

MAINE STATE LEGISLATURE

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REP. HANNAH M. PINGREE
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SEN. ELIZABETH H. MITCHELL
VICE-CHAIR

EXECUTIVE DIRECTOR
DAVID E. BOULTER



SEN. PHILIP L. BARTLETT II
SEN. KEVIN L. RAYE
SEN. LISA T. MARRACHE
SEN. JONATHAN T. E. COURTNEY
REP. JOHN F. PIOTTI
REP. JOSHUA A. TARDY
REP. SETH A. BERRY
REP. PHILIP A. CURTIS

124TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

MEETING OF LEGISLATIVE COUNCIL
August 25, 2010
11:00 A.M.
REVISED AGENDA

<u>Page</u>	<u>Item</u>	<u>Action</u>
	CALL TO ORDER	
	ROLL CALL	
1	SUMMARY OF THE JUNE 30, 2010 MEETING OF THE LEGISLATIVE COUNCIL	Acceptance
	REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS	
11	▪ Executive Director's Report (Mr. Boulter)	Information
12	▪ Fiscal Report (Mr. Pennoyer)	Information
16	▪ Legislative Studies & Interim Committee Meetings (Mr. Norton)	Information
	REPORTS FROM COUNCIL COMMITTEES	
	• Personnel Committee (Speaker Pingree, Chair) (No Report)	
	• State House Facilities Committee (Rep. Piotti, Chair) (No Report)	
	• Budget Subcommittee (Senate President Mitchell, Chair) (No Report)	
	• CSG Annual Meeting Planning Subcommittee (Sen. Bartlett & Rep. Smith, Co-chairs) (Post-meeting Report)	

OLD BUSINESS

(No Action Required)

Information

NEW BUSINESS

- | | | |
|-----------|--|--------------------|
| 17 | Item #1: Memorandum of Agreement Regarding Maintenance of the Road Connecting Union and Gage Streets | Information |
| 19 | Item #2: Request from the Joint Standing Committee on Health Care Reform Opportunities and Implementation for Travel Reimbursement for Invited Presenters | Decision |
| 20 | Item #3: Request for Proposal (RFP) for VoIP Telephone System | Decision |

ANNOUNCEMENTS AND REMARKS

ADJOURNMENT

REP. HANNAH M. PINGREE
CHAIR

SEN. ELIZABETH H. MITCHELL
VICE-CHAIR

EXECUTIVE DIRECTOR
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124TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

MEETING SUMMARY
June 30, 2010

CALL TO ORDER

Legislative Council Chair, Speaker Pingree called the June 30, 2010 Legislative Council meeting to order at 1:35 P.M. in the Legislative Council Chambers.

ROLL CALL

Senators: Senate President Elizabeth Mitchell, Sen. Lisa Marraché, Sen. Kevin Raye, Sen. Jonathan Courtney
Absent: Sen. Philip Bartlett

Representatives: Speaker Hannah Pingree, Rep. Joshua Tardy [arrived shortly after the start of the meeting], Rep. Philip Curtis
Absent: Rep. John Piotti, Rep. Seth Berry

Legislative Officers: Millicent MacFarland, Clerk of the House
Michael Cote, Assistant Clerk of the House
David E. Boulter, Executive Director of the Legislative Council
Rose Breton, Legislative Finance Director
Patrick Norton, Director, Office of Policy & Legal Analysis
Grant Pennoyer, Director, Office of Fiscal and Program Review
Suzanne Gresser, Revisor of Statutes
Scott Clark, Director, Legislative Information Services

Chair Pingree convened the meeting at 1:35 P.M. with a quorum of members present.

SUMMARY OF MAY 26, 2010 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary of May 26, 2010 be accepted and placed on file. Motion by Senator Mitchell. Second by Senator Raye. **Motion passed unanimous. (6-0)**
[Representative Berry, Representative Piotti, Representative Tardy, Senator Bartlett absent for vote.]

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Executive Director's Report

David Boulter, Executive Director of the Legislative Council, reported on the following:

Women Veterans' Plaque - Update

At the May Legislative Council meeting, the council voted to authorize placement of a plaque in the Hall of Flags honoring Maine women veterans, subject to deciding on an appropriate location. The director of Maine Veterans Services, chair of the State House and Capitol Park Commission and Executive Director David Boulter met and agreed upon an appropriate and permanent location. Their recommendation will be presented by the chair of the Legislative Council Speaker Pingree who is authorized to make the final decision.

Speaker Pingree asked what location would be recommended. Mr. Boulter responded by saying that the location is the wall area that is immediately to the east of the Governor's board for gubernatorial nominations. The portrait that is now located on the wall will be relocated.

Breach in Legislative Website

The Lawmaker public bill status system was taken offline last Friday after the Office of Information Services discovered two security flaws in the Lawmaker web application. The flaws were identified when it was discovered that malware had been inserted into the Lawmaker web database. The web application is outside the legislative's firewall because it is available to the public and no other legislative programs or databases, which are protected by the firewall, were affected.

This was not a data breach and no personal data was exposed. There was no attempted or successful access to any data inside the firewall. Mr. Clark is working with the software vendor IRC to reprogram the Lawmaker web program to not only close all security flaws but also to take all necessary steps to assure its applications are security tested in the future before they are released for legislative use.

Speaker Pingree asked Mr. Clark if his office identified who had caused the issues. Mr. Clark responded, no, it was likely random. He stated that because it is a public facing website, little user access information is logged. This is quite a common type of attack on a website. Website intruders look for holes in the security and the technique they use is called SQL insertion, inserting an URL into the data. The risk is to the website user, rather than the website itself. If the users have current antivirus, anti-malware software running on their computers, it should protect them from the vulnerability.

President Mitchell asked that in light of Mr. Clark's surprise that these flaws existed that allowed malware to get into the system, whether he was directing IRC to further investigate whether any other flaws might be in the system.

Mr. Clark responded that he was surprised that IRC had not protected its application against malware intrusions of this type since they are fairly common. Mr. Clark said both IRC and his staff are reviewing the application code to identify and close all security holes. Speaker Pingree then inquired as to how the security breach was discovered. Mr. Clark responded that he received two indications of problems: the system was running slowly (because of the imbedded URL) and a member of the

public called to report apparent system issues that affected use of the bill status system. He was uncertain when the URL was imbedded but suspected it was the previous Thursday or Friday.

