeles, CA 90024

Dr. Jo-Ann Leonig
Department of Microbiology
Oregon State University
Corvallis, OR

Dr. George Somero
Scripps Institute of Oceanography
University of California
San Diego, CA

REVIEWERS FOR THE MOLECULAR GENETICS PROPOSAL

Chris Cullis, Ph.D. (Lead Reviewer)
Department of Biology
Case Western Reserve University
Adalbert Rd.
Cleveland, OH 44105

Dr. James Crow
Genetics Department
University of Wisconsin
Madison, WI 53706

Dr. Snori Thorgerisson
Building 37, Rm 3C28
National Cancer Institute
NIH
Bethesda, MD 20892

Dr. J.W. Hastings
Harvard University
16 Divinity Ave.
Cambridge, MA 02138

REVIEWERS FOR THE WOOD SCIENCE AND ENGINEERING PROPOSAL

Gus Whaldren, Ph.D. (Lead Reviewer)
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P.O. Box 5130
One Gifford Pinchot Drive
Madison, WI 53705

Dr. Kyosti V. Sarkanen
College of Forest Resources, AR-10
University of Washington
Seattle, WA

Dr. Cyril Heitner
Pulp and Paper Research
Institute of Canada
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Pointe Claire H9R 3J9
Quebec, CANADA

Wayne Robbins
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P.O. Box 5000
Westbrook, ME

Michael Ritter
Forest Products Laboratory
U.S.D.A.
One Gifford Pinchot Drive
Madison, WI

APPENDIX F

CONFLICTS OF INTEREST MANAGEMENT PROCEDURES

RESEARCH EXCELLENCE PARTNERSHIP
Executive Committee

November 28, 1990

ISSUE: Conflicts of Interest Management Procedures

The Maine Science and Technology Commission is presently drafting legislation which, if enacted, would exempt the Commission from the existing stringent conflict of interests law. Under existing law, no member of the Commission or its advisory bodies can participate in any discussions where grant decisions are being made if said members directly or indirectly benefit financially from activities considered for funding. Exemption from existing law would allow the MSTC and its advisory bodies to manage conflict of interests employing common law practices.

In recognition of the importance of having all REP members participate in EPSCoR-related discussions, the MSTC is authorizing the REP to employ the following common law practices to manage its own conflict of interests as of November 28, 1990:

1. The REP must have a process which manages conflict and is documented in the minutes.
2. REP members must declare conflicts and potential conflicts around the table prior to any discussion.
3. REP members with conflicts cannot take part in the discussion which influences the decision. Strict adherence to common law practices would require such members to remove themselves from the room in which the discussion is taking place.
4. REP members with conflicts cannot vote.

This approach (or a similar one) to managing conflict of interests will satisfy NSF's requirement that no member of a State's EPSCoR Steering Committee can directly benefit financially from EPSCoR funded projects. We are required to certify that this is the case in the Round III proposal.



Central Maine Power Company
Edison Drive, Augusta, Maine 04336

Business Hours: (207) 623-3500
After 5:00 p.m.: (207) 623-3501

David T. Flanagan
Senior Vice President, Finance and Law

REC-2
AUG 28 1991

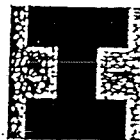
AUGUST 27, 1991

TO: DON NICOLL
MERT HENRY
JEAN MATTIMORE
RUSSELL BRACE
KAREN HRUBY

FROM: DAVID FLANAGAN

The attached article recently appeared in the Harvard Business Review and recounts an early experience applying Quality Improvement principles to public agencies.

Attachment



First Person

Insight from experience

*How in the world, I wondered,
do we get bureaucrats to strive for
"continuous improvement?"
They invented the status quo!*

Quality Comes to City Hall

by Joseph Sensenbrenner

Government may be the biggest and the oldest industry in the world, but the statement "I'm from the government, and I'm here to help you" is universally considered a bad joke. Increasingly, people don't believe that government knows how to help or wants to bother. They find concepts like "total quality," "customer-driven," and "continuous improvement" foreign to everything they know about what government does and how it works. They wish government would be more like a well-run business, but most have stopped hoping it ever will be.

Today, fortunately, a new channel has opened through which business and progressive business practices can have an impact on the cost, efficiency, and overall quality of government. This channel is the quality movement—the rapidly growing acceptance of the management prac-

tices that W. Edwards Deming developed and persuaded Japanese industry to implement after the end of World War II. As more and more U.S. industries work with and profit from Deming's techniques, we have to wonder whether it's not possible to develop a public sector that offers taxpayers and citizens the same quality of services they have come to expect from progressive businesses like Motorola and Westinghouse.

My answer to that question is yes, it is possible. Moreover, while I was mayor of Madison, Wisconsin from 1983 to 1989, I took several steps to make it happen.

Mayor of Madison, Wisconsin from 1983 to 1989. Joseph Sensenbrenner is now a consultant on the application of total quality management in the public sector.

I acted in response to a changing climate. Just as major corporations like Ford and Harley-Davidson had to improve or perish, so too did the marketplace now confronts governments with shrinking revenues, taxpayer revolts, and a new insistence on greater productivity and better services.

"People are making comparisons," says one quality expert. "They call American Express on Monday and get a credit card in the mail by the end of the week, but it takes three weeks to get a lousy driver's license renewed. You might not think of motor vehicles division compared with American Express, but it does in the mind of the customer."

Welcome to Madison

These problems came alive for me when I was elected to the first of three two-year terms as mayor

Madison in 1983. As state capital and home of the University of Wisconsin, Madison smolders politically even in quiet times. Although life had returned to relative normalcy after the upheavals of the Vietnam War, government was still on the defensive. The Reagan revolution was cutting sharply into revenues (the city lost 11% of total revenues between 1983 and 1989) even as our service area continued to grow and costs continued to rise.

Madison's property-tax base is constrained in two ways – naturally by the city's location on a narrow isthmus, artificially by the volume of land and buildings devoted to the university and to county and state government. By 1983, we were taxing taxable property nearly to its limit and beginning to turn to controversial measures like ambulance fees to make up the difference.

Budget hearings were becoming an annual nightmare. The people of Madison did not want their services and their taxes. In their view, services were in a steady decline already, even as they paid more for them. From what I could see, in many cases they were right.

But I felt boxed in. My previous managerial experience – as the governor's chief of staff and as deputy state attorney general – was nearly useless in getting a handle on the mixed operations of municipal government. As deputy state attorney general, I had run an office where I was an expert on every aspect of the work, and I practiced a good deal of participatory decision making. As mayor, I could not run an executive office, deal with the city council, and also be an expert on lawn cutting, snow removal, and motor vehicle maintenance. And it was out there on the front lines that systems were breaking down.

For example, a 1983 audit disclosed big problems at the city garage: long delays in repair and major pieces of equipment unavailable for the many agencies that used Madison's 765-unit fleet of squad cars, dump trucks, refuse packers, and road scrapers.

The audit gave a depressingly vivid and complete picture of the symp-

toms of the problem (for example, vehicles spent an average of nine days in the garage every time they needed work), but it offered no clear explanation of why things were so bad. Like other managers in similar situations, I felt inclined to call in the shop boss, read him the riot act, and tell him to crack the whip and shape up his department.

Just about then, an assistant in my office suggested I attend a presentation by W. Edwards Deming, the then 82-year-old statistician and guru of the Japanese industrial miracle.

Deming's approach is no doubt familiar to many businesspeople, but it was unlike anything I had ever heard. It sounded like common sense, but it was revolutionary. American industry, he said, had been living in a fool's paradise. In an ever-expanding market, even the worst management seems good because its flaws are concealed. But under competitive conditions those flaws become fatal, and that is what we are witnessing as U.S. companies lose market share in one area after another.

If there was a devil in the piece, Deming said, it was our system of make-and-inspect, which if applied

I Applied to toast, the government approach to quality would go, "You burn, I'll scrape."

to making toast would be expressed: "You burn, I'll scrape." It is folly to correct defects "downstream"; the critical issue, he said, is to get your "upstream" processes under control so you can guarantee the outcome every time. To do this, an organization must create a culture of quality; it must master proven quality techniques. Most important, it must define quality – first, as continuous improvement in pleasing customers and second, as reducing the variation in whatever service or product it offers.

As Deming described the organizational changes required to produce his culture of quality, I found myself thinking that this was, perhaps, what I had been searching for. It also occurred to me that it would take a revolution to get it. Autonomous departments are the virtual essence of government bureaucracy, so how was I going to implement Deming's command to break down barriers? "Cover your ass" and "go along to get along" are ancient tenets of the civil service, so how was I going to follow Deming's admonition to drive out fear and license more workers to solve problems? Most daunting of all was his command to install continuous improvement not just as a goal but as a daily chore of government. My God, government *invented* the status quo! And what were the voters going to think of "quality" as a cost item in a city budget?

The First Street Garage

These were some of my thoughts as I headed back to city hall. But I had another thought: there was nowhere else to go. I had already seen that management by objective and threats of audits were not going to produce change. I might as well try it, I thought. And the city garage, where the rubber hit the road, seemed a likely place to start.

The manager and mechanics at the First Street Garage were surprised to see the mayor and a top assistant show up to investigate their problems; most previous mayors had shown their faces only when they needed a tankful of gas. Over the next few years I learned again and again the crucial importance of the top executive getting personally and visibly involved on the battlefield of basic change.

For the most part, the crew at the garage were doubters. But when I met Terry Holmes, the president of Laborers International Union of North America, Local 236, I looked him squarely in the eye, pledged my personal involvement, and confirmed his membership's central role. He agreed to participate. We formed a team and gathered data from individual mechanics and from

continued on page 68

the repair process itself. We found that many delays resulted from the garage not having the right parts in stock. We took that complaint to the parts manager, who said the problem with stocking parts was that the city purchased many different makes and models of equipment virtually every year. We discovered that the fleet included 440 different types, makes, models, and years of equipment. Why the bewildering variety? Because, the parts manager told us, it was city policy to buy whatever vehicle had the lowest sticker price on the day of purchase.

"It doesn't make any sense," one mechanic said. "When you look at all the equipment downtime, the warranty work that weak suppliers don't cover, the unreliability of cheaper machines, and the lower resale value, buying what's cheapest doesn't save us anything."

Our next trip was to the parts purchaser. He agreed with the mechanic. "It would certainly make my job easier to have fewer parts to stock from a few reliable suppliers. But central purchasing won't let me do it." Onward to central purchasing, where we heard this: "Boy, I understand what you're saying because I hear it from all over the organization. But there's no way we can change the

We found one chronic service failure whose cause and solution were well known – but no one ever fixed it.

policy. The comptroller wouldn't let us do it."

Enter the comptroller. "You make a very strong case," he admitted. "But I can't let you do it because the city attorney won't let me approve such a thing." On to the city attorney. "Why, of course you can do that," he said. "All you need to do is write the specifications so they include the warranty, the ease of maintenance, the availability of parts, and

the resale value over time. Make sure that's clear in advance, and there's no problem. In fact, I assumed you were doing it all along."

This was a stunning disclosure.

Here was a major failure of a city service whose symptoms, causes, and solution were widely known but that had become chronic because government was not organized to solve it. No doubt there are dozens of large corporations that have made similar discoveries about their own bureaucracies. (Indeed, Deming would not be famous in the business world if this were not the case.) But for me – and, I later learned, for local governments all over the country and the world – this kind of discovery was eye-opening.

This first exercise confirmed point after point of Deming's paradigm and suggested strongly that what worked for business would work for government. To begin with, the source of the downtime problem was upstream in the relationship of the city to its suppliers – not downstream where the worker couldn't find a missing part. The problem was a flawed system, not flawed workers.

Second, solving the problem required teamwork and breaking down barriers between departments. The departments were too self-contained to be helpful to one another, and helpfulness itself – treating the people you supplied or serviced as "customers" – was an unknown concept.

Third, finding the solution meant including frontline employees in problem solving. The fact of being consulted and enlisted rather than blamed and ignored resulted in huge improvements in morale and productivity. When we actually changed our purchasing policy, cutting a 24-step process with multiple levels of control to just 3 steps, employees were stunned and delighted that someone was listening to them instead of merely taking them to task.

They were so enthusiastic, in fact, that they began to research the possible savings of a preventive maintenance program. They discovered, for example, that city departments did not use truck-bed linings when hauling corrosive materials such as salt. Mechanics also rode along on police

patrols and learned that they could spend much more time on preventive maintenance than in the high-speeds than in the high-speed agencies mechanics had imagined. Various city departments – street cleaning, parks, police – helped the First City mechanics gather data, and we eventually adopted their proposals including driver check sheets for vehicle condition, maintenance schedules

We cut vehicle turnaround time from nine days to three days and saved \$7.15 for every \$1 invested in improvements.

ules for each piece of equipment and an overtime budget to ensure that the work was done.

The result of these changes was a reduction in the average vehicle turnaround time from nine days to three and a savings of \$7.15 in downtime and repair for every \$1 invested in preventive maintenance – an annual net savings to the city of Madison of about \$700,000.

The Second Wave

Despite the satisfying outcome of this first foray into public-sector quality, I understood that we were far from having enough knowledge and experience to develop a program for the entire city work force.

I attended a second, four-day seminar with Deming, and I enlisted the support of university faculty and local and national quality consultants. I also helped found the Madison Area Quality Improvement Network and recruited academic, professional, and corporate members. Today it is the largest and most active community quality council in the world. In the years that followed, corporate and academic experts provided the city with in-kind services that were worth hundreds of thousands of dollars.

I went about setting up a formal quality and productivity (QP) program that would eventually function citywide. I hired a full-time quality and productivity administrator – the first such public-sector position in the country – even though that meant giving up one of the four policy positions on my staff. I also organized a QP steering committee of top managers to direct the effort. Originally, the committee itself was a throwback to an older hierarchical tradition: all top managers. Within two years, it replaced eight of its own original eleven members with two union presidents – Firefighters and AFSCME – three middle managers, two of our most enthusiastic front-line workers, and the president of the city council.

The steering committee issued a mission statement that envisioned employee involvement, customer input, continuous improvement, creativity, innovation, and trust. On a more practical level, it said that the marks of quality in Madison city government would be excellence “as defined by our customers,” respect for employee worth, teamwork, and data-based decision making. We called this foursquare commitment the Madison Diamond.

Finding the lofty words was the easy part; now we had to live up to them. The first task was to recruit the initial cadre of what we hoped would become a quality army. We set out to identify pioneers in several city departments – managers and front-line employees with the imagination and motivation to lead the way. Their most important characteristic, I found, regardless of political philosophy or training, was a strong ego: the capacity to take responsibility for risks, share credit for success, and keep one eye on the prize. We found enough of these people to begin a new round of experiments like our successful First Street prototype.

Our second wave included projects in the streets division, the health department, day care, and data processing. We expanded the lesson we'd learned about purchasing at the First Street Garage to create a citywide “Tool Kit” program

that got workers directly involved in choosing the most cost-effective tools and materials for their jobs. City painters picked the most durable, long-lasting paints for city housing projects, for example, and police officers chose the equipment they would be using every day in their patrol car “offices.” Selections had to be made on the basis of hard data, however, so running the comparisons became quality projects for the employees.

In the health department, the challenge was simply to give citizens quicker, better answers to their questions about clinics and programs. Employees began to sample and analyze the questions that were coming in, then on the basis of that data they set up briefings for phone receptionists so they could answer most questions directly. They also created a clear system of referrals for more complicated requests. Follow-up studies showed considerable improvement in the department's level of “customer” satisfaction.

By gathering and analyzing data, the day care unit shortened its waiting list for financial assistance by 200 names, while data processing customized and thus greatly improved its relations with internal customers.

I expected opposition from voters, city council, or our 14 unions. But the resistance came from bureaucrats.

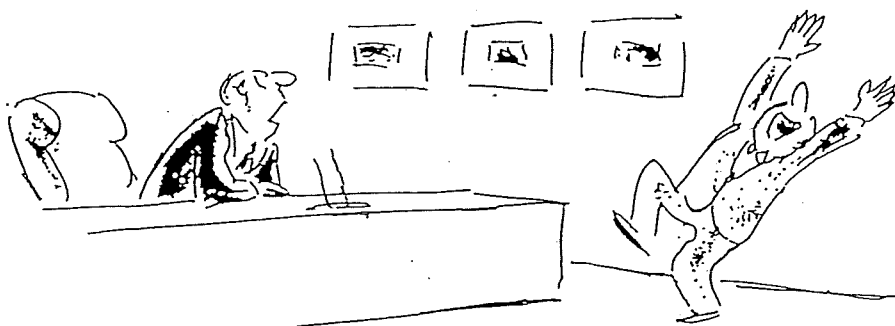
As with our first experiments at the garage, the second wave of quality initiatives worked minor wonders in productivity and morale, and they met with little resistance – so long as the projects stayed small. But as the program grew to involve more departments and demand more time of managers, opposition began to emerge. I had expected problems from structural sources: the 14 different unions that represented 1,650 of

Madison's 2,300 employees; the strong civil service system that included and protected all of the city's mid-level managers and most of its department heads; the 32-member, nonpartisan city council (meaning no partisan bloc for the mayor's program); and Madison's “weak-mayor” system of government that invested little authority in the chief executive.

But it turned out that the city council supported the program, and the unions grew increasingly helpful. The real opposition was not structural but bureaucratic. There were individual managers who could not tolerate the idea of bringing their employees into decisions or who resented taking time to reassess tried and true procedures. There were employees who scorned the program as faddish and who looked on enthusiastic colleagues as management finks. There were cynics who tried to exploit the program by packaging their pet projects as QP initiatives, and I had political opponents in a few departments who tried periodically to entice some reporter into probing the “QP boondoggle.”

Most surprising and disappointing to me were the barriers I discovered between work units, including even units in the same department. One department head told his middle managers that he expected them to deal with quality problems while he, as he put it, “protected” the department from the rest of city government! He could hardly have devised a better way to nip cooperation in the bud and help problems multiply.

The most unsettling indication of how far we had to go came early in the program when all the individual team members in our second wave of projects independently resigned. They felt their managers, who should have been giving them guidance and support, were simply cutting them adrift and thus setting them up for failure and blame. For their part, the managers believed that all they had to do was make an initial statement of support and invite subordinates to “call if you have a problem.” Employees, of course, took this to mean, “I expect you to take care of it.”



"Cargill - I haven't come to the punch line yet!"

I addressed this problem by discussing it directly with all the people involved. I then restructured our procedures to require specific work plans and regular, scheduled meetings between the frontline project teams and their managers. Contacts had to stop being intrusions into a manager's schedule. They had to become predictable exchanges of information and assistance to which team members were entitled.

Internal and External Customers

The parts-purchasing and preventive-maintenance improvements I described at the First Street Garage are examples of projects in one department that helped other departments do their jobs more efficiently. Another example involved trash collection workers analyzing the pattern of injuries in their own work, weighing and measuring the refuse put out at the curb by residents, and studying the lifting requirements of the refuse-packer trucks. Their proposals for restrictions on the size of bundles and better design of new trucks reduced neck and lower back injuries, saved lost time, and made working conditions safer, at no extra cost to the city.

In another project, seven city departments that used maps in their work got together, identified duplications of effort, and created a computerized database and a uniform map bank available to all departments as well as to Madison's private gas and electric utilities.

Long lines of trash-filled trucks at the city's recycling plant gave rise to another project. Employees clocked truck arrival times, noted how they clustered, and proposed a staggered schedule of trash collections that would cut waiting time. This proposal not only made the system more efficient; it also saved the money we were thinking of spending on an expanded dumping floor. But until the data had been gathered, no manager was in a position even to consider such a solution.

In projects that serve internal customers, government workers benefit directly at the workplace while taxpayers benefit from cost efficiencies and more smoothly functioning institutions. But such initiatives rarely make headlines, which go instead to projects that serve external customers and visibly change public-service delivery. In Madison, the most celebrated example was the creation of the experimental police district.

During the late 1960s and early 1970s, violent antiwar demonstrations turned Madison into a battleground. At one point, the governor called in the Wisconsin National Guard to secure the university campus. The harsh tactics used to put down these demonstrations left much of the community with a distrust of the police.

The officers themselves felt battered, scarred and alienated from the community they were hired to protect. When a young police chief named David Couper arrived in 1972 with new, enlightened philosophies of conflict management and citizen service, he was assailed with a series of grievances and lawsuits from veterans on the force.

Couper, a former marine, responded to these tests with what he now calls a typical military approach: "You'll be nice to citizens, or you'll have hell to pay!" This got him nowhere, of course, and after several frustrating years he took a sabbatical, rethought his management approach, and familiarized himself with Deming's quality gospel. He then decided, as he puts it, "I'd let the department for the 95% do their jobs well rather than write rules for the 5% who were difficult."

He identified progressive officers interested in transforming the department and rebuilding community confidence. Together they created an elected employee policy-making council, a committee to look at the department's future, and a police mission statement that made peacekeeping the department's primary role and put law enforcement second.

