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**LAWS**  
OF THE  
**STATE OF MAINE**  
AS PASSED BY THE

**ONE HUNDRED AND TENTH LEGISLATURE**

**FIRST REGULAR SESSION**  
December 3, 1980 to June 19, 1981

**AND AT THE**

**FIRST SPECIAL SESSION**  
August 3, 1981

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# BUDGET MESSAGE

January 13, 1981

by

GOVERNOR JOSEPH E. BRENNAN

to the

FIRST REGULAR SESSION

One Hundred and Tenth Legislature

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# BUDGET MESSAGE

*To the Honorable Members of the 110th Legislature of the State of Maine:*

I am pleased to present to you my budget for the biennium of July 1, 1981, through June 30, 1983.

The recommendations contained in this budget serve Maine people by managing the state's financial resources responsibly and by taking important initiatives on their behalf in such areas as education, human services, economic development and mental health and corrections.

It is a balanced budget.

It proposes no tax increases.

It holds the line on the budgets of most state programs and reduces the costs of others.

It proposes — for the first time — the elimination of some programs which have either outlived their effectiveness, accomplished their purpose or cannot be justified in these difficult economic times.

At the same time, it is a budget that recognizes government's obligations to those who are most dependent upon us.

It upholds our responsibility to provide for the health and safety of the public.

It addresses those areas most directly related to the long-term well-being of the state's economy and of the people of Maine: education, economic growth, energy and natural resources.

It recognizes that the state has problems which have been developing over many years and which can be ignored no longer. Therefore, it contains a strong emphasis on corrections and it underscores our commitment to a sound Teachers' Retirement Fund.

It proposes the beginning of a long-term solution to the problems which have recently beset the dedicated revenue Highway Fund.

It is a budget that is appropriate for the economic hard times which confront our state and nation and which adversely touch virtually every one of our citizens.

In the grip of almost uninterrupted double-digit inflation, a prime rate which twice in the past year has broken the 20 percent barrier and great uncertainty over the future of some key elements of the private sector, our families and individuals have had to learn to live within difficult new financial realities.

Many now find it impossible to provide more than the necessities.

Others have given up the dream of buying their own homes.

Still others have come to consider saving to be a quaint and impractical notion and are making purchases they cannot really afford as a hedge against future price increases.

And nearly all have had to tighten their belts.

If government is to be responsive and realistic, it must do the same.

But government too is beset by inflation.

Like the average family, we find costs increasing faster than income. Today, inflation stands at 12-14 percent, while projected revenue growth over the coming year is a considerably slower 9-10 percent.

The loss of \$27 million in federal revenue sharing presses us further.

And there is every reason to expect future additional complications as the new presidential administration seeks to fulfill its campaign promise to decrease federal taxes while increasing defense spending — a course that seems inevitably destined to reduce programs that assist many people within the state of Maine.

This budget responds to these great challenges.

It also recognizes that the same financing problems exist for officials of our cities and towns. Therefore, we will not solve our own problems by shifting burdens to the local taxpayers. The state will not do to the municipalities what the federal government is doing to the state. Indeed, we propose to simplify their relationship with the state in highway programs. And we reaffirm our commitment to maintain our exceptionally high support of the costs of local public education.

It is a realistic budget, prepared in a method that has required every commissioner and agency director to arrive at a more complete understanding of the financial problems of all state government.

It is a budget that was written for the 1980's — not the 1960's, when funding was abundant and there seemed to be no ceiling on what government could do.

## **GENERAL FUND**

### **FINANCING THE BUDGET — GENERAL FUND REVENUES**

We have projected \$1.3 billion to be available in General Fund undedicated revenues, as shown in the accompanying chart.

This amount will provide sufficient funds to continue those current services which we consider to be essential; to recommend certain new or expanded programs outlined in more detail in the Part II section of this message; to continue the Capital Construction and Repair Program; to address the needs of the Teachers' Retirement Fund; and to leave additional monies to address other needs of state government over the biennium.

## TARGET BUDGETING

The method used to prepare this budget represents a departure from the format that has become traditional in Maine over the past 25 years. State government budgets have been presented in two parts, with Part I funding current services and Part II funding new and expanded services.

We have modified this format in this budget document through a method we call "target budgeting." Under target budgeting, the chief administrative officer of each state department and agency was required to prepare and submit Part I requests which did not exceed the amount of monies appropriated by the Legislature for Fiscal Year 1981, the current fiscal year.

This method required department and agency heads to evaluate all their programs closely. These evaluations were prepared in sufficient detail to enable the Governor's office to make informed judgments of the results of funding levels on state programs and services. As a result of this method, we have developed a Part I recommendation that establishes a clear definition of program priorities and sounder financial planning for the coming two years.