President Mitchell asked if the vendor will be absorbing the costs to correct the problem. Mr. Clark answered that the maintenance contract between IRC and the legislature obligates IRC to make the corrections at its expense. There has not been any discussion at this time of vendor reimbursement for legislative staff costs incurred. Mr. Clark concluded his remarks by commenting that his office will be investigating a more active monitoring system for legislative websites and perhaps purchasing third party software to help monitor the public websites, which are outside of the firewall.

Mr. Boulter concluded by saying that Mr. Clark will be speaking with the vendor and setting security standards that the legislature will find acceptable before the vendor's software applications will be accepted for legislative use. In addition, Information Services will be employing new software to scan for vulnerabilities. He noted that an internal network assessment of system vulnerabilities inside the firewall was completed last month, and except for minor issues and a hardware recommendation, the system tested out fine.

Fiscal Report

Grant Pennoyer, Director, Office of Fiscal and Program Review, reported on the following:

Revenue Update

Total General Fund Revenue - FY 2010 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
May	\$208.9	\$224.0	\$15.1	7.2%	\$214.1	4.6%
FYTD	\$2,262.3	\$2,310.5	\$48.1	2.1%	\$2,367.0	-2.4%

General Fund revenue was \$15.1 million (7.2%) over budget in May, increasing the fiscal year-to-date (FYTD) positive variance to \$48.1 million (2.1%). FYTD revenue was 2.4% below projections for the same period in FY 2009.

May's Individual Income Tax performance lead the surge in revenue coming in \$12.0 million over budget in May. Withholding payments were \$6.7 million ahead of projections and refunds fell below projections. For the FYTD, Individual Income Tax revenue was \$11.8 million ahead of projections.

Corporate Income Tax continued its positive variance with May collections coming in \$3.5 million ahead of projections and pushing the FYTD variance upward to \$19.0 million.

Sales tax collections were again ahead of projections in May and were more than \$11.8 million ahead of projections through May. Some concern remains that some of this positive variance may represent earlier spring-related sales than normal due to the weather. So far, this effect has been more than offset by other growth in taxable sales.

Areas of concern remain the Real Estate Transfer Tax revenue and Inland Fisheries and Wildlife revenue, each remained more than \$1 million under budget through May. Fine revenue fell more than \$0.5 million below budget for May. The negative variances from these sources have been more than offset by strong performances in various other

categories, such that the overall positive variance for the FYTD is expected to hold up through the end of the FY 2010.

Total Highway Fund Revenue - FY 2010 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
May	\$25.0	\$25.3	\$0.3	1.1%	\$26.3	-3.9%
FYTD	\$259.4	\$264.9	\$5.5	2.1%	\$274.3	-3.4%

Highway Fund revenue was \$0.3 million (1.1%) over budget in May, increasing the FYTD positive variance to \$5.5 million (2.1%). Highway Fund revenue through May declined by 3.4% compared to the same period in FY 2009.

The positive variance in the Fuel Tax category that had built up earlier in the fiscal year remains and represented the major contributor to the FYTD positive variance with a \$3.6 million positive variance through May. The Motor Vehicle Registration and Fee category also has performed well, largely due to a positive variance in the long-term trailer registration program, and was \$2.2 million ahead of projections through May.

Cash Balances

Recent revenue performance has benefitted Maine's cash position. In May, average balance in the total cash pool was \$448.4 million, which was almost \$130 million higher than in May of 2009 despite May 2009 having had \$115 million more in General Fund reserve balances.

Dirigo Health

The Dirigo Health Fund (DHF) has repaid all but \$5.0 million of the \$25 million General Fund cash advance that is due by June 30, 2010. The plan is to pay an additional \$0.8 million at the end of June from surplus of revenue over expenditures assuming assessments come in as projected and by continuing to cap enrollment. The remaining \$4.2 million balance at the end of June will be paid with cash that will be made available by delaying premium payment to Harvard Pilgrim until July 1st, by prior agreement with Harvard Pilgrim. The cash for the early July payment will come from the \$5 million Fund for a Healthy Maine (FHM) allocation to Dirigo Health. This early payment of FHM cash will likely necessitate earlier cash advances to the FHM from the General Fund.

Possible Year-end Surplus Distributions

Mr. Penoyer presented a table (below) that shows the possible General Fund year-end transfers assuming that the General Fund revenue surplus and other adjustments results in an increase in the unappropriated surplus of \$50 million.

Fixed Transfers

Reserve for FY 2011 Budget Stabilization Fund Transfer (PL 2009, c. 571, UUU)		(\$5,597,244)
Replenish Contingent Account up to \$350,000 (5 MRSA §1507)		(\$350,000)
Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)		(\$1,000,000)
Up to \$7 million to DOT, Railroad Assistance Program (PL 2009, c. 645, H)		(\$7,000,000)
% of Remaining Uncommitted Unappropriated Surplus	%	\$36,052,756
Transfer to Budget Stabilization Fund	35%	(\$12,618,465)
Transfer to Retirement Allowance Fund	20%	(\$7,210,551)
Transfer to Reserve for GF Operating Capital	20%	(\$7,210,551)
Transfer to Retiree Health Internal Service Fund	15%	(\$5,407,913)
Capital Construction & Improvements Reserve Fund	10%	(\$3,605,276)
		<hr/>
Total Closing Transfers		(\$50,000,000.00)

This surplus along with budgeted transfers to the Maine Budget Stabilization Fund (MBSF) could increase balances in that reserve fund by more than \$20 million. In addition, the \$7 million designated to DOT, Railroad Assistance Program was intended to accrue to the MBSF, but remains designated to Railroad Assistance despite \$7 million being directly appropriated for this purpose, due to a drafting error in the budget amendment. This error will likely be corrected in the next budget bill.

For the Highway Fund, if the unallocated surplus increases by the \$5 million revenue variance, all but \$100,000 of the increase or \$4.9 million will be transferred to the Department of Transportation for the Highway and Bridge Capital, Highway and Bridge Capital Light (Maintenance Paving) and/or Maintenance and Operations programs for capital needs.

The actual amounts to be available for General Fund and Highway Fund year-end transfers will not be finalized until late July.

Status of Legislative Studies

Mr. Norton reported on the status of legislative studies as follows.