This was a risky move, considering the probable reaction if people thought the police were neglecting detection and apprehension, but the new strategy had broader implications. It meant the department could deploy resources to work on the underlying causes of crime, interwork with schools and neighborhood organizations, develop relationships with minority and student leaders, and give a higher priority on outreach. Most important, perhaps, it created a "constancy of purpose" that Madison has always put first on his list of techniques for achieving total quality.

continued on page

In 1986, Couper and 50 police volunteers decided to test the new mission statement. They believed that a decentralized police district with a neighborhood headquarters would lead to more effective peacekeeping by giving better service to residents and by encouraging officers to "adopt" the neighborhood and vice versa. Police precincts were an old idea, but this was different: officers in the district would elect their own captains and lieutenants, determine their own staffing and work schedules as a team, and network with neighborhood associations to set law-enforcement priorities. Having worked with Couper for 14 years, the union had learned to trust him, and it accepted the idea.

Several months of surveys and data analysis resulted in the Madison Experimental Police District on the city's South Side, with its station house located in the aldermanic district of a relatively junior member of the city council. Because the officers had done their homework, they were able to nip in the bud an effort by the council president to locate this political plum in her own ward. They could show that their proposed location provided the best service to priority areas and populations, including the elderly, as well as the fastest access to all parts of the district.

Soon, South Side residents were seeing their police on the streets, at neighborhood meetings, and at their doorsteps to interview them about their concerns. Home burglaries decreased 28% between 1986 and 1989, while the rest of the city saw a 15% increase. Other statistics were equally impressive. Dollar savings included the reduction of overtime to 200 hours for the whole experimental district in 1988, compared with 980 hours for an equivalent number of officers from the central office. This savings was achieved after officers in the district ran a study of the kinds of calls that kept police on duty beyond their regular shifts. They discovered that a high percentage of such calls were not urgent, so they arranged with dispatchers to put these calls on a "B" list if they came in less than 45 minutes before the end of a shift. When new officers

came on, they would take those calls first and attend to them at regular pay.

Although this triage meant some delay in police response for some police customers, I never received a single complaint about it. Tax dollars were saved, and surveys showed that citizens were satisfied with police service and that 85% of officers in the special district had higher levels of job satisfaction than in their previous assignments.

Remaking City Government

As the business reader knows, Deming-style quality is not a quick fix or a magic bullet; it is a top-to-bottom revolution in the definition of "business as usual" that takes years to accomplish. There's no reason in the world to think it can be done more quickly or easily in government than in industry. But in Madison, we saw encouraging gains in just a few years.

Some wary union leaders and members turned out to be among my strongest backers. Terry Holmes, the tough master mechanic and long-time union president, became a staunch ally. "Before the quality program, all we did was put out fires," he once told me. "Morale was low. The message from management was, 'You don't know what you're talking about. Do as you're told.'" Once the program was well under way, however, the message became, "You and your teammates understand your work better than management can. Tell us how to help you do it better."

Some managers who were initially highly skeptical became advocates of the program over time. Speaking of his own subordinates' quality team, one department head told me, "I had a 'show-me' attitude for three years – and they finally showed me."

In 1987, I offered my five best managers merit raises from a special pool of money I had set aside for recognition. To my astonishment, all five refused the money. To single them out as heroes, they said, would be setting up a star system and, by implication, denying credit to the efforts of their teams. What people wanted and needed was regular, daily feedback about the things they were doing well, pats on the back, notes from the

CEO or, in this case, the mayor. were performing as teams and wanted to be recognized as team

We made immense progress in six years I was in office. By the end of 1988, we had trained 75 team leaders who have a stake in the outcome of team decisions and who lead team meetings and facilitators (who c

In 1987, I offered merit raises to my five best managers. All five turned them down – and for good reason.

from other divisions or departments have no stake in decisions, and a special responsibility for maintaining group process). We had also developed nearly two dozen projects and produced good enough results to warrant inviting all of the city's departments to apply for what we called "transformation status."

Transformation status meant long-term, departmentwide commitment to the new management practices, including continuous quality improvement and training for employees in quality-improvement skills and data-gathering techniques. The first two departments to accept the challenge were the police department and the Madison metropolitan system. A year later, the streets division and the health department joined them.

When I left office in 1989, Madison city departments were running between 20 and 30 quality improvement projects at a time, five agencies were in transformation, the city was giving training in quality to every municipal employee, joint efforts were under way with several state agencies eager to follow our lead, and city workers left and right were continuing to invent service improvements for internal and external customers. If I ever had questioned the feasibility of applying Deming's principles to public-sector services, my doubts had long since vanished.

In politics as in business, however, nothing is simple. On the plus side, my quality program was streamlining Madison city government, and – though I insisted on giving credit to the people who earned it – producing political capital for me. In my 1989 reelection campaign, I received the rare combined endorsement of the unions representing police officers, sheriff's officers, firefighters, and streets maintenance workers. Local papers praised my efforts to modernize public-sector management, and the nationwide State and Local Government Labor-Management Committee, organized by AFSCME, the AFL-CIO, and the U.S. Conference of Mayors, singled out Madison's accomplishments in a television documentary that was broadcast across the country on Labor Day.


But this recognition was not enough to win me a fourth term. Other political factors were more compelling. There was my incumbency itself – no Madison mayor had been elected to a fourth term in more than 50 years. There was the reemergence of a popular mayor of yesteryear in the field of candidates. And, most fatefully of all, there was a

major money referendum on the ballot. The issue was a lakefront convention center expected to cost \$46 million. I believed the center was important for the city; many others did not. I campaigned hard for the center as well as for my reelection, and we both went down to defeat by nearly identical margins.

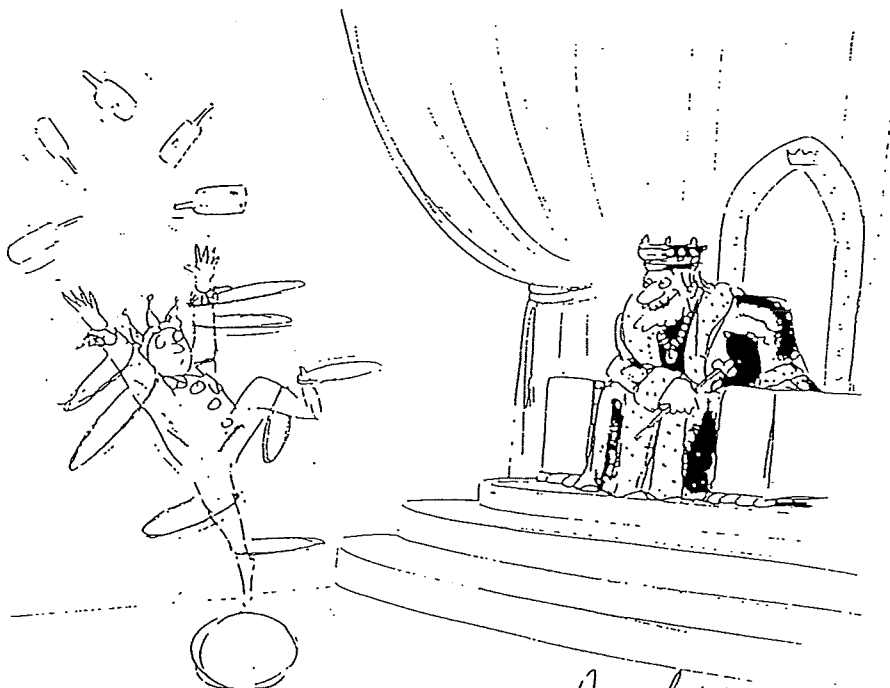
I take consolation in the fact the election was not a referendum on the quality and productivity program. To the degree that QP played a role, it was an asset, and even though I lost, I believe the culture of quality that my administration introduced into city government will survive, maybe even flourish. The city departments that embraced it and saw its power are still active believers, and my successor has given QP his cautious support.

Implementing a Deming quality strategy is not simply a matter of adopting a new set of slogans or a new accounting system. It's a matter of radical restructuring – part sociology, part systems theory, and part statistics – all aimed at liberating human ingenuity and the potential pleasure in good work that lie at least partially dormant in every organization.

It may appear that corporations are in a stronger position to implement Deming's methods than are governments. Market forces exert great pressure on businesses to undertake fundamental change for the sake of efficiency and survival. But governments today are under equally ferocious pressure to economize. Deep federal deficits, state and local budget-balancing requirements, and the trials of finding revenue in times of economic contraction or slow growth will make life challenging for state and local government managers for years to come.

My experience in Madison convinces me that quality-oriented businesses can contribute to keeping the public sector strong and efficient. As taxpayers, as providers of goods and services to government, and as community citizens, businesses have a direct interest in lending a hand. If businesses insist on quality, offer their expertise, share their training programs with government executives and team leaders, and search for quality programs to translate into public operations, the payback can be substantial. Who knows – we may actually get governments that are there to help us. 

Reprint 91208



Murt Erbeberg

"Sayyyyy...do you know anything about budgets!"

BEYOND TOTAL QUALITY

How to Improve a Little Bit at a Time All the Time

QUALITY IS YESTERDAY'S buzzword, in Russell Wright's opinion. In his new book, *A Little Bit at a Time: Secrets of Productive Quality*, Wright condenses the knowledge and experience acquired during his years of project management with Philco, Ford Aerospace, and Hughes Aircraft. The result is a powerful — and pithy — success system that any leader or manager can implement, today.



Too many leaders of companies still believe that quality is what sells in today's world. But quality, independent of costs, does not necessarily sell. What does sell (and always has) is the proper combination of quality and productivity.

This is Productive Quality: not a trade-off, but a method of operating that permits us to simultaneously improve quality and productivity indefinitely.

THREE STEPS

Sounds impossible? Not really. What you need to do can be stated in three sentences:

- 1) Get and keep only the best people;
- 2) Make clear to them what needs to be done — define the job in terms of what is considered good performance and what results are expected;
- 3) Let them do it — create conditions in which they can do what needs to be done.

That's it. Like most apparently simple approaches, it works very well but, in fact, demands a lot of hard work to make it succeed. There still is no free lunch.

TWO BREAKTHROUGHS

These three principles are hardly new; in fact, they form the core of a 1911 breakthrough study of management by Frederick Taylor. A second breakthrough occurred in the 1950s, when American quality consultants W. Edwards Deming and J.M. Juran were invited by Japan to help rebuild its economy. The Japanese had concluded that Taylor's ideas tended to evolve into rigidly defined jobs. Improvements to the system came primarily from designers of the system, not from the

people who worked within it. Yet fully literate and well-educated people could do much more than act as a clever piece of machinery.

Deming and Juran came up with the ideas that the Japanese packaged into the system we today call Total Quality (TQ). In TQ, people feel they are permitted to contribute as well as expected to contribute, because the system was designed to change based on their input.

TWO TENETS

Once you have the three principles — that tell you *what* you have to do — the

next trick is *how* you do it.

You need a framework, a management philosophy. The foundation of the framework are these two tenets:

Tenet One: Doing things a little bit at a time, all the time has the highest probability of success.

You work in the real world. Most of what you do daily is forced upon you. You're constantly balancing one commitment against another. Problems tend to set your priorities.

That's why crash programs and grand designs do not work in implementing constant and consistent Productive Quality. Attack your problems *a little bit at a time*. You don't have to create a big block of time or an extensive campaign. Some useful work can be done today. That piece of work will suggest another useful piece — yours or someone else's — and doing this consistently will lead to real progress. Five keys:

- Any effort is worthwhile if it is done all the time;
- Learn by doing — don't wait for a "detailed" plan;
- Start simple — take a good idea and run with it;
- No improvement is too small to implement — fine-tune continuously;
- There is no end point to the process — expect dogged improvement all the time (what the Japanese call "kaizen").

Tenet Two: Leading beats managing.

Leading has a higher probability of getting the performance you want from people. It gives you the maximum amount of time for the things only you can do, and you focus on those things maximizes the probability of success.

The choice between leading and managing is something

done in a thousand small acts. Your job as leader is to get and keep only the best people, to make clear what needs to be done, and to let them do it. The first part is the most important. But the daily basis of leadership comes from handling the last two parts. Avoid the temptation to get involved in helping people do their jobs. You are attempting to create an atmosphere of job ownership. People should feel they have the responsibility — and authority — to improve continually the way their jobs are done. This drives Productive Quality. No one can recommend job improvements better than the person who is doing the job.

Here's how a true leader applies the three steps. Remember, the journey of a thousand miles begins with a single step.

ONE: GET AND KEEP ONLY THE BEST PEOPLE.

There are four concepts here:

- 1) Acquiring and keeping good people is a leader's most important task;
- 2) Good people are hard to find; search for them continually and acquire them regardless of "openings";
- 3) Removing poor performers from an organization is as important as finding good ones; the best time to remove them is right now;
- 4) Changing people regularly to put the right person in the right job gets the most out of the best performers and helps marginal performers become good performers.

The actions to take:

■ *Regularly meet and talk with everyone one-to-one.* This helps you to identify good and bad performers. Focus on learning whether people understand what you are trying to do and whether they can do it. "Regularly" means meeting with one person once a week. If each manager down the management tree does the same, everyone in the organization gets reviewed at the same rate.

■ *Recruit people at the highest possible level.* Get the best person, not the cheapest. Get the best everywhere — on the assembly line, at the service counter. You break even when eight "expensive" people, paid 25 percent more, do the work of 10 "cheap" people. The expensive people are much more likely to drive continual improvement by throwing in a batch of priceless ideas for free.

■ *Reorganize and rotate regularly on a planned basis.* The right person in the right job is the foundation of productivity. Learn the proper fit by trying different people in different jobs. It's a learning experience that everyone should share.

■ *Transfer your poorest performers (the lowest 10 percent) in a permanent flow.* The idea is to get and keep only the best people. You know who the poor performers are, and — more importantly — so do your people. When the lowest 10 percent are transferred and replaced with people just above the organization's performance median, the center of the normal curve of performance improves constantly, and the variation of results shrinks constantly.

The operative word here is "transfer." Transfer poor performers to an assignment that fits much better than the current one. There are always people who don't belong in the company, and they must be "transferred" out of the company. But most poor performers are just mismatched.

TWO: MAKE CLEAR WHAT NEEDS TO BE DONE.

Good performance entails more than a list of specific tasks. The whole job is to satisfy customers, establish good relationships with suppliers, and improve performance continually.

Six ground rules:

1) Know your individual customers and suppliers. You must know your customers to satisfy them, and know your suppliers to build the good working relationships that mean consistent customer satisfaction.

2) Develop job measures that lead to continual improvement in what is done for customers. Pick any area that needs improving, and measure the simplest thing that will help improve it. Then move on. Don't try to measure all aspects, but do change measures.

3) Know how to set achievable goals and achieve them. Think small. Think achievable. Think setting and achieving goals all the time.

4) Invite constructive complaining. The best indicator of a bad system is when good people can't perform, yet many people are reluctant to complain. It's their job to tell you. You never want to hear later "I could have told you that would never work."

5) Practice the art of communication. Never assume people have the information you want them to have. Tell them regularly and clearly. Train yourself to listen carefully.

6) Managers should practice management by walking around (MBWA). Many people look at MBWA as another "touchy-feely" effort to help morale. In fact, you reap real benefits if you physically get out and talk to people where they work. "Showing the flag" is not what you're after. Hard data (who the good

performers are, what are their complaints, etc.) is.

THREE: LET THEM DO WHAT NEEDS TO BE DONE.

Give people job ownership, and it gives you time to work on the problems that only you can solve. To let them do it:

1) Make clear who is responsible for what. Concentration makes everyone effective. Don't diffuse your people's efforts by making them feel vaguely responsible for everything. When you make clear what people are and are not responsible for, they are free to concentrate — and succeed.

2) Attach authority to responsibility — get the decision-making process as close to the work as possible. Distribute authority; avoid micromanaging; focus on the future.

3) Develop useful information and make it readily available. Information is data that has been digested into a useable form, such as a marketing report or balance sheet. People need information; raw data is its source, but data rarely yields information directly. Develop a data-converting capability. Focus on the analysis of readily available data rather than spend excessively to get data in multiple formats. Make sure the data reflects what is actually happening. Finally, create an organization in which people have open access to data — a very difficult, and very necessary, thing to do. Data is too valuable to be held by any one person or unit.

To make continuous improvement a part of your comp life, pick an action that addresses one of your biggest problems and do something. Today. Then do a little more tomorrow. A little bit at a time . . .

To obtain this book, see page 60.

**GIVE
WORKERS JOB
OWNERSHIP. IT GIVES
YOU TIME TO WORK
ON PROBLEMS ONLY
YOU CAN SOLVE.**

Maine Legislature
Dist. 8/09 GRP

Committee on Governmental
Relations and Process
Materials for Aug. 9/1991

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August 9, 1991

TO: Committee on Governmental Relations and Process
FROM: Jon Clark, Analyst, OPLA
SUBJ: Sundry items for your information

Attached are several items which may prove of some interest to committee members at this stage of priority setting.

a. Several tables dealing with legislative turnover rates. Mr. Bonney indicated an interest in the question of the length of legislative terms and asked if I could provide some rudimentary figures on the turnover rate in the legislature. The first table indicates the legislative service of the members of the 115th Legislature. The second table shows the turnover rates for the 112th through the 115th legislatures. The last table shows legislative turnover in the 50 states for the period 1979-80.

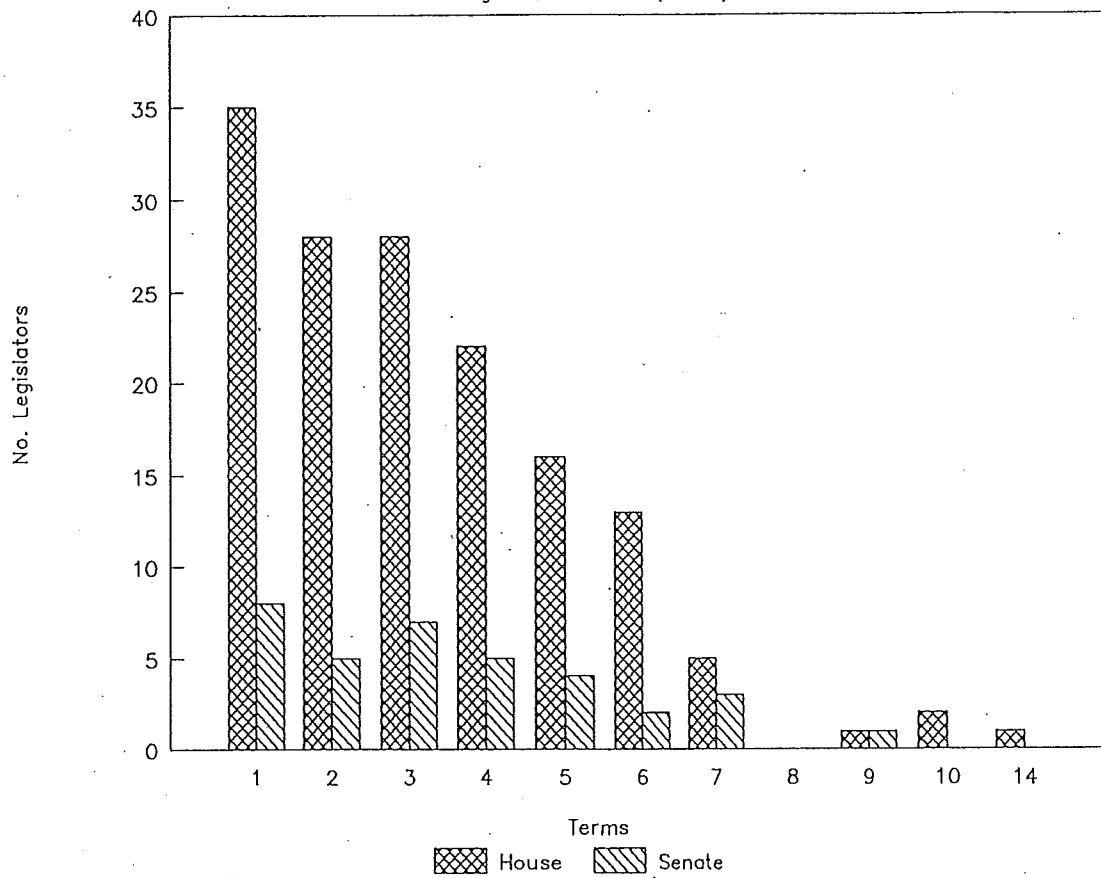
b. An article by Tony Hutchinson of NCSL on revenue projections in the budget process. Ms. Post indicated to me an interest in what other states have in the way of methods of developing budgets, particularly with regard to revenue forecasting. This article describes some of the difficulties inherent in achieving accurate budget forecasts. It also briefly describes "consensus estimating" processes employed in Florida, Louisiana, Indiana and Kansas.

NOTE: Bret Preston, research assistant in OPLA, has cultivated contacts with a Utah study commission which is working at the present time on issues of restructuring that state's legislature. We have received some information from them about the approach they are taking and some of the information they have been gathering. This material is being kept on file in our office.

