

MAINE STATE LEGISLATURE

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



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

SEN. KEVIN L. RAYE
CHAIR

REP. ROBERT W. NUTTING
VICE-CHAIR

EXECUTIVE DIRECTOR
DAVID E. BOULTER



SEN. JONATHAN T. E. COURTNEY
SEN. BARRY J. HOBBINS
SEN. DEBRA D. PLOWMAN
SEN. JUSTIN L. ALFOND
REP. PHILIP A. CURTIS
REP. EMILY ANN CAIN
REP. ANDRE E. CUSHING III
REP. TERRY HAYES

125TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

MEETING OF LEGISLATIVE COUNCIL
JANUARY 27, 2011
1:30 PM
AGENDA

<u>Page</u>	<u>Item</u>	<u>Action</u>
	CALL TO ORDER	
	ROLL CALL	
1	SUMMARY OF THE DECEMBER 17, 2010 MEETING OF THE LEGISLATIVE COUNCIL	Acceptance
	REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS	
7	▪ Executive Director's Report (Mr. Boulter)	Information
8	▪ Fiscal Report (Mr. Pennoyer)	Information
	▪ Legislative Studies & Interim Committee Meetings (No Report)	Information
	REPORTS FROM COUNCIL COMMITTEES	
	• Personnel Committee Reappointment of John R. Barden as Director of Law and Legislative Reference Library Reappointment of Beth Ashcroft as Director of OPEGA	Decision
13	• State House Facilities Committee Consideration of Increased Security in State House (Additional materials will be sent under separate cover)	Decision

OLD BUSINESS

Item #1: Council Actions Taken By Ballot (No Action Required)

List of actions December 2, 2010 meeting.

(NONE)

NEW BUSINESS

- | | | |
|----|---|-----------------------|
| 46 | Item #1: Consideration of After Deadline Bill Requests | Roll Call Vote |
| | | |
| 48 | Item #2: Establish Date for 2011 Youth in Government Program
(November 18-20, 2011) Request by State YMCA of Maine | Decision |
| | | |
| | Item #3: Potential For Broadcasting Legislative Sessions via Cable Television
(President Raye) | Discussion |
| | | |
| 49 | Item #4: Request to Open the State House to Public on Saturdays
(Request by Office of the Governor) | Decision |
| | | |
| 52 | Item #5: Payment of CSG/ERC 2010 Annual Meeting Expenses | Decision |
| | | |
| 53 | Item #6: 2010 Annual Report of Midcoast Regional Development Authority
(Partial Report – Full Report available upon request) | Acceptance |
| | | |
| 61 | Item #7: Maine State Planning Office: 2011 Report on Poverty | Acceptance |
| | | |
| | Item #8: Collective Bargaining Matters [Executive Session] | |

ANNOUNCEMENTS AND REMARKS

ADJOURNMENT

SEN. KEVIN L. RAYE
CHAIR

REP. ROBERT W. NUTTING
VICE-CHAIR

EXECUTIVE DIRECTOR
DAVID E. BOULTER



SEN. JONATHAN T. E. COURTNEY
SEN. BARRY J. HOBBS
SEN. DEBRA D. PLOWMAN
SEN. JUSTIN L. ALFOND
REP. PHILIP A. CURTIS
REP. EMILY ANN CAIN
REP. ANDRE E. CUSHING III
REP. TERRY HAYES

125TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

MEETING SUMMARY
December 17, 2010

CALL TO ORDER

Legislative Council Chair, Senate President Raye called the December 17, 2010 Legislative Council meeting to order at 1:13 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators: President Kevin Raye, Senator Courtney, Senator Alfond, Senator Plowman (arrived shortly after the start of the meeting)

Absent: Senator Hobbins

Representatives: Speaker Nutting, Representative Curtis, Representative Cushing, Representative Cain, Representative Hayes

Legislative Officers: Joseph Carlton, Secretary of the Senate
Heather Priest, Clerk of the House
David E. Boulter, Executive Director of the Legislative Council
Rose Breton, Legislative Finance Director
Debra Olken, Human Resources 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 Technology
John Barden, Director, Law and Legislative Reference Library

Senate President Raye convened the meeting at 1:13 P.M. with a quorum of members present.

SUMMARY OF NOVEMBER 10, 2010 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary of November 10, 2010 be accepted and placed on file.
Motion by Senator Courtney. Second by Representative Cushing. **Motion passed unanimous.**
(8-0) [Senator Plowman and Senator Hobbins absent.]

SUMMARY OF DECEMBER 2, 2010 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary of December 2, 2010 be accepted and placed on file. Motion by Senator Courtney. Second by Representative Cain. **Motion passed unanimous. (8-0)** [Senator Plowman and Senator Hobbins absent.]

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Executive Director's Report

Mr. Boulter noted that several errors that appeared in the Legislative Council's Preliminary Agenda and packet were corrected in the Revised Agenda and packet, including those in the meeting summaries.

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

Committee Chairs Orientation

As part of the Legislative Council's orientation programs for the 125th Legislature, a day-long orientation session is being planned for committee chairs in early January. The presiding officers will establish the exact date the session will be held. [Subsequently scheduled for January 4, 2011]

Economic Development Bus Tour

Also as part of the Legislative Council's orientation programs for the 125th Legislature, the Maine Development Foundation (MDF) has arranged for an economic development bus tour of the mid-coast and Down East areas of Maine for all interested legislators. The bus tour will take place from Wednesday, January 12, 2011 through Friday, January 14, 2011. Bus tour registration is through MDF; seating remains available.