All the appointments to the Task Force on Kinship Families have been made, the monies have been received and accepted and the staff is working with the chairs to schedule four meetings and conclude by the reporting date. The first meeting is likely to be during the first half of July.

The Health Care Reform Committee has met twice. It is authorized for five meetings. It is likely that the committee will not meet in July but will meet in August.

The Natural Resources Committee has met four times; it may not need a fifth meeting but hasn't made that decision yet.

The State and Local Government Committee has not yet scheduled meetings for the two issues it has been charged with reviewing.

The Citizen Trade Policy Commission is meeting nearly every month. It has held four meetings to date and will be meeting again in July.

The Right to Know Advisory Committee has held one meeting. It is authorized to hold at least four meetings but usually operates through subcommittees. Those subcommittees are meeting more often than the full committee.

Mr. Norton concluded his report by mentioning that at the last Legislative Council meeting there was some interest by the council members in receiving email notification of upcoming study committee meetings. He said that he utilized an "opt in" model and sent an email out indicating that if Legislative Council members wanted to continue getting emails to let him know. Several members responded, opting in and he will continue emailing out to members who responded.

REPORTS FROM COUNCIL COMMITTEES

1. Personnel Committee

Speaker Pingree, Chair of the Personnel Committee reported the Personnel Committee had met earlier that day.

She reported that the committee reviewed and unanimously approved a request by a member of the nonpartisan staff for temporary disability income benefits as provided in the council's personnel policies and guidelines. No council action is required.

2. State House Facilities Committee

(No Report)

3. Budget Subcommittee

(No Report)

4. CSG Annual Meeting Planning Subcommittee

Senator Bartlett, chair of the subcommittee was absent so there was no formal report.

Speaker Pingree asked Mr. Boulter if any new information was available on the event planning process. Mr. Boulter explained that meeting registrations have increased, with the initial number having been low. Progress has been made in developing the social program for guests. Currently planned are several bus tours for spouses and other adult guests, one to the Boothbay Harbor area, including a stop at the Coastal Maine Botanical Gardens and a second day trip to Kennebunkport for shopping. Youth programs include a trip to Portland for an evening "haunted" walk, and a day at Funtown/Splashtown in Saco. Progress in fundraising has been the most problematic. While Mr. Boulter did not have a recent update on funds raised, he indicated that CSG told him that significant fundraising still needs to occur. Mr. Boulter reminded the council members that the regional meeting will be held from Sunday, August 15th through Wednesday, August 18th, and Speaker Pingree noted that the Executive Committee will meet on Saturday, August 14th.

Speaker Pingree asked if Maine is obligated to fund the program, in light of the fund-raising difficulties. Mr. Boulter responded that CSG controls and authorizes all contracts related to the event, so it is legally responsible for those costs. However, CSG is clearly expecting the

state to fund the social programs. He said that the legislature has not provided funding to CSG but will pay registration fees for legislator attendees. In response to a question, Mr. Boulter indicated that 70 people have registered so far. Speaker Pingree invited the Legislative Council members to attend the State dinner hosted by Maine on Tuesday evening, August 17th, to have a strong showing by Leadership.

OLD BUSINESS

(There was no Old Business.)

NEW BUSINESS

ITEM #1: Alternative Legislator Salary Payment Schedule

Speaker Pingree opened the discussion by saying that Representative Stacy Dostie had approached her about her idea of paying legislators their legislative salary on a yearly basis rather than only during the session. In response, Speaker Pingree had asked the Executive Director to assess the proposal in preparation for a Council discussion on the matter. The Executive Director prepared a memo that discusses the proposal and related issues (included in the council packet).

Representative Dostie attended the Legislative Council meeting and explained that her proposal was to change the frequency of payment to Legislators but not the total amount of payment. She said that she had spoken to numerous legislators and they support her proposal. She cited the reasons why she believes a change from the current payment schedule would be beneficial:

- Budgeting ease for self-employed or retired legislators;
- Recruitment incentives for candidates to the legislature, knowing they will be paid every month; and
- Having health insurance premiums deducted from their check.

She noted that school teachers have an option to be paid monthly and so should legislators. Representative Dostie said her research suggested that over 20 states pay their legislators on a monthly basis, some biweekly and some only during the session. She cited one additional reason for being paid year-round, being that it was easier to be paid on the same schedule as other state employees.

President Mitchell asked if this approach would be more difficult for some Legislators since their legislative salary would be spread across an entire calendar year rather than during the 4-6 month legislative session. Representative Dostie acknowledged the concern and indicated this alternative pay schedule would be optional to each Legislator.

Speaker Pingree then asked Mr. Boulter to summarize his office's analysis of the proposal.

Mr. Boulter directed the Legislative Council members to the memo in the packet. He explained that initially it appeared that the presiding officers were authorized to establish any Legislator payment schedule they chose. However, upon close review it appears that current law limits that discretion to the period from convening through adjournment sine die. Under the Maine Constitution, Legislator salary must be established by law. So the first threshold that must be addressed is current law that establishes final payment at the end of each session. Mr. Boulter noted that the states mentioned by Representative Dostie as having bi-weekly or monthly salary payments to Legislators include states that have full-

time legislatures. Mr. Boulter's analysis of the number of states is limited to states having a part-time Legislature as does Maine.

Mr. Boulter explained other challenges that would have to be addressed in order to provide for an alternative payment schedule. Among those included the current payroll system operated by the State Controller and used by the legislature. It is a centralized system for payroll and according to the Controller's Office, all salary payments are on a bi-weekly basis; programming would be required to create a new system for monthly payrolls. The Controller's Office indicated that a new payroll schedule could be programmed but it strongly recommended that if a change is to be made to the payment schedule for Legislators, it apply to all Legislators - for efficiency, consistency and checks and balances.

Mr. Boulter further explained that if a year-round schedule was instituted, it would create logistical issues every second December/January when outgoing and incoming Legislators would also be paid. New positions (for payroll purposes only) would need to be created. In addition, the turnaround time to place incoming legislators in the payroll system and nonreturning Legislators out of the system after the general election is very short, resulting in a potential for additional costs and errors since little time would be available for a "dry run" payroll to verify accuracy.

How Legislator salaries are budgeted would change. Currently, their salaries are budgeted in a single fiscal year. Under Representative Dostie's proposal, salaries would have to be budgeted across two fiscal years, using estimates since one cannot determine in advance how many Legislators might want an alternative payment schedule.