2326nrg

115th Maine Legislature

Legislative Service (Terms)



Maine Legislature Turnover Rate 1985–1991

Legislature	Newly Elected Legislators	
	House	Senate
112th (1985)	42 (28%)	9 (26%)
113th (1987)	27 (18%)	10 (29%)
114th (1989)	35 (23%)	7 (20%)
115th (1991)	37 (25%)	8 (23%)

Percentages based on 151 members of the House and 35 members of the Senate.

Source: Maine Senate and House Registers, 1985–1991

OPLA 1991

Avg. Legislative Service, 115th Legislature: House=3.45 terms; Senate=3.30 terms.

STATE LEGISLATIVE TURNOVER, 1979-1989

STATE	Senate Total	New Members	Turnover	House Total	New Members	Turnover
Alabama	35	26	74%	105	71	68%
Alaska	20	16	80%	40	35	88%
Arizona	30	19	63%	60	45	75%
Arkansas	35	24	69%	100	49	49%
California	40	21	53%	80	56	70%
Colorado	35	28	80%	65	58	89%
Connecticut	36	32	89%	151	124	82%
Delaware	21	13	62%	41	28	68%
Florida	40	35	88%	120	100	83%
Georgia	56	39	70%	180	120	67%
Hawaii	25	19	76%	51	42	82%
Idaho (1)	35	32	91%	70	57	81%
Illinois (2)	59	38	64%	177	87	49%
Indiana	50	33	66%	100	60	60%
Iowa	50	35	70%	100	76	76%
Kansas	40	27	68%	125	101	81%
Kentucky	38	24	63%	100	61	61%
Louisiana	39	26	67%	105	75	71%
Maine (3)	33	28	85%	151	132	87%
Maryland	47	32	68%	141	91	65%
Massachusetts	40	25	63%	160	110	69%
Michigan	38	19	50%	110	72	65%
Minnesota	67	53	79%	134	97	72%
Mississippi	52	49	94%	122	105	86%
Missouri	34	21	62%	163	120	74%
Montana	50	37	74%	100	87	87%
Nebraska	49	38	78%	N/A	N/A	N/A
Nevada (4)	20	17	85%	40	34	85%
New Hampshire	24	21	88%	400	343	86%
New Jersey	40	28	70%	80	64	80%
New Mexico	42	31	74%	70	53	76%
New York (5)	60	23	38%	150	83	55%
North Carolina	50	38	76%	120	96	80%
North Dakota (6)	50	37	74%	100	72	72%
Ohio	33	25	76%	99	64	65%
Oklahoma	48	39	81%	101	86	85%
Oregon	30	25	83%	60	50	83%
Pennsylvania	50	31	62%	203	138	68%
Rhode Island	50	42	84%	100	80	80%
South Carolina	46	35	76%	124	89	72%
South Dakota	35	26	74%	70	57	81%
Tennessee	33	20	61%	99	61	62%
Texas	31	26	84%	150	122	81%

Utah	29	19	66%	75	65	87%
Vermont	30	25	83%	150	125	83%
Virginia	40	21	53%	100	62	62%
Washington	49	31	63%	98	88	90%
West Virginia	34	32	94%	100	90	90%
Wisconsin	33	25	76%	99	78	79%
Wyoming (7)	30	26	87%	62	49	79%
D.C.	13	5	38%	N/A	N/A	N/A
Puerto Rico	27	20	74%	51	43	84%

(1) Membership In the Idaho Senate Increased from 35 to 42 members between 1979 and 1989.

Membership In the House Increased from 70 to 84 members.

(2) Membership In the Illinois House of Representatives decreased from 177 to 118 members between 1979 and 1989.

(3) Membership In the Maine Senate Increased from 33 to 35 members between 1979 and 1989.

(4) Membership In the Nevada Senate Increased from 20 to 21 members between 1979 and 1989.

(5) Membership In the New York Senate Increased from 60 to 61 members between 1979 and 1989.

(6) Membership In the North Dakota Senate Increased from 50 to 53 members between 1979 and 1989.

Membership In the House Increased from 100 to 106 members.

(7) Membership In the Wyoming Senate Increased from 30 to 40 members between 1979 and 1989.

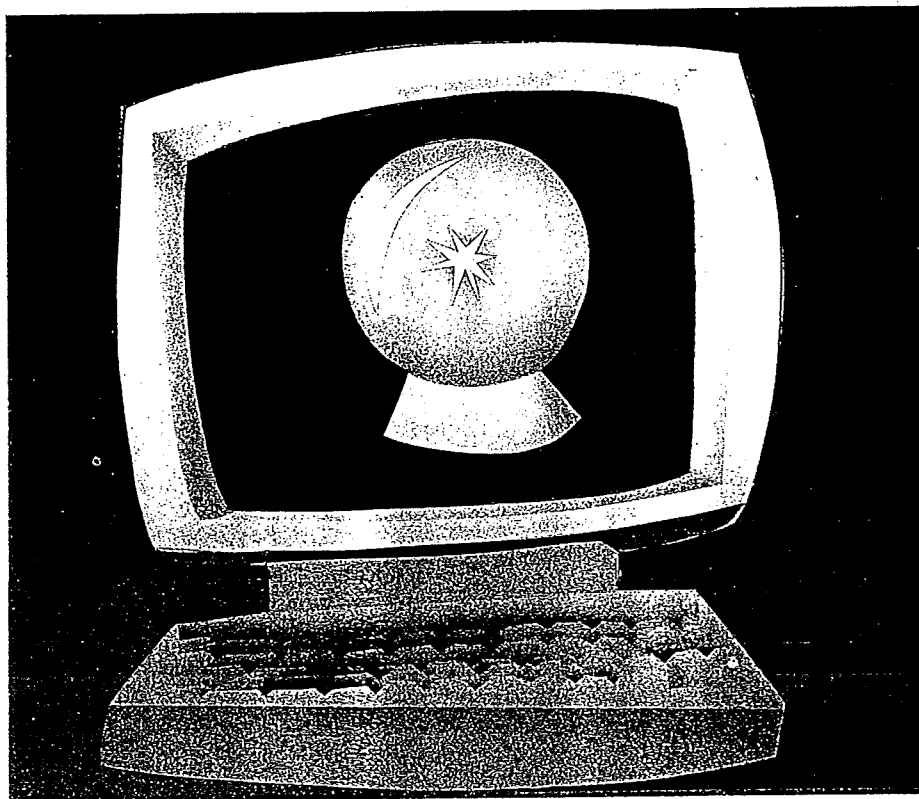
Membership In the House Increased from 62 to 64 members.

Source: The National Conference of State Legislatures, 1560 Broadway, Suite 700, Denver, Colorado 80202 (303) 830-2200.

The Good, the Bad and the Uncertain in Revenue Projections

What legislators should know before finding fault with forecasts.

Tony Hutchison



They are always wrong," intoned a prominent senator in one Western state when questioned recently about the quality of revenue forecasts. And he is right: fiscal prognostications will always be wrong.

With the country facing a recession and many states facing tough fiscal times, legislators are rightfully concerned about their state's revenue outlook. The question is not whether a revenue forecast will be wrong, but by how much and because of what factors, and what the margin of error means for state finances.

In general, mistakes in budget

forecasts happen for two reasons:

- The uncertainty in the factors underlying the forecasts. These uncertainties may stem from incorrect assumptions about inflation or unemployment rates, or from misinterpretation of facts about consumer spending or savings trends, as well as from unpredictable global events such as wars or trade embargoes.
- Errors in the application of forecasting techniques. These errors occur because the forecasting model is not sufficiently sophisticated to take into account the unique characteristics of a state's economy or tax system, or the effect of federal tax changes on a state's revenues.

Legislators, particularly those who sit on tax or budget committees, need to understand why forecasting errors occur

and what difference they will make. Revenue forecasts are important because they form the parameters for budget discussions. State balanced-budget provisions make the estimates even more important than those at the federal level simply because state officials have to live within their budgets.

An over-optimistic revenue forecast might mean that a legislature will face the politically distasteful task of cutting popular programs before an important election. Similarly, an unduly pessimistic revenue forecast could mean explaining a large surplus to angry teachers who had been told a pay raise was out of the question because of a lack of funds. "It's better for public officials not to be caught by surprise," says Marcia Howard, research director for the National Association of State Budget Officers and author of *Good Practices in Revenue Estimating*. "No one takes notice of good estimates but many are faulted for bad estimates," Howard notes.

While a few legislatures still look exclusively to the executive branch for revenue forecasting expertise, most legislatures—90 percent in 1987—now have their own staffs prepare independent forecasts or participate in joint or consensus revenue estimating.

With added expertise and authority in the legislative branch come additional responsibilities. Gone are the days in most legislatures when a bad revenue estimate could be blamed exclusively on the executive branch. Legislators today must analyze the revenue forecasts not only of the governor but of their own staff—and perhaps more important, explain to the media and the public what the forecasts mean.

How can a legislator determine if an estimate is good or bad if all estimates are to some degree wrong? Unfortunately there are no simple benchmarks for deciding. Some national experts suggest that a statistically acceptable margin of error for a revenue forecast during normal times should fall within plus or minus 1 percent to 3 percent of the estimate. A 1989 study of state revenue estimating practices in recent years con-

Tony Hutchison specializes in budget policy and expenditure issues for NCSL.

Some States Use "Consensus Estimating"

For states with legislative and executive branches that will put aside institutional biases and partisan politics in developing a revenue forecast, a consensus estimating model can make sense. Currently about 15 states prepare some type of consensus forecast.

The term "consensus estimating model" does not refer to a forecasting technique so much as it does to an institutional arrangement. Most state consensus forecasts involve members of both the executive and legislative branches, as well as representatives of the business and academic communities, who must come to full agreement over the revenue estimates for the coming fiscal year. Full agreement means more than a majority vote for a particular estimate. Consensus means that discussions and analysis of the state's revenue estimate continue until each of the participants is satisfied with it.

The consensus estimating process varies a good deal among the states that use it. Four states that represent a broad spectrum of the different types of consensus estimating are Florida, Louisiana, Indiana and Kansas.

The consensus estimating conferences held in Florida are considered the prototype by many. Florida has been doing consensus estimates since 1970 and has developed a great deal of sophistication.

The process involves a series of regularly scheduled consensus forecasting conferences that include professional staffers from both the legis-

lative and executive branches of government. Members of the revenue and economy estimating conferences include a member of the executive office of the governor, the director of the Division of Economic and Demographic Research of the Joint Legislative Management Committee, and professional fiscal staff with forecasting expertise from the Senate and House of Representatives.

Conferences are held at least three times a year in order to provide economic and revenue forecasts to support the state's planning and budgeting. Participants receive briefings several weeks before the conference, and are always presented with multiple forecasting scenarios and access to outside advisers at the conference. Each participant has veto power over the estimate, on which true consensus must be reached.

After much study, including intensive scrutiny of the Florida model, Louisiana adopted a consensus forecasting process with enactment of a statute in 1987.

The Louisiana model is different from the Florida model in that elected officials are the final arbiter of the revenue estimate. The Louisiana revenue estimating conference is composed of the governor, the president of the Senate, the speaker of the House (or their designees), and a faculty member with revenue estimating expertise from any university in the state.

The three elected officials rotate the chairmanship of the committee annually, each supplying the committee

with staff when he is chairman.

Indiana has created a mechanism called the Revenue Technical Committee to serve as the primary cog in its consensus estimating process. Like the Florida model, the Revenue Technical Committee is composed of budget staff only, with two outside members drawn from a university economics department and the state chamber of commerce.

The staff are from party legislative fiscal staffs in each house. The committee is chaired by the Executive Budget Agency's director of fiscal analysis. By tradition the process has been kept bipartisan and professional. Also by tradition, the findings of the Revenue and Technical Committee have always been accepted when reported to the Legislative Joint Budget Committee and are used as the basis for the governor's budget.

The Kansas consensus forecasting model is a non-statutory, informal process. Its membership consists of the director of the Executive Budget Office, the director of the Legislative Research Department and one economist from each of the state's three major universities.

The members begin by consenting to a set of basic economic assumptions such as inflation rate, unemployment rate, etc., and each prepares a forecast from a separate model. Results are compared and a consensus forecast is reached. Neither the governor or the Legislature is bound by the forecast but in recent years there have been no departures from the procedure.

ducted by KPMG Peat Marwick found that 24 states reported revenue estimate accuracy in the 1 percent to 2 percent range and 20 states in the 3 percent to 5 percent range. Four states reported errors averaging more than 5 percent and two did not reply. (Several experts, however, have questioned the validity of these self-reported data.)

Political and economic events in the world can change acceptable error margins significantly. Last summer's Iraqi in-

vasion of Kuwait and the ensuing oil price shock represents an event that was unforeseen in FY 1991 state revenue forecasts.

But legislators should not lock on to a particular percentage or range as the sole measure of an estimate's correctness. "There is no industry standard as far as accuracy goes," says Heather Moritz, a staff auditor with the Colorado General Assembly who is studying revenue estimating practices. "Accuracy varies

among the states due to an array of economies, tax bases and the length of the forecast done in a state," she says.

A useful analogy is that of financial ratios in industries. While analysts may comfortably compare the ratio of current assets to liabilities or sales to inventory for businesses in the same industry, the same cannot be done for businesses in different industries. For instance, analysts would not compare certain financial ratios in the fast-food business

with those in the airline industry.

While states are basically in the same business—governing—their tax bases vary enormously, complicating comparisons. States that rely heavily on income-responsive taxes such as a progressive income tax will have less stable tax bases than states that rely heavily on a broadly based sales tax and property taxes. Revenues from less stable taxes are harder to estimate than stable tax bases. This makes it difficult to compare fairly the revenue estimates of states such as New York and Texas.

If legislators cannot look to error rates alone to help them determine what the difference is between a good estimate and a bad one, then what else should they be looking for? One thing legislators can do is evaluate the process, personnel and resources of their state's revenue estimating procedures to see if they are up to snuff.

Nick Khouri, chief economist with the Michigan Senate Fiscal Agency, says there are a number of factors that legislators should look for when evaluating the revenue estimating capabilities of their state. "First," Khouri says, "you should check history. Put together a history of forecasts vs. actual revenues for a number of past years and analyze the error rates for bias. You should look for a history of error in one direction or the other." An estimating process that consistently either over- or under-estimates revenue needs to be re-examined.

Khouri adds: "If estimates regularly fall below actual revenues, estimators may be lowballing. This is usually done with the intent of making the forecast itself a policy variable." In other words the estimate may have been designed to manipulate budget policy. Rather than providing a best estimate of available revenues, estimators may be trying to define how much revenue should be spent.

Projections that routinely over-estimate revenues should also suggest political bias. "A rosy revenue estimate is often the path of least political resistance," says Steven Gold, director of the Center for the Study of the States at the Rockefeller Institute of Government.

Khouri, who prepares the revenue forecasts for the Michigan Senate, also advises fiscally inclined lawmakers to be on the lookout for forecasting errors that repeatedly stem from one particular tax

source. "Check to see if the forecasters are having a difficult time predicting one or two individual tax sources such as business or income taxes." Good forecasters should be able to explain what the problem is and what they are trying to do to correct the problem.

Legislators should also look into their state's forecast record during different periods of the business cycle. "Economic turning points, such as entering or exiting a recession are the most difficult to predict," says Khouri. "Check to see if the forecast error is higher entering an expansion or a recession."

Another good indicator that revenue forecasts are being prepared in a professional and objective manner is the use of econometric models by trained economists. While there is no guarantee that a more sophisticated model will lead to better forecasts, according to Heather Moritz, the use of such models shows that forecasters are at least trying to account for the effects of a variety of factors that affect a state's revenues. "Back of the envelope" or "cocktail napkin" estimates may be useful for incorporating the intuition of long-time legislators into a forecast but they will probably not deal effectively with the complexities of federal tax-law changes on a state's revenue base.

Khouri says: "An econometric model forces you to deal systematically with your past mistakes. It forces consistency—you throw out variables that have not been good predictors in the past."

A good revenue forecast should also be understandable to elected officials. The forecast should not be a simple "point estimate" with no explanation of the range of error inherent in the forecast or the underlying economic assumptions of the projection. A "point estimate" of, for example, \$3.6 billion should be accompanied by an explanation that the actual revenue collection will probably be within a "range" of \$200 million (\$3.7 billion to \$3.5 billion), for instance. The forecaster should also explain that if the underlying assumptions of the forecast change then the range of error will likely expand.

Khouri counsels: "The forecast should tell a story of the underlying assumptions in the forecast. Does the forecast presume the economy is heating up, or cooling down?"

Other experts say that the forecast document should explain the uncertainty

associated with the estimate and the implications of those uncertainties for the economy. In Marcia Howard's work on revenue estimating, she writes that "the governor should understand the probable range around the estimate, the risks associated with being on the high or low side of the estimate, and should then plan accordingly." This applies to legislative bodies also. To gain a perspective on what an estimate's range may mean for a state budget, Howard suggests the following: "Consider that for a state with a \$5 billion annual budget, a 3 percent variation would equal \$150 million. When California experienced a \$1 billion revenue shortfall in 1988 it sounded like a huge variance, but represented only about 3 percent of the general fund budget."

Numerous experts also advise budget makers to share information about the revenue forecasts. One of the keys to a "good forecast" is credibility. For a forecast to have credibility it does not have to be exactly on the mark, although accuracy helps, but players in the budget process have to believe that any error was not a deliberate attempt to manipulate the budget debate. A good forecasting process should include input from the business and academic community and should include a method to track estimates. Estimators should make every effort to report the accuracy of their estimates to the media and the public frequently. Openness will help the revenue forecasting process to gain credibility and also help legislators explain the uncertain nature of forecasting. Numerous states have moved toward a "consensus forecasting" model whereby the legislative and executive branches of government agree upon a revenue figure before the budget process begins.

Legislators need to judge the revenue forecasting process in their state on the basis of its track record of error, on evidence of repeated bias toward optimism or pessimism, on the stability of the tax base, and the sophistication of the staff and the econometric models they employ, remembering that forecasts are usually neither good nor bad but almost always uncertain. And finally, legislators must remember that you cannot budget to the penny with an error factor of plus or minus 1 percent to 3 percent. As one expert put it, "Legislators are budgeting way too close to the margin—that's why the forecasts look so bad."

Dist. 8/09 GRP

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August 9, 1991

TO: Members and Staff, Committee on Governmental Relations
and Process

FROM: Jon Clark, Analyst, OPLA

SUBJ: Proposed areas for further investigation

Attached is an outline which may assist the committee in its attempt to focus on those issues it will want to examine in detail. This outline incorporates the issues raised during the last committee meeting on August 7 into the basic outline produced during the first committee meeting on August 2. The outline will need to be expanded to incorporate issues raised in conversations with the various individuals who are invited to come speak before the committee. This outline is offered by staff as one possible tool for structuring the committee's thinking on the issues. The hypotheses and comments are presented as suggestions in hopes that they may prove helpful in engendering further discussion and focusing of the committee's efforts.

COMMITTEE ON GOVERNMENTAL RELATIONS AND PROCESS

Function Statement

In order that it fulfill its responsibilities, state government must organize itself efficiently and effectively, employing sound management practices, to provide total quality service to its citizens. At the same time, the process of government must be structured to promote public participation and full accountability of its officials. Furthermore, it is essential that the three branches of state government maintain their distinct and separate roles and that state government as a whole establish and maintain an effective and responsible relationship with all levels of government.

PROPOSED AREAS FOR FURTHER INVESTIGATION

A. The budget process

1. Budgeting period: short term vs long term planning

Possible hypothesis: The biennial budgeting period allows effective and efficient management of state government.

2. Budget process: how well does it work in years of reduction?

Possible hypothesis: The budget process is adequately structured and sufficiently flexible to provide effective and efficient analysis of proposals for reductions in spending.

a. QUESTION: Is this year's experience an aberration or foretaste of things to come? If the latter, what is the problem and how can it be dealt with?

- i. Insertion of statutory changes into budget document.

3. Role of Legislature in budget process

Possible hypothesis: The Legislature effectively and efficiently provides sufficient review and analysis of governmental programs, expenditures and revenue forecasting.

- a. Revenue forecasting
- b. Legislative staffing/ expertise
 - i. Separation of fiscal and policy staff
- c. Fiscal notes
- d. Program review and evaluation
 - i. Audit and Program Review Committee
 - ii. Appropriation hearing process
 - iii. Review by policy committees
- e. Budget as a policy document

4. Role of Executive in budget process (to be discussed with Commissioner Sawin Millett)

5. Co-ordination/integration of information systems between budget office, Executive departments and Legislature

Possible hypothesis: The information flow and the integration of information systems between the budget office, the Executive departments and the Legislature promote efficient and effective legislative processing of the budget document.

- a. Integration of computer systems between budget office, Executive departments and Legislature.