Our overall target for Part I was \$568.3 million per year—the level appropriated by the Legislature for Fiscal Year 1981. The recommendation we have submitted averages \$548.7 million for each year. The lower amount reflects the fact that this budget provides for alternative funding proposals to meet the needs of the Teachers' Retirement Fund and for the portion of the budgets of the Department of Public Safety and the Motor Vehicle Division currently funded through the Highway Fund.

In preparing their budget requests, department and agency directors understood that those current services which could not be funded under Part I could be included in their Part II requests, so long as they deemed them to be of a sufficiently high priority. These requests, along with their

GENERAL FUND  
SUMMARY OF UNDEDICATED REVENUES

<u>REVENUE SOURCE</u>	<u>ACTUAL</u> <u>FY 1980</u>	<u>ESTIMATED</u> <u>FY 1981</u>	<u>BUDGET RECOMMENDATIONS</u> <u>FY 1982</u>	<u>FY 1983</u>
Tree Growth Tax	\$ 5,968,893	\$ 5,655,015	\$ 5,300,000	\$ 5,400,000
Budworm Excise Tax	1,120,813	---	---	---
Inheritance and Estate Taxes	11,397,507	11,000,000	13,200,000	14,500,000
Income Tax - Individual	137,385,267	150,442,000	181,383,000	214,883,000
Income Tax - Corporate	43,312,923	38,400,000	52,582,000	59,032,000
Cigarette Taxes	24,165,799	25,000,000	25,000,000	25,000,000
Sales and Use Taxes	205,294,505	230,575,472	238,635,012	262,685,012
Public Utilities Taxes	16,978,554	19,828,000	20,084,000	22,097,000
Insurance Premiums Taxes	12,546,431	13,092,000	15,850,000	17,850,000
Commission on Pari-mutuels	794,705	870,000	870,000	870,000
Income from Investments	6,454,026	4,000,000	6,000,160	6,000,160
Income from Alcoholic Beverages	27,689,274	26,347,364	28,807,918	29,384,076
Income from State Lottery	928,131	2,211,121	1,000,000	1,000,000
Other Revenue	28,195,766	30,815,631	32,728,233	34,737,523
Total Undedicated Revenue	\$522,232,594	\$558,236,603	\$621,440,323	\$693,438,771
Biennial Totals		<u>\$1,080,469,197</u>	<u>\$1,314,879,094</u>	
			<u>\$ 691,762</u>	
Biennial Total Adjusted for Legislative Recommendations		N/C	<u>\$1,315,570,856</u>	

recommendations for new and expanded services, had to be submitted with budget statements and priority evaluations.

Because we are mandated by law to submit a balanced budget, the final budget document could not propose any appropriations that exceeded the total of anticipated revenues. Therefore, my Part II requests are limited to recommendations for financing state services only to the level by which anticipated revenues exceed the Part I target.

To maintain this ceiling, the priority recommendations submitted from the various departments and agencies were evaluated carefully by the Governor's office. Difficult — sometimes painful — decisions had to be made. But the end result is a budget proposal that represents a responsible use of the state's resources during difficult financial times. Not coincidentally, there now exists within the agencies of government a much more heightened awareness of the financial limitations under which state government must labor for the foreseeable future.

I appreciate the cooperation and professionalism displayed by the commissioners and directors of our departments and agencies and the outstanding performance by the Bureau of the Budget under Commissioner of Finance and Administration Rodney Scribner and State Budget Officer William Buker, which developed and implemented this innovative approach to financial planning.

## **PART II — SUPPLEMENTAL SERVICES**

Because of our target budget process, Part II contains not only the usual categories of new and expanded services, but also includes some current services which in previous budgets would have been renewed almost automatically. The decisions by the various department heads that these services must compete with proposals for new spending is a vivid demonstration of the necessity for determining overall program priorities that was mandated by implementation of the target budget approach.

Total recommendations from the departments and agencies for Part II funds were \$295.2 million, to which we added \$49.5 million for other purposes — \$33.2 million, which represents our commitment to a financially sound Teachers' Retirement Fund, and the balance of \$16.3 million, in which we are proposing to reduce the burden of the dedicated revenue Highway Fund at a time when gas tax receipts are no longer adequate to meet the many demands on the Highway Fund.

The importance of departmental evaluations of program priorities is



underscored by the fact that we had to reduce the total of \$344.7 million in proposed Part II spending by more than one-third — \$141.7 million — in order to present a Part II recommendation that would enable us to present a balanced budget.

What follows are highlights of our Part II proposals.

## **DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES**

Agriculture has been among the highest priorities of my Administration, and I am proud of what has already been accomplished under the able leadership of Commissioner Stewart Smith.

The reorganization of the Department, approved by the Legislature last year, has made state government able to act as the chief advocate for Maine's farmers and Maine's farm products.

This year, we will continue to demonstrate our commitment to agriculture.

Elsewhere in this budget is a bond issue for economic development which includes \$6 million for construction of several central potato packing facilities and also provides for feed grain storage facilities at our proposed cargo ports.

In addition, our Part II recommendations include measures to further our efforts to improve the marketing of Maine products.