Fiscal Report

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

Revenue Update

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

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
November	\$206.7	\$217.5	\$10.8	5.2%	\$201.8	7.8%
FYTD	\$978.6	\$1,046.1	\$67.5	6.9%	\$964.7	8.4%

General Fund revenue was \$10.8 million (5.2%) over budget in November. For the first 5 months of FY 2011, the General Fund revenue was above budget by \$67.5 million (6.9%) and reflected growth over the same period in FY 2010 of 8.4%. The variances do not yet reflect the December 2010 revenue revisions that increased General Fund revenue estimates in FY 2011 by \$111.6 million. The 8.4% growth rate over FY 2010 for the first 5 months of FY 2011 compares very favorably to the revised growth rate of FY 2011 of 4.7% based on the December revenue revisions.

Individual Income Tax revenues were ahead of budget by \$8.6 million in November and \$28.9 million for the first 5 months of the FY 2011. The Revenue Forecasting Committee (RFC) revised Individual Income Tax estimates upward by \$43.3 million for FY 2011 in its December forecast. The variance noted based on the prior forecast reflects roughly 2/3 of

the revision for FY 2011. Individual Income Tax performance appears to be doing well compared to the revised forecast with a growth rate of 7.4% for the first 5 months, well ahead of the 5.6% growth rate projected for FY 2011 in the revised forecast.

The other major adjustment in the recent revenue forecast was in the Corporate Income Tax. Although it was close to budget in November based on the prior forecast, its positive variance for the first 5 months of FY 2011 was \$26.9 million. That variance, as with the Individual Income Tax, represents roughly 2/3 of the increase for this category in the December revenue forecast. The RFC increased Corporate Income Tax revenue projections by \$41.7 million and projected an annual growth rate of 14.4% for FY 2011. The actual growth rate for the first 5 months of FY 2011 in the Corporate Income Tax was 53.9%.

The third largest revenue revision for FY 2011 in the December forecast was for the Estate Tax, which was increased by \$11.2 million, largely due to a significant estate tax payment received in October of nearly \$6 million. Although the Estate Tax fell below the prior forecast in November, significant variances in collections from month to month are not uncommon and revenues remained ahead of the prior forecast by \$7.2 million through November.

Other significant General Fund revenue revisions for the current fiscal year were for the Cigarette and Tobacco Tax and Insurance Companies Tax at \$8.5 million and \$4.8 million, respectively. The growth rate of Cigarette and Tobacco Tax revenue at 0.2% for the first 5 months of FY 2011 is better than the RFC's projected decline for the fiscal year of 1.9%.

November's performance for the other General Fund revenue categories does not provide any indication of significant variances from the revised forecast. Most of the variances will be addressed when the new monthly forecast is developed based on the December revenue forecast.

Highway Fund Revenue Update

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

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
November	\$26.3	\$27.4	\$1.0	4.0%	\$27.1	0.9%
FYTD	\$110.9	\$117.3	\$6.4	5.7%	\$115.8	1.3%

Highway Fund revenue was over budget by \$1.0 million (4.0%) in November and \$6.4 million for the first 5 months of FY 2011 based on the revenue forecast prior to the December forecast. The December revenue forecast increased Highway Fund revenue estimates in FY 2011 by \$0.7 million and projected a decline for FY 2011 of 1.1%. Highway Fund revenue performance through November that reflected a positive growth rate of 1.3% is encouraging.

November's positive performance relative to the forecast was spread out across all revenue categories with the exception of the fine revenue, which was revised downward in the December revenue forecast.

Cash Balances

The average total cash pool balance for November was more than \$200 million higher than one year ago and for the first time in years was above the historical average for November of \$522.0 million (November 2001 to 2009). Average cash balances have shown improvement in all of the groups below. General Fund internal borrowing is more than \$60 million less than a year ago.

Summary of Treasurer's Cash Pool		
November Average Daily Balances		
Millions of \$'s		
	2009	2010
General Fund (GF) Total	(\$0.6)	\$34.6
General Fund (GF) Detail:		
Budget Stabilization Fund	\$0.2	\$25.4
Reserve for Operating Capital	\$0.0	\$11.2
Tax Anticipation Notes	\$0.0	\$0.0
Internal Borrowing	\$242.6	\$180.0
Other General Fund Cash	(\$243.4)	(\$182.0)
Other Spec. Rev. - Interest to GF	(\$45.2)	\$20.7
Other State Funds - Interest to GF	\$10.8	\$13.0
Highway Fund	\$18.9	\$56.9
Other Spec. Rev. - Retaining Interest	\$47.2	\$55.3
Other State Funds	\$184.5	\$229.5
Independent Agency Funds	\$107.5	\$116.0
Total Cash Pool	\$323.1	\$526.0

Status of Legislative Studies

Mr. Norton reported that the remaining legislative studies were all on target for completion by their reporting date with the exception of two that are in production. He noted the following studies updates:

With the exception of two reports that are in production, meetings of the study committees have concluded and the studies have been completed and are available online. The two exceptions are the LVA Committee study and the Joint Select Committee on Health Care Reform. The Right to Know Advisory Committee report is due by January 15th and is being finalized. The Natural Resources Committee's Study on Solid Waste and Hot Mix Asphalt Plant Emissions has now been finalized and the study report is available.