B. The structure and process of the following:

1. Legislature

a. Committee Process

Possible hypothesis: Committee structure and process facilitates effective, efficient law-making while providing adequate accessibility and accountability to the public.

i. Number of committees/ use of subcommittees

ii. Managing committee workload

-Limiting number of bills that may be introduced

-Concept drafting

-Deadlines for dealing with bills

b. General legislative structure

Possible hypothesis: The structure of the legislature effectively balances the need for efficient and effective law making with the need for sufficient public accountability and access.

i. Legislative terms

ii. Size of the Legislature

c. Function of legislature (particularly with regard to budget review and preparation)

2. Executive Department (To be discussed with Rich Silkman)

3. Judicial branch (based on prior committee discussion this is a low priority)

C. Nature, function and effectiveness of constitutional offices (To be discussed Friday with the various officers).

D. The administration of personnel systems, buildings and land, information systems, purchasing.

Requires further discussion

E. The independent agencies, boards and commissions:

1. Examination of individual entities

a. List of entities from Secretary of State.

2. The conceptual framework within which these entities exist and operate.

NOTE: The examination of individual boards and commissions may require more time and resources than this committee can possibly give to it. Also, review of these entities is an on-going issue. Perhaps the committee could develop some sort of basic conceptual model for boards and commissions and include with it a recommendation for some sort of review mechanism for evaluating the justification for such entities.

Subcommittee on Governmental Relations and Process

Presentation

Roy

August 9, 1991

- Secretary of State Selection
- Constitutional Charge
- Overview Department Organization
 - History
 - Functions
- Relationship with Other Agencies

- Secretary of State Selection

Constitution of Maine (Article V)

- Chosen biennially at the first legislative session of the Legislature, by joint ballot

- Constitutional Charge - 1820

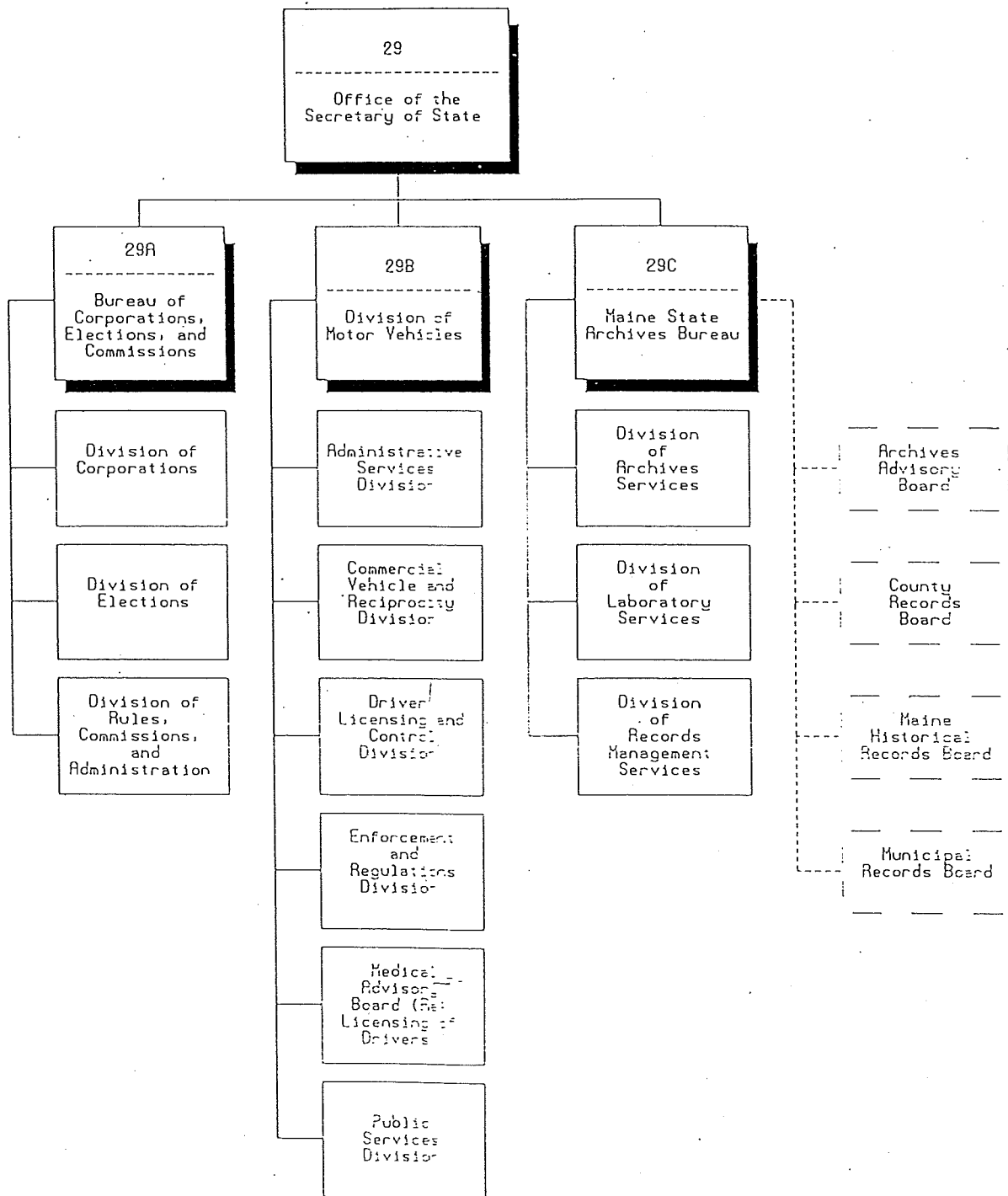
- Maintain Records of the State
- Attend the Governor, Senate, and House
- Keep and preserve the records of all official acts and proceedings of the Governor, Senate, and House.
- When required by law or as "enjoined" by the Constitution perform other duties.

- Evolution of Constitutional Charge

History

- Office Established by Constitution - 1820
- Certificates of Incorporation - 1862
- Formation of Corporate Division - 1870
- Election Division Formed - 1891
- Division of Motor Vehicles - 1905
- Maine State Archives - 1965
- A.P.A. - 1978

ORGANIZATIONAL CHART
DEPARTMENT OF SECRETARY OF STATE



- Relationship to Other State/Local Agencies

- Central Administrative Functions
 - Personnel
 - Financial - budget, accounting
 - Purchases, printing
- Program Interrelations
- Legal Support - Attorney General
- Legislative, Governor's Office, Judiciary
(as prescribed by constitution, law, and process)
- Municipal

of the Senate, or if that office is vacant, the Speaker of the House of Representatives, shall exercise the powers and duties of the office of Governor until such time as the Governor shall certify to the Chief Justice that he is able to discharge such powers and duties and the Chief Justice shall so notify the officer who is exercising the powers and duties of the office of Governor.

When the Secretary of State shall have reason to believe that the Governor is unable to discharge the duties of his office, he may so certify to the Supreme Judicial Court, declaring his reason for such belief. After notice to the Governor, a hearing before the court and a decision by a majority of the court that the Governor is unable to discharge the duties of his office, the court shall notify the President of the Senate, or if that office is vacant the Speaker of the House of Representatives, of such inability and he shall exercise the functions, powers and duties of the office of Governor until such time as the Secretary of State or the Governor shall certify to the court that the Governor is able to discharge the duties of his office and the court, after notice to the Governor and a hearing before the court, decides that the Governor is able to discharge the duties of his office and so notifies the officer who is exercising the powers and duties of the office of Governor.

Whenever either the President of the Senate or Speaker of the House of Representatives shall exercise the office of Governor, he shall receive only the compensation of Governor, but his duties as President or Speaker shall be suspended; and the Senate or House shall fill the vacancy resulting from such suspension, until he shall cease to exercise the office of Governor.

ARTICLE V.

Part Second.

Secretary.

(Originally Part Third.)

(Amended by Amendment xxiii.)

Election.

Section 1. The Secretary of State shall be chosen biennially at the first session of the Legislature, by joint ballot of the Senators and Representatives in convention.

Records of State.
Deputies.

Section 2. The records of the State shall be kept in the office of the secretary, who may appoint his deputies, for whose conduct he shall be accountable.

(Amended by Amendment cxxix.)

Attend the Governor,
Senate, and House.

Section 3. He shall attend the Governor, Senate and House of Representatives, in person or by his deputies as they shall respectively require.

(Amended by Amendment cxxix.)

Records of executive
and legislative
departments.

Section 4. He shall carefully keep and preserve the records of all the official acts and proceedings of the Governor, Senate and House of Representatives, and, when required, lay the same before either branch of the Legislature, and perform such other duties as are enjoined by this Constitution, or shall be required by law.

ARTICLE VI.

Part Third. (Originally Part Fourth.) Treasurer.

Section 1. The Treasurer shall be chosen by joint ballot of the Legislature, by joint ballot of the Legislature, by joint ballot of the Legislature.

Section 2. The Treasurer shall, before entering upon his office, give bond to the State with the Supreme Judicial Court, for the faithful discharge of his duties.

Section 3. The Treasurer shall not engage in any business of trade or commerce as agent or factor for any merchant or other person.

Section 4. No money shall be drawn from the Treasury in consequence of appropriations or allocations.

Section 5. The Legislature shall not appropriate proceeds from the sale of bonds to fund the principal of all bonded debt created before the bonds become due and payable. If at any time any such appropriation, the Treasurer shall not receive interest or installments of principal on such bonds apart. The Treasurer of State may not receive revenues at the suit of any holder of bonds to fund proceeds from the sale of bonds to fund the principal of those bonds authorized on or after the date of the sale.

ARTICLE VII. Judicial Department.

Section 1. The judicial power of the State shall be vested in the Supreme Judicial Court, and such other courts as may from time to time be established.

Section 2. The Justices of the Supreme Judicial Court and of other courts shall, at stated times receive their salaries, which shall not be diminished during their continuance in office, nor shall they receive any other fee or reward for their services.

Section 3. The Justices of the Supreme Judicial Court shall give their opinion upon important questions of law, when required by the Governor or the Legislature.

Section 4. All judicial officers shall hold their offices for the term of 7 years, and shall be reappointed (unless sooner removed) for another term of 7 years.

MAINE LEGISLATURE



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115th LEGISLATURE

LEGISLATIVE COUNCIL

GUIDE TO

ORGANIZATION AND ADMINISTRATION

**LEGISLATIVE COUNCIL
GUIDE TO ORGANIZATION AND ADMINISTRATION**

TABLE OF CONTENTS

	Page
INTRODUCTION	
 I. LEGISLATIVE COUNCIL ORGANIZATION	
Membership and Officers	I- 2
Meetings	I- 4
♦ Executive Sessions	I- 5
Rules of Procedure	I- 8
Legislative Council Committees	I- 9
♦ Personnel Committee	I-10
♦ Legislative Budget Committee	I-12
♦ Redistricting Planning Committee	I-13
 Exhibit I-1	Rules of Procedure: 115th Legislative Council
 II. OVERSIGHT OF LEGISLATIVE ADMINISTRATION	
General Authority	II- 1
Personnel	II- 2
♦ Organization and Staffing	II- 2
♦ Salaries and Benefits	II- 3
♦ Personnel Policies	II- 4
Physical Facilities	II- 5
Legislative Budgets	II- 6
♦ Legislative Budget: FY 1991	II- 7
♦ Legislative Budget Request: FY 1992-1993	II- 8
♦ Other Appropriation Accounts Under the Administrative Jurisdiction of the Legislative Council	II- 9
Legislative Computer System	II-10
Legislative Publications and Fees	II-11
♦ Copies of Statutes for Legislators	II-11
Legislative Records Management	II-12
 Exhibit II-1	Salary Schedule for Non-Partisan Employees in Effect on January 1, 1991
Exhibit II-2	Annual Reviews of Office Directors and Executive Director: Procedures

Exhibit II-3	Salary Schedule for Leadership Staff in Effect on January 1, 1991
Exhibit II-4	Legislative Council Policy Regarding Use of Legislative Hearing Rooms
Exhibit II-5	Legislative Publications: Summary of Distribution and Fee Policy

III. NON-PARTISAN STAFF

Overview	III- 1
Legislative Confidentiality	III- 2
Executive Director of the Legislative Council	III- 3
Non-Partisan Staff Offices	III- 4
♦ Description of Primary Responsibilities	III- 5
♦ Employee Rosters	III- 6

Exhibit III-1	Organization of the Non-Partisan Staff
Exhibit III-2	Legislative Council Policy Regarding Legislative Confidentiality

IV. OVERSIGHT OF COMMITTEES, COMMISSIONS AND OTHER ORGANIZATIONS

General Authority	IV- 1
Interim Studies	IV- 2
Guidelines for Committees and Studies Operating Under the Auspices of the Legislative Council	

Exhibit IV-1	Drafting Guidelines for Enacted and Council-Approved Studies
Exhibit IV-2	Guidelines for Budget and Expenditure Reporting
Exhibit IV-3	Procedures for Solicitation and Selection of Contractors

V. APPROVAL OF LEGISLATIVE REQUESTS TO INTRODUCE LEGISLATION

After Cloture Requests	V- 1
Legislation to be Considered at the Second Regular or Special Sessions	V- 2
Memorials	V- 3

VI. OTHER STATUTORY POWERS AND DUTIES

Compensation of Other Elected Officials	VI- 1
Oaths, Subpoenas, and Depositions	VI- 2

I. LEGISLATIVE COUNCIL ORGANIZATION

◆ **MEMBERSHIP AND OFFICERS**

◆ **MEETINGS**

◆ **RULES OF PROCEDURE**

◆ **LEGISLATIVE COUNCIL COMMITTEES**

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

INTRODUCTION

The Legislative Council was originally established in 1973 as a part of a broader legislative reorganization effort with the objective of strengthening the Legislature as a branch of government. A primary function of the Council is to provide overall administrative direction for the Legislature and to ensure that the part-time Legislature has a year-round presence in Augusta.

The Council is responsible for overseeing the preparation of the legislative budget, establishing broad policy guidelines for legislative employees, coordinating intergovernmental relations programs and carrying out a continuing assessment of all legislative operations.

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

MEMBERSHIP

3 MRSA § 161:

"There is established a Legislative Council to consist of 10 members, 5 of whom shall be members of the Senate and 5 of whom shall be members of the House of Representatives. They shall be the President of the Senate, the Speaker of the House of Representatives, the Floor Leaders and Assistants of the 2 major parties. Membership on the Legislative Council shall be by virtue of holding the above offices, and shall be during the term of the Legislature in which such offices are held."

OFFICERS

Chair

The statute provides that the Council shall elect a Chair from its own membership. By tradition, the chair has alternated between the House and Senate in successive bienniums.

Vice-Chair

The rules adopted by the first Legislative Council (106th Legislature) in July, 1973, provide for the election of a Vice-Chair from the Council membership, and further provide that the Vice-Chair may not be a member of the same branch of the Legislature as the Chair.

The Vice-Chair acts as chair in the absence of the Chair.

115TH LEGISLATIVE COUNCIL

Sen. Charles P. Pray, Chair
President of the Senate

Rep. Dan A. Gwadosky, Vice-Chair
House Majority Leader

Sen. Nancy Randall Clark
Senate Majority Leader

Sen. Dennis L. Dutremble
Senate Assistant Majority Leader

Sen. Charles M. Webster
Senate Minority Leader

Sen. Pamela L. Cahill
Senate Assistant Minority Leader

Rep. John L. Martin
Speaker of the House

Rep. Joseph W. Mayo
House Majority Whip

Rep. Walter E. Whitcomb
House Minority Leader

Rep. Francis C. Marsano
House Assistant Minority Leader

December, 1990

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

MEETINGS

The law provides that:

"The Legislative Council shall meet at least once monthly when the Legislature is not in session and at such other times as the membership or chair deem necessary."
(3 MRSA § 161).

All meetings of the Legislative Council are public meetings, and all final action is taken at public meetings. The Council may meet in Executive Session at the request of any Council member and in accordance with law, as described on the following page.

Notice Of Meetings

The Council's Rules of Procedure assign the Executive Director of the Legislative Council the responsibility for sending notices of all regular and special Council meetings to members of the Council, all legislative staff offices, and to representatives of the State House Press Corps, upon the request of the Chair. It is Council policy that the meeting notice include the date, time and place of the meeting, as well as an agenda and such other information as the Chair may direct.

Order Of Business

The regular order of Council business is adopted by each Legislative Council at its organizational meeting. The current order of business is:

- I. Call to Order
- II. Roll Call
- III. Secretary's Report
- IV. Executive Director's Report
- V. Reports From Council Committees
- VI. Old Business
- VII. New Business
- VIII. Announcements and Remarks
- IX. Adjournment

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

Executive Sessions

Legislative Council meetings are considered to be public proceedings pursuant to law (1 MRSA § 402, para 2), and are, therefore open to the public. The law defines the specific circumstances under which the Council (as well as other bodies and agencies governed by the law) may hold executive sessions:

Title 1 §405. Executive sessions

Those bodies or agencies falling within this subchapter may hold executive sessions subject to the following conditions.

1. **Not to defeat purposes of subchapter.** These sessions shall not be used to defeat the purposes of this subchapter as stated in section 401.
2. **Final approval of certain items prohibited.** No ordinances, orders, rules, resolutions, regulations, contracts, appointments or other official actions shall be finally approved at executive sessions.
3. **Procedure for calling of executive sessions.** Executive sessions may be called only by a public, recorded vote of 3/5 of the members, present and voting, of such bodies or agencies.
4. **Motion contents.** A motion to go into executive session shall indicate the precise nature of the business of the executive session.
5. **Matters not contained in motion prohibited.** No other matters may be considered in that particular executive session.
6. **Permitted deliberation.** Deliberations may be conducted in executive sessions on the following matters and no others:
 - A. Discussion or consideration of the employment, appointment, assignment, duties, promotion, demotion, compensation, evaluation, disciplining, resignation or dismissal of an individual or group of public officials, appointees or employees of the body or agency or the investigation or hearing of charges or complaints against a person or persons subject to the following conditions:
 - (1) An executive session may be held only if public discussion could be reasonably expected to cause damage to the reputation or the individual's right to privacy would be violated;
 - (2) Any person charged or investigated shall be permitted to be present at an executive session if he so desires;
 - (3) Any person charged or investigated may request in writing that the investigation or hearing of charges or complaints against him be conducted in open session. A request, if made to the agency, must be honored; and
 - (4) Any person bringing charges, complaints or allegations of misconduct against the individual under discussion shall be permitted to be present.

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

Title 1§405. Executive sessions (cont.)

This paragraph does not apply to discussion of a budget or budget proposal;

- B. Discussion or consideration by a school board of suspension or expulsion of a public school student or a student at a private school, the cost of whose education is paid from public funds, provided that:
 - (1) The student and legal counsel and, if the student be a minor, the student's parents or legal guardians shall be permitted to be present at an executive session if the student, parents or guardians so desire.
- C. Discussion or consideration of the condition, acquisition or the use of real or personal property permanently attached to real property or interests therein or disposition of publicly held property or economic development only if premature disclosures of the information would prejudice the competitive or bargaining position of the body or agency;
- D. Negotiations between the representatives of a public employer and public employees may be open to the public provided both parties agree to conduct negotiations in open sessions. Discussion of labor contracts and proposals and meetings between a public agency and its negotiators may be held in an executive session.
- E. Consultations between a body or agency and its attorney concerning the legal rights and duties of the body or agency, pending or contemplated litigation, settlement offers and matters where the duties of the public body's counsel to his client pursuant to the code of professional responsibility clearly conflict with this subchapter or where premature general public knowledge would clearly place the State, municipality or other public agency or person at a substantial disadvantage.
- F. Discussions of information contained in records made, maintained or received by a body or agency when access by the general public to those records is prohibited by statute.

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

Minutes Of Council Meetings

The Executive Director of the Legislative Council is responsible under **Council Rule #10** for maintaining an accurate record of all Council meetings and proceedings.

Minutes are distributed following each Council meeting and adopted by the Council at its next meeting. Following adoption, the minutes are printed and distributed to all members of the Legislature and to all legislative offices.

The Executive Director maintains the official files of the Legislative Council, including agendas, correspondence and related materials, voting tallies, and minutes. In addition, a complete set of minutes is maintained in the Law and Legislative Reference Library.

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

RULES OF PROCEDURE

3 MRSA § 162, paragraph 14 authorizes the Council to:

"... establish published rules of procedure for the conduct of the
business of the Council;"

Each Legislative Council adopts Rules of Procedure at its organizational meeting at the beginning of the Legislative biennium. A copy of the Rules of Procedure adopted by the 115th Legislative Council follows.

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

LEGISLATIVE COUNCIL COMMITTEES

The Chair is authorized by the Rules of Procedure to establish subcommittees of the Council:

"Rule 9. Council Subcommittees: Subcommittees of the Council shall be named by the chair and shall consist of not less than three members. All subcommittees shall have representation from each political party."

The use of committees is an attempt to provide a more consistent approach to the primary areas of legislative management that fall within the Council's purview. Committee meetings are called by the respective Committee Chairs; the Council Chair may request that any of the Committees meet.

Brief descriptions of the primary areas of activity of each of the Committees and a list of the Committee names and members appointed to the Committees of the 115th Legislative Council appear on the following pages.

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

PERSONNEL COMMITTEE

The Personnel Committee is responsible for developing policies and guidelines regarding compensation and benefits, general rules of work, and standards of conduct for legislative employees for recommendation to the full Legislative Council.