Lastly, Mr. Boulter mentioned that if Legislators adopt a year round payment schedule, they will not only receive their salary payment throughout the year but also per diem and expenses when members attend committee meetings and study commission meetings during the interim. The result would be that at times, when they attended authorized meetings, Legislators would receive two payments. This could lead to a perception of legislator "double dipping."

Mr. Boulter stated that if the noted hurdles were addressed, a new system could be developed.

Speaker Pingree noted that because of the current statutory constraints, Representative Dostie's proposal cannot go forward at this time. She mentioned that Representative Dostie could introduce legislation next session that would be heard by the Joint Standing Committee on State and Local Government. She recommended that Representative Dostie stay in touch with the Legislative Council if legislation is to be pursued.

Mr. Boulter concluded by saying that he would be happy to work with Representative Dostie to draft a bill if she wants to pursue an alternative salary payment schedule.

ITEM #2: Nonpartisan Staff Study Analyzing General Fund & Other Revenue Expenditures of Programs within the Department of Education

Mr. Norton explained that the memo from Senator Alford, Rep. Sutherland and Rep. Richardson is requesting a staff study during the interim. The request is an outgrowth of a series of discussions that Senator Alford had with Dr. McCarthy who staffs the Education Committee. Because of the complexity and staff resources involved, Mr. Norton felt it was appropriate that this request come before the council for review and decision. Mr. Norton estimated that the study would require one person in OPLA and one person in OFPR. The

study is fiscally orientated, looking at all the sources of money that is received by the Department of Education and how money is spent, by program area. The General Fund funding is easier to account for than federal funding sources. Mr. Norton explained that Senator Alford, Representative Sutherland and Representative Richardson believe that the information derived from this study will help the education committee tremendously. Mr. Norton explained that the study will likely not be able to identify and account for all monies entirely because of the accounting issues. If that is the case, staff would bring recommendations on what kind of reporting changes might work in order to obtain income and expenditures in the future.

Speaker Pingree asked Mr. Pennoyer if it makes sense that the Legislature compile this information so it may understand what programs are in the Department of Education and where the funding is coming from and how it is spent.

Mr. Pennoyer agreed fully that the information would be helpful.

Speaker Pingree noted that the study does not require hiring extra staff, but it does mean a significant amount of current staff time will be required over the summer and fall to conduct a study of this complexity.

Motion: That the Legislative Council approve the request for a staff study using nonpartisan staff in the offices of Policy and Legal Analysis and Fiscal and Program Review. Motion by Representative Pingree. Second by Senator Raye. **Motion passed unanimous. (7-0)** [Representative Berry, Representative Piotti, and Senator Bartlett absent for vote.]

Senator Raye concluded this discussion by saying that he thought the staff study will be very worthwhile given that the Department of Education is such a sizable part of the state budget.

Mr. Norton noted that a staff-directed study is somewhat different than a legislative study which is directed by Legislators. For this study, he developed a work plan (a draft of which is in packet) that will serve as a roadmap for the study. Mr. Norton will establish an internal reporting deadline of November 3rd for the study which is consistent with the other reporting deadlines. In this way, the study would be completed prior to the bill drafting activities in late November and December.

Speaker Pingree concluded by saying that while the November deadline is not required, she encouraged Mr. Norton to do what needs to be done to complete the study by November.

Item #3: Executive Session

Motion: That, in accordance with 1 MRSA section 405, subsection 6, the Legislative Council enter into an executive session for the purposes of discussing collective bargaining matters between the employee representative for the Administrative Unit of Legislative Employees and the Legislative Council. Motion by Chair Pingree. Second by Senator Mitchell. **Motion passed unanimous (7-0).** [Representative Berry, Representative Piotti, and Senator Bartlett absent for vote.]

The Council recessed the meeting and entered into an executive session at 2:34 PM.

The Legislative Council adjourned its executive session, resumed its regular meeting and adjourned the Legislative Council meeting at 3:00 P.M. Motion by Senator Raye. Second by Senator Marraché. **Motion passed (7-0).** [Representative Berry, Representative Piotti, and Senator Bartlett absent for vote.]

ANNOUNCEMENTS AND REMARKS

None

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MAINE STATE LEGISLATURE
OFFICE OF THE EXECUTIVE DIRECTOR
LEGISLATIVE COUNCIL

Legislative Council

**Executive Director's Report
August 25, 2010**

1. Civil Support Team Training Exercise
On August 18, 2010, the Maine Army National Guard, in conjunction with U.S. Army North's evaluation team, conducted a Civil Support Team training and evaluation exercise in the State House. The purpose of the exercise was to evaluate the team's performance in responding to an incident where terrorist use of a harmful agent in a public building is suspected. The CST conducted an investigation of various rooms to identify the "harmful agent" and isolate it, and the team was evaluated on its response. According to the Department of Defense, Veterans and Emergency Management, an exercise such as this is essential to developing a capability in Maine to respond to an incident should one ever occur. No harmful substance was actually brought into the State House; the exercise went smoothly and was deemed a success.

2. Annual Employee Recognition Picnic
On Tuesday, September 14th, the annual recognition picnic for legislative employees will be held in Capitol Park. A picnic lunch will be provided and employees with extensive state/legislative service will be recognized. The event will be held from 11:30 AM – 1:00 PM. All members of the Legislative Council are welcomed and encouraged to attend.

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Fiscal Briefing

Legislative Council Meeting

August 25, 2010

Prepared by the Office of Fiscal & Program Review

1. Revenue Update (also see attached tables)

Total General Fund Revenue - FY 2011 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
July	\$218.0	\$216.7	(\$1.2)	-0.6%	\$223.4	-3.0%
FYTD	\$218.0	\$216.7	(\$1.2)	-0.6%	\$223.4	-3.0%

General Fund revenue was \$1.2 million (0.6%) under budget in July. However, July revenue grew by 1.7% compared to last July. FY 2011 revenue was budgeted for a modest increase of 0.7% over FY 2010 revenue.

Sales tax collections were over budget by \$1.8 million in July, continuing the recent positive experience for this category.

July's significant negative variances for the major revenue categories were the Individual Income Tax and the Cigarette and Tobacco Products Tax. Neither of these variances is a concern at this point as each largely reflects timing differences. Withholding payments seem to have recovered during the early part of August and will likely offset July's negative variance.