Quality control is essential if the Maine potato is to begin a comeback to its former position of preeminence in the national marketplace, and a sound inspection program is instrumental to quality control. Fewer than half of Maine's potato producers now participate in the inspection program. To supplement the potato branding legislation passed by the 109th Legislature, we are proposing a \$255,000 appropriation, which would generate matching funds from the private sector, to improve our inspection program and reduce the fees now charged to those who voluntarily participate in the inspection program.

An appropriation of \$117,600 is recommended to enable the Commissioner of the Department to maintain our recent initiatives in market development to restore Maine products to a strong position in national markets.

## **DEPARTMENT OF CONSERVATION**

I am pleased to present a \$2.5 million bond issue elsewhere in the budget to complete the Department of Conservation's program of acquiring land for the long-range benefit of the people of Maine.

Our Part II recommendations include two new positions which are integral to the protection and preservation of our natural resources.

Because of the growing likelihood of future offshore oil drilling and the likelihood of profound environmental consequences from such drilling, and because of our need to understand more about our coastal geology, we are requesting \$54,907 to establish a position of marine geologist within the Department.

We also are recommending an appropriation of \$31,301 for an environmental specialist to give the Land Use Regulation Commission the ability to maintain enforcement efforts, a capability not currently in place to support our efforts to protect and maintain our greatest long-term natural resource, our forests.

## **DEPARTMENT OF EDUCATIONAL AND CULTURAL SERVICES**

Maine's support for local public elementary and secondary education is first — by a substantial margin — in the entire Northeast.

I am proud of our extraordinary level of support because I believe deeply in the value of education and because I am firmly convinced that the quality of a child's education should not depend on what city or town the child's family happens to call home.

Two years ago, we increased state government's share of the total cost of local public education to 53.97 percent.

This year, we renew that commitment in full.

Because of an increase in the total state valuation, maintaining this level will permit a reduction in the mil rate from 9.25 to 8.85, adding \$34.9 million to the state contribution to local education.

Our total budget recommendation for all education programs, including Part I and Part II, the University of Maine, Maine Maritime Academy, the vocational technical institutes and the Teachers' Retirement Fund (which is explained elsewhere in this message), amounts to \$678 million, or 52.3 percent of the total budget recommendation for the biennium, up from 50.5 percent of the funds appropriated for Fiscal Year 1980.

In addition to our basic commitment to more than half of the local costs of education, we are submitting in Part II a \$1.6 million appropriation to further our assistance for optional local programs in the second year.

We are following up on the strong commitment we made two years ago to upgrade our vocational technical institutes by recommending a Part II

appropriation of \$849,738 to ensure that the progress made during the last biennium will not be eroded by inflation. Similar commitments are being made to the University of Maine (\$2.2 million) and the Maine Maritime Academy (\$279,000).

Other noteworthy Part II items include \$150,000 to expand services to preschool handicapped children, and \$141,500 for the State Library, including expansion of the book-by-mail service to replace the costly, energy-inefficient bookmobile program.

## **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Efforts to protect and improve our natural resources are among the most important and timely functions of state government. Elsewhere in this budget, we propose creation of an Environmental Health unit to improve our ability to understand and resolve new and alarming health problems of our own creation. We are also asking the 110th Legislature to create a hazardous waste fund — similar in design and purpose to the oil conveyance fund — to license and assess fees on those who handle and transport hazardous materials. The funds will enable the DEP's new Bureau of Oil and Hazardous Materials Control to operate and to respond to hazardous spills.

Our Part II requests for the DEP include two proposals which recognize growing environmental concerns.

An appropriation of \$335,550 is requested to assist local communities in solving problems associated with the disposal of solid waste.

And we are recommending that an appropriation of \$100,000 be approved for the second year of the biennium to create a fund to restore and protect some of our valuable lakes and ponds which are in danger of death from eutrophication.

## **EXECUTIVE DEPARTMENT DIVISION OF COMMUNITY SERVICES**

Few programs operated by state government are more valuable than the home winterization program, which has enabled elderly and other low-income homeowners to upgrade the energy efficiency of their homes. The federal government, recognizing our exceptional success with this program, has lately supported the program at a rate of \$1 million a month. However, federal regulations prohibit the use of their funds for certain kinds of home repairs, notably structural improvements, which sometimes are a necessary part of the winterization procedures. We are requesting an appropriation of \$2 million to cover this need, for we

believe that it is far more practical to winterize homes than to pour endless dollars into fuel subsidies.

A change in the federal matching formula has made it necessary for us to request an appropriation of \$638,764 to enable two other extremely productive programs, the Young Adult Conservation Corps and the Youth Conservation Corps, to continue. These programs have been beneficial to both participants and local communities and merit continued support.

### **STATE DEVELOPMENT OFFICE**

The State Development Office is the agency charged with the direction of our many efforts to promote more and better jobs for Maine working people. The first two years of my Administration have seen a strong effort in many areas to create a healthier economic climate and to promote Maine as a good place to do business.