REPORTS FROM COUNCIL COMMITTEES

1. Personnel Committee

(No report; committee members not yet appointed)

2. State House Facilities Committee

(No report; committee members not yet appointed)

OLD BUSINESS

ITEM 1: Legislative Council Actions Taken by Ballot

There were no Legislative Council actions taken by ballot since its December 2, 2010 meeting. No further action by the Legislative Council is required.

NEW BUSINESS

Item #1: Report of the Commissioner, Department of Professional and Financial Regulation Directing the Department of Professional and Financial Regulation to Study Residential Contractor Licensing, December 8, 2010

Mr. Boulter reported that the Report of the Commissioner, Department of Professional and Financial Regulation was submitted to the Legislative Council for information purposes only; no Legislative Council action was required.

Item #2: Final Report of the Legal and Veterans' Affairs Committee Review of Slot Machines, December 2010

Motion: That the Legislative Council accept the Final Report of the Legal and Veterans' Affairs Committee Review of Slot Machines and place it on file. Motion by Senator Courtney. Second by Senator Alfond. **Motion passed unanimous. (9-0)** [Senator Hobbins absent.]

Item #3: Schedule for Legislative Office Closure Days for Balance of FY11

Mr. Boulter explained that during the remainder of FY11, many Executive departments and agencies in state government will close one day a month ("office closure or "shutdown" day) as a budget savings measure, with employees being unpaid for that day. Judicial Branch employees are not required to take shutdown days. The Legislative Branch has taken shutdown past during the past fiscal year. The Executive Branch grants exceptions to shutdown days to various state agencies based on operational needs. Mr. Boulter explained his memo that lays out the Executive Branch office closure day schedule for the remainder of FY11.

Speaker Nutting suggested that adoption of an office closure schedule should include a provision that the presiding officers may adjust the schedule if necessary based on the legislative schedule and workload. Rep. Cain asked if the office closure schedule applies to legislators or staff. Mr. Boulter stated that it applies to legislative employees.

Rep. Cushing noted that the State Archives may have scheduled a Civil War sesquicentennial event for the scheduled shutdown day in April 2011. President Raye supported the suggestion that the presiding officers have some latitude with respect to legislative office closures. Rep. Cain asked if the changes to the schedule would require further Legislative Council action. Sen. Courtney suggested that the presiding officers could handle any schedule changes in a reasonable manner.

Motion: That the Legislative Council adopt a schedule for Legislative Branch office closure days for the balance of FY11 that is consistent with the schedule for Executive Branch offices, as described in the Executive Director's memo with the condition that the Legislative Council delegates authority to the presiding officers to adjust the schedule if the needs of the Legislature

require it. Motion by Senator Courtney. Second by Senator Alfond. **Motion passed unanimous. (9-0)** [Senator Hobbins absent.]

ANNOUNCEMENTS AND REMARKS

Representative Cushing requested that the Legislative Council agenda be delivered to Legislative Council members electronically. Mr. Boulter responded that this is now being done routinely.

The Legislative Council meeting was adjourned at 1:33 P.M. on a motion by Representative Curtis, seconded by Representative Cushing, **unanimous (9-0)**.

G:\Council\125th Legislative Council\Summary\December 17\Meeting Summary for 2010-12-17.doc (1/5/2011 3:18:00 PM)

SEN. KEVIN L. RAYE
CHAIR

REP. ROBERT W. NUTTING
VICE-CHAIR

EXECUTIVE DIRECTOR
DAVID E. BOULTER



SEN. JONATHAN T. E. COURTNEY
SEN. BARRY J. HOBBS
SEN. DEBRA D. PLOWMAN
SEN. JUSTIN L. ALFOND
REP. PHILIP A. CURTIS
REP. EMILY ANN CAIN
REP. ANDRE E. CUSHING III
REP. TERRY HAYES

125TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL
Legislative Council

Executive Director's Report
January 27, 2011

1. MDF Economic Bus Tour

The bus tour of the Midcoast and Down East areas of Maine organized by the Maine Development Foundation was held as scheduled on January 12-14, 2011. Sixty-seven legislators participated in the tour and visited more than 9 locations and heard from numerous speakers and panelists. Feedback on the tour has been very positive and attendees came away with a much better sense of business activities and opportunities in eastern Maine. MDF organized the bus tour and fundraised to pay for much of the cost. MDF is tentatively planning a second bus tour in January 2012.

2. Bollard Damage at State House

A snow removal contractor damaged a granite bollard at the southern entrance plaza to the State House. Repair/replacement is estimated to be \$3,500. The State's Risk Management Division has been notified and will handle the claim and reimbursement process.

3. Dome Lighting

The last of the replacement dome lighting in the dome of the State House has been installed, greatly increasing the amount of light to illuminate the upper dome. Although considered, LED and induction lighting were not feasible so metal halide lights were installed. Useful life of each lamp is increased by about 20% above that of the lamps they replace. They replace obsolete lights that were installed in 1996.

