

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

LAWS  
OF THE  
STATE OF MAINE  
AS PASSED BY THE  
One Hundred and Sixth Legislature  
1ST SPECIAL SESSION  
JANUARY 2, 1974 TO MARCH 29, 1974  
AND BY THE  
One Hundred and Seventh Legislature  
REGULAR SESSION  
JANUARY 1, 1975 TO JULY 2, 1975

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN  
ACCORDANCE WITH THE REVISED STATUTES OF 1964, TITLE 3,  
SECTION 164, SUBSECTION 6.

---

THE KNOWLTON AND MCLEARY COMPANY  
FARMINGTON, MAINE  
1975

---

---

BUDGET MESSAGE

of

Governor James B. Longley

to the

ONE HUNDRED AND SEVENTH LEGISLATURE

FEBRUARY 6, 1975

---

---

*Mr. President, Mr. Speaker and Honorable Members of the 107th Legislature:*

I asked to address this honorable body today so that I might fulfill my statutory duty as Governor to present to you and to the people of Maine a Budget for the Biennium — a Balanced Budget without a tax increase, that will still meet the needs of the people of this State. That is what I promised the voters of Maine I would do and that is what I believe we have done.

As all of you know, we have some real problems in Maine, many of them thrust upon us by the economy, national policy and circumstance. We cannot, however, sit and bemoan our situation. We must face the real problems with real solutions. We must address the people problems of tomorrow by dealing with the realities of today.

The budget I am presenting to you today is designed to do two basic things:

(1) It is designed to help us keep the store of State Government open in this time of economic uncertainty and to allow us to carry on with essential services and to continue to meet human needs.

(2) Secondly, it is designed to give us time to further establish our priorities, while we also:

- (a) Make a further examination of potential cost savings,
- (b) Make every effort to broaden our present tax base, and,
- (c) Project where we are going with plans for the year 2000 as our benchmark.

In developing this budget, we made the needs of the people the top priority because in this area we do not have the luxury of time. Yet, Maine is on a straight line of time and we are already overdue in providing for our people who are unable to provide for themselves. We feel this budget will meet these basic needs, present and future, while allowing us the precious time needed to make a more thorough analysis of the operations of State Government.

I feel deeply that I as Governor and you as elected representatives of the people owe it to the taxpayers and citizens of this State to take this budget approach at this critical time in our history. I am asking you to accept a budget which I feel will meet our current, essential needs and provide us the time to make certain Maine is on the right line of time for the present as well as the future.

However, as Governor, I pledge to you I will immediately call a Special Session of this Legislature at any time when there is evidence of human suffering or evidence that human needs are not being met and joint action of the Governor and the Legislature is needed. In any event, I intend to convene a Session between Labor Day and January 1st, to allow us:

(1) To keep the store of State Government open and to meet basic human needs.

(2) Six months time to actually measure revenue sources.

(3) To take a good hard look at operations in State Government so when we meet in the fall we can more realistically establish dollar priorities for human needs.

So, as Governor I bring to you today our Financial Plan for the next biennium. The theme of this plan is Efficiency, Economy and Effectiveness in State Government. There has been tremendous pressure over the last 10 years to provide more and more services in the State of Maine. We must continue to provide these services whenever and wherever possible. However, along with this demand and the escalating rate of inflation, the cost of State Government in Maine, as in many other states, has been rising at an accelerating rate, especially in the last five years. As shown by this chart, State Government has grown from an annual budget of \$142 million in 1960 to approximately \$540 million in the last fiscal year. This is a level of spending of approximately \$1.5 million per day. That is a 380 percent increase over the last 14 years. This week, our payroll alone is \$2.5 million paying 14,134 employees, and this is the first time in many years any Governor has been able to give an accurate headcount.

### THE BUDGET REVIEW PROCESS

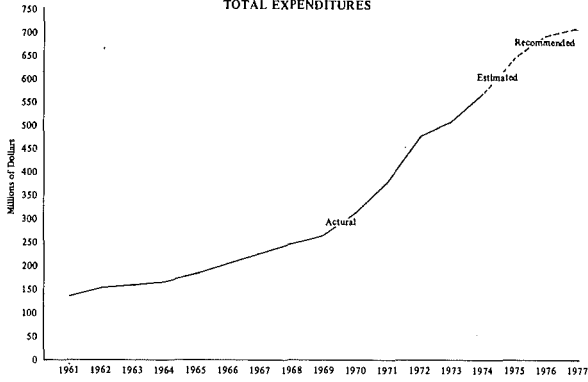
The budget I am presenting today is the result of a fantastic effort by state employees, volunteers, a former commissioner and Mr. Siebert, our Budget Officer. Over the past two months we have taken a hard look at what our real needs and real requirements are for State Government.