This budget is consistent with the strong commitment we have already made. It includes a \$29 million economic development bond issue to build cargo ports and agriculture facilities. Part I includes \$200,000 to continue our important tourism promotion program.

In Part II, we are recommending an appropriation of \$200,000 during the first year of the biennium to create a revolving loan fund to benefit the six Maine counties which are not part of any of the three existing economic districts. To be matched on a 3-1 basis by federal economic development money, this would make funds available for loans to private companies for job-creating projects and expansions.

We also propose to continue our successful program which has supported local economic development efforts in a number of areas by erecting community industrial buildings. Our request for \$500,000 during the second year would provide funds for two new buildings, which would enable two communities to recruit new industrial tenants.

### **DEPARTMENT OF FINANCE AND ADMINISTRATION**

The first report of the Governor's Management Task Force included a series of recommendations for controlling the escalating costs of energy in state government buildings. We are requesting an appropriation of \$116,000 to implement some of these recommendations at an annual savings of \$305,000, and to continue our extremely cost-effective energy audit program which has helped identify wasteful practices and conditions in many state facilities. These programs clearly demonstrate that effective energy conservation is far more desirable than passive acceptance of ever-higher fuel bills.

## DEPARTMENT OF HUMAN SERVICES

I am recommending an increase of \$27.7 million in the Department of Human Services' Part II General Fund budget for the biennium. These state funds will generate \$46.3 million in additional matching federal funds. Coupled with the Department's Part I General Fund budget of \$206.7 million, this recommendation reflects my commitment that Maine government continue to address the most compelling social service and health needs of its citizens.

In addition, my budget allows us to initiate several new services which will enable us to respond better to the needs of children, the disabled and the elderly and, at the same time, help us to provide services more efficiently.

Let me highlight some of the more significant items in our Human Services Part II budget:

### 1. Services to Enable People to Remain in their Homes

A growing problem of the past decade has been increased reliance on institutional care for the elderly and others in need of long-term care. This has been both expensive and contrary to the best interests of many of our elderly citizens, who prefer to remain in their homes if possible.

Consistent with the recommendations of the Governor's Task Force on Long Term Care, I am requesting that \$1.25 million be allotted for the purpose of serving that high-risk population that would otherwise require nursing home or boarding home care. This money will be used to purchase homemaker services, home-based health care, home-delivered meals and other services designed to allow people to remain in their homes.

I have also recommended \$87,000 to provide support for the development of congregate housing services for the elderly, again a measure intended to prevent unnecessary institutionalization.

### 2. Protective Services for Children and Adults

It is the duty of government to help protect those who cannot protect themselves. Therefore, I am requesting \$398,000 to expand our adult protective services capability and \$362,000 to expand our child protective services. These services are meant to aid the most vulnerable in our society and are consistent with the recommendations of two citizen groups I convened in 1980 — one on Long Term Care for Adults and the other on Foster Care for Children.

### 3. Develop New Community Based Homes for the Mentally Retarded

I am recommending \$1.3 million for the development of additional homes in the community to serve the mentally retarded. This is consistent with the Administration's commitment to deinstitutionalization and necessary to solidify the many gains we have already made in the implementation of the Pineland Consent Decree.

#### 4. Increased Help to Children in Poverty

More than 40,000 poor children are the beneficiaries of the state's Aid to Families with Dependent Children Program. I am recommending \$2.7 million for increasing benefit levels in this program. This will generate an additional \$6.3 million in federal funding. Such increases could not have been considered were it not for the fact that our efforts to ensure that absentee parents meet their legal obligations have brought our collections of support payments to an all-time high. This helps offset the cost of this proposed increase in benefits. We have also increased our initiatives to provide more work opportunities to enable recipients of the program to minimize their dependence on state aid.

#### 5. Adoptions

Last year only 62 of 2500 children in state custody were placed for adoption. I believe we can substantially increase this number, thus providing a more secure and permanent home for these children and at the same time saving state dollars associated with the long term care of these special children. I am recommending \$462,000 to improve the state's adoption program.

#### 6. Dental Disease Prevention Services

Nearly \$2 million is currently being expended annually for dental care through the state Medicaid program. Dental disease is a widespread problem in Maine, yet it is entirely preventable. I am requesting \$80,000 to expand our prevention efforts within the state's schools. Such an investment will help ensure that expensive treatment will not be necessary later.

#### 7. Title XX

The majority of community-based social services in the state — day care, alcoholism programs, meals to the elderly, homemakers, transportation to the disabled, family planning and many others — are currently funded through the Title XX program. These are vital services to tens of thousands of our citizens. I am recommending \$1.4 million to help offset the inflationary costs incurred by these programs.

#### 8. Care for Children Outside their Home

There are several thousand Maine children who cannot remain in their

homes because of abuse, neglect or severe mental disability. I am seeking \$1,156,000 to pay for the increased costs associated with the care of these children.