Some areas of concern include the Real Estate Transfer Tax, Inland Fisheries and Wildlife revenue and Health and Human Services (HHS) revenue. These revenue sources have been underperforming and may likely be adjusted downward in the next revenue forecast. HHS revenue was nearly \$1 million under budget. While some portion of this was related to Medicaid billings not being filed in July, a budget savings initiative may end up reducing targeted case management revenue to HHS.

Total Highway Fund Revenue - FY 2011 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
July	\$26.5	\$27.8	\$1.3	5.0%	\$28.1	-0.8%
FYTD	\$26.5	\$27.8	\$1.3	5.0%	\$28.1	-0.8%

Highway Fund revenue was \$1.3 million (5.0%) over budget in July. The positive variance in July still produced a decline of 0.8% compared with last July, but it is less of a decline than the 1.3% decline budgeted for all of FY 2011 Highway Fund revenue.

July's positive variance results primarily from the Fuel Tax category, which was \$1.4 million over budget. This reflects a timing issue between June and July. June's negative variance in this category was \$4.7 million. The Revenue Forecasting Committee will be watching this category carefully over the next couple of months to gauge its performance as the tax models have had difficulty predicting this category during this recession.

2. Cash Balances

Recent revenue performance and increases to General Fund reserve balances at the close of FY 2010 have benefitted Maine's cash position, such that the Treasurer indicates that he sees no immediate need for external cash flow borrowing.

General Fund reserve balances increased from \$0.2 million at the close of FY 2009 to \$36.6 million (\$25.4 million in the Budget Stabilization Fund (MBSF) and \$11.2 in the Working Capital Reserve). An additional \$2.5 million in FY 2011 is budgeted to be transferred to the MBSF.

Fiscal Briefing (continued)

3. FY 2010 Year-end Surplus Distributions

Presented below is a table that shows the General Fund year-end transfers (aka "The Cascade") based on a General Fund revenue surplus and other accounting adjustments totaling \$70.0 million.

FY 2010 Year-end Summary - General Fund Surplus		
General Fund Revenue Variance		
Actual Revenue		\$2,755,682,500
Less Final Budgeted Revenue		(\$2,693,005,389)
Sub-total Revenue Variance		\$62,677,111
Lapsed Balances		
Total Lapsed Balance from State Controller's Report		\$29,404,139
Less Budgeted Lapsed Balances		(\$24,143,701)
Sub-total - Lapsed Balances		\$5,260,438
Other Accounting Adjustments Increasing (Decreasing) Unappropriated Surplus		\$2,085,482
Increase in Uncommitted Unappropriated Surplus		\$70,023,030
FY 2010 Closing Transfers/"Cascade"		
Fixed Dollar Transfers		
Reserve for Budget Stabilization Fund transfer (PL 2009, c. 571, UUU and c. 645, H)		(\$5,597,244)
Replenish Contingent Account up to \$350,000 (5 MRSA §1507)		(\$350,000)
Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)		(\$1,000,000)
Transfer to Dept. of Transportation's Railroad Assistance Program (PL 2009, c. 645, H) ¹		(\$7,000,000)
Percentage Transfers - Remaining Uncommitted Unappropriated Surplus		\$56,075,786
Maine Budget Stabilization Fund	35%	(\$19,626,525)
Retirement Allowance Fund	20%	(\$11,215,157)
Reserve for General Fund Operating Capital	20%	(\$11,215,157)
Retiree Health Internal Service Fund	15%	(\$8,411,368)
Capital Construction & Improvements Reserve Fund	10%	(\$5,607,579)
Total Closing Transfers		(\$70,023,030)
Notes:		
¹ Transfer in PL 2009, c. 645, Part H was intended to be reserved in the Maine Budget Stabilization Fund, but a drafting error left it dedicated to Railroad Assistance Program despite change to an actual appropriation of \$7,000,000 in Part H, section 7.		

For the Highway Fund, the unallocated surplus increased by the \$4.2 million revenue variance, all but \$100,000 of the increase or \$4.1 million was transferred to the Department of Transportation for the Highway and Bridge Capital Light program (Maintenance Paving) as an adjustment to Highway Fund allocations in FY 2011.

**General Fund and Highway Fund Revenue
Fiscal Year Ending June 30, 2011
Reflecting Final Budgeted Amounts**

JULY 2010 REVENUE VARIANCE REPORT

Revenue Line	July '10 Budget	July '10 Actual	July '10 Variance	FY11 YTD Budget	FY11 YTD Actual	FY11 YTD Variance	FY11 YTD Variance %	FY11 Budgeted Totals
General Fund								
Sales and Use Tax	87,076,471	88,849,681.16	1,773,210.16	87,076,471	88,849,681.16	1,773,210.16	2.0%	904,850,262
Service Provider Tax	4,702,108	4,802,558.05	100,450.05	4,702,108	4,802,558.05	100,450.05	2.1%	57,814,486
Individual Income Tax	98,558,300	98,048,927.54	(509,372.46)	98,558,300	98,048,927.54	(509,372.46)	-0.5%	1,326,790,000
Corporate Income Tax	9,161,218	9,153,533.13	(7,684.87)	9,161,218	9,153,533.13	(7,684.87)	-0.1%	158,786,702
Cigarette and Tobacco Tax	14,148,247	13,022,532.71	(1,125,714.29)	14,148,247	13,022,532.71	(1,125,714.29)	-8.0%	137,744,579
Insurance Companies Tax	933,519	426,113.98	(507,405.02)	933,519	426,113.98	(507,405.02)	-54.4%	71,990,000
Estate Tax	2,243,127	2,688,306.48	445,179.48	2,243,127	2,688,306.48	445,179.48	19.8%	31,739,004
Other Taxes and Fees	10,826,391	10,302,962.77	(523,428.23)	10,826,391	10,302,962.77	(523,428.23)	-4.8%	148,117,322
Fines, Forfeits and Penalties	2,741,467	2,650,538.51	(90,928.49)	2,741,467	2,650,538.51	(90,928.49)	-3.3%	30,816,261
Income from Investments	0	5.33	5.33	0	5.33	5.33	N/A	275,045
Transfer from Lottery Commission	5,003,301	4,750,649.03	(252,651.97)	5,003,301	4,750,649.03	(252,651.97)	-5.0%	52,034,250
Transfers to Tax Relief Programs	(649,273)	(213,267.86)	436,005.14	(649,273)	(213,267.86)	436,005.14	67.2%	(112,087,945)
Transfers for Municipal Revenue Sharing	(13,135,301)	(13,070,193.02)	65,107.98	(13,135,301)	(13,070,193.02)	65,107.98	0.5%	(89,213,027)
Other Revenue	(3,620,148)	(4,669,853.17)	(1,049,705.17)	(3,620,148)	(4,669,853.17)	(1,049,705.17)	-29.0%	54,258,021
Totals	217,989,427	216,742,494.64	(1,246,932.36)	217,989,427	216,742,494.64	(1,246,932.36)	-0.6%	2,773,914,960
Highway Fund								
Fuel Taxes	17,191,332	18,579,238.06	1,387,906.06	17,191,332	18,579,238.06	1,387,906.06	8.1%	214,525,466
Motor Vehicle Registration and Fees	8,168,123	8,292,138.86	124,015.86	8,168,123	8,292,138.86	124,015.86	1.5%	78,719,414
Inspection Fees	329,135	444,098.00	114,963.00	329,135	444,098.00	114,963.00	34.9%	3,897,299
Fines, Forfeits and Penalties	183,529	127,807.68	(55,721.32)	183,529	127,807.68	(55,721.32)	-30.4%	1,745,049
Income from Investments	0	0.00	0.00	0	0.00	0.00	N/A	32,446
Other Revenue	653,545	404,292.82	(249,252.18)	653,545	404,292.82	(249,252.18)	-38.1%	8,146,695
Totals	26,525,664	27,847,575.42	1,321,911.42	26,525,664	27,847,575.42	1,321,911.42	5.0%	307,066,369