G:\Council\125th Legislative Council\ED report\Executive Director's report 2011-1-27.doc

Fiscal Briefing

Legislative Council Meeting

January 27, 2011

Prepared by the Office of Fiscal & Program Review

1. General Fund Revenue Update (also see attached tables)

Total General Fund Revenue - FY 2011 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
December	\$241.6	\$237.3	(\$4.3)	-1.8%	\$243.4	-2.5%
FYTD	\$1,281.5	\$1,283.5	\$2.0	0.2%	\$1,208.1	6.2%

General Fund revenue was \$4.3 million (1.8%) under budget in December, but retained a positive variance for the first half of FY 2011 of \$2.0 million (0.2%). The variances from budget now reflect the increase of budgeted revenue in the December 2010 revenue forecast, which totaled \$111.6 million in FY 2011. General Fund revenue performance reflects 6.2% growth for the first half of FY 2011 over the same period in FY 2010.

The variance for the month of December reflects the catching up of tax relief program payments that had been lagging behind for the first 5 months of FY 2011 before December's surge producing a negative variance for this category of \$8.1 million. For the first half of FY 2011, this category was only modestly under budget.

Through the first half of FY 2011, the strong performers for the General Fund remain the Sales and Use Tax and Service Provider Tax combined (ahead of budget by \$4.8 million) and the Corporate Income Tax (ahead of budget by \$2.2 million). While Sales and Use Tax preformed well, reflecting taxable sales through November, the potential remains for the recent increases in heating oil prices to significantly dampen taxable sales for the remainder of the winter months and beyond, wiping out the positive variance in this category.

Some areas of concern through the first half of FY 2011 include fine revenue (\$2.0 million or 12.5% under budget), lottery transfers (\$1.4 million or 5.2% under budget), STA-CAP transfers (\$1.5 million or 17.4% under budget) and Inland Fisheries and Wildlife revenue (\$1.2 million or 11.2% under budget).

2. Highway Fund Revenue Update (also see attached tables)

Total Highway Fund Revenue - FY 2011 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
December	\$22.4	\$22.7	\$0.3	1.2%	\$23.7	-4.3%
FYTD	\$139.0	\$140.0	\$1.0	0.7%	\$139.5	0.4%

Highway Fund revenue was over budget by \$0.3 million (1.2%) in December and \$1.0 million (0.7%) for the first half of FY 2011. This variance now reflects the additional budgeted revenue included in the December 2010 revenue forecast. Although December's revenue performance reflected a decrease from December 2009, the first half of FY 2011 reflected modest growth for the Highway Fund over the same period in FY 2010.

Fuel Taxes remain the primary driver of the positive variance, with the performance of the Gasoline Tax leading the way with a positive variance for the first half of FY 2011 of \$1.0 million. The recent increases in Gasoline prices may eat away at some of this positive variance over the remainder of the fiscal year.

Fiscal Briefing (continued)

3. Cash Balances

The average total cash pool balance for December was roughly \$183 million higher than one year ago. At \$513.1 million for December, the total cash is above December's recent historical average of \$502.3 million (December 2001 to 2009). Average cash balances have shown improvement in virtually all of the groups broken out below. The improvement in the General Fund cash position is the primary contributor to this overall improvement. Certainly, reserve balances have improved, but other factors including constrained General Fund spending have significantly reduced internal borrowing, which was \$120 million less than a year ago in December.

Summary of Treasurer's Cash Pool		
December Average Daily Balances		
Millions of \$'s		
	2009	2010
General Fund (GF) Total	\$16.3	\$28.0
General Fund (GF) Detail:		
Budget Stabilization Fund	\$0.2	\$25.4
Reserve for Operating Capital	\$0.0	\$11.2
Tax Anticipation Notes	\$0.0	\$0.0
Internal Borrowing	\$300.0	\$180.0
Other General Fund Cash	(\$283.9)	(\$188.6)
Other Spec. Rev. - Interest to GF	(\$17.2)	\$12.4
Other State Funds - Interest to GF	\$15.1	\$14.8
Highway Fund	\$20.4	\$55.5
Other Spec. Rev. - Retaining Interest	\$40.0	\$55.3
Other State Funds	\$152.4	\$234.1
Independent Agency Funds	\$103.2	\$113.0
Total Cash Pool	\$330.2	\$513.1

General Fund Revenue
Fiscal Year Ending June 30, 2011 (FY 2011)
December 2010 Revenue Variance Report