#### 9. Care for Adults Outside their Home

Despite our best efforts to help people who are chronically ill or otherwise unable to function independently to remain within their own homes, there will always be those in need of quality boarding home and nursing home services. I am recommending \$1,397,000 for an essential, yet modest, increase in the number of nursing home and boarding home beds in the state.

#### 10. Rehabilitation and Treatment Services

There are many handicapped and disabled people in Maine who could achieve their desire for greater independence and productivity if special services were made available. For this reason, I am requesting \$532,000 to address the needs of certain blind children, disabled adults and those suffering from alcoholism. I have also requested that a portion of these funds be directed at alcohol and drug abuse prevention programs.

These initiatives are meant to improve the quality of life for all Maine citizens.

They are divided between prevention and direct treatment services.

They are intended to promote the maximum degree of self-sufficiency and independent living possible among those of us in need of aid.

The programs are not extravagant.

They address urgent needs within a budget that we can afford, and, while they address primarily the problems of the most vulnerable among us, I believe that ultimately every citizen in Maine benefits from and can take pride in these services.

### **DEPARTMENT OF MANPOWER AFFAIRS**

Many profound barriers exist throughout society which inhibit the ability of women to achieve their full potential in the job marketplace. No administration can be fully committed to social justice without addressing this concern. With the assistance of federal grant monies, we have launched a Women's Training and Employment Program which has been able to provide job training to women in several communities in Maine. This program merits state support, and I am requesting \$95,000 in each year of the biennium to make the successful beginning of this

program into a permanent element among our many approaches to providing job skills for Maine working people.

## **DEPARTMENT OF MARINE RESOURCES**

The extended red tide outbreak in the late summer and early fall of 1980 drove home the importance of the shellfish industry to the state's marine fishery. DMR has developed an outstanding research and analysis capability which has made it possible to limit closures of harvesting to selected areas. This program is funded through a special dedicated revenue fund which has been declining. If this source continues to decline, we may be forced to close the entire coast unnecessarily in some future red tide outbreak. To avert this, we are recommending that the Paralytic Shellfish Program be transferred to the General Fund. This carries an appropriation of \$110,590. In addition, we are requesting an appropriation of \$100,000 to assist shellfish harvesters in establishing their own voluntary income protection program to help meet the acute needs of future prolonged bans on harvesting.

We will also ask for an appropriation of \$50,000 to assist with marketing and other economic development activities for the fishing industry.

## **DEPARTMENT OF MENTAL HEALTH AND CORRECTIONS**

During 1980, the state acted swiftly and decisively to reassert control over the Maine State Prison at Thomaston, where several long-term problems had grown to the point where the state no longer effectively controlled much of the day-to-day life of inmates, where safety could no longer be insured and where physical conditions had seriously deteriorated.

These problems did not appear overnight. They developed and grew over a period of years. To continue to ignore them would almost certainly have meant an eventual tragic explosion.

In addition to emergency appropriations for the current fiscal year to pay some of the unplanned costs associated with the lockdown last year, my budget includes funding to pay some of the costs of the years of neglect. The Capital Improvements Program includes \$221,260 for fire prevention and other safety projects and repairs. In Part II, I am recommending an appropriation of more than \$1.4 million for additional staff, which will improve security at the prison and greatly improve working conditions for the guards. This appropriation would also



provide additional program opportunities so that we can make a stronger effort to give our inmates the opportunity for a better life outside the prison.

We are also recommending an appropriation of \$63,043 in the first year and \$65,404 in the second year for start-up costs for a new Department of Corrections, which will elevate our correctional facilities to the full status they so urgently require. An appropriation of \$829,559 is being requested to operate the new minimum security facility at Charleston, which is helping to ease the pressures on Thomaston.

We are also recommending several appropriations to support the community-based alternative to institutionalization of our less severely mentally ill and retarded citizens. Among these proposals are \$401,357 specifically to support community-based services for the retarded, \$261,527 to expand the program at the Aroostook Residential Center, and \$88,323 for improvements to the facilities at the Elizabeth Levinson Center.

Another appropriation would provide \$125,000 for a training apprenticeship program at Pineland to upgrade the direct care staff.

The services performed by this large and vital Department receive great emphasis in Part II and elsewhere in this budget.

We have placed this focus despite the several restraints under which we have had to plan the budget for the next two years.

But we had no choice.

To continue the long policy of neglect of our prison would have erased the progress we made at Thomaston during 1980.

Nor could we in good conscience permit our budget restrictions to serve as an excuse to turn our backs on our mentally retarded and mentally ill citizens.

For I believe that how we treat our prisoners and our citizens who require the care and services of this Department is a measure of how humane and compassionate a society we are.

## **WORKERS COMPENSATION COMMISSION**

The current biennium has seen some extremely positive changes that have helped the Workers Compensation Commission deal with the growing number of cases it must adjudicate. The most notable of these changes have been the new full-time status of commissioners and the law

I proposed to the 109th Legislature to encourage speedy resolution of claims.