Comparison of Actual Year-to-Date Revenue Through July of Each Fiscal Year

REVENUE CATEGORY	FY 2007	% Chg	FY 2008	% Chg	FY 2009	% Chg	FY 2010	% Chg	FY 2011	% Chg
GENERAL FUND										
Sales and Use Tax	\$93,534,191.99	1.7%	\$96,425,943.06	3.1%	\$98,337,702.41	2.0%	\$86,043,221.23	-12.5%	\$88,849,681.16	3.3%
Service Provider Tax	\$4,102,139.88	12.8%	\$4,269,329.99	4.1%	\$4,601,685.31	7.8%	\$4,394,493.00	-4.5%	\$4,802,558.05	9.3%
Individual Income Tax	\$91,540,695.33	12.2%	\$95,539,504.76	4.4%	\$113,031,238.18	18.3%	\$106,615,517.25	-5.7%	\$98,048,927.54	-8.0%
Corporate Income Tax	\$10,487,769.39	59.6%	\$7,127,700.88	-32.0%	\$7,378,233.41	3.5%	\$9,859,328.15	33.6%	\$9,153,533.13	-7.2%
Cigarette and Tobacco Tax	\$14,563,501.15	55.0%	\$14,365,548.31	-1.4%	\$14,589,036.35	1.6%	\$14,971,856.80	2.6%	\$13,022,532.71	-13.0%
Insurance Companies Tax	\$325,410.48	-55.8%	\$1,787,969.51	449.5%	\$1,319,438.27	-26.2%	\$714,195.82	-45.9%	\$426,113.98	-40.3%
Estate Tax	\$2,017,602.79	-77.4%	\$2,017,093.52	0.0%	\$2,699,799.97	33.8%	\$2,712,654.07	0.5%	\$2,688,306.48	-0.9%
Other Taxes and Fees	\$12,372,764.22	18.9%	\$9,296,139.75	-24.9%	\$11,041,964.93	18.8%	\$11,936,155.93	8.1%	\$10,302,962.77	-13.7%
Fines, Forfeits and Penalties	\$2,748,132.88	-0.5%	\$1,708,484.92	-37.8%	\$4,140,982.04	142.4%	\$3,559,631.22	-14.0%	\$2,650,538.51	-25.5%
Earnings on Investments	\$61.67	-98.5%	\$27,352.24	44252.6%	\$4,964.14	-81.9%	\$217.97	-95.6%	\$5.33	-97.6%
Transfer from Lottery Commission	\$4,170,265.27	5.5%	\$4,359,853.37	4.5%	\$4,258,950.93	-2.3%	\$3,757,517.09	-11.8%	\$4,750,649.03	26.4%
Transfers to Tax Relief Programs	(\$711,441.36)	-627.0%	(\$782,282.82)	-10.0%	(\$681,132.46)	12.9%	(\$604,496.39)	11.3%	(\$213,267.86)	64.7%
Transfers for Municipal Revenue Sharing	(\$10,146,621.11)	-8.3%	(\$10,331,589.99)	-1.8%	(\$11,356,054.06)	-9.9%	(\$25,324,768.67)	-123.0%	(\$13,070,193.02)	48.4%
Other Revenue	(\$2,600,448.80)	-21.9%	(\$2,560,567.99)	1.5%	(\$2,045,885.99)	20.1%	(\$5,542,982.58)	-170.9%	(\$4,669,853.17)	15.8%
TOTAL GENERAL FUND REVENUE	\$222,404,023.78	6.7%	\$223,250,479.51	0.4%	\$247,320,923.43	10.8%	\$213,092,540.89	-13.8%	\$216,742,494.64	1.7%
HIGHWAY FUND										
Fuel Taxes	\$20,682,151.50	16.6%	\$18,682,142.91	-9.7%	\$17,728,062.23	-5.1%	\$19,075,244.52	7.6%	\$18,579,238.06	-2.6%
Motor Vehicle Registration and Fees	\$6,613,980.83	0.9%	\$6,206,512.71	-6.2%	\$6,326,454.89	1.9%	\$7,925,672.58	25.3%	\$8,292,138.86	4.6%
Inspection Fees	\$365,218.86	-10.4%	\$421,379.50	15.4%	\$343,952.70	-18.4%	\$246,915.50	-28.2%	\$444,098.00	79.9%
Fines	\$135,942.08	N/A	\$0.00	-100.0%	\$137,274.56	N/A	\$163,529.48	19.1%	\$127,807.68	-21.8%
Income from Investments	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A	\$0.00	N/A
Other Revenue	\$549,277.49	-28.7%	\$504,917.94	-8.1%	\$654,038.21	29.5%	\$653,630.16	-0.1%	\$404,292.82	-38.1%
TOTAL HIGHWAY FUND REVENUE	\$28,346,570.76	11.3%	\$25,814,953.06	-8.9%	\$25,189,782.59	-2.4%	\$28,064,992.24	11.4%	\$27,847,575.42	-0.8%