We have met for countless hours with a volunteer Budget Review Committee, the State Budget Officer and his staff, department heads and my own staff. This budget represents our collective thinking that this is the direction the State needs to take at this time. I'm told there has never been a more cooperative effort undertaken in preparation of a State Budget. When cuts have had to be made, we have asked department heads to establish priorities in an effort to make certain that human needs will be met. I think these dedicated people who have given their untiring efforts to this budget are owed a vote of thanks by the people of Maine.

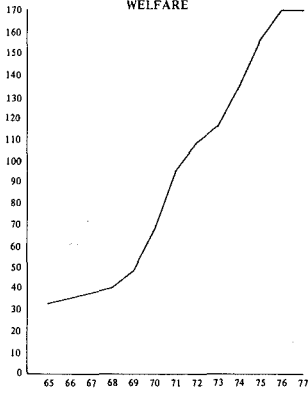
The organization of this budget is much different than that of past budgets. Recognizing the need for a better means of presenting, reviewing and responding to the budget requirements of the State, your predecessors in the 106th Legislature directed the State Budget Officer to prepare a program-oriented budget to present to the 107th. Now, for the first time we will be able to look at where the money is going to be spent with respect to the services that are provided. This is a tribute to the vision and conviction of the previous Legislature. As the Governor benefitting from this approach, I thank them. I do not stand here today saying that this budget is a perfect document. But, I do say that it represents the feeling of many people that it is the approach that must be taken at this time. I ask the Members of this Legislature not to judge it on a short term basis but to look at the long-range implications that uncontrolled spending would have on the working men and women of this State.

We simply have to decrease the rate of growth of Government spending and at the same time accelerate the delivery of services so more

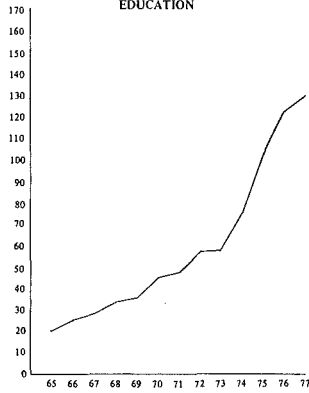
OPERATING FUNDS  
TOTAL EXPENDITURES



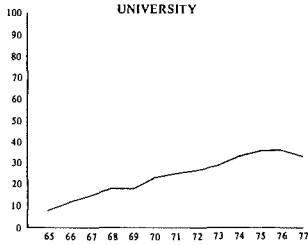
HEALTH &  
WELFARE



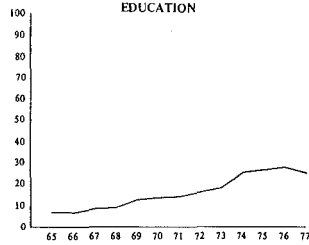
SUBSIDY TO LOCAL  
EDUCATION



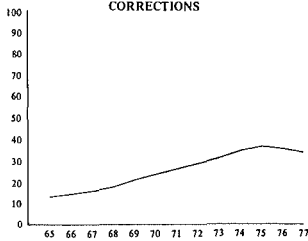
UNIVERSITY



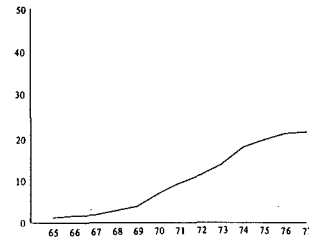
EDUCATION



MENTAL HEALTH &  
CORRECTIONS



DEBT SERVICE



dollars will reach the bottom line where they count the most. The bottom line in business is profits. . . . We must make the bottom line in Government be the elderly and the retarded and the people of Maine who need help.

In drafting this budget, we established several policy areas and each department of State Government falls under one of these areas. They are:

- (1) General Government
- (2) Economic Development
- (3) Education and Culture
- (4) Human Services
- (5) Manpower
- (6) Natural Resources
- (7) Public Protection
- (8) Transportation

### **REVENUES**

The several sources of revenues anticipated to be available for the biennium were projected in the usual manner taking into consideration normal growth factors, including inflation. In order to provide additional input into the estimating process, two independent projections were made — one by the University Office of Financial Planning at Bangor and one by the ESCO Economic Institute at the Center for Research and Advanced Study, University of Maine, Portland-Gorham.

One of the considerations in using the final estimates is the very adequate safeguards provided to me in case of a shortfall in revenues to reduce allotments in order to maintain a balanced situation.