However, the caseload for the Commission has undergone an explosion in recent years. The Commission estimates that 60,000 first reports will be filed during 1981, compared to 25,000 in 1971, and that the number of Commission hearings will increase four-fold, from 2500 in 1971 to 10,000 this year.

This growth has created critical needs for the Commission, especially in the area of statistics. No data system now exists, nor does the Commission have available any means of rapidly retrieving information. To examine these problems, we are recommending a one-time appropriation of \$45,000 for a study of how to address these needs so that the Commission's work can be achieved in the most efficient manner possible.

### **TEACHERS' RETIREMENT FUND**

The Teachers' Retirement Fund has been neglected and inadequate funding has been allowed to continue for decades. Over the years, legislatures and governors have ignored the problem, postponing it for some future governor and legislature.

To continue to ignore this problem would mean that at some point in the future, thousands of people who have contributed in good faith to the Fund might find that they would not receive the pensions they had every right to expect.

The time to face the problem is now.

By some estimates, a deficit of \$122 million existed on June 30, 1979. It was also projected that this deficit would continue to grow at a rate of \$20 million a year.

The anticipated end of federal revenue sharing makes a bad situation even worse.

We cannot break faith with the retired teachers who will rely on their pensions in the years ahead.

Therefore, I am recommending that this year we begin an orderly program of reducing the deficit and paying in the funds that are needed each year.

This budget makes a major commitment of nearly \$100 million to begin this program. We are recommending that almost \$46.6 million be committed to Teachers' Retirement during the first year of the biennium. We are recommending almost \$48.2 million for the second year.

Assistance in financing this initiative will come from a combination of program reductions and new revenues.

First, we are proposing a number of program reductions amounting to \$10.2 million for the biennium.

The programs selected for elimination were those which, in my judgment, we can live without at a time of more pressing needs.

Among them are:

- The capitation subsidy program, which has been used to purchase slots for Maine students at some out-of-state professional schools. This will realize a two-year savings of \$3.4 million.

- The Maine Student Incentive Program, which provides small grants to students. Eliminating this program will save a total of \$1.9 million over the biennium.

- The Land Quality Control Program, which offers subsidies for municipal solid waste management, will be replaced by a less expensive but more effective program of technical assistance to local governments. Eliminating the program will save \$1 million over two years.

- Two lower priority public relations positions and associated costs, for a total savings of \$92,760 over the biennium.

- District foresters field services, which provides government subsidies to woodland owners without regard to need. Eliminating this program will save \$930,617.

- Bookmobiles, which will be replaced by more efficient library services to rural areas, saving a total of \$799,089 over the biennium.

- General Fund support for Spruce Budworm Control will be eliminated with a total two-year savings of \$576,274. Dedicated revenue funding will continue.

- Subsidies for those adult education courses which teach hobbies or other “personal enrichment” can be eliminated at a savings of \$500,000. We do not propose to end assistance for courses that teach skills or which assist adults to earn their high school equivalencies.

- The state-operated foster care facility at Bath, the functions of which can be provided through other existing programs, saving \$415,342 during the biennium.

- The Division of Special Investigations, which has rarely served its original purpose of combatting major drug dealers. Eliminating funding for the Division will save \$386,565 over the next two years without

compromising continuing state-federal efforts against major drug pushers.

— General purpose aid to Indian schools is no longer deemed essential with passage of the Indian Land Claims legislation and will save taxpayers \$100,000 during the biennium.

— Post-Secondary Education Commission of Maine, a total savings of \$57,860.

A detailed listing of program reductions is contained in the Teachers' Retirement legislative document.

In addition to these reductions, funding for Teachers' Retirement will come from certain revenue measures.

1. Changing, on a one-time basis, the due date for death taxes from 12 months to nine months to make collections consistent with the provisions of federal death tax laws, will raise an estimated \$2.5 million.

2. Assessing a processing charge of \$50 a year for corporate income tax returns will raise \$500,000 over the biennium. This will not add to the costs of corporate income taxes for any corporation which pays more than \$50 annually.

3. Eliminating the provision for carry-back and carry-forward of net operating tax losses, \$2.6 million for the biennium.

4. Revising the holding period for abandoned property from 10 years to five years will result in a one-time \$1.3 million increase in revenues.

We know that each of the programs we propose to eliminate has its advocates.

But this Administration is firmly convinced that we can no longer afford to permit the infinite growth of government budgets whenever we want to fund a new need or responsibility.

On the contrary, we are committed to reducing or eliminating specific lower priority programs to ensure a balanced budget without a tax increase.

### **CAPITAL IMPROVEMENTS PROGRAM**

I am recommending \$6,684,222 for the Capital Improvements Program.