Interim 2010 Legislative Studies and Interim Committee Meetings

Updated August 24, 2010

Study Name	Meetings Authorized	Meetings Held This Year	Next Meeting Date	Report Date	Chairs	Status
Task force on kinship families (Resolve 136)	4 meetings	1	9/7/2010	11/3/2010	Sen. Craven; Rep. Jones	
Joint Select Committee on Health Care Reform (HP 1262)	5 meetings	2	9/21/10 10/5/10 10/19/10	11/3/2010	Sen. Brannigan; Rep. Treat	Additional funding request included under "new business"
ACF committee to discuss report on milk handling fees (Resolve 183)	2 meetings	0	Not scheduled	12/1/2010	Sen. Nutting; Rep. Pieh	
AFA Committee	Monthly	3	8/30; 9/16; 10/28; 11/18	No report required	Sen. Diamond; Rep. Cain	
EDU committee meetings on MaineCare Rules relating to CDS (PL 571, Part ZZZ)	2 meetings	1	Not scheduled	10/1/2010	Sen. Alford; Rep. Sutherland	
LVA committee review of slot machine revenues (PL 571, Part FFF)	4 meetings	1	9/27/2010	11/3/2010	Sen. Sullivan; Rep. Trinward	
NAT committee study of solid waste and hot mix asphalt plant emissions	5 meetings	4	Finished work	11/3/2010	Sen. Goodall; Rep. Duchesne	Completed its work
OPLA/OFPR staff study of DOE program funding	N/A	N/A	On-going	11/3/2010	OPLA/OFPR staff	
SLG committee study of APA rulemaking process (Resolve 207)	Up to 3 meetings	0	9/9/2010	11/3/2010	Sen. Simpson; Rep. Beaudette	First meeting requested for 9/9/10
SLG meeting with AFA regarding SPO reorganization (PL 571, Part JJJJ)	1 meeting	0	Not scheduled	No report required	Sen. Simpson; Rep. Beaudette	

On-going Legislative Studies

Study Name	Meetings Authorized	Meetings Held This Year	Next Meeting Date	Report Date	Chairs	Status
Citizen Trade Policy Commission (PL 2003, c. 699)	At least 2 per year	5	9/17/2010	12/2/2010	Sen. Jackson; Rep. Rotundo	
Legislative Youth Advisory Council (3 MRSA, section 168-A)	2 per year	0	Not planning to meet until early 2011	2/1/2012	Sen. Sullivan; Rep. Hayes	Legislative members are trying to arrange to meet on 8/25/10 for a planning meeting
Right to Know Advisory Committee (PL 2005, c. 631)	At least 4 times annually	1	9/23/10; 10/21/10; 11/18/10	1/15 annually to JUD, Governor and Chief Justice	Sen. Hobbins	1 full committee meeting so far. Legislative subcommittee has met 3 times with a fourth meeting on 8/30. Bulk records subcommittee has met once

MEMORANDUM OF AGREEMENT
REGARDING
MAINTENANCE
of the
ROAD CONNECTING UNION AND GAGE STREETS

THIS AGREEMENT is made this 10th day of May, 2010, between and among the **MAINE STATE LEGISLATURE**, acting through its **LEGISLATIVE COUNCIL**, (the "Legislature"), the **MAINE DEPARTMENT OF TRANSPORTATION** ("MaineDOT") and the **CITY OF AUGUSTA** (the "City").

WHEREAS, Capitol Park in the City of Augusta, Maine is owned by the State of Maine and is under the jurisdiction of the Legislature, specifically the Legislative Council, pursuant to Title 3 of the Maine Revised Statutes, Section 902-A ; and

WHEREAS, in 1978 MaineDOT constructed a road across the easterly end of Capitol Park, connecting the easterly end of Union Street with the southerly end of Gage Street for a distance of 0.13 mile (the "Connector Road"); and

WHEREAS, in 1984 MaineDOT designated the entire loop of public roads around Capitol Park, including Union Street, the Connector Road and Gage Street as State Aid Highway #14; and

WHEREAS, in 2006, the Connector Road, along with Union Street, was rebuilt under a Local Project Agreement between the City and MaineDOT, under which the City agreed to assume responsibility for all maintenance of the Connector Road upon completion of the construction project; and

WHEREAS, the parties now wish to memorialize their respective responsibilities with regard to the Connector Road.


NOW THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. The Legislature maintains its jurisdiction over Capitol Park including that portion upon which the Connector Road is constructed, pursuant to Title 3 of the Maine Revised Statutes, Section 902-A;
2. MaineDOT will remove the "State Aid Highway #14" designation of the Connector Road (and Union Street and Gage Street) whereupon it will be designated a "Local/Townway." The Legislature takes no position with respect to the removal of the "State Aid Highway #14" designation. This change in designation is for the purpose of authorizing city jurisdiction for road maintenance purposes only and is not intended to convey any title, right or interest in the road or the land upon which it is built;
3. The City will provide year-round maintenance and repair of the Connector Road, including curbing, drainage and adjacent sidewalks to maintain it in good repair and safe condition; and

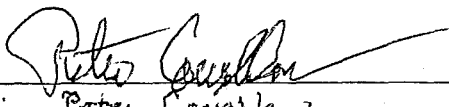
4. Any capital improvement to the Connector Road or appurtenances that would result in encroachment into any area under the jurisdiction of the Legislature requires the submission of a proposed plan for improvement by the requesting party to the State House and Capitol Park Commission c/o the Executive Director of the Legislative Council and written approval from the Legislature prior to commencement of the capital improvement.

IN WITNESS WHEREOF, parties have set their hands and seals on the date above written by their duly authorized representatives.

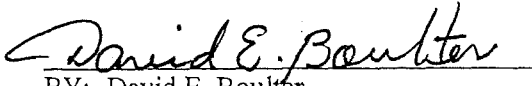
CITY OF AUGUSTA


BY: William Bridgeo
Its City Manager

MAINE DEPARTMENT OF
TRANSPORTATION


BY: Peter Loughlan
Its: Director, Community Services Div.