Since the Committee was first established as a Council committee in 1983, it has assumed specific responsibility for the following, upon referral from the Legislative Council:

- Appointment (and reappointment) of Office Directors and the Executive Director

Note: The Council Chair has the authority to appoint a special search committee to hire a new Director.

- Review and approval of step increases for non-partisan staff classified as Directors and Deputy Directors

The Legislative Council adopted a procedure for the annual review of Office Directors and the Executive Director in 1990. A copy of that policy appears in Section II of this Guide, as Exhibit II-2. The full Council acts on the basis of a recommendation from the Personnel Committee, following the Committee's performance review in accordance with the policy.

- Review of requests for income protection, family medical leave, and other leaves of absence in accordance with policies and procedures adopted by the Legislative Council (see **Legislative Council: Personnel Policies and Guidelines**)
- Reviewing requests from non-partisan offices through the Executive Director for the creation of new positions
- Ongoing review of the organization and staffing levels of non-partisan staff offices to ensure that these are adequate to provide effective support to the Legislature

115th LEGISLATIVE COUNCIL

PERSONNEL COMMITTEE

MEMBERSHIP

Rep. Dan A. Gwadosky, **Chair**

Sen. Nancy Randall Clark

Sen. Pamela L. Cahill

Rep. Francis C. Marsano

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

LEGISLATIVE BUDGET COMMITTEE

In past years, the Legislative Budget Committee has functioned on an **ad hoc** basis, formed only to respond to particular questions raised by Council members or to address particular issues, such as developing recommendations for reductions in the legislative budget.

The naming of a Legislative Budget Committee at the beginning of the legislative biennium provides an opportunity for the Committee to assume an ongoing oversight role.

115th LEGISLATIVE COUNCIL

LEGISLATIVE BUDGET COMMITTEE

Sen. Charles P. Pray, Chair
Sen. Charles M. Webster
Rep. Dan A. Gwadosky
Rep. Walter E. Whitcomb

Ex Officio/Non-Voting

Joy O'Brien, Secretary of the Senate
Ed Pert, Clerk of the House
Sally Tubbesing, Executive Director

LEGISLATIVE COUNCIL GUIDE

I. LEGISLATIVE COUNCIL ORGANIZATION

REDISTRICTING PLANNING COMMITTEE

The Redistricting Planning Committee is a new committee, organized by the Council Chair for the purpose of reviewing issues related to organizing for the redistricting effort which the 116th Legislature will undertake in the First Regular Session. The Committee will develop recommendations for consideration by the Full Council regarding the following:

- Availability of information to both parties and to the public
- The level of computer support the Legislature will provide to both parties

REDISTRICTING PLANNING COMMITTEE

Rep. Joseph W. Mayo, **Chair**

Sen. Nancy Randall Clark
Sen. Charles M. Webster
Rep. Francis C. Marsano

Staff assistance will be provided by the Executive Director and the Information Systems staff.

EXHIBITS

Exhibit I-1

**115th Legislative Council:
Rules of Procedure**

115th LEGISLATIVE COUNCIL RULES OF PROCEDURE

Adopted by the Legislative Council December 21, 1990

1. **Organizational meeting:** The President of the Senate shall call the biennial organizational meeting of the Legislative Council into session and preside until the election of the Chair.
2. **Chair:** The Council shall select a Chair, who shall preside at all meetings of the Council when present. The position of Chair must alternate in succeeding sessions between members from the Senate and members from the House.
3. **Vice Chair:** The Council shall select a Vice Chair who shall act as Chair in the absence of the Chair. The Vice Chair may not be a member of the same branch of the Legislature as the Chair.
4. **Quorum:** The Council may not conduct business in the absence of a quorum, which consists of six members. Any action of the Council requires the affirmative votes of not less than 6 members.
5. **Meetings:** The Council's meeting schedule is determined by vote of the Council or by call of the Chair.
6. **Meeting Location:** The official meeting place of the Legislative Council is the Legislative Council Chambers, and the Chair shall convene all meetings there unless a different place is specified in the call of the meeting.
7. **Meeting Notice:** The Chair shall issue written calls for all regular and special meetings of the Council. The call must give the date, time, and place of the meeting and such other information as the Chair directs.
8. **Public Meetings:** All meetings of the Council are public except for executive sessions, and the Council shall take all final action at a public meeting.
9. **Council Subcommittees:** The Chair shall name subcommittees of the Council. The subcommittees must consist of at least three members. All subcommittees shall have representation from each of the two major political parties.
10. **Council Records:** The Executive Director of the Legislative Council shall maintain an accurate permanent public record of all meetings and proceedings of the Council.
11. **Order of Business:** The regular order of business of the Council is:
 1. Call to Order
 2. Roll Call
 3. Secretary's Report
 4. Executive Director's Report
 5. Committee Reports
 6. Old Business
 7. New Business
 8. Announcements and Remarks
 9. Adjournment

115th LEGISLATIVE COUNCIL
RULES OF PROCEDURE (cont.)

12. **Statements to the Press:** Only the Council Chair or persons authorized by the Chair may make official statements to the press or to the public on behalf of the Legislative Council.
13. **Rules of Order:** The Chair or Vice Chair shall conduct the proceedings of the Council in accordance with Robert's Rules of Order except as otherwise specified in the Council's own rules or by law.
14. **Revision of Rules:** The Council may amend these rules, with the exception of Rule 4, upon a two-thirds vote of the Council members present and voting, provided that the vote to amend is by at least six affirmative votes.

II. OVERSIGHT OF LEGISLATIVE ADMINISTRATION

◆ GENERAL AUTHORITY

◆ PERSONNEL

- ORGANIZATION AND STAFFING**
- SALARIES AND BENEFITS**
- PERSONNEL POLICIES**

◆ PHYSICAL FACILITIES

- USE OF LEGISLATIVE HEARING ROOMS**

◆ LEGISLATIVE BUDGETS

◆ LEGISLATIVE COMPUTER SYSTEM

◆ LEGISLATIVE PUBLICATIONS AND FEES

- COPIES OF STATUTES FOR LEGISLATORS**

◆ LEGISLATIVE RECORDS MANAGEMENT

GENERAL AUTHORITY

3 MRSA § 161:

"The Legislative Council shall exercise such powers and duties as may be delegated by law or by rule of the Legislature. Any action by the Legislative Council shall require the affirmative votes of a majority of the members."

3 MRSA § 162:

"5. Legislative improvements. To assess ways and means to improve the legislative operation and to make improvements in the legislative organization, procedures, facilities and working conditions, and to make periodic reports to the Legislature concerning its findings."

LEGISLATIVE COUNCIL GUIDE

II. OVERSIGHT OF LEGISLATIVE ADMINISTRATION

PERSONNEL

Organization and Staffing

Oversight of legislative staffing and personnel administration is an important aspect of the Legislative Council's management responsibility. The statutes charge the Council with the following specific responsibilities:

3 MRSA § 162:

"5. Legislative improvements ...Changes in the organization of the legislative staff offices shall require the approval of two-thirds of the membership of the Legislative Council before they may take effect."

"6. Appointment of directors and officers. To appoint an Executive Director of the Legislative Council, a State Law Librarian and such other office directors as the council deems necessary. Each director shall be chosen without reference to party affiliations and solely on the grounds of fitness to perform the duties of his office; each to be appointed for a term of 3 years from the date of his appointment. Reappointment shall be based on performance in the office and shall be considered in accordance with policies and procedures established by the Legislative Council."

In general, the Legislative Council's actions on issues related to personnel are based on recommendations from its Personnel Committee, as described above.

The Legislative Council is authorized by statute to organize non-partisan staff services and to appoint an Executive Director and such other Office Directors as it deems necessary. An organization chart and descriptions of each of the non-partisan offices appears in Section III.

LEGISLATIVE COUNCIL GUIDE

II. OVERSIGHT OF LEGISLATIVE ADMINISTRATION

Salaries and Benefits

The Legislative Council has overall responsibility for establishing salary and benefit schedules for all legislative employees. In general, the Council's actions have been directed toward achieving a policy framework which is comparable to policies for other state employees.

3 MRSA § 162 authorizes the Council:

"2. Legislative employee salary and benefit schedules. To establish salary schedules for all employees of legislative agencies, departments and offices, except as otherwise provided by law, to develop relatively uniform salary schedules for House and Senate employees and officers and, notwithstanding any other provision of law, to establish benefit schedules for legislative employees."

The Legislative Council has adopted both Salary and Classification plans and Personnel Policies and Guidelines pursuant to this statutory authority, and established the following implementation procedures.

Non-Partisan Staff

All non-partisan staff are assigned to salary ranges in accordance with a salary and classification plan which the Legislative Council adopted in September, 1986. The current salary schedule appears as Exhibit II-1. Copies of the original report and recommendations are available through the Executive Director.

Non-partisan employees are eligible for annual step increases based on the recommendation of their Office Directors; these recommendations are tied to completion of a formal performance evaluation. The Executive Director has the authority to review recommendations from the Office Directors regarding step increases for all employees in Salary Range 1 - 12 (excluding those classified as Directors and Deputy Directors as described previously) and to take action on these recommendations. Notification of these increases appears on the Legislative Council agenda for informational purposes.

The Legislative Council adopted a formal policy regarding the review of step increases for Office Directors and the Executive Director in 1990. A copy of that policy appears, as Exhibit II-2 at the end of this Section.

II. OVERSIGHT OF LEGISLATIVE ADMINISTRATION

Salaries and Benefits (cont.)**House and Senate Staff**

Staff in the Senate and House leadership offices are assigned to salary ranges pursuant to a plan adopted by the Legislative Council in November, 1986. The current salary schedule appears at the end of this section as Exhibit II-3. Copies of the original report and recommendations are available through the Executive Director.

Staff in the Offices of the Secretary of the Senate and the Clerk of the House are not currently covered by a formal classification and pay plan: these staff are assigned salaries by the Secretary and Clerk respectively, which must be finally approved by the presiding officers.

Senate and House employees are eligible for annual step increases based on the recommendation of their respective leaders. These recommendations are submitted to the presiding officers for approval; the Legislative Council has no role.

Personnel Policies

The Legislative Council has adopted a Personnel Policies Handbook, which governs all non-partisan staff. The Handbook is designed to provide non-partisan employees with a clear statement of the personnel policies which the Council has adopted, as well as clear statements of the various benefits available to them. In addition to policies regarding appointment and the accrual and use of various categories of leave, these policies address the responsibilities regarding the protection of **legislative confidentiality**, their **activity in partisan, political affairs**, and **disciplinary action**.

Copies of the Handbook may be obtained from the Executive Director's Office.

PHYSICAL FACILITIES

The Legislative Council's statutory responsibilities include:

3 MRSA § 162:

"11. Legislative equipment and supplies. To provide necessary furniture, stationery and other supplies and equipment for the use of the members, committees, agencies and offices of the Legislature;

12. Physical facilities for Legislature. To insure that adequate physical facilities are provided for the efficient operation of the Legislature and to provide for and determine the utilization of legislatively controlled facilities both within and without the State House and, notwithstanding Title 5, section 1742, subsection 18, to control and assign the use of all rooms in the State House, except the immediate offices occupied by the Governor and his staff on January 1, 1982. This space shall be assigned for use by the Legislature as offices for chairmen [sic] of joint standing committees and legislative staff and for public hearing rooms;"

The Council is also authorized by **25 MRSA § 2904** to:

"....promulgate rules governing the access, use, and occupancy of
..... all legislative offices."

Pursuant to this statutory authority, the Council has adopted policies regarding the use of legislative hearing rooms. These policies appear as Exhibit II-4 at the end of this section.

Finally, the Council in its capacity as the Legislature's overall administrative body is responsible for assuring that "reasonably adequate facilities" are made available to representatives of the press pursuant to 3 MRSA, Chapter 17.

The Council carries out responsibilities in these areas through direction to the Executive Director and through consultation, review and oversight of the longer range planning efforts of the State House and Capitol Park Commission.

LEGISLATIVE BUDGETS

The Legislative Council is responsible for overseeing the preparation and administration of all appropriations and other financial accounts assigned to the Legislature. The Council is authorized:

3 MRSA § 162

"1. Legislative budgets. To prepare and approve all legislative budgets;

8. Oversight of legislative appropriations and accounts. To oversee the appropriations and other financial accounts of the Legislature and of all legislative agencies, departments and offices. Appropriations for carrying out the purposes of this chapter shall be made annually by the Legislature. All appropriations or allocations by the Legislature for specific studies to be carried out by the joint standing committees or joint select committees shall not lapse but shall be carried forward and expended for the purpose for which the appropriation or allocation was made. The balance of any appropriation or allocation for such studies that is not fully expended shall be refunded to the Legislature."

The Council also has specific statutory authority for overseeing the budgets of legislative committees and commissions, as described in **IV. Oversight of Committees, Commissions and Other Organizations.**

The budgets administered by the Legislature are prepared by the Office of the Executive Director, in consultation with the program directors of those accounts; all financial records are maintained by that office. The Legislative Council is responsible for review and approval of all these budgets. Copies of the budgets for the current fiscal year (July 1, 1990 - June 30, 1991) and of the Legislature's budget request for the 1992-1993 biennium follow this page.

LEGISLATIVE BUDGET: FY 1991

Personal Services	\$ 9,212,387
All Other	\$ 6,145,048
Capital	\$ 80,000
	<hr/>
TOTAL	\$15,437,435
LESS	<u>1,181,340*</u>
REVISED TOTAL	\$14,256,095

* Reductions presented to the Appropriations Committee in January, 1991, which will appear as a deappropriation from the Legislature's budget. An additional \$75,660 was taken from other accounts administered by the Legislature, for a total reduction of \$1,257,000 from all accounts.

February, 1991

LEGISLATIVE BUDGET REQUEST: FY 1992-1993

	FY 1992	FY 1993
Personal Services	\$ 10,223,220	\$ 11,805,659
All Other	\$ 5,245,537	\$ 6,001,405
Capital	\$ 80,000	\$ 80,000
	<hr/>	<hr/>
TOTAL	\$ 15,548,757	\$ 17,887,064

December, 1990

FORM : C EXPENDITURES

CITATION: T0003 MRSA SECT: 000000161

PAGE:631
DATE: 11/07/90

AGENCY CONTACTS

POLICY : 00 GENERAL GOVERNMENT
UMBRELLA: LEG LEGISLATURE
UNIT : 263 LEGISLATIVE COUNCIL
APPROP : 01030A008101 LEGISLATIVEUMBRELLA EXEC-
UNIT EXEC - REP JOHN L MARTIN, CHRPRSON (207) 289-1615
PROGRAM MNGR - SARAH C TUBBESING, EXEC DIR (207) 289-1615
PROGRAM FISC - SARAH C TUBBESING, EXEC DIR (207) 289-1615

PROGRAM : 0081 LEGISLATURE

	\OBJT\	ACTUAL-90	ESTIMATED-91	DEPT-92	DEPT-93	BUDGET-92	BUDGET-93
PERMANENT REGULAR	3110 -	2,288,851	2,165,544	3,057,739	3,288,830		
VACATION PAY	3180 -	914					
LIMITED PERIOD REGULAR	3210 -	1,975,525	2,367,743	3,156,680	3,862,546		
LIMPERIOD P-TFULL BENEF	3220 -	21,002		51,101	53,586		
LIM PERIOD P-T PRO BEN	3222 -	6,762					
SEASONAL REGULAR	3310 -	342,737	239,191	925,721	1,084,949		
PROJECT REGULAR	3410 -	1,045,940	2,148,584				
STANDARD OVERTIME	3611 -	96					
PREMIUM OVERTIME	3612 -	60,292	59,724	59,256	62,218		
RETRO LUMP SUM PYMT	3816 -	19,788					
BONUS	3640 -	499		15,850	15,850		
UNEMPLOYMENT COMP COSTS	3810 -	5,067	25,796	5,067	5,067		
PER DIEM	3890 -	100,750	114,245	112,000	85,000		
HEALTH INSURANCE	3901 -	743,847	597,384	1,249,340	1,499,208		
DENTAL INS	3905 -	43,584	95,678	65,049	66,441		
EMPLOYEE HEATH SERVICE	3906 -			26,474	26,474		
EMPLOYER RETIREMENT COSTS	3910 -	1,117,643	1,345,163	1,426,659	1,675,124		
EMPLOYER GROUP LIFE	3911 -	15,009	28,278	20,222	21,664		
EMPLOYER MEDICARE COST	3912 -	29,026	23,557	48,362	57,802		
CHILD CARE BENEFIT	3973 -	700	1,500	800	900		
VOL RED RET INCEN ANNUAL	3982 -			2,900			
** PERSONAL SERVICES>>		7,818,032	9,212,387	10,223,220	11,805,659		
PROF. SERVICES, NOT BY STAT	4000 -	310,606	196,364	126,563	151,540		
PROF. SERVICES, BY STATE	4100 -	3,940	99,885	30,000	50,000		
TRAVEL EXPENSES, IN STATE	4200 -	1,049,356	1,678,910	1,439,082	1,743,153		
TRAVEL EXPENSES, OUT OF STA	4300 -	234,172	185,280	199,245	213,192		
UTILITY SERVICES	4500 -	262,904	385,298	289,852	347,706		
RENTS	4600 -	415,228	664,218	398,234	438,057		
REPAIRS	4700 -	77,184	71,950	75,600	79,380		
INSURANCE	4800 -	3,435	800	4,500	5,500		
GENERAL OPERATIONS	4900 -	1,775,042	2,674,691	2,111,335	2,434,858		
COMMODITIES - FOOD	5100 -	2,459		2,500	8,500		
OFFICE SUPPLIES	5300 -	50,518	47,272	55,696	78,481		
CLOTHING	5400 -	5,295	10,925	6,620	13,656		
OTHER SUPPLIES	5600 -	232,935	128,995	256,810	287,132		
MISC GRANTS	6800 -	94,500		249,000	149,750		
PENSIONS	6900	6,185					

FORM : C EXPENDITURES

CITATION: T0003 MRSA SECT: 000000161

PAGE: 632
DATE: 11/07/90

AGENCY CONTACTS

POLICY : 00 GENERAL GOVERNMENT
UMBRELLA: LEG LEGISLATURE
UNIT : 263 LEGISLATIVE COUNCIL
APPROP : 01030A008101 LEGISLATIVEUMBRELLA EXEC-
UNIT EXEC - REP JOHN L MARTIN, CHRPRSON (207) 289-1615
PROGRAM MNGR - SARAH C TUBBESING, EXEC DIR (207) 289-1615
PROGRAM FISC - SARAH C TUBBESING, EXEC DIR (207) 289-1615

PROGRAM : 0081 LEGISLATURE

	OBJT	ACTUAL-90	ESTIMATED-91	DEPT-92	DEPT-93	BUDGET-92	BUDGET-93
INT PAYMENTS DUE ON NOTES	8001	1					
INTEREST PAYMENT LATE FEE	8008	577	500	500	500		
** ALL OTHER>>		4,524,337	6,145,048	5,245,537	6,001,405		
BUILDINGS	7100	550					
EQUIPMENT	7200	167,110	45,000	45,000	45,000		
STRUCTURES	7300		35,000	35,000	35,000		
** CAPITAL>>		167,660	80,000	80,000	80,000		
TOTAL EXPENDITURES + 9999		12,510,029	15,437,435	15,548,757	17,887,064		
STA-CAP BASE + 9999		12,241,106	15,356,935	15,219,257	17,656,814		

Note: (-) C&Ds are used in StaCap calculations

**OTHER APPROPRIATION ACCOUNTS UNDER THE ADMINISTRATIVE JURISDICTION
OF THE LEGISLATIVE COUNCIL**

FY 91 BUDGET AND FY 92-93 BUDGET REQUESTS

	FY 91*	FY 92	FY 93
Law & Legislative Reference Library	\$ 961,464	\$1,064,395	\$1,146,211
State House & Capitol Park Commission	\$ 145,185	\$ 158,428	\$ 168,683
Maine-Canadian Legislative Advisory Office	\$ 74,392	\$ 89,655	\$ 95,629
Interstate Cooperation Commission	\$ 120,142	\$ 125,628	\$ 132,081
Commission on Uniform State Laws	\$ 7,725	\$ 12,600	\$ 13,100
Miscellaneous Study Commissions	\$ 18,575	---	---
Committee to Advise DHS on Aids	\$ 3,400	\$ 7,000	\$ 7,350
Special Select Committee on Access to Health Care	\$ 2,640	\$ 6,000	\$ 6,500
	<hr/>	<hr/>	<hr/>
Total/Other Accounts	\$1,333,637	\$1,463,706	\$1,569,554

*Figures incorporate deappropriations enacted by the 114th Legislature in its Second Regular Session, but do not include additional proposed reductions that are still pending as of January 20, 1991.