Among the leading items within this program are:

— \$221,260 for fire prevention and safety items and other repairs at the Maine State Prison;

— \$156,500 for fire prevention and safety, renovations to Perry Hayden Hall, repairs to the dam and water treatment facility, and repainting of the water tower at the Pineland Center;

— \$800,000 to renovate the pavilion at Bangor Mental Health Institute;

— \$462,000 for renovations to Building H at BMHI;

— \$375,00 for repairs to the causeway at the Governor Baxter School for the Deaf;

— \$166,100 for roof replacement at several armories;

— \$2,389,300 for the Statewide Repair Program.

### **EMERGENCY APPROPRIATIONS**

I am submitting legislation for certain emergency appropriations necessary for the proper functioning of state government through the end of the current fiscal year. Included in these appropriations are costs associated with the lockdown at Thomaston, the added costs to the Secretary of State because of the referenda and routine costs of state government.

Also included is authorization for reducing appropriations which will not be required.

### **HIGHWAY FUND**

The maintenance of good roads and bridges is vital to both the safety of the public and a sound economy, and elsewhere in this budget, we are proposing a bond issue to raise revenues to continue our important road and bridge improvement program.

The problems of our national economy and the energy crisis have affected the Maine Department of Transportation and the dedicated Highway Fund more directly and acutely than any other part of state government during the current biennium. Indeed, the problem is nationwide in scope, and highway departments in almost every state are coping with essentially the same dilemma: declining revenues caused by soaring gas prices and decreased use of gas for financial and energy conservation purposes, combined with rapidly increasing costs.

In Maine, the problem has already been the subject of two major studies. The first, carried out in 1979 by a citizens' task force chaired by

Harvey Devane of Ellsworth, looked at the Department's revenues, while a second report, undertaken during 1980 by Ernst and Whinney, studied the Department's management.

Commissioner George Campbell and his predecessor, Roger Mallar, have met this great challenge with creativity and dedication. To reduce expenses, they have successfully reduced the number of employees of the Department of Transportation without compromising the high standards of performance Maine people expect of the MDOT. Indeed, Maine compares favorably in the quality of the maintenance of roads and bridges with states of similar size and climate.

But the decline in revenues means that the budget must also decline. The budget for the first year of the current biennium was about \$87 million, while the budget recommendation for the first year of the upcoming biennium is less than \$84 million, a decrease of more than \$3 million.

Allocations recommended for the biennium equal \$83.6 million for the first year and \$82.9 million during the second year.

During the first year, we have recommended a budget of \$68 million for highway programs and \$15.6 million for the Division of Motor Vehicles and that portion of the State Police budget financed by the Highway Fund.

During the second year, however, we found that the budget would still exceed anticipated revenues from dedicated sources by about \$16 million.

Therefore, we are proposing that during the second year of the biennium, the state of Maine take the first step toward a long-range solution of the problem.

We will submit in our Highway Fund allocation legislation a recommendation to transfer the State Police and Motor Vehicles accounts from the Highway Fund to the General Fund during the second year, and we are asking for a General Fund appropriation of \$15.5 million to cover those two accounts.

We recognize legitimate concern among some that undedicating part of the Highway Fund will create further pressures and competition among already severely restricted competing programs.

But times have changed. Ten and 20 years ago, gasoline was plentiful and inexpensive, and the dedicated revenue approach was convenient and appropriate.

It no longer is.

And we cannot continue to plan budgets that reflect nothing more than our hope that the days of bountiful Highway Fund revenues will return.

A sound budget must also be accompanied by sound management planning, and undedicating the Highway Fund is sound management planning for the 1980's.

Those who fear the encroachment of the State Police and the Division of Motor Vehicles on other programs of state government must recognize that the budget process, like every other aspect of the legislative process, is one of serving the needs of all the people of Maine. When it works properly, the process ensures that the programs that serve the most people or the most urgent needs receive their fair share of funding.

Commissioner Campbell has submitted one of the most constructive program innovations within this year's budget.

He has recommended, and we will submit in our Highway Fund allocation bill, a significant streamlining of the programs through which the state has assisted local governments. The State Aid, Town Road Improvement and Snow Removal Reimbursement programs would be eliminated and replaced with a single Local Road Assistance Program. This program would replace the current system of categorical grants with a simpler block grant program.

The intention of this innovation is to develop a more equitable system of allocating funds for local use while increasing the flexibility of local officials in using state monies, decreasing red tape for both state and local officials, and enabling municipal officers to know more certainly how much state assistance they can expect.

The Highway Fund budget reaffirms our commitment to fulfill our obligations to those who drive our roads. It is a responsible budget — both fiscally and in terms of the safety of the public. Moreover, it begins restructuring a traditional means of funding in a manner more appropriate to the days of expensive gasoline and declining revenues.

## **BOND ISSUES**

This budget proposes bond issues in the amount of \$46.6 million, almost \$1 million less than the amount to be retired during the biennium.

Each bond issue we are proposing would raise capital for vital improvements or other worthwhile projects, each of which would, directly or indirectly, contribute in a positive manner to strengthening the state's economy.