Revenue Category	December '10 Budget	December '10 Actual	December '10 Variance	Fiscal Year-To-Date					FY 2011 Budgeted Totals
				Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	66,157,135	69,311,787	3,154,652	404,301,007	412,170,949	7,869,942	1.9%	3.9%	904,850,262
Service Provider Tax	4,484,006	4,230,839	(253,167)	24,306,715	21,268,610	(3,038,105)	-12.5%	-8.5%	57,814,486
Individual Income Tax	126,969,213	126,325,861	(643,352)	655,810,001	655,166,648	(643,353)	-0.1%	6.0%	1,370,120,000
Corporate Income Tax	36,208,439	38,379,059	2,170,620	97,006,557	99,177,175	2,170,618	2.2%	33.0%	200,490,112
Cigarette and Tobacco Tax	12,639,095	11,781,255	(857,840)	75,777,766	74,919,925	(857,841)	-1.1%	-2.8%	146,209,555
Insurance Companies Tax	3,536	198,158	194,622	11,561,580	11,789,449	227,869	2.0%	-8.5%	76,765,000
Estate Tax	3,165,000	3,999,269	834,269	17,661,639	18,495,909	834,270	4.7%	33.6%	42,978,079
Other Taxes and Fees *	6,190,729	7,114,045	923,316	65,311,176	66,045,104	733,928	1.1%	0.8%	149,003,882
Fines, Forfeits and Penalties	2,594,862	1,885,770	(709,092)	16,075,375	14,072,130	(2,003,245)	-12.5%	-17.4%	31,133,161
Income from Investments	(34,896)	26,730	61,626	(114,949)	133,866	248,815	216.5%	-28.1%	27,332
Transfer from Lottery Commission	4,002,631	4,228,091	225,460	26,017,126	24,661,660	(1,355,466)	-5.2%	-5.8%	52,034,250
Transfers to Tax Relief Programs *	(18,276,361)	(26,328,071)	(8,051,710)	(76,637,483)	(76,513,704)	123,779	0.2%	-1.2%	(112,087,945)
Transfers for Municipal Revenue Sharing	(7,106,165)	(7,145,845)	(39,680)	(47,146,499)	(47,655,516)	(509,017)	-1.1%	8.4%	(93,088,096)
Other Revenue *	4,607,270	3,311,569	(1,295,701)	11,557,855	9,728,521	(1,829,334)	-15.8%	-4.7%	59,224,977
Totals	241,604,494	237,318,518	(4,285,976)	1,281,487,866	1,283,460,726	1,972,860	0.2%	6.2%	2,885,475,055

* Additional detail by subcategory for these categories is presented on the following page.

General Fund Revenue
Fiscal Year Ending June 30, 2011 (FY 2011)

December 2010 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date						FY 2011 Budgeted Totals
	December '10 Budget	December '10 Actual	December '10 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year		
Detail of Other Taxes and Fees:										
- Property Tax - Unorganized Territory	0	0	0	12,080,762	11,896,097	(184,665)	-1.5%	5.0%	13,245,281	
- Real Estate Transfer Tax	1,112,811	414,047	(698,764)	8,429,247	7,730,482	(698,765)	-8.3%	0.5%	13,298,052	
- Liquor Taxes and Fees	1,390,874	1,548,087	157,213	10,463,283	10,917,779	454,496	4.3%	4.9%	20,413,193	
- Corporation Fees and Licenses	149,463	154,651	5,188	1,393,716	1,364,311	(29,405)	-2.1%	-4.4%	7,697,099	
- Telecommunication Personal Prop. Tax	0	0	0	0	(24,852)	(24,852)	N/A	74.2%	16,775,988	
- Finance Industry Fees	434,253	2,124,700	1,690,447	9,846,518	11,624,500	1,777,982	18.1%	4.3%	22,865,980	
- Milk Handling Fee	180,405	393,494	213,089	2,288,751	2,501,839	213,088	9.3%	-63.3%	5,949,972	
- Racino Revenue	738,029	651,720	(86,309)	5,017,995	4,916,737	(101,258)	-2.0%	2.9%	10,921,973	
- Boat, ATV and Snowmobile Fees	281,773	159,210	(122,563)	1,800,911	1,842,772	41,861	2.3%	3.6%	4,500,295	
- Hunting and Fishing License Fees	1,093,959	806,815	(287,144)	8,352,928	7,187,948	(1,164,980)	-13.9%	5.9%	17,420,998	
- Other Miscellaneous Taxes and Fees	809,162	861,321	52,159	5,637,065	6,087,491	450,426	8.0%	76.4%	15,915,051	
Subtotal - Other Taxes and Fees	6,190,729	7,114,045	923,316	65,311,176	66,045,104	733,928	1.1%	0.8%	149,003,882	
Detail of Other Revenue:										
- Liquor Sales and Operations	2,292	1,650	(642)	13,752	13,942	190	1.4%	-4.2%	7,391,759	
- Targeted Case Management (DHHS)	1,826,893	927,955	(898,938)	7,508,267	6,609,329	(898,938)	-12.0%	-39.7%	23,159,729	
- State Cost Allocation Program	1,489,517	1,030,919	(458,598)	8,586,351	7,091,658	(1,494,693)	-17.4%	-12.7%	16,699,059	
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	2,333,420	
- Toursim Transfer	0	0	0	(9,048,877)	(9,048,877)	0	0.0%	-0.3%	(9,048,877)	
- Transfer to Maine Milk Pool	(385,886)	(268,866)	117,020	(3,661,691)	(3,478,200)	183,491	5.0%	61.4%	(4,011,691)	
- Transfer to STAR Transportation Fund	0	0	0	(3,100,352)	(3,100,352)	0	0.0%	1.1%	(3,100,352)	
- Other Miscellaneous Revenue	1,674,454	1,619,911	(54,543)	11,260,405	11,641,022	380,617	3.4%	-5.1%	25,801,930	
Subtotal - Other Revenue	4,607,270	3,311,569	(1,295,701)	11,557,855	9,728,521	(1,829,334)	-15.8%	-4.7%	59,224,977	
Detail of Transfers to Tax Relief Programs:										
- Me. Resident Prop. Tax Program (Circuitbreaker)	(1,937,812)	(2,576,109)	(638,297)	(35,547,167)	(32,438,099)	3,109,068	8.7%	2.2%	(43,500,000)	
- BETR - Business Equipment Tax Reimb.	(3,406,040)	(10,447,137)	(7,041,097)	(28,157,807)	(30,330,740)	(2,172,933)	-7.7%	4.5%	(51,043,140)	
- BETE - Municipal Bus. Equip. Tax Reimb.	(12,932,509)	(13,304,824)	(372,315)	(12,932,509)	(13,744,866)	(812,357)	-6.3%	-28.9%	(17,544,805)	
Subtotal - Tax Relief Transfers	(18,276,361)	(26,328,071)	(8,051,710)	(76,637,483)	(76,513,704)	123,779	0.2%	-1.2%	(112,087,945)	
Inland Fisheries and Wildlife Revenue - Total	1,471,467	1,050,876	(420,591)	10,735,944	9,529,394	(1,206,550)	-11.2%	5.5%	23,068,034	