LEGISLATIVE COMPUTER SYSTEM

The Legislature maintains its own independent computer system, which supports all legislative offices and all of the major legislative functions. These include:

- House and Senate Calendars, Journals,
and the Legislative Record
- Bill Drafting
- Bill Status
- Indexing
- General Office Functions
- Research

The computer system is maintained and operated by non-partisan staff in the Information Systems Office, which is located in the Office of the Executive Director.

The Information Systems Office is responsible for working with each legislative office to insure that system security is maintained. The Office also provides training and ongoing technical support to all offices and undertakes the development of new system applications in accordance with policy and priorities established by the Legislative Council.

LEGISLATIVE PUBLICATIONS AND FEES

Historically, legislative documents, including bills and resolves, amendments, Senate and House Calendars and the Legislative Record have been available for purchase on a subscription basis through the Legislative Document Service. The Document Service is administered by the Clerk of the House, and the Clerk annually proposes a fee schedule for items available through the Document Service to the Legislative Council for its review and approval.

In September, 1990, the Council adopted an overall policy regarding the establishment of fees for publications in an effort to develop a consistent policy throughout the Legislature. Legislation clarifying the Council's authority to set fees for publications was proposed in conjunction with this effort, and was subsequently enacted: PL. 1991, Ch 1:

3 MRSA § 162, sub-§ 8-A is enacted to read:

8-A. Sale of publications. If the Legislative Council determines it advisable for the effective dissemination of statutory information or other information of general interest to the public, to fix the price, sell and deliver publications and materials produced by legislative agencies;

A summary of the current fee structure follows as Exhibit II-5.

Copies of Statutes for Legislators

In accordance with the provisions of PL 1989, c. 68, Pt. C, § 1, members of the Legislature may purchase one set of the Maine Revised Statutes Annotated at the state's actual cost. The purchase price is determined by the cost of new volumes and supplements added to the set and must be paid in full when the set is picked up.

Legislators may purchase only one set under this policy during their entire legislative service. If there is a break in service, a legislator may update his or her set at the current state price.

Statutes sold to legislators at the state price may not be resold and any legislator purchasing a set under this policy will be asked to sign an agreement so indicating.

Inquiries concerning the cost and other questions relating to statute sales may be directed to the State Law Librarian. Legislators making inquiries about purchases on behalf of a municipality or local public library should mention this fact, as these purchases are subsidized by the Legislature.

LEGISLATIVE RECORDS MANAGEMENT

Legislative records include recorded information produced by the Legislature in carrying out its work. This information may be in a variety of physical formats; it is not limited to paper documents. Records are generally understood **not** to include information which has been published for distribution.

Legislative records can be of great value to researchers interested in particular legislation, the work of an individual legislator, or in the operation of the Legislature, the Legislative Council and the staff offices.

The Legislature cooperates with the Maine State Archives to assure the protection of records with long term or permanent value and storage of records which are consulted only infrequently by legislative staff. The responsibility for decisions relating to retention and access remains with the Legislature.

In 1989, the 114th Legislature amended the Records Management Law to establish a procedure for managing legislative records similar to that already in existence for other agencies of State Government. Pursuant to this law, the Legislative Council approved the designation of the State Law Librarian as Records Management Coordinator for the Legislature.

The Records Management Coordinator is responsible for working with representatives from each legislative office to identify record series, that is, groups of records which are related or are normally used and filed as a unit. A disposition schedule is established for each series. The schedule defines the following:

- How long the records remain in the legislative office;
- How long they may remain in the Records Center, where only designated legislative staff members may have access;
- When and if they will be transferred to the Archives, where they will be permanently preserved and made available to researchers.

The records themselves may be transferred after the Archives Advisory Board reviews the disposition schedule.

EXHIBITS

- | | |
|--------------|--|
| Exhibit II-1 | Salary Schedule for Non Partisan
Employees in Effect on January 1, 1991 |
| Exhibit II-2 | Annual Reviews of Office Directors and
Executive Director: Procedures |
| Exhibit II-3 | Salary Schedule for Leadership Staff in
Effect on January 1, 1991 |
| Exhibit II-4 | Legislative Council Policy Regarding Use
of Legislative Hearings Rooms |
| Exhibit II-5 | Legislative Publications: Summary of
Distribution and Fee Policy |

STANDARD SALARY SCHEDULE

Printed August 6, 1990

Salary Specification = 42

for Non-Part. Employee Empl Paid Retirement

Effective from October 1, 1990

	GRADE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9
HOURLY	01	6.58	7.17	7.61	8.05	8.51	8.95	9.41	9.88	10.36
WEEKLY		263.20	286.80	304.40	322.00	340.40	358.00	376.40	395.20	414.40
BI-WEEKLY		526.40	573.60	608.80	644.00	680.80	716.00	752.80	790.40	828.80
ANNUAL		13,686.40	14,913.60	15,828.80	16,744.00	17,700.80	18,616.00	19,572.80	20,550.40	21,548.80
PREM RATE		9.87	10.76	11.42	12.08	12.77	13.43	14.12	14.82	15.54
HOURLY	02	7.54	8.22	8.65	9.11	9.56	10.03	10.54	11.04	11.64
WEEKLY		301.60	328.80	346.00	364.40	382.40	401.20	421.60	441.60	465.60
BI-WEEKLY		603.20	657.60	692.00	728.80	764.80	802.40	843.20	883.20	931.20
ANNUAL		15,683.20	17,097.60	17,992.00	18,948.80	19,884.80	20,862.40	21,923.20	22,963.20	24,211.20
PREM RATE		11.31	12.33	12.98	13.67	14.34	15.05	15.81	16.56	17.46
HOURLY	03	8.22	8.95	9.39	9.87	10.35	10.89	11.41	11.99	12.60
WEEKLY		328.80	358.00	375.60	394.80	414.00	435.60	456.40	479.60	504.00
BI-WEEKLY		657.60	716.00	751.20	789.60	828.00	871.20	912.80	959.20	1,008.00
ANNUAL		17,097.60	18,616.00	19,531.20	20,529.60	21,528.00	22,651.20	23,732.80	24,939.20	26,208.00
PREM RATE		12.33	13.43	14.09	14.81	15.53	16.34	17.12	17.99	18.90
HOURLY	04	8.90	9.69	10.18	10.69	11.24	11.77	12.38	13.00	13.67
WEEKLY		356.00	387.60	407.20	427.60	449.60	470.80	495.20	520.00	546.80
BI-WEEKLY		712.00	775.20	814.40	855.20	899.20	941.60	990.40	1,040.00	1,093.60
ANNUAL		18,512.00	20,155.20	21,174.40	22,235.20	23,379.20	24,481.60	25,750.40	27,040.00	28,433.60
PREM RATE		13.35	14.54	15.27	16.04	16.86	17.66	18.57	19.50	20.51
HOURLY	05	9.33	10.17	10.67	11.22	11.76	12.35	12.99	13.64	14.29
WEEKLY		373.20	406.80	426.80	448.80	470.40	494.00	519.60	545.60	571.60
BI-WEEKLY		746.40	813.60	853.60	897.60	940.80	988.00	1,039.20	1,091.20	1,143.20
ANNUAL		19,406.40	21,153.60	22,193.60	23,337.60	24,460.80	25,688.00	27,019.20	28,371.20	29,723.20
PREM RATE		14.00	15.26	16.01	16.83	17.64	18.53	19.49	20.46	21.44
HOURLY	06	9.86	10.34	11.28	11.86	12.43	13.05	13.72	14.40	15.10
WEEKLY		394.40	413.60	451.20	474.40	497.20	522.00	548.80	576.00	604.00
BI-WEEKLY		788.80	827.20	902.40	948.80	994.40	1,044.00	1,097.60	1,152.00	1,208.00
ANNUAL		20,508.80	21,507.20	23,462.40	24,668.80	25,854.40	27,144.00	28,537.60	29,952.00	31,408.00
PREM RATE		14.79	15.51	16.92	17.79	18.65	19.58	20.58	21.60	22.65

Salary Schedule for Non-Partisan Employees
in effect January 1, 1991

EXHIBIT II-1

STANDARD SALARY SCHEDULE

Printed August 6, 1990

Salary Specification = 42
Effective from October 1, 1990

for
Non-Part. Employee Empl Paid Retirement

	GRADE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8	STEP 9
HOURLY	07	10.93	11.45	12.50	13.11	13.79	14.49	15.19	15.97	16.76
WEEKLY		437.20	458.00	500.00	524.40	551.60	579.60	607.60	638.80	670.40
BI-WEEKLY		874.40	916.00	1,000.00	1,048.80	1,103.20	1,159.20	1,215.20	1,277.60	1,340.80
ANNUAL		22,734.40	23,816.00	26,000.00	27,268.80	28,683.20	30,139.20	31,595.20	33,217.60	34,860.80
PREM RATE		16.40	17.18	18.75	19.67	20.69	21.74	22.79	23.96	25.14
HOURLY	08	12.61	13.24	14.44	15.13	15.89	16.69	17.52	18.41	19.32
WEEKLY		504.40	529.60	577.60	605.20	635.60	667.60	700.80	736.40	772.80
BI-WEEKLY		1,008.80	1,059.20	1,155.20	1,210.40	1,271.20	1,335.20	1,401.60	1,472.80	1,545.60
ANNUAL		26,228.80	27,539.20	30,035.20	31,470.40	33,051.20	34,715.20	36,441.60	38,292.80	40,185.60
PREM RATE		18.92	19.86	21.66	22.70	23.84	25.04	26.28	27.62	28.98
HOURLY	09	14.26	14.98	16.33	17.16	17.99	18.90	19.83	20.84	21.89
WEEKLY		570.40	599.20	653.20	686.40	719.60	756.00	793.20	833.60	875.60
BI-WEEKLY		1,140.80	1,198.40	1,306.40	1,372.80	1,439.20	1,512.00	1,586.40	1,667.20	1,751.20
ANNUAL		29,660.80	31,158.40	33,966.40	35,692.80	37,419.20	39,312.00	41,246.40	43,347.20	45,531.20
PREM RATE		21.39	22.47	24.50	25.74	26.99	28.35	29.75	31.26	32.84
HOURLY	10	15.54	16.32	17.80	18.68	19.63	20.60	21.62	22.70	23.84
WEEKLY		621.60	652.80	712.00	747.20	785.20	824.00	864.80	908.00	953.60
BI-WEEKLY		1,243.20	1,305.60	1,424.00	1,494.40	1,570.40	1,648.00	1,729.60	1,816.00	1,907.20
ANNUAL		32,323.20	33,945.60	37,024.00	38,854.40	40,830.40	42,848.00	44,969.60	47,216.00	49,587.20
PREM RATE		23.31	24.48	26.70	28.02	29.45	30.90	32.43	34.05	35.76
HOURLY	11	17.42	18.28	19.93	20.92	21.97	23.07	24.25	25.44	26.71
WEEKLY		696.80	731.20	797.20	836.80	878.80	922.80	970.00	1,017.60	1,068.40
BI-WEEKLY		1,393.60	1,462.40	1,594.40	1,673.60	1,757.60	1,845.60	1,940.00	2,035.20	2,136.80
ANNUAL		36,233.60	38,022.40	41,454.40	43,513.60	45,697.60	47,985.60	50,440.00	52,915.20	55,556.80
PREM RATE		26.13	27.42	29.90	31.38	32.96	34.61	36.38	38.16	40.07
HOURLY	12	19.26	20.23	22.05	23.15	24.32	25.52	26.80	28.14	29.56
WEEKLY		770.40	809.20	882.00	926.00	972.80	1,020.80	1,072.00	1,125.60	1,182.40
BI-WEEKLY		1,540.80	1,618.40	1,764.00	1,852.00	1,945.60	2,041.60	2,144.00	2,251.20	2,364.80
ANNUAL		40,060.80	42,078.40	45,864.00	48,152.00	50,585.60	53,081.60	55,744.00	58,531.20	61,484.80
PREM RATE		28.89	30.35	33.08	34.73	36.48	38.28	40.20	42.21	44.34
HOURLY	13	20.61	21.63	23.59	24.76	26.00	27.30	28.68	30.10	31.61
WEEKLY		824.40	865.20	943.60	990.40	1,040.00	1,092.00	1,147.20	1,204.00	1,264.40
BI-WEEKLY		1,648.80	1,730.40	1,887.20	1,980.80	2,080.00	2,184.00	2,294.40	2,408.00	2,528.80
ANNUAL		42,868.80	44,990.40	49,067.20	51,500.80	54,080.00	56,784.00	59,654.40	62,608.00	65,748.80
PREM RATE		30.92	32.45	35.39	37.14	39.00	40.95	43.02	45.15	47.42
HOURLY	14	23.22	24.37	26.56	27.91	29.28	30.76	32.29	33.91	35.60
WEEKLY		928.80	974.80	1,062.40	1,116.40	1,171.20	1,230.40	1,291.60	1,356.40	1,424.00
BI-WEEKLY		1,857.60	1,949.60	2,124.80	2,232.80	2,342.40	2,460.80	2,583.20	2,712.80	2,848.00
ANNUAL		48,297.60	50,689.60	55,244.80	58,052.80	60,902.40	63,980.80	67,163.20	70,532.80	74,048.00
PREM RATE		34.83	36.56	39.84	41.87	43.92	46.14	48.44	50.87	53.40
HOURLY	15	24.98	26.21	28.54	29.99	31.49	33.05	34.71	36.46	38.27
WEEKLY		999.20	1,048.40	1,141.60	1,199.60	1,259.60	1,322.00	1,388.40	1,458.40	1,530.80
BI-WEEKLY		1,998.40	2,096.80	2,283.20	2,399.20	2,519.20	2,644.00	2,776.80	2,916.80	3,061.60
ANNUAL		51,958.40	54,516.80	59,363.20	62,379.20	65,499.20	68,744.00	72,196.80	75,836.80	79,601.60
PREM RATE		37.47	39.32	42.81	44.99	47.24	49.58	52.07	54.69	57.41

LEGISLATIVE COUNCIL GUIDE

II. OVERSIGHT OF LEGISLATIVE ADMINISTRATION

Exhibit II-2

ANNUAL REVIEWS OF OFFICE DIRECTORS AND EXECUTIVE DIRECTOR

Format and Schedule

Adopted by the Legislative Council July, 1990

Objectives

- To provide each of those individuals at the Director level a structured opportunity to review with a subcommittee of the Council issues and concerns related to overall management of the legislative process and to general administrative practices; to identify opportunities for improvement; and to participate in the joint development of priorities.
- To provide the Legislative Council an established vehicle/process for identifying issues and concerns related to the performance by individuals at the Director level.
- To provide the Executive Director an established process for bringing issues and concerns related to the performance of individuals at the Director level.

Proposed Format and Schedule

- Executive Director notifies all Legislative Council members of an approaching anniversary date at least 1 week prior to the actual date and includes with this notification a copy of her written performance evaluation of the Director.
- Council members have until 1 week following the anniversary date (2 weeks total) to inform the Executive Director that they object to the award of the step increase, stating the reason for the objection.
- If no written objection is filed within the 2-week period, the Executive Director shall be authorized to proceed with awarding the step increase.
- If there is any objection to the Executive Director's recommendation to award the step increase, the Personnel Committee shall meet within 2 weeks of the receipt of such objection to further consider the Director's performance. If the Committee is able to reach agreement to award the increase at that time, the Executive Director shall be authorized to execute the award. If the Committee **cannot** reach consensus in a single meeting, all subsequent consideration of the Director's performance shall be handled in accordance with the policy of Disciplinary Action and Appeals which the Council has adopted and which is contained in the **Personnel Policies and Guidelines for Non-Partisan Employees**.
- The Executive Director is responsible for working with the Personnel Committee and the Directors to schedule annual meetings to discuss issues and concerns related to the management of the legislative process and to identify objectives and priorities for the coming year.

SALARY SCHEDULE FOR LEADERSHIP STAFF

Adopted by the Legislative Council November 24, 1986

Revised October 1, 1990

	A	B	C	D	E	F	G	X
SALARY RANGE 4								
Executive Secretary								
Annual	20,155.20	21,174.40	22,235.20	23,379.20	24,481.60	25,750.40	27,040.00	28,433.60
Weekly	387.60	407.20	427.60	449.60	470.80	495.20	520.00	546.80
SALARY RANGE 6								
Senior Executive Secretary								
Annual	21,507.20	23,462.40	24,668.80	25,854.40	27,144.00	28,537.60	29,952.00	31,408.00
Weekly	413.60	451.20	474.40	497.20	522.00	548.80	576.00	604.00
SALARY RANGE 7								
Legislative Aide								
Annual	23,816.00	26,000.00	27,268.80	28,683.20	30,139.20	31,595.20	33,217.60	34,860.80
Weekly	458.00	500.00	524.40	551.60	579.60	607.60	638.80	670.40
SALARY RANGE 9								
Special Assistant								
Annual	31,158.40	33,966.40	35,692.80	37,419.20	39,312.00	41,246.40	43,347.20	45,531.20
Weekly	599.20	653.20	686.40	719.60	756.00	793.20	833.60	875.60
SALARY RANGE 10								
Executive Assistant								
Annual	33,945.60	37,024.00	38,854.40	40,830.40	42,848.00	44,969.60	47,216.00	49,587.20
Weekly	652.80	712.00	747.20	785.20	824.00	864.80	908.00	953.60

LEGISLATIVE COUNCIL
POLICY REGARDING USE OF LEGISLATIVE
HEARING ROOMS

Introduction

The Legislative Council has the authority pursuant to statute (3 MRSA § 162, para. 12) "To insure that adequate physical facilities are provided for the efficient operation of the Legislature; to provide for and determine the utilization of legislatively- controlled facilities both within and without the Statehouse; and to control and assign the use of all rooms in the Statehouse, except the offices occupied by the Governor and his immediate staff on January 1, 1982."

Since the Maine Legislature is a part-time Legislature, it has been the policy of the Legislative Council to make legislative hearing rooms available to others for public meetings and staff working sessions when they are not in use by the Legislature in accordance with the following guidelines:

Policy During The Legislative Session

Availability

Legislative hearing rooms will be limited solely to use for direct legislative purposes during the legislative session. This includes public hearings, work sessions and other meetings of joint standing committees, county delegations, caucuses, other legislatively-sponsored meetings and legislators' own press conferences. All requests must be made by a legislator and are subject to the review and final approval of the Legislative Council Chair.

Priority

All rooms are scheduled with the explicit understanding that legislative committee hearings and work sessions have priority. This means that the party can be "bumped" up to meeting time, though everything will be done to avoid this.

Those hearing rooms that are assigned to joint standing committees during the session will not be scheduled - even for other legislative purposes - without first clearing the arrangement with both Chairs and the Committee Clerk.

Policy During The Interim

Availability

Legislative hearing rooms are available to outside groups for public meetings and staff working sessions. During the interim, as during the regular session, all rooms are scheduled with the explicit understanding that the Legislature has priority. Rooms are generally available for use during normal business hours only.

Special Provisions

Room 228/Appropriations Hearing Room

This room is scheduled through the Office of Fiscal & Program Review (our contact is Betty Bartlett x1635). Refer other legislative groups to the Committee Chairs to make arrangements.

Room 334/Legislative Council Chamber

The following have priority for the use of the Chamber in the order listed below:

- Legislative Council
- State & Local Government Committee -
for scheduled hearing and
work sessions
- House Caucuses

All other events in this room should be cleared through Sally Tubbesing, who will work with the Council Chair and assume responsibility for necessary follow-up.

Procedures

- Requestor calls Info Office to inquire about availability of room for a specific day/time and is asked to provide the following information:
 - Organization name
 - Meeting time (start & finish)
 - Contact person and phone #
 - Indicate whether the meeting should be listed in the Clerk's Weekly Legislative Calendar ("Yes" or "No")
- Info Office completes a "Request to Use Hearing Room form" and submits to Council Chair for approval. (If the request is for use of an assigned committee room, chairs must be contacted).
- Info Office calls requestor back with decision.
- Info Office enters information in Red Book
- Info Office prepares weekly room schedule, which is distributed to the following:
 - Building Control (DELTA)
 - BPI
 - State House Custodian

Meeting Arrangements

Smoking is prohibited by law in all legislative hearing rooms.

All **special arrangements** for meetings (eg. coffee, easels, audio-visual equipment, etc.) are the responsibility of the meeting group.

Food is **strongly** discouraged because it puts an undue burden on limited custodial resources. Any group that has food or drink is responsible for cleaning up the room immediately following the meeting.

Furniture. If the group rearranges the furniture in the room for its meeting, it has **sole** responsibility for restoring the room to its original condition.

