

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 electronic originals
(may include minor formatting differences from printed original)

LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND TWENTY-THIRD LEGISLATURE

FIRST REGULAR SESSION
December 6, 2006 to June 21, 2007

THE GENERAL EFFECTIVE DATE FOR
FIRST REGULAR SESSION
NON-EMERGENCY LAWS IS
SEPTEMBER 20, 2007

PUBLISHED BY THE REVISOR OF STATUTES
IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 163-A, SUBSECTION 4.

Penmor Lithographers
Lewiston, Maine
2007

**BUDGET ADDRESS
OF
GOVERNOR JOHN ELIAS BALDACCI
JANUARY 5, 2007**

Hello. I am Governor John Baldacci. Thank you for joining me tonight. Thank you to the tv and radio stations for carrying this live.

Today I delivered to the Legislature my proposed budget for the next two years. It's important for you to know how your tax dollars will be spent and the choices that lie ahead for all of us.

By making the right choices for this state we can seize that opportunity and make this century – Maine's Century.

First and foremost, we need real property tax relief and we need to grow incomes for all of Maine's people.

More needs to be done to relieve Maine's property tax burden, but our resources are not unlimited. To do more we must reduce administration at all levels of government including reducing central school administration. We should be about excellence in education; not excess in administration.

The largest single component of the state budget is local education spending. With this budget the State will have met the commitment that you, the people of Maine voted for – fulfilling the promise of state spending on local education to 55%. That represents about \$800 million new dollars over a four year phase in.

We need to ensure that money being spent on education is used to support students and teachers in the classroom. In Maine, we spend \$2,000 more per pupil than the national average, and pay our teachers \$7,000 less. We have 152 superintendents overseeing 290 separate administrative units at a considerable cost. I am proposing – as part of my "Local Schools, Regional Support" initiative, to reduce the number of administrative units to 26.

My Initiative will:

Keep local schools open!

Boost classroom resources and improve student outcomes.

Enhance local oversight, with more involvement from parents through local advisory boards.

The benefits of Local Schools, Regional Support Initiative are:

A full-time principal for every school.

Increased teacher salaries and increased professional development funds for those teachers.

Major expansion of the laptop initiative so that all students from grades 7-12 will have access to laptops so they can better connect to the global economy.

A 50% tuition reimbursement for students who might not otherwise have been able to afford college at community college rates.

Much of this savings, one hundred seventy million dollars in the first two years of operation alone, will be available for property tax relief.

This plan will achieve the excellence in education we have been striving for in Maine. It will strengthen local involvement in K through 12 education and will open the doors to higher education wider than ever before, so students are ready to learn, and graduate ready to succeed here in Maine.

The second largest component of state spending is in healthcare. MaineCare, Maine's Medicaid program, costs \$1.4 billion over the next two years. Through MaineCare we provide critical access to physical and mental health services for our most vulnerable citizens; nursing home and prescription drugs for our elderly and disabled; and health care services for many of Maine's children.

In part because of the rural nature of our population, our costs are rising faster than the national average. We must get our health care costs under control, but I am determined that the safety net will not be pulled out from under our most vulnerable citizens.

We must improve our administration, oversight and controls of this program. The status quo can not continue here. Period! I will demand more savings, I will insist on more savings.

My budget will provide for effective medical management for adults receiving MaineCare, and will transition all other health services to a better management of care so that we're giving the right care at the right time – care that's affordable and accessible.

BUDGET ADDRESS

The changes in how we do business will save taxpayers more than \$70 million over the next two years. Over time the benefit of these savings will increase.

This budget will also ensure that hospitals are paid more adequately and timely, so costs are not shifted to private companies and individuals. Our doctors and nursing homes will be paid better for the care they provide.

I also had asked the Department of Health and Human Services to reduce administration, and this budget proposes to eliminate a deputy commissioner, a director of special services, as well as streamlining to consolidate 3 offices with other operations.

In order to meet our responsibilities to fully fund education, representing about \$200 million new dollars over a six year period; and because of the need to protect healthcare benefits for Maine people, I am recommending a \$1 increase in the tobacco tax.

The cigarette tax also addresses a serious public health problem that costs Maine people \$554 million each year in direct health care costs. But it's about more than dollars and cents – it's about saving lives. In Maine, over 29,000 children alive today will die prematurely from smoking.

Maine has been a leader in education and prevention on tobacco cessation. My budget also provides over \$8.5 million for smoking cessation programs through the Fund for a Healthy Maine.

In addition to the administrative savings we have sought in Education and Health and Human Services, my budget continues to streamline other departments of State government.

We have already eliminated 600 state positions and saved 11 million dollars in the last budget cycle.

During the next two years, I will propose the consolidations of two state departments: Economic and Community Development and Professional and Financial Regulation to form one Department of Commerce with a focus on business activity.

As a result of these changes and other reorganizations within State government, we will eliminate several high level administrative positions as well as other administrative staff.

This is part of the continuing effort to change the status quo in Augusta and to deliver quality services in a more affordable way.

With this budget, the State will have met the commitment that the people of Maine voted for – to have the

SELECTED ADDRESSES TO THE LEGISLATURE

State pay 55% of local education. That equates to \$200 million in new state funding that replaces local property tax dollars. But this year I am going to insist that the savings available from increased funding be directly passed on to taxpayers for immediate property tax relief. If it's not guaranteed, I will veto the legislation.

But I believe that's still not enough.

After listening to thousands of people all over the state, I am insisting that we move forward to freeze property valuations on homes of permanent Maine residents for tax purposes. This must be done to prevent people from being tax valued out of their homes.

This freeze is a vital component of our overall tax and spending priorities. It and it alone sends the message that we cannot have business as usual. We need to take a bold step to show all of our people we are serious about their property taxes.

Of course there will be opposition to this. I expect it.

Change is always threatening but it is time we put the needs of permanent Maine residents ahead of all the special interest groups and ahead of those who benefit from the ever rising property tax burden.

Enough is enough.

We need to change the way we do business.

It's not enough to simply address our high taxes. We're going to have to address growing our incomes, too. My budget increases access to higher education. We will appropriate \$14.4 million to the University of Maine System; \$11.7 million to the Maine Community College System; and the Maine Maritime Academy by \$2.1 million. Additionally, my budget commits to raising our investments in research and development by \$5 million; and in our growth clusters by \$8 million. These investments will help to fuel private companies growing private sector jobs in Maine.

Maine is truly at a crossroads.

In this new economy, Maine stands head and shoulders above any state in the nation. Our good people and strong communities, along with our natural beauty and small town character, have become scarce resources in a crowded world. The Maine brand represents quality, pride, integrity, innovation and craftsmanship – things that the world today needs and wants more of. These are Maine's competitive assets in the new 21st century economy.

This means high quality, high paying jobs for our generation and the next. It means a thriving and

SELECTED ADDRESSES TO THE LEGISLATURE

BUDGET ADDRESS

innovative business climate, so that our young people want to stay here and raise their own families. It means that if we make the right choices, the 21st century is Maine's century. It means: Our time has come.

Thank you and goodnight.