The level of General Fund Revenues anticipated for the biennium is \$665 million. This is made up of \$320 million in the first year and \$345 million in the second year. This is less the amount required for State-Local Revenue Sharing as provided by law.

To this must be added an amount of \$15.5 in Federal Revenue Sharing in each year of the biennium. It should be noted that current congressional authorization of Revenue Sharing is only through the third quarter payment in fiscal year 1977. At the present time, continuation is expected although the dollar level and distribution between levels of government is now under consideration. At the present time local units of government receive about twice the dollar amount received at the state level.

### **BUDGET RECOMMENDATIONS**

In screening budget requests, we used a basic criteria. Requests that were designed to help people were given priority over requests that merely advocated more brick and mortar to expand programs.

As a result of our searching analysis of requests, we were able to:

- (1) Reduce the requests of over a billion dollars to \$700 million.

**GENERAL FUND  
SUMMARY OF UNDEDICATED REVENUES**

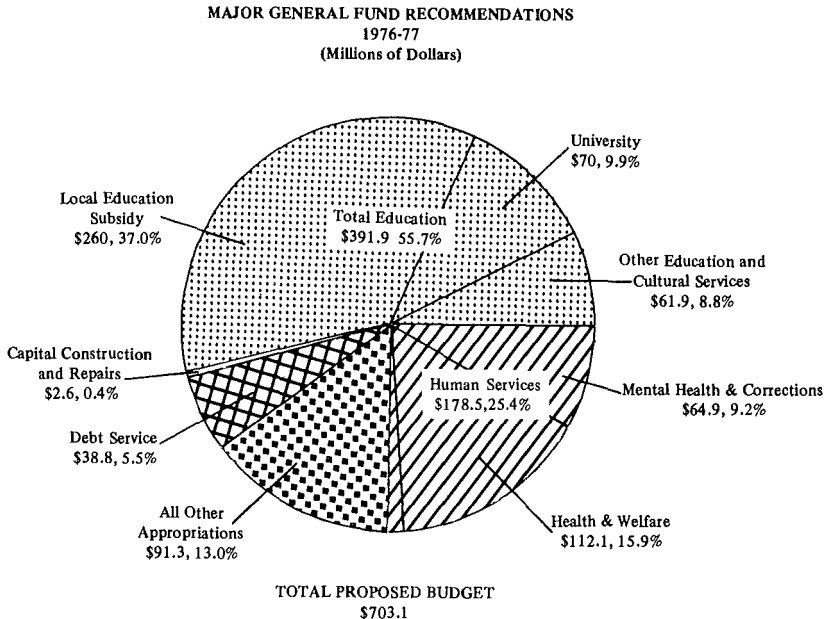
Revenue Source	Actual	Estimated	Budget Recommendations	
	1973-74	1975-76	1975-76	1976-77
Taxes on Land	\$ 5,726,262	\$ 7,570,325	\$ 12,320,536	\$ 14,184,643
Inheritance & Estate Taxes	7,112,543	8,125,000	8,500,000	8,500,000
Personal Income Tax	37,268,331	43,063,559	50,200,000	58,250,000
Local Government Fund*	1,490,733	1,722,542	2,008,000	2,330,000
General Fund Portion	35,777,598	41,341,017	48,192,000	55,920,000
Corporate Income Tax	13,063,265	14,850,000	14,900,000	14,900,000
Local Government Fund*	524,115	594,000	596,000	596,000
General Fund Portion	12,539,150	14,256,000	14,304,000	14,304,000
Cigarette Taxes	19,991,671	22,662,321	23,600,000	23,650,000
Sales & Use Taxes	127,297,625	135,854,915	157,225,000	170,725,000
Local Government Fund*	5,120,157	5,434,197	6,289,000	6,829,000
General Fund Portion	122,177,468	130,420,718	150,936,000	163,896,000
Corporation Taxes	587,764	806,300	417,500	421,500
Public Utility Taxes	8,369,915	7,947,000	10,090,000	11,080,000
Insurance Premiums Taxes	6,369,103	7,940,500	8,440,000	9,440,000
Commission on Pari-Mutuels	862,146	850,000	1,200,000	1,200,000
Income from Investments	5,839,965	6,615,545	5,816,600	5,817,700
Income from Alcoholic Beverages	20,134,352	20,918,473	21,600,000	22,400,000
Income from State Lottery	—	3,078,000	4,100,000	4,100,000
Other Revenue	9,335,677	9,427,399	10,323,283	10,414,046
Total Undedicated Revenue	261,958,619	289,709,337	328,732,919	355,082,889
Local Government Fund*	7,135,005	7,750,739	8,893,000	9,755,000
Available for Appropriation	\$254,823,614	\$281,958,598	\$319,839,919	\$345,327,889
		\$536,782,212	\$665,167,808	

\* State/Local Revenue Sharing



(2) Postpone all capital construction except those projects which represented only the highest priority repairs and new projects that were absolutely essential. Therefore, capital construction requests of some \$35 million were reduced to \$3 million.