MAINE LEGISLATIVE COUNCIL


BY: David E. Boulter
Its Executive Director

7/7/2010

SENATE

JOSEPH C. BRANNIGAN, CHAIR
MARGARET M. CRAVEN
JUSTIN L. ALFOND
KEVIN L. RAYE
EARLE L. MCCORMICK

COLLEEN MCCARTHY REID, LEGISLATIVE ANALYST
CHRISTOPHER W. NOLAN, LEGISLATIVE ANALYST



HOUSE

SHARON ANGLIN TREAT, CHAIR
EMILY A. CAIN
ELIZABETH S. MILLER
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LINDA S. SANBORN
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WESLEY E. RICHARDSON
MEREDITH N. STRANG BURGESS
LESLIE T. FOSSEL

STATE OF MAINE

ONE HUNDRED AND TWENTIETH-FOURTH LEGISLATURE

JOINT SELECT COMMITTEE ON HEALTH CARE REFORM
OPPORTUNITIES AND IMPLEMENTATION

July 15, 2010


The Honorable Hannah M. Pingree
Chair of the Legislative Council
The Honorable Elizabeth H. Mitchell
Vice-Chair of the Legislative Council
124th Legislature
115 State House
Augusta, Maine 04333-0115


Re: Request for travel reimbursement for September meeting

Dear Madam Speaker and Madam President:

The Joint Standing Committee on Health Care Reform Opportunities and Implementation requests authorization for up to \$750 to be used for reimbursement of travel expenses for two speakers invited to make presentations on the topic of health insurance exchanges at our September meeting. One speaker, Terry Gardiner, the National Policy Director for the Small Business Majority, an organization based in Washington, D.C., will speak on the small business perspective. The other speaker, Michael Miller, the Policy Director for Community Catalyst, an organization based in Boston, Massachusetts, will speak on the individual perspective.

Thank you for consideration of this request.


Senator Joseph C. Brannigan
Senate Chair


Representative Sharon Anglin Treat
House Chair

cc: David Boulter, Executive Director, Legislative Council
Patrick Norton, Director, Office of Policy and Legal Analysis

DAVID E. BOULTER
EXECUTIVE DIRECTOR
OF THE LEGISLATIVE COUNCIL



MAINE STATE LEGISLATURE

OFFICE OF THE EXECUTIVE DIRECTOR
LEGISLATIVE COUNCIL

Memo

To: Legislative Council Members
From: ^{D.B.} David E. Boulter, Director
Date: August 19, 2010
Subject: Option for new, cost-effective telephone service for Legislature

The telephone system currently in use in the legislature is a Centrex system, an analog system that utilizes 30 year old technology. In its day the system was the system of choice for many state offices and provided adequate telephone system with the then advanced feature of voicemail. Since the 1980s when the system was first installed, telecommunications technologies have advanced dramatically, and now utilize digital and Internet-based systems that encompass a variety of advanced user's features that help people connect and communicate electronically. Although the legislature has not done so, many, though not all, state offices have long since migrated away from the Centrex telephone systems. More than a decade ago, the legislature considered switching to a newer telecommunications system but chose not to so in part because it wanted to retain its current telephone numbers.

The legislature has about 400 telephones in service and pays \$35.00 per phone per month to the Executive Branch's Office of Information Technology (OIT) for phone service. OIT plans to reduce its per phone user charge this year to \$30.00 per month. Although a rate reduction is welcome, the changing technology in telecommunications systems provides the legislature with an excellent opportunity to save much more substantially on telephone service costs while having access to a modern telephone system. The legislature's Office of Information Services is replacing and upgrading several key pieces of equipment in the legislature's network infrastructure. By doing this, the legislature may now take advantage of new telecommunications systems that would not have been supported by its network had the equipment changes not been made.

LIS Director Scott Clark has researched new telecommunications systems extensively and had concluded that a telephone system that utilizes Voice over IP (VoIP) appears to be both well suited for legislative use and affordable. VoIP utilizes technology that allows voice and data communications reliably over the Internet. VoIP systems have been in use for a number of years so VoIP is no longer experimental technology. In addition, there are numerous VoIP service providers that should allow purchase of a system to be competitively bid. Scott has spoken with potential vendors and reviewed infrastructure requirements as well as advanced phone features. Based on his initial research, Scott estimates that the legislature may be able to save 25-50% in telephone charges, up to \$70,000 annually. To determine initial start-up and on-going costs more precisely, he will need to work closely with vendors regarding specific phones, features, security, reliability and other performance measures. Beyond what appear to be very significant savings over the long term, installation of a VoIP system

would allow the legislature to take advantage of unified communications such as the ability to move services from phone to phone and integrate phone service, voice-mail, visual voicemail, email and computer systems. In addition, the legislature can retain its telephone numbers if it so chooses.

In making his initial assessment, Scott was mindful that telephone service remains extremely important to the legislature as a means of communication, including to the public and that cost savings should not come at the expense of quality of service or convenience. Scott is convinced that the legislature would be well served by pursuing a VoIP telephone system at least through a vendor proposal stage so the Legislative Council can assess in directly comparable terms the advantages, and disadvantages, if any, of migrating to a modern telephone system.

For these reasons, Scott and I request that the Legislative Council authorize the issuance of a "Request for Proposal" to solicit proposals from qualified firms for providing VoIP service to the legislature. This will allow the council to fully assess the feasibility of moving to a VoIP system. The RFP process will solicit bids but it would not require the Legislative Council to purchase a VoIP system if it felt the system would not be the best for the legislature or would not be sufficiently cost-effective. If the Legislative Council authorizes the issuance of an RFP, the bid results would be reported back to the Legislative Council. If the council wanted to pursue the proposal to the next step at that time, Scott would work with the council and involve key staff across the organization to review system specifications and features to ensure the final recommendation to the council is the right one. If the Legislative Council eventually accepts a recommendation to migrate from the Centrex to a VoIP telephone system, the project would not occur until the 2011 interim in order to minimize any disruption to legislative operations.

Scott will be available at the Legislative Council meeting to provide additional information and answer any questions you may have.

Thank you.

Scott Clark, LIS Director

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