Highway Fund Revenue
Fiscal Year Ending June 30, 2011 (FY 2011)
December 2010 Revenue Variance Report

Revenue Category	December '10			Fiscal Year-To-Date					FY 2011 Budgeted Totals
	Budget	Actual	Variance	Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	15,149,205	16,193,158	1,043,953	87,817,050	88,863,974	1,046,924	1.2%	0.1%	194,694,000
- Special Fuel and Road Use Taxes	4,758,351	4,122,559	(635,792)	19,011,560	19,163,495	151,935	0.8%	-4.1%	43,651,789
- Transcap Transfers - Fuel Taxes	(1,468,021)	(1,493,254)	(25,233)	(9,368,073)	(9,427,225)	(59,152)	-0.6%	-2.2%	(17,503,281)
- Other Fund Gasoline Tax Distributions	(378,839)	(404,924)	(26,085)	(2,696,152)	(2,722,997)	(26,845)	-1.0%	-2.6%	(4,968,712)
Subtotal - Fuel Taxes	18,060,696	18,417,539	356,843	94,764,385	95,877,247	1,112,862	1.2%	-1.0%	215,873,796
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	4,657,165	4,494,739	(162,426)	31,402,052	31,221,508	(180,544)	-0.6%	1.7%	64,718,038
- License Plate Fees	230,297	246,958	16,661	1,702,058	1,718,788	16,730	1.0%	0.4%	3,445,125
- Long-term Trailer Registration Fees	591,326	827,638	236,312	2,610,668	2,846,980	236,312	8.3%	53.0%	7,884,523
- Title Fees	865,490	800,316	(65,174)	5,443,076	5,377,902	(65,174)	-1.2%	2.5%	10,871,056
- Motor Vehicle Operator License Fees	473,964	415,464	(58,500)	2,989,924	2,931,423	(58,501)	-2.0%	1.2%	5,958,859
- Transcap Transfers - Motor Vehicle Fees	(3,432,068)	(3,322,788)	109,280	(7,484,595)	(7,375,315)	109,280	1.5%	0.4%	(14,830,531)
Subtotal - Motor Vehicle Reg. & Fees	3,386,174	3,462,327	76,153	36,663,183	36,721,286	58,103	0.2%	4.9%	78,047,070
Motor Vehicle Inspection Fees	422,700	206,599	(216,102)	1,521,900	1,350,989	(170,912)	-12.7%	18.5%	2,952,500
Other Highway Fund Taxes and Fees	96,578	68,934	(27,644)	704,289	689,777	(14,512)	-2.1%	-1.8%	1,325,823
Fines, Forfeits and Penalties	106,948	107,595	647	651,045	651,731	686	0.1%	-23.4%	1,305,049
Interest Earnings	7,844	10,271	2,427	74,978	65,605	(9,373)	-14.3%	-9.2%	122,038
Other Highway Fund Revenue	346,387	427,508	81,121	4,644,226	4,643,891	(335)	0.0%	-4.8%	8,102,531
Totals	22,427,327	22,700,773	273,446	139,024,006	140,000,525	976,519	0.7%	0.4%	307,728,807



Paul R. LePage
Governor

STATE OF MAINE
Department of Public Safety
Bureau of Capitol Police
State House Station #68
Augusta, Maine
04333-0068



John E. Morris
Commissioner

Russell J. Gauvin
Chief

January 26, 2011

TO: The Legislative Council

FROM: Russell J. Gauvin, Chief of Police

RE: Proposals for Increasing Security for the Maine State

Request:

The shootings of Congresswoman Gifford and others in Arizona on January 8, 2011, combined with other events occurring in the Nation and around the world, have renewed calls for increasing security in the Maine State House. One part of that security process is the potential screening of people and packages to prevent dangerous items from entering the State House.

On Thursday, January 20, 2011, I met with the Legislative Council's Facilities Sub-Committee and presented both verbal and written ideas around the issue of increasing the security and safety of the people who work in or visit the Maine State House. In summary, those ideas were verbally boiled down to four options. I was asked to put those four options into this report.

Background:

The Bureau of Capitol Security (now Capitol Police) (CP) has, since the Bureau's inception, provided law enforcement and security support to the State House and the other State buildings in the Capitol Area and on the Eastside Campus. Up until a few years ago, the State House was treated as simply one of the fifty or so other buildings that CP officers patrolled. A few years ago, after the State House was renovated, CP began assigning an officer to the lobby at all hours when the State House is open to the public. The officer assigned to that task is not dedicated solely to that duty; the officer may be called away for other calls for service as needed. However, the primary focus of that officer is State House security.