I would now like to discuss in detail some areas of the budget.



### A. EDUCATION

The budget calls for spending of \$31 million for the Department of Education, \$229 million for School Subsidy and \$70 million for the operations of the University of Maine.

I would like to reaffirm my support for the basic philosophy of Equality of Opportunity of L.D. 1994 and its attempts to bring a more uniform cost to the financing of education in the State of Maine. Of the recommendations made recently by the Education Subsidy Commission, I am in favor of the following:

(1) Basing the subsidy for schools on the last known year's expenditures with a provision for inflation. This will eliminate the possibility of repeating the current deficit situation.

(2) Minor Capital Outlay should be based on a per pupil standard. By incorporating this in the Uniform Property Tax we would be able to return control over capital expenditures to the local level where it belongs.

I am recommending continuation of the same level of funding for the University as is presently authorized. I am further asking the Board of

Trustees and Administrators of the University to make the same searching analysis and review of their operations and programs that are being sought in other agencies of State Government. I am asking that they make every effort to reduce administration costs and to curtail purely public relations programs to promote the University and/or personalities within the administration or beyond the problem of governmental incest as it relates to spending. In any event I am asking the University to eliminate spending of student and taxpayer money to promote further spending of student and taxpayer money.

## **B. HEALTH AND WELFARE**

The current level of spending in the Human Services Department of Health and Welfare of \$96.6 million has been increased in our budget to \$112.1 million to cover the cost of current programs. This will allow us to better serve those citizens who have the greatest need in the following areas:

- (1) Increasing the Food Services for the Elderly.
- (2) Continuation of the Mandatory and Optional Supplemental Security Income Program.
- (3) Expansion of the Food Stamp Program. In fact, our budget calls for a threefold increase in the second year of the biennium.
- (4) Expansion of the Funding for the Aid to Families with Dependent Children (AFDC) Program.
- (5) Increasing the Medical Care Program close to \$8 million.
- (6) Expansion of the Intermediate Care Program for Citizens in Nursing Homes.

We are not making recommendations in the area of Aid to Charitable Institutions and the Catastrophic Illness Program because there is evidence that there is need for further study to determine if services under these programs are actually reaching the people. These are among the programs that can better be addressed at the Special Session of this Legislature, which I have already indicated I will call after Labor Day. I'm told that no human services will be adversely affected as these represent deferred payments.

## **C. MENTAL HEALTH AND CORRECTIONS**

The Current Services Budget for the Department of Mental Health and Corrections has been increased \$4.3 million over the current authorized funding of \$60.6 million. A special analysis was needed to take into account the extraordinary increases in the cost of food and fuel for the Institutions in that Department. We also have noted a trend, supported by my Administration, toward Community Mental Health Centers in an effort to take much of the burden off the more traditional State Mental Health Institutes. In fact, there has been a significant drop in the number of persons residing at the Institutions over the last five years. As Governor, I am asking this Department to show declining expenses to reflect this declining population.

## **D. HIGHWAY**

Establishing the Highway Budget was particularly difficult since the energy situation has seriously affected revenues supporting the program and inflation has skyrocketed costs associated with maintaining and improving our road system in Maine. The Department of Transportation has responded to this situation by reducing activities and increasing its effectiveness. Every effort must be made to continue this effort. As a result of the Department's efforts, we can assure you that the approximately \$70 million per year required to provide for necessary highway programs is available from anticipated dedicated revenues.

To protect the State's significant investment in highways and for the safety of citizens operating on Maine roads, I am proposing a Capital Improvement Program requiring \$17.1 million dollars in State funds which is the same amount authorized by the 106th Legislature. This program initiates a major effort to replace and improve many of the older, deficient bridges in the State and while the emphasis of the program addresses the significant bridge problems, the program also includes many smaller cost items which will improve existing highways rather than call for new highway construction. To support the Capital Improvement Program, I am recommending several new approaches:

- (1) Adjustment in fees associated with the Highway Program which we estimate will produce \$6.2 million dollars.
- (2) A replacement bond issue in the amount of \$10.9 million.