LEGISLATIVE PUBLICATIONS

Summary of Distribution and Fee Policy

Adopted by the Legislative Council September 20, 1990

NOTE: Prices marked with an asterisk (*) are
for 115th/1st Regular Session

Document	Distributor	Price
Legislative Council Materials		
• Preliminary Agenda & Minutes	Document Room	\$100*
• After-Deadline Lists (Requests & Council Action)	Document Room	\$ 50*
Legislation and Related Publications		
• LD's	Document Room	\$450* 1st Class/Daily; \$360* 1st Class/twice weekly; \$300* 3rd Class/twice weekly; \$180* pick-up Revisor (Disk) \$ 25 in any bridge format
• Amendments	Document Room	\$100* mailed; \$ 60* pick-up
• Chaptered Laws	Document Room	\$250* mailed; \$150* pick-up
	Revisor/Engrossing	
	- Hard copy	Up to 5 copies: no charge; 5 or more: \$1 each
	- Disk/tape	\$ 25/law in any bridge format; \$ 10/law on WANG tape
• Laws of Maine (compiled)	Revisor of Statutes/ Law Library	Single copies: no charge; Additional copies: \$20 each
• History & Final Disposition	Legislative Informa- tion Office	Single copies: no charge; Additional copies: \$5 each
• Joint Resolutions	Document Room	\$ 75* mailed
• Weekly Listing of Bills Printed & Enacted	Document Room	\$ 20* mailed

Document	Distributor	Price
House & Senate Calendars		
Calendars	Document Room	\$ 50 mailed
With Supplements	Document Room	\$100 mailed
Bill Status System Reports		
Weekly Printout	Document Room	\$200* 1st Class; \$100* 3rd Class; \$ 50* Pick-up
Advance Notice of Public Hearings	Documents Room	\$ 20* 1st Class
Other Publications		
• Legislative Record	Document Room	\$115* 1st Class; \$ 85* Pick-up
• Senate/House Registers	Secretary of the Senate Clerk of the House	\$ 1/copy
• Study Reports	OPLA OFPR Law Library	Single copies: no charge; Additional copies: \$5 each
• Maine Revised Statutes	Law Library	Price set annually, based on cost to Legislature Current price: \$40/volume
Online Searches/Prints		
• Maine Statutes	Revisor of Statutes	State Agencies: \$50/hour, plus 10¢/page: \$50 minimum Public: \$50/hour, plus 10¢/page: \$100 minimum

III. NON-PARTISAN LEGISLATIVE STAFF

- ✦ INTRODUCTION**
- ✦ LEGISLATIVE CONFIDENTIALITY**
- ✦ EXECUTIVE DIRECTOR OF THE LEGISLATIVE COUNCIL**
- ✦ LEGISLATIVE STAFF OFFICES**
- ✦ DESCRIPTION OF PRIMARY RESPONSIBILITIES**
- ✦ EMPLOYEE ROSTERS**

OVERVIEW

The Legislative Council by law is responsible for providing professional, non-partisan staff support services to the Legislature and its officers, members, committees and commissions. These services include:

- Bill drafting
- General policy, legal and fiscal research and analysis
- Fiscal note preparation
- Committee staffing
- Computer support services
- Public information
- Reference services
- General administrative services

These services are provided through five offices, under the overall direction of the Executive Director of the Legislative Council. The organization, purposes and responsibilities of the non-partisan staff offices are set forth in law: 3 MRSA § 163 et. seq.

As non-partisan employees of the Legislature, members of these staff offices are prohibited from engaging in political activity or taking a public position with regard to any matter that is under active consideration by the Legislature.

An organizational chart for the non-partisan offices appears on the following page.

LEGISLATIVE CONFIDENTIALITY

All communications between legislators and non-partisan staff concerning legislation and reports prepared for committees are confidential during the legislative biennium in which they are prepared. No information about an assignment will be released to another party without the explicit authorization of the appropriate legislator; however, confidential information may be shared with another non-partisan staff member when this is required to carry out legislative functions.

The Legislative Council has adopted policies and procedures regarding Legislative Confidentiality to implement the provisions of **1 MRSA § 401**, which specifically excludes certain legislative records and working papers from provisions to protect public access to public records. A copy of the policy adopted by the Council in March, 1988, follows.

EXECUTIVE DIRECTOR OF THE LEGISLATIVE COUNCIL

The Executive Director is the chief administrative officer of the Legislature with responsibility for directing the operations and functions of all non-partisan legislative staff offices and managing financial and administrative functions of the legislative branch. The Executive Director works with, and at the direction of, the Legislative Council to identify problems, develop alternative solutions and oversee the implementation of new programs and policies. Specific statutory responsibilities of the Executive Director are described in 3 MRSA § 163 and include:

- Act as executive officer of the Legislature when it is not in session
- In cooperation with the Secretary of the Senate and the Clerk of the House of Representatives, have custody of all legislative property and material; arrange for necessary supplies, equipment, and necessary services; and make all arrangements for incoming sessions of the Legislature
- Approve accounts and vouchers for payment
- Direct and supervise, subject to the control of the Council, the activities of the legislative staff offices
- Appoint, upon recommendation of the appropriate office director and subject to the approval of the Legislative Council, qualified persons to legislative staff positions based solely on their ability to perform their duties and without regard to party affiliation
- Act as a vehicle through which the several agencies, departments and offices of the Legislature may report to the Council their budget requests, personnel and supply requirements and assist the Council in the orderly disposition of these requests
- Be responsible for implementing policy resulting from decisions of the Council
- Prepare such reports as are required of the Council and maintain minutes of the regular meetings of the Council
- Undertake such other duties as are assigned by the Council.

NON-PARTISAN STAFF OFFICES

- ◆ **OFFICE OF EXECUTIVE DIRECTOR**
- ◆ **LAW AND LEGISLATIVE REFERENCE
LIBRARY**
- ◆ **OFFICE OF FISCAL AND PROGRAM
REVIEW**
- ◆ **OFFICE OF POLICY AND LEGAL
ANALYSIS**
- ◆ **OFFICE OF THE REVISOR OF STATUTES**

OFFICE OF THE EXECUTIVE DIRECTOR

**Room 340, State House
289-1615**

General Administrative Services

- Direct the activities of the non-partisan staff offices pursuant to policy established by the Legislative Council
- Coordinate agenda preparation for the Legislative Council and implement policy decisions of the Council
- Provide general administrative support for the Legislature, including legislators' expense reimbursements, payroll, accounting and budgeting
- Coordinate work of Committee Clerks during the Legislative Session
- Schedule legislative hearing rooms

Information Systems

- Direct operation of legislative computer systems
- Work with legislative offices to develop computer applications to support legislative functions
- Record and compile current status of all matters considered by the Legislature
- Provide information about Legislation considered in the current biennium

OFFICE OF THE EXECUTIVE DIRECTOR
Staff as of 1/15/91

OFFICE OF EXECUTIVE DIRECTOR

Sally Tubbesing
Teen Ellen Griffin

Etta Begin

Executive Director
Administrative Coordinator/
Committee Clerks
Secretary

Administrative Services

Richard N. Sawyer, Jr.
Jackie Calcagni
Diane Maheux

Administrative Services Director
Administrative Secretary
Accounting Assistant

Information Systems

Gerald Thibault
Marc Martin
Janet Grard
Donna Sullivan
Gerry Sawyer
Linda Gay

Information Systems Manager
Sr. Programmer Analyst
Office Support Coordinator
Office Support Technician
Computer Operator
Legislative Indexing Assistant

Legislative Information Office

Dorothy Rollins

Germaine Longley
Jo-Ellen Staples
(Vacant)

Coordinator, Legislative
Information Office
Legislative Information Assistant
Legislative Information Assistant
Legislative Information Assistant
(session)

LAW AND LEGISLATIVE REFERENCE LIBRARY

**Room 202, State House
289-1600**

Primary Services

- Provide research assistance to legislators, their staffs and constituents
- Conduct computerized literature searches, utilizing over 200 online databases
- Collect and distribute information and data on specialized topics to legislative committees and staff
- Coordinate an extensive lending collection of State and Federal documents
- Interlibrary borrowing
- Compile legislative histories

Collections of Special Interest

- Extensive collection of primary legislative materials, including:
 - Maine Statutes and Session Laws from 1820
 - Legislative Record from 1897
 - House and Senate Journals from 1854
 - Roll Calls and Sponsor Lists
 - Legislative Study Reports from 1941
 - Joint Standing Committee master files
- Newspaper clipping files, with articles selected from over 25 Maine and national newspapers
- Biographical files of all state legislators, other political figures, attorneys and judges

LAW & LEGISLATIVE REFERENCE LIBRARY
Staff as of 12/15/89

Lynn E. Randall
Simone Antworth
Jon Williams Office Assistant

State Law Librarian
Administrative Secretary

Public Services

Robert Michaud
Stephanie Ralph
Susan Wright
Monique Caron
Laura Goss
Jennifer Locke
Jeanne Morang

Principal Law Librarian
Associate Law Librarian
Associate Law Librarian
Library Associate
Library Associate
Library Associate
Office Assistant

Technical Services

Jane E. Edwards
Sheila Bearor
Norma Gruska
Molly Gallant
Francis Sutphin

Principal Librarian
Associate Law Librarian
Library Assistant
Office Assistant
Office Assistant (part-time)

OFFICE OF FISCAL & PROGRAM REVIEW

**Room 225, State House
289-1635**

Primary Services

- Collect and analyze fiscal and program information related to the finances and operation of state government
- Analyze the Governor's budget and all other appropriations requests
- Conduct special budget studies, including revenue and expenditure projections and trends
- Prepare fiscal notes for all proposed legislation having a projected fiscal impact
- Monitor agency financial status, including transfers of funds
- Conduct detailed compliance, programmatic, and fiscal reviews of state agencies, boards and commissions pursuant to the statutory "sunset review" process
- Staff the Committees on Appropriations and Financial Affairs, Audit and Program Review, Taxation, Transportation (fiscal matters), and other legislative committees as assigned
- Provide staff assistance to approved interim study subcommittees and commissions and draft final reports and accompanying legislation
- Provide general fiscal research upon request from legislators, legislative committees or commissions

OFFICE OF FISCAL & PROGRAM REVIEW
Staff as of 1/12/89

John Wakefield
James Clair
Cheryl A. Ring

Grant Pennoyer
Rose Fredette
Locke Kiermaier
Tim Leet Analyst
Kevin Madigan
Shirrin Blaisdell
Kathryn Van Note
Betty Bartlett
Judy O'Brien
Theresa Coughlin
Kathy Crowley-Pendleton

Director
Deputy Director
Principal Analyst, Audit & Program
Review
Principal Analyst, Budget
Analyst
Analyst

Analyst
Analyst
Analyst
Administrative Secretary
Secretary
Secretary
Office Assistant

OFFICE OF POLICY AND LEGAL ANALYSIS

**Rooms 101, 107, and 135, State House
289-1670**

Primary Services

Provide staff assistance to joint standing and select committees

- Provide policy and legal research and analysis on pending bills
- Help organize and facilitate committee decision-making process
- Prepare committee amendments and new drafts
- Help design study research requests

Provide staff assistance to approved interim study subcommittees and commissions

- Provide policy and legal research and analysis on assigned studies
- Help organize and facilitate study group decision-making process
- Draft final report and legislation

Draft bills for introduction in cooperation with the Revisor of Statutes

Prepare general legal and policy background materials and assist legislators with information requests

OFFICE OF POLICY & LEGAL ANALYSIS
Staff as of 1/12/89

Martha E. Freeman	Director
Earl Knox	Administrative Secretary
Janet Jean	Secretary/Receptionist

Natural Resources Group

Tim Glidden	Principal Analyst/ Policy Research & Administration
Patrick Norton	Analyst
Gro Flatebo	Analyst (1/2 time)
Jill Ippoliti	Analyst (1/2 time)
Jon Clark	Analyst
Bret Preston	Research Assistant
Valarie Parlin	Secretary

Legal & Human Services Group

Julie S. Jones	Principal Analyst/ Legal Services
Peggy Reinsch	Senior Analyst
John Knox	Analyst
Deborah Friedman	Analyst
Paul Saucier	Analyst
Roy Lenardson	Paralegal Assistant
Laurette Knox	Secretary

Gov't & Economic Activities Group

David Elliott	Principal Analyst/ Drafting Coordination
Dyan Dyttmer	Analyst
Jane Orbeton	Analyst
Michael Higgins	Analyst
Karen Hruby	Analyst*
Mila Dwelley	Paralegal Assistant
Charlene Brann	Secretary

*Replacing Haven Whiteside who is on a Leave of
Absence through June, 1991.

OFFICE OF THE REVISOR OF STATUTES

**Room 106, State House
289-1650**

Primary Services

Draft legislation and amendments

Review and edit all legislative instruments for proper form, style, and usage prior to introduction

Screen all requests for proposed legislation prior to introduction

Draft joint resolutions, memorials, orders and congratulatory orders

Administer cloture and related deadlines established by statute, joint rule, and the Legislative Council

Identify duplication and conflicts in legislation and take necessary steps for their resolution

Review legislation at second reading in each house and prepare any necessary amendments

Engross all documents passed to be engrossed and prepare bills for final enactment

Coordinate the state role in maintaining the Maine Revised Statutes Annotated, including annual updates and revisions

Maintain and update the Constitution of Maine

Publish the Laws of Maine

OFFICE OF THE REVISOR OF STATUTES
Staff as of 1/12/89

John David Kennedy	Director/Revisor of Statutes
Margaret Matheson	Principal Attorney
Suzanne Gresser	Attorney
Evelyn Knopf	Attorney
Kim Morrow Allen	Paralegal Assistant
Judith Hayes Paralegal Assistant	
Polly Gosselin	Computer Programmer
Karen Farmer	Office Assistant
Deanne Ricker	Administrative Secretary/ Files Coordinator
Kathy Kaloustian	Supervising Legislative Technician
Joan Gagne	Sr. Legislative Technician
Theresa Lahey	Sr. Legislative Technician
Cynthia Jackson	Sr. Legislative Technician
Joyce Garside	Legislative Technician
Linda Gero Legislative Technician	
Steve Sanford	Legislative Technician
Anne Woodward	Legislative Technician
Kathryn Riley	Supervising Proofreader
Judy Armstrong	Senior Proofreader
Sharon Linton	Senior Proofreader
Margaret Allen	Proofreader
Judith Pines Blaisdell	Proofreader
Susan Buck	Proofreader
Jayne Deneen	Proofreader
Janice Durham	Proofreader
Joan Levesque	Proofreader
Nancy Mullins	Proofreader
Sarah Reid	Proofreader
Dotty Shaw	Proofreader

Engrossing Division

Jean Blair	Senior Engrossing Technician
Alice Gray	Engrossing Technician
Mary Lou Smith	Proofreader
Norma Greenlaw	Proofreader*
Carla King-Graves	Proofreader*
(Vacant)	Proofreader*

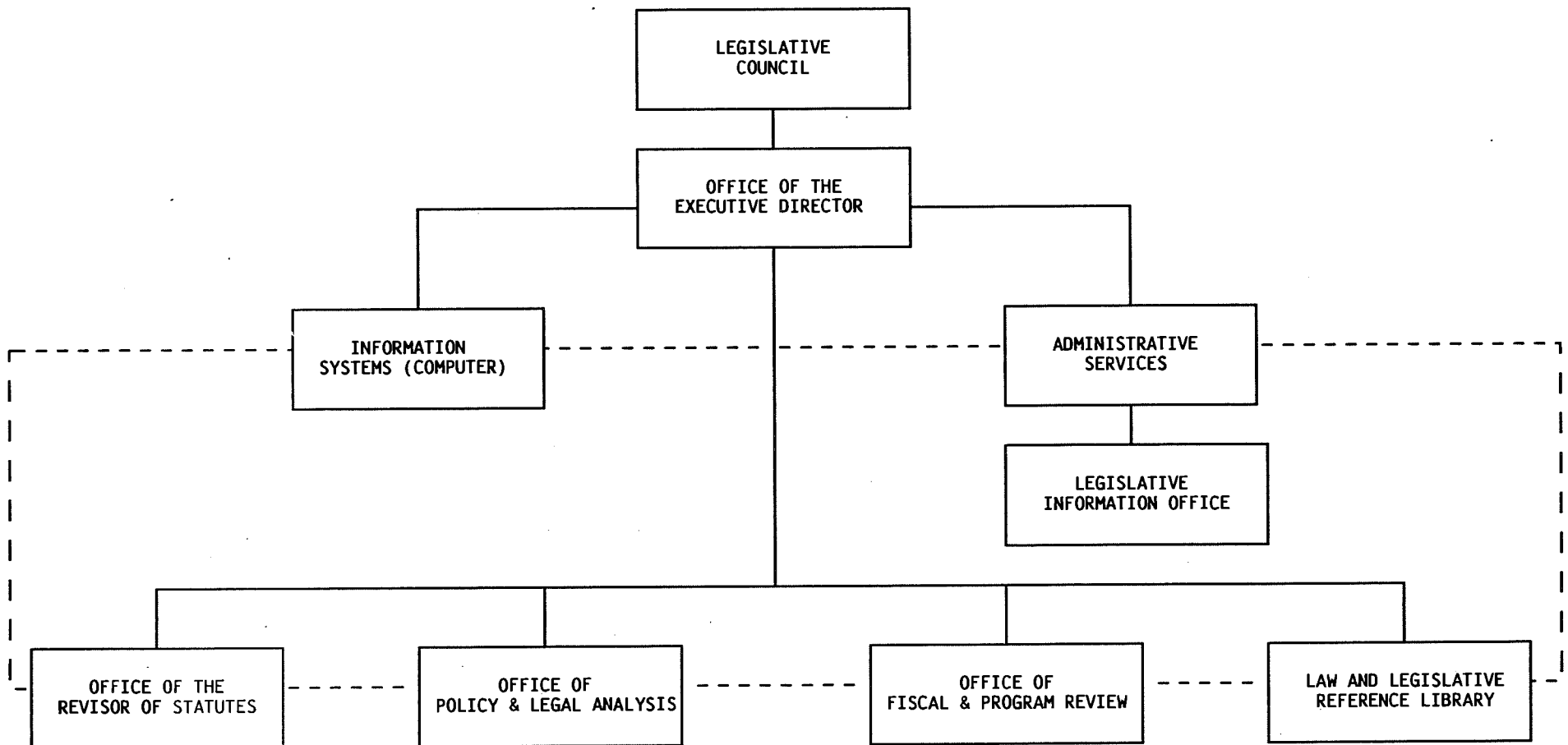
*(Session "peak" only)

EXHIBITS

- | | |
|----------------------|--|
| Exhibit III-1 | Non-Partisan Staff: Organization Chart |
| Exhibit III-2 | Legislative Council: Policy Regarding
Legislative Confidentiality |

MAINE LEGISLATURE

ORGANIZATION OF NON-PARTISAN STAFF



LEGISLATIVE COUNCIL

POLICY REGARDING LEGISLATIVE CONFIDENTIALITY

INTRODUCTION

Maine's Freedom of Access Law (1 MRSA § 401 et seq.), which requires the disclosure of public records, specifically excepts the following under subsection 3, para. C:

"Records, working papers and interoffice and intraoffice memoranda used or maintained by any Legislator, legislative agency or legislative employees to prepare proposed Senate or House papers or reports for consideration by the Legislature or any of its committees during the biennium in which the proposal or report is prepared."

The Legislative Council supports the public's right to information concerning the legislative process. Access, however, must be balanced with the need to protect privileged communications, whether oral or written, that, if disclosed, would hinder the legislative process. The Legislative Council has, therefore, adopted the following policies and procedures to govern written and oral disclosure of specific information contained in those records, working papers and interoffice and intraoffice memoranda which are excepted from the disclosure requirement.

POLICIES AND PROCEDURES

Confidentiality is a responsibility shared by both legislators and staff members. Employees must assume that the following are privileged communications and are to be treated as confidential without the specific and express permission of the designated requestor to do otherwise. Employees shall exercise diligence in protecting the confidentiality of these documents which includes taking appropriate steps to assure the security of these materials. Confidential information may be shared with another non-partisan staff member, when if necessary, to carry out legislative functions in accordance with procedures established by the Office Director.

BILL DRAFTS

All records, working papers, and interoffice and intraoffice memoranda directly related to a specific request for drafting of a bill or an amendment are excepted from the freedom of access provisions. Only the sponsor (ie., legislative sponsor or Executive and Judicial Departments and Constitutional Officers who request bills before sponsors have been identified) may request that a nonpartisan staff person prepare or change any draft of a bill or amendment. Non-partisan staff may ask necessary drafting-related questions of the requestor, the requestor's designee, or other knowledgeable persons without divulging the specific request.

Non-partisan staff may release bill drafts, amendments, or other records, working papers and interoffice and intraoffice memoranda to the requestor **only**, unless the requestor specifically authorizes release to other parties in person, in writing or by telephone.

During the First Regular Session, non-partisan staff will, without sponsor identification, release titles of bills being drafted to the Joint Standing and Joint Select Committee Chairs, unless the sponsor informs the Revisor of Statutes that the sponsor wishes the title to remain confidential.

A copy of the bill in final form may be distributed **only by the sponsor(s)** until it has been referenced in both houses and returned from the printer.

COMMITTEE REPORTS AND AMENDMENTS

All records, working papers and interoffice and intraoffice memoranda prepared for a committee study or report on a bill are excepted from freedom of access provisions. These documents will be considered confidential until they have been distributed to the committee in a public meeting. Non-partisan staff may release these documents only with the specific permission of both committee chairs. Documents prepared for minority reports may be released only by the legislator who requested the report, study or bill.