Almost a decade ago the State purchased, through a Federal Grant, the equipment needed for screening people and packages entering the State House. The equipment has been on hand since,

OFFICE LOCATED AT: ROOM 111 CROSS STATE OFFICE BUILDING, AUGUSTA, ME 04333-0068

(207) 287-4357 (Voice)

(207) 287-4478 (TTY)

but has not been deployed on any kind of regular basis. The increase in staffing that would be required to man the equipment was never approved.

The Bureau of Capitol Police works continuously with our law enforcement partners to identify, assess, and prevent threats to the safety or security of Maine's Seat of Government. The Bureau of Capitol Police investigates and coordinates response to all safety, security and law enforcement incidents occurring on our campuses. Capitol Police work very closely with the State Police Executive Protection Unit and with the Augusta Police Department. The Augusta Police Department hosts our police records management software and computerized dispatch information and Capitol Police share those information resources with Augusta Police and Fire Department. Augusta Police officers are the primary backup responders to Capitol Police incidents on our campuses and they often respond to incidents if a Capitol Police officer is not available. Both agencies operate on the same computerized dispatch system and mobile data terminal system.

The Baseline on Screening:

To effectively run one screening location, it is necessary to employ two trained people operating the equipment and interacting with people. In addition, one Law Enforcement Officer (LEO) is needed to oversee the operation and to deal with exceptions, such as hands on searches or dealing with items found. Stated another way, for each hour that screening is to occur, two man hours (of a security guard level person) and one man hour of a LEO will be needed. The hourly cost for a security guard level part-time or contract employee would likely be about \$19. The same level full-time State employee would be about \$21 an hour including benefit costs etc... The hourly cost for a Capitol Police officer (including benefits etc... but not on overtime) would be about \$25. The hourly cost for running one screening location would be between \$62 and \$67. The State House is usually open to the public ten hours each day, 50 to 60 (during parts of sessions) hours per week, and about 2,500 hours a year. The cost to screen would roughly equal \$625 per day, \$3,400 per week, or \$176,000 a year. The yearly estimate is higher than the straight hourly rate times the 2,500 estimated hours because of necessary overlap of shifts, vacations, illness coverage etc...

Option One: Continuing the Current Level of Security

The first option is to continue the current work of Capitol Police officers without changing the physical environment, adding personnel or other resources to the situation. The Bureau of Capitol Police takes the security and safety of Maine's Seat of Government very seriously. Personnel within the Bureau receive extensive ongoing training that is focused heavily on safety and security issues. Within the resources that are available, Bureau officers do an excellent job of preventing threatening or dangerous situations from developing in the State House. This is accomplished in a number of ways that include the monitoring of people and materials that come into the facility, knowledge of what is normal and unusual, developing and investigating intelligence information, and responding to situations that arise. There is no question in my mind that we do excellent work by keeping up with developing trends, issues, intelligence and technology. This, however, does not give us the ability to prevent dangerous items from being brought into the State House. The history of maintaining a safe and secure environment within the State House complex is a testament of our ongoing efforts, but should not be construed as

any kind of guarantee against a problem occurring here. Most States that now do screening also did a good job with security historically, until that point when an incident occurred that tragically brought about the move to screening.

Option Two: Increasing the Access to Existing Technology

The second option that was discussed involved making the floor plan, pedestrian traffic and physical facility changes necessary to increase the access to the screening technology that the State already owns. Magnometers, both handheld and walk-through, and X-Ray package screening equipment sufficient to operate one screening location already are owned by the state. This equipment is designed to assist with identifying dangerous items and aid in preventing the infiltration of those items into the State House. In order for the equipment to be beneficial it first has to be operational. Second, the equipment must be positioned in place so that the people and packages entering the State House can be effectively and efficiently funneled through the screening process. The simple act of laying out the necessary traffic flow and installing the operational equipment will serve as a deterrent to some folks who may have thought of bringing a dangerous item into the State House. The third requirement is training personnel to properly operate the equipment and effectively screen the people and items for dangerous items.

I do not know the cost of reconfiguring the West lobby of the State House to accommodate the screening equipment. I do not think that significant work would be necessary to incorporate the traffic flow changes and installation of equipment necessary to efficiently do the screening. The training could likely be accomplished at minimal cost as existing CP personnel could be trained to operate the equipment over a period of time as schedules and other commitments allow.

The advantages of this option are that the equipment would be in place and able to be "activated" almost immediately if necessary (IE: should a known threat or other situation develop.) The equipment would be visible even when not in active use and this alone would be a bit of a deterrent. This option would give us the ability to design, analyze and adjust (if necessary) the traffic flow through the West entrance lobby. People who frequent the building would become accustomed to the new layout and would then not be significantly disrupted when actually screened. Existing CP personnel would have the ability to periodically operate the equipment and maintain their proficiency.

The disadvantage is that while the appearance of increased security would be evident, resources would not be available to do any more than *very occasional* screening exercises. It would become very apparent to even the occasional visitor that the equipment is not regularly utilized and getting a dangerous item into the building could be easily accomplished.