While this proposal creates a situation whereby we are not raising the overall level of bonded indebtedness, I intend to strive for a pay as you go situation as an ultimate goal in the Highway Program. Under this long range plan which we have asked the Department of Transportation to design, new bond issues would be arranged to coincide with the amortization of old bond issues.

## **PROBLEMS FACING US**

In addition to L.D. 1994 which I mentioned earlier, there are other problems facing the Governor and this Legislature. One of these is the Control Program for the Spruce Budworm. I urge the Legislature to consider this problem area carefully. I will work closely with the Legislature to come up with a funding program that is fair to all concerned, particularly the taxpayers of this State. I feel personally that the timber companies who are the primary owners and beneficiaries have the obligation to implement and fund this Control Program if it should be undertaken. The State should be only expected to pay what its fair share should be whether it be 10, 20, 30 percent or more of the amount remaining after federal funding.

I deeply regret that our financial situation will not permit us to do all things for all the people that I might like to do or others might like to see done. Funds for a general raise at this moment for all State employees could only be generated through layoffs or a major tax increase. With unemployment lines growing daily in the State, I feel this would compound the problem and I also feel there are those on unemployment lines who would be willing to trade places with anyone with a secure job. This is one of those areas that can better be addressed at the next session of this Legislature which hopefully will be before next January.

I've said repeatedly that dedicated State employees should be paid equal to their counterparts in private industry, but we need more time to locate and reward those employees who are making a sacrifice to stay in state employment. I hope State employees will embrace this approach in fairness to the unemployed and underemployed in this State and in recognition of the serious economic problems we now face.

Our Biennial Budget creates the problem of anticipating levels of funding two and one-half years in advance. Even an annual review given the present economic climate is uncertain and leads to emergency funding problems that must be addressed for the current fiscal year.

I have previously discussed the L.D. 1994 funding problems. I am advised by my Commissioner of Education and advisors that to meet this deficit situation in which we find ourselves will require \$20.5 million — an appropriation of \$9.9 million dollars from our available surplus and the funding of the remaining balance of \$10.6 million from the presently authorized \$25.0 million dollar bond issue.

Additionally, we have requests from Health and Welfare for 2.1 million dollars to finance SSI for the balance of this fiscal year and an additional amount of \$4.2 million dollars for Medical Care, AFDC, General Assistance and other necessary social services.

We must also provide \$600,000 to replace funding for Tax Relief to the Elderly, \$69,500 for the Tree Growth Tax Payments and \$1,494,000 to provide for the full amount of reimbursements to the municipalities in phasing out the Personal Property Tax.

These and several other appropriations are provided for in the Emergency Appropriations Act to be funded from General Fund unappropriated surplus estimated to be available.

## CONCLUSION

In conclusion, I would ask the Members of the 107th Legislature to examine this Budget Document and the premise upon which it is presented carefully before criticizing particular areas.

Let me say again that we are simply asking that this budget, which we feel meets basic needs and which will keep the store open, be given full consideration by this Legislature. We ask this Legislature to consider the needs of the State as a whole and the plight of the working men and women rather than only centering its concern on a particular department or a specific special interest.

If we can accept this basic premise of this budget, I feel we can shorten this Legislative Session and use the weeks and months in the near future to more carefully plot our future course. In this time we can develop a partnership between the Legislature, the Governor's Office and the Business Community and further develop potential cost savings and study programs to make sure the maximum amount of dollars are reaching the people who need help.

This may be the most important budget ever considered by a Maine Legislature. How we deal with it may well determine whether we start down the path of sound fiscal management or whether we continue to have management by crisis in State Government. For the good of the people of Maine, we have to acknowledge that there is no such thing as a free lunch or a free education. There is no free ride for very long and eventually the piper has to be paid.

As I said earlier, this budget represents the very best efforts of a great many people to:

- (1) Keep the store of State Government open and to meet basic human needs.
- (2) Allow 6 months time to actually measure revenue sources.
- (3) Take a good hard look at operations in State Government so when we meet in the fall we can more realistically establish dollar priorities for human needs.

This budget, I feel, and my pledge that I will call a Special Session of the Legislature accomplishes these things.

As I said, this budget represents my own best efforts to present a balanced budget without a tax increase and to meet people needs in the best possible manner.

But, to the extent the Legislature sees it differently and can develop a better and fairer way, I pledge to you the Members my support and cooperation.

Thank you very much for this opportunity to address this Honorable Body.

A handwritten signature in black ink, reading "James B. Longley". The signature is written in a cursive, flowing style.

*Governor of Maine*