REQUESTS FOR ASSISTANCE OR INFORMATION

A legislator's request for assistance, advice, or information is included in the statutory exception and shall be regarded as confidential. No information concerning these requests may be divulged unless the requestor specifically authorizes release to other parties in person, in writing or by telephone.

Should any employee have questions regarding the implementation of this policy or related office procedures, that person should consult with the Office Director for guidance.

Adopted by the Legislative Council
March 22, 1988
Amended January, 1991

IV. OVERSIGHT OF COMMITTEES AND COMMISSIONS

- ◆ **GENERAL AUTHORITY**
- ◆ **REQUESTS TO CARRY OVER LEGISLATION**
- ◆ **INTERIM STUDY REQUESTS**
- ◆ **GUIDELINES FOR COMMITTEES AND STUDIES
OPERATING UNDER THE AUSPICES OF THE
LEGISLATURE**
 - BUDGET AND EXPENDITURE REPORTING**
 - CONTRACTING**

GENERAL AUTHORITY

3 MRSA § 162:

"3. Joint committees. When the Legislature is not in session, to assign bills, resolves and studies for consideration by the joint standing committees and joint select committees of the Legislature, to request reports, studies and legislation from said joint standing committees and to convene meetings of said [sic] joint standing committees and joint select committees and to exercise supervision over them;

10. Intergovernmental, interstate and interlegislative organizations. To coordinate and oversee intergovernmental relations programs on behalf of the Legislature, and to recommend to the Legislature participation by the Legislature and its members in interstate and inter-legislative organizations; and to apply for, receive and administer all grants and appropriations for these purposes."

The majority of the statutory study commissions established in recent years have been staffed by members of the Legislature's non-partisan staff; and their budgets are administered by the Office of the Executive Director.

The Legislative Council's statutory responsibility for the oversight of legislative appropriations and accounts of all legislative agencies, departments and offices (**3 MRSA § 162, para 8**), includes oversight of expenditures by legislative committees. This responsibility also includes statutory study commissions, when the enabling language provides that the funds to support the study or commissions shall be appropriated to the Legislature.

The Legislative Council's authority with regard to expenditures by legislative committees was further strengthened by legislation passed by the 112th Legislature (ch 377, PL. 1985):

3 MRSA § 165, para 7:

"7. Other subpoenas, etc. No appropriation or allocation may be made for a specific study unless the Legislative Council has first approved a budget adopted by the joint standing committee which is to conduct the study. No appropriation or allocation may be made for the operation of any joint select committee unless the Legislative Council has first approved a budget adopted by the joint select committee."

The Council has adopted policies and procedures for the administration and operation of studies by committees and commissions, which are included in this section.

INTERIM STUDIES

Joint Standing Committees may request authorization from the Legislative Council to conduct studies during the interim. These studies offer committees the opportunity to carry out research of a scope and depth that is not possible during the regular session given existing staffing levels.

Within the Legislature's budgetary and staff resources, the Council's general policy is to authorize interim studies to be conducted by a subcommittee of no more than 5 members of the full joint standing committee or by committee staff. Interim studies are staffed by members of the non-partisan staff; specific staffing assignments are made by the Office Directors, in consultation with the Executive Director.

Study requests must be in writing and must follow the guidelines concerning subjects, tasks, and reports contained in Exhibit ___ which appears at the end of this section. Study request must also:

- Designate subcommittee members
- Specify the number of meetings required to complete the study
- State the relative priority of the particular study request if the committee has submitted more than one request

Any study proposal contained in legislation seeking assistance from the non-partisan staff must also follow the guidelines contained in the Exhibit.

The Legislative Council generally reviews study requests toward the end of the regular session in two stages:

- Approval of study topic and scope
- Approval of study "budget" (number of meetings and size of subcommittee)

EXHIBITS

Exhibit IV-1	Drafting Guidelines for Enacted and Council-Approved Studies
Exhibit VI-2	Guidelines for Budget and Expenditure Reporting
Exhibit VI-3	Procedures for Solicitation and Selection of Contractors

DRAFTING GUIDELINES
FOR
ENACTED AND COUNCIL-APPROVED STUDIES

These guidelines are to assist legislators, committees, drafters, and the Legislative Council in preparing legislation proposing a study and in producing and reviewing requests to the Council for committee studies.

Each administrative item listed should be addressed in a resolve or bill proposing a study.

The pertinent administrative items - particularly those concerning study subjects and tasks, staffing from the legislative staff, and the report - should be addressed in requests to the Council from committees for study authorization.

DRAFTING GUIDELINES

Administrative ItemSample LanguagePolicy**Appointment of Members**

+ Specify total number of members	"The (study group) shall consist of (#) members..."	
+ Designate the appointing authority for each member	"...appointed by the (Governor or President of the Senate or Speaker of the House...)"	*
+ Specify qualifications or affiliations of members	"...as follows: (list types of members)."	
+ Establish deadline for appointments	"All appointments shall be made no later than 30 days following the effective date of this (instrument)."	*
+ Specify notification of appointments to administering authority	"The (appointing authorities) shall notify the (Executive Director of the Legislative Council) upon making their appointments."	*

Convening of Study Group

+ Specify who is to call first meeting	"When appointment of all members of the (study group) is completed, the (chair of the study group or chair of the Legislative Council) shall call the (study group) together for its first meeting...."	* If the chair is selected by the members of the study group the chair of the Legislative Council shall call the first meeting.
+ Establish deadline for first meeting	"...no later than (date)."	Legislative staff will be assigned as primary staff to a study group only if the first meeting is to be called no later than August 15, 1991. This requires the instrument establishing the study to be emergency legislation.

Selection of Chair

+ Designate the appointing authority

"The (study group) shall select a chair from among its members."

*

or

"The (Governor or the President of the Senate and Speaker of the House jointly) shall appoint the chair of the (study group)."

+ Specify other qualifications of the chair

"The (study group) shall select a legislative member as chair."

Study Subject & Tasks

+ State subject of study

"The (study group) shall study"

+ Specify questions to be examined

"In conducting the study, the (study group) shall examine the following questions:

1.
 2.
 3.
 4.
- etc. "

+ Specify tasks to be undertaken to answer the questions

"In examining these questions, the (study group) may:

1. Hold (#) public hearings in (places);
2. Hold informational sessions for discussions with (list of experts by generic identification);
3. Conduct, summarize and analyze the results of a literature search on (topic);
4. Conduct, tabulate and analyze the results of a (telephone survey or other interview) of (people or groups) on (information sought);

5. Prepare, distribute, tabulate and analyze the results of a questionnaire on (information sought) from (people or groups);
 6. Procure and analyze data from (source that collected data);
 7. Conduct legal research and prepare legal opinion on (topic);
 8. Determine and summarize the legislative actions or governmental programs undertaken in (list states or other jurisdictions) on (topic);
- etc. "

Staffing

If staffing assistance is desired:

+ Request primary staff from the Legislative Council

"The (study group) shall request staffing assistance from the Legislative Council."

*

Legislative staff will be assigned as primary staff to a study group only if the group is chaired by a legislator and has legislators as a majority of its members.

or

+ Direct another state agency to provide primary staff

"The (state agency) shall provide staff assistance to the (study group)."

- Specify who is to provide assistance in drafting study legislation

"The (state agency) shall prepare any legislation recommended by the (study group)."

or

"The (study group) shall request assistance with the preparation of any recommended legislation from the Legislative Council."

Administrative Item

Sample Language

Policy

- Specify who is to provide clerical assistance

"The (state agency) shall provide clerical assistance to the (study group)."

or

"The (study group) shall request clerical assistance from the Legislative Council."

or

- + Permit the employment of consultants or research assistants

"The (study group) may contract with a (consultant or research assistant) to provide professional services for the following study activities: (designate as primary staff or cross-reference the pertinent study questions, tasks and products)."

- Specify who is to be the project manager for a consultant

"The (study group) shall request assistance with the management of the consultant's work from the Legislative Council."

or

"The chair of the (study group) shall manage the consultant's work."

- Specify who is to provide assistance in drafting study legislation if a consultant is to provide primary staffing assistance

"The (consultant) shall prepare any legislation recommended by the (study group)."

or

"The (study group) shall request assistance with the preparation of any recommended legislation from the Legislative Council."

- Specify who is to provide clerical assistance

"The (consultant) shall provide clerical assistance to the study group."

or

"The (study group) shall request clerical assistance from the Legislative Council."

Compensation of Members

- + Specify which members, if any, are eligible to receive per diem

"The members of the (study group) who are legislators shall receive the legislative per diem as defined in the Maine Revised Statutes; Title 3, section 2, for each day's attendance at (study group) meetings."

*

- + Include explicit authorization for reimbursement of expenses

"All members of the Commission shall receive reimbursement for travel and other necessary expenses, upon application to the (administering authority)."

*

Report

- + Specify products

"The (study group) may produce (a written report, a questionnaire or survey summary, an informational booklet, legislation only, etc.)."

- + Specify date for submission of report to the Legislature

"The (study group) shall present its findings, together with any recommended legislation, to the Second Regular Session of the 115th Legislature no later than (date)."

Legislative staff will be assigned as primary staff to a study group only if:

- the study group concludes work by October 1, 1991

- the report/legislation is submitted by November 1, 1991

Legislative staff will be assigned to assist the study group in drafting legislation only if the legislation is submitted by November 1, 1991. All study groups having legislative staff as primary staff must complete their work within one interim. If the group wishes to continue its study during the next interim it must submit legislation proposing an extension.

Appropriation

+ Seek appropriation lines and figures
from OFPR

+ Specify expenses beyond compensation of
members, staffing, report printing

+ Specify the authority to administer
the study group budget

"The (study group) may reimburse the travel
and other expenses of experts who attend
meetings of the (study group) at the (study
group's) request."

"The (Executive Director of the Legislative
Council or an executive agency) shall
administer the (study group's) budget."

The Executive Director of the Legislative
Council will administer the budget for all
study groups having legislative members,
except when the study group has two or more
of the following characteristics:

- the majority of study group members are
not legislators
- the chair is not a legislator
- the commission is not staffed by the
Legislature.

LEGISLATIVE COUNCIL

GUIDELINES FOR BUDGET AND EXPENDITURE REPORTING

FOR COMMITTEES AND STUDIES OPERATING UNDER THE AUSPICES

OF THE LEGISLATURE

- I. Budget Development**
- II. Guidelines for Committee Staffing and Expenditures**
 - A. Designation of Staffing**
 - B Salary and Benefits**
 - C. Travel**

Approved by the Legislative Council December, 1984
Revised June 20, 1985

I. BUDGET DEVELOPMENT

Budgets for studies and other special projects of all committees established by the Legislature and operating under the auspices of the Legislative Council shall itemize the following.

- **Personnel** (See also II. Staffing Guidelines)
 - Temporary staff (eg., on legislative payroll)
 - Contractual staff
 - Technical consultants (eg. attorneys, engineers, etc.)
 - Benefits (See II.)
- **Committee Members**
 - Per Diem
 - Mileage
 - Meals and Lodging
- **Other Travel**
(See II-B. Expenditure Guidelines)
 - Staff Travel
 - Travel by Consultants
- **Advertising** (for public hearings)
- **Printing**
- **Telephone**
- **Miscellaneous Supplies**
- **Other** (specify)

II. GUIDELINES FOR COMMITTEE STAFFING AND EXPENDITURES

A. Designation of Staffing Required for Study

The Committee shall include in the budget it presents to the Legislative Council the estimated level of staff effort required to complete the authorized scope of work. The Council shall specifically authorize the level of staffing effort and the type of staffing arrangements (contractual; temporary employee; etc.). Categories of staff support include:

1. Non-partisan legislative staff
 - a. Secretarial
 - b. General research coordination
2. Outside staff
 - a. Secretarial
 - b. General research
 - c. Technical "experts" (eg. attorneys)

B. Salary and Benefits

In general, the compensation of staff hired specifically for studies and other projects of legislative committees authorized by the Council shall be as follows:

- a. Clerical and research staff compensation shall reflect existing legislative salary scales.
- b. Special technical consultants may be paid at either a daily rate or on the basis of a total fee established in advance for completion of the project. The method and rate of compensation must be reviewed and approved by the Legislative Council prior to initiation of the work. Any change in the rate of pay or the total amount to be paid must be approved by the Council in advance.
- c. Temporary project staff shall not be eligible for state-paid benefits unless they are employed for a period of at least 6 months.

C. Travel

All staff and/or consultants assigned to a legislative committee for any study or special project shall be reimbursed for expenses incurred in the performance of Committee work as follows:

- a. No reimbursement for mileage to and from individual's residence and Augusta
- b. Reimbursement shall be at the rate in effect for all State employees for all in-state travel and must be authorized by Committee Chairs
- c. All out-of-state travel on behalf of the Committee shall be approved in advance by the Legislative Council upon request of the Committee Chairs
- d. Expenses for authorized out-of-state travel shall be reimbursed according to policies governing out-of-state travel by legislators as follows:
 - Plane: actual fare - coach class only
 - Hotel: actual (government rate to be requested)
 - Meals: actual, using standard of "reasonableness" ("reasonableness" to be interpreted as observing the \$26/day meal allowance). Receipts required for meals over \$5
 - Taxi/limo/parking: Actual - receipts required for amounts over \$5
 - Other: actual, based on receipts where available. Alcoholic beverages, HBO, valet, etc. are specifically excluded

LEGISLATIVE COUNCIL

**PROCEDURES FOR SOLICITATION
AND SELECTION OF CONTRACTORS**

Adopted by the Legislative Council May 1, 1986

**LEGISLATIVE COUNCIL: PROCEDURES FOR
SOLICITATION AND SELECTION OF CONTRACTORS**

1. **Authorization.** All committees/commissions whose funds are allocated to the Legislature must seek approval from the Legislative Council to proceed with arrangement of contractual services before proceeding with any such arrangements. Authorization shall be requested in writing to the Chair of the Legislative Council. Any committee/commission that has specific statutory authorization to expend appropriated funds for contractual services may proceed with the solicitation process but in either case, the outline described below shall be followed.
2. **Definition Of Scope Of Services To Be Performed.** The committee/commission shall prepare a written description of the work to be performed, which shall be included in the written request to the Legislative Council for authorization to execute a contract with the selected bidder.
3. **Evaluation Criteria.** The committee/commission shall define specific criteria for evaluating proposals at the time the request for proposal is issued to assure a consistent basis for reviewing proposals. A copy of these criteria shall be sent to the Executive Director of the Legislative Council.
4. **Advertising.** All studies or projects which require professional and/or technical services where total compensation exceeds \$3,500 shall require a Request for Proposal. The Request for Proposal shall be advertised in one or more Maine newspapers at least 30 days prior to the deadline for submission. Copy of the advertising shall be reviewed in advance by the Executive Director of the Legislative Council for technical accuracy.
5. **Receipt.** All submissions in response to the RFP shall be mailed to the committee/commission c/o the Office of the Executive Director, which will be responsible for maintaining a log for each RFP listing bidder name, date and time of receipt. Proposals shall not be opened until the official bid opening.
6. **Bid Opening.** The Executive Director shall declare the bid period to be closed and, in consultation with the appropriate committee/commission chair, establish a day and time for bids to be opened. Bid openings shall be attended by the appropriate committee/commission chair, at least one other member of the committee/commission, a representative of the legislative office assigned to staff the committee/commission, and the Executive Director, who shall serve as recorder.
7. **Proposal Evaluation.** All bids shall be evaluated in accordance with the established criteria, using a 5 point scale. Evaluations shall be recorded and available for inspection after the committee/commission has completed its evaluation and voted on the matter.
8. **Selection Of Contractor.** Upon completion of the bid opening and evaluation process, the full committee/commission shall meet to review the proposals and take a formal vote to approve the award of a contract, subject to the approval of the Legislative Council. The committee/commission shall forward its recommendation to the Legislative Council for action. Preliminary notification to bidders by the committee/commission chair of the committee/commission's decision shall clearly indicate that final selection is subject to the approval of the Legislative Council.
9. **Notification To Bidders.** Following approval by the Legislative Council, the Executive Director shall be responsible for notifying all bidders of the results of the bid selection process.
10. **Contract Execution** The Executive Director shall prepare an agreement, to be cosigned by the contractor and the Executive Director, which shall define the terms and conditions under which the work is to be carried out. This agreement will specify the schedule and basis for payments.

**V. APPROVAL OF LEGISLATIVE REQUESTS TO INTRODUCE
LEGISLATION**

- ◆ **AFTER CLOTURE REQUESTS**
- ◆ **LEGISLATION TO BE CONSIDERED AT THE SECOND
REGULAR SESSION OR SPECIAL SESSIONS**
- ◆ **MEMORIALS**

**V. APPROVAL OF LEGISLATIVE REQUESTS TO INTRODUCE
LEGISLATION**

AFTER-CLOTURE REQUESTS

Pursuant to **Joint Rule 27**, the Legislative Council has the authority to approve requests for bills or resolves submitted after cloture:

"....The Council shall ascertain from the presenter the facts supporting the request notwithstanding cloture. If a majority of the Council approves, notice of that approval shall appear on the calendar of the appropriate House."

After-cloture bill requests appear on the Council agenda under "**New Business**". A preliminary list of After-deadline requests is prepared by the Revisor of Statutes and distributed to Council members the day prior to the Council meeting for review prior to the meeting. An updated list is distributed at the Council meeting.

A roll call vote is taken on all after-cloture requests pursuant to Joint Rule. The vote is recorded and is available in the Office of the Executive Director following the Council meeting.

In lieu of convening the Council to consider a single after-cloture request, a "ballot" is sometimes circulated to all Council members to poll them on a particular request. The ballot lists the bill title and sponsor(s); a draft or other information is attached if it is available.

**V. APPROVAL OF LEGISLATIVE REQUESTS TO INTRODUCE
LEGISLATION**

LEGISLATION TO BE CONSIDERED**AT THE SECOND REGULAR SESSION OR SPECIAL SESSIONS**

The Legislative Council considers all requests by legislators for the introduction of bills or resolves to the Second Regular Session or any Special Session, pursuant to Joint Rule 26.

Special Session

Requests are handled similarly to after cloture requests: the Revisor of Statutes prepares a list, and a roll call vote is taken on each request.

Second Regular Session

Requests for introduction of legislation for the Second Regular Session are compiled by the Revisor of Statutes following cloture. The Council Chair generally calls a special Council meeting for the sole purpose of reviewing these requests in late October preceding the Second Regular Session.

Legislators are notified by the Revisor of the Council's action on their requests following the Council meeting and are given an opportunity to appeal the Council's decision in writing or in person. The Council convenes again in early to mid November to consider appeals.

Again, a roll call vote is taken on each request.

LEGISLATIVE COUNCIL GUIDE

V. APPROVAL OF LEGISLATIVE REQUESTS TO INTRODUCE LEGISLATION

MEMORIALS

Pursuant to **Joint Rule 35**, "...no Memorial shall be in order for introduction unless approved by a majority of the Legislative Council."

Memorials, which request action by the individual or organization being memorialized, must be approved by a majority of the Legislative Council. Roll call votes are taken and recorded.

LEGISLATIVE COUNCIL GUIDE

**V. APPROVAL OF LEGISLATIVE REQUESTS TO INTRODUCE
LEGISLATION**

VI. OTHER STATUTORY POWERS AND DUTIES

◆ COMPENSATION OF OTHER ELECTED OFFICIALS

◆ OATHS, SUBPOENAS AND DEPOSITIONS

VI. OTHER STATUTORY POWERS AND DUTIES

**LEGISLATIVE COUNCIL RESPONSIBILITY FOR
OTHER ELECTED OFFICIALS**

The Legislative Council has statutory authority for establishing salaries at the time of initial appointment and annually reviewing the salaries of those officials it elects at the beginning of each legislative biennium. These include:

Constitutional Officers (3 MRSA § 162-B)

Secretary of State
Treasurer of State
Attorney General

State Auditor

Legislative Officers (3 MRSA § 162-A)

Secretary of the Senate
Clerk of the House
Assistant Secretary of the Senate
Assistant Clerk of the House

The statutes define the salary range to which each of these officials is be assigned.

OATHS, SUBPOENAS AND DEPOSITIONS

3 MRSA § 162, para. 4:

"4. Oaths, subpoenas and depositions. To administer oaths, issue subpoenas, compel the attendance of witnesses and the production of any papers, books, accounts, documents and testimony, and to cause the deposition of witnesses, whether residing within or without the State to be taken in the manner prescribed by law for taking depositions in civil actions in the Superior Court. In case of disobedience on the part of any person to comply with any subpoena issued in behalf of a committee, or on the refusal of any witness to testify to any matters regarding which he may be lawfully interrogated, it shall be the duty of the Superior Court of any county, on application of a member of a committee, to compel obedience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from such court or a refusal to testify therein. Each witness, other than a state officer or employee, shall receive for his attendance the fees and mileage provided for witnesses in civil cases in courts of record, which shall be audited and paid upon the presentation of proper vouchers sworn to by such witness and approved by the chairman [sic] of the council;"