Option Three: Periodic Screening

The third option discussed is a step up from option two. Like option two, the same steps would be undertaken to reconfigure the West entrance lobby, install the equipment, and train existing CP personnel in the operation of that equipment. In addition, Capitol Police would hire additional full-time or part-time personnel to staff the screening location on a periodic basis. The amount, or frequency, of actual screening that would take place would be dependent on two factors. The first factor would be the level of financial resource dedicated to this purpose. The

OFFICE LOCATED AT: ROOM 111 CROSS STATE OFFICE BUILDING, AUGUSTA, ME 04333-0068

(207) 287-4357 (Voice)

(207) 287-4478 (TTY)

second factor would be the threat level that any particular activities or events might present. I recommend regular, but periodic, screening of all people entering the State House during those times when the legislature is in Session, followed by regular, periodic, but less frequent screening of people entering the State House during off session times. Capitol Police would determine when the actual screening was to occur. This decision would be based on an analysis of activities and events taking place in the State House, but would also occasionally be completely randomly determined.

The advantages to this option would be all those listed under option two and several additional. The regular, periodic operation of the equipment, especially at those times when screening is done because of specific events, would increase the likelihood that we would keep dangerous items from being brought into the State House. Periodic random operation would greatly increase the deterrent effect to people contemplating bringing a dangerous item into the State House. The deterrent effect would be proportionally higher with increased frequency of actual operation of the screening equipment. The greater the amount of money dedicated to this purpose, the greater the resulting deterrent effect and, of course, a greater actual screening presence. There would be an advantage to having a trained work force (full-time, part-time, or a combination) that could be periodically deployed based on a schedule or events.

The disadvantages would be that full time screening would not be possible, unless the dedicated resources were sufficient to accomplish option four below. No matter how frequently periodic or random screening is done, a determined and watchful people trying to get a dangerous item into the State House could, of course, eventually be successful. Successful disruption of a planned attack by the screening process would be dependent on how much flexibility an assailant's time frame allowed.

The cost of this option would depend on the frequency being sought. Cost could vary from a low of approximately \$50,000 annually, for low frequency periodic screening, to a high of about \$150,000 annually for regular consistent screening during most times the Legislature is in session and just periodic other times. This cost is based on part-time employees or contract employees being utilized for the majority of coverage under the supervision of a Capitol Police officer.

Option Four: Full Screening of Non Access Card Holders into the State House

The best way to ensure the safety and security of people working in or visiting the State House is to do full time screening of all people entering the State House at all times the State House is open to the public. Screening is already done at most Federal facilities, airports and many other venues exactly for that reason. It is the best way to ensure that dangerous items are not brought into the facility to later be used against people inside. The full screening process, of course, comes with a significant financial price tag and some inconvenience as well. Most facilities employ, by policy, a less-than-full screening process. It is common for employees with card or key access, to be allowed to divert around screening. Even airports have a process for some pre-authorized people to avoid screening. For purposes of this report, the full screening being discussed is really the full-time screening of non pre-authorized people and packages entering the State House. The Legislative Council would need to decide, probably based on research and recommendations from Capitol Police, a policy on who gets screened and when and how

OFFICE LOCATED AT: ROOM 111 CROSS STATE OFFICE BUILDING, AUGUSTA, ME 04333-0068

(207) 287-4357 (Voice)

(207) 287-4478 (TTY)

exceptions are made. For example, whether school groups should be screened presents one policy question while which employees should be screened presents another.

As stated above, the State House is open to the public about 2,500 hours a year. Full-time coverage of one screening location over a whole year would likely require two full-time Capitol Police Officers (one is already assigned to the State House) and five security guard level full-time employees. This takes into account the need for overlapping shifts, illnesses, vacations, training time, turnover and overtime needed to cover one location all the time. The cost to elevate the security to this level using full-time State employees would be approximately \$300,000. This cost could be lower if part-time employees, contract workers, or a combination of those are able to be utilized successfully. Full-time screening (2,500 hours) could possibly be accomplished for as low as \$180,000 annually.

Analysis:

The screening of people entering the state House would require a staff increase of four or five positions. While private screeners (overseen by the Bureau of Capitol Police personnel) would be a slightly less expensive way to accomplish the screening, I do not think it would be the best way to proceed. The primary reason that the State's cost is higher than the private contractor is the cost of the State's benefit package. The increased cost, however, does come with some benefits. The recruitment and retention rates for state employees are considerably higher than for private security -- where turn over rates are extremely high. I believe that having a State Bureau, and state employees, providing the security services would increase the accountability and professionalism of the service. The state would have control over who gets hired, the extent of pre-employment background done, the level of training, etc... At least a portion of the staff, one or two a shift, ideally, would be sworn law enforcement officers -- that are trained and equipped to deal with problems, could make arrests, and could perform other law enforcement functions (ie: taking control of seized drugs or weapons). The private security company, no matter how responsive, is a for-profit enterprise with a contract that limits the control the State can have over the workforce and work product.

The four options above are presented in my ascending order of recommendation. Option one being the least expensive and least desirable option and option four being the preferred, but also most expensive, option.

I am hopeful that, at a minimum, the Legislative Council approves and directs the installation of the screening equipment in the State House entrance lobby (Option Two above.) Regardless of whether or not we ever screen full-