1. A bond issue in the amount of \$29.0 million is proposed to advance the Administration's highest priority, economic development. Of this amount, \$23 million will begin a major project to continue our commitment to revitalizing our port facilities. These cargo ports will substantially improve our export capability, bringing us closer to potential trading partners in Europe. Additional monies will be raised through matching grants from the federal Economic Development Administration and from participating private sector sources.

Up to \$3 million of the \$23 million for cargo ports will be used to construct feed grain storage facilities. This money is to address one of the fundamental difficulties confronting a troubled segment of our rural economy, that of prohibitively high transportation costs of feed needed by our labor-intensive poultry producers.

The bond issue also proposes \$6 million to build several central potato packing facilities. This project is essential if the Administration's efforts to improve the future of Maine's vital potato industry are to be successful. It complements measures which have recently been approved by the Legislature to assist the potato industry.

2. We are proposing a \$12.8 million bond issue to continue financing necessary highway and bridge improvements. Certainly, most Maine people are well aware of the urgency of the need for continued attention to our roads and to bridges, many of which are rapidly approaching the end of their design life. This bond issue is a necessity for the safety of motorists. And the quality of our roads and the role they play in promoting a strong economy through tourism and the movement of goods needs no elaboration.

3. A bond issue of \$4.8 million is proposed to continue three programs which are of unquestioned value to the people of Maine.

Of this, \$2.5 million will assist in completing the acquisition of scenic and historic sites for state parks to benefit the people of Maine and our visitors. This is the final phase of a long-range parks and recreation development program.

Some \$2 million will continue the extremely cost-effective program through which we are making necessary energy conservation improvements to state-owned buildings.

The balance, \$300,000, would be used to continue making improvements to local airports statewide. In most cases, 8-1 matching federal funds will be generated by this bond.



## CONCLUSION

The budget I am presenting is a responsible one.

It meets the most basic and essential needs of the people of Maine in such fundamental areas as public safety, education and human needs.

It looks ahead in such areas as economic development and resource conservation.

It demonstrates conclusively that government is capable of drawing a distinction between those existing programs which are needed and those which are merely desirable.

It eliminates those lower priority programs as a partial means of addressing more urgent concerns.

It responsibility addresses such major problems as Teachers' Retirement and the State Prison which have been left unattended for years and which cannot be ignored any longer.

It proposes methods of ensuring a better future by increasing our focus on economic development, by improving our ability to respond to environmental health hazards and by taking greater pains to protect children.

I am proud of the work that has been done to produce this budget.

It might have been easier to take the meat-axe approach to spending by demanding, for example, that all programs be subject to an across-the-board percentage budget cut. But such an approach would be neither fair nor responsible.

Instead, we have sought to fine-tune our budget.

The result is a budget that is a realistic one for the 1980's, a budget that upholds our most important commitments and obligations — including one vital to every citizen of Maine, my commitment not to increase taxes.

A handwritten signature in black ink, reading "Joseph E. Brennan". The signature is written in a cursive, flowing style.

GOVERNOR OF MAINE

SUMMARY OF REQUESTS AND RECOMMENDATIONS  
1982/1983 BIENNIUM  
(Millions of Dollars)

<u>GENERAL FUND</u>	<u>DEPARTMENT REQUESTS</u>	<u>TRANSFERS IN (OUT)</u>	<u>BUDGET REDUCTIONS</u>	<u>BUDGET RECOMMENDATIONS</u>
Part I - Current Services	\$1,134.0	\$(33.2)	\$ (3.4)	\$1,097.4
Part II - New or Expanded Services	295.2	49.5	(141.7)	203.0
Part III - Capital Construction	45.3	--	(38.6)	6.7
Program Reductions	--	--	(10.2)	(10.2)
<b>Total</b>	<b>\$1,474.5</b>	<b>\$ 16.3</b>	<b>\$(193.9)</b>	<b>\$1,296.9</b>

METHOD OF FINANCING  
(Millions of Dollars)

Estimated Unappropriated Surplus - July 1, 1981	\$ 5.5
Undedicated Revenue - Biennium	1,315.6
Less Reserves	(4.8)
Total Available	\$ 1,316.3
Budget Recommendation	(1,296.9)
Balance	<u>\$ 19.4</u>

GENERAL FUND UNAPPROPRIATED SURPLUS  
(Millions of Dollars)

Available June 30, 1980	\$ 19.2
<u>Adjustments</u>	
Appropriations - Over (Under)	(5.9)
Reserves	(1.3)
Lapsed Balances	2.5
Appropriation Reductions	6.2
Available	<u>1.5</u>
	20.7
<u>Emergency Legislation</u>	
Additional Act	(14.1)
Reserve - Maine Guarantee Authority	(1.0)
Contractual Adjustments	(1)
Balance June 30, 1981	<u>(15.2)</u>
	<u>\$ 5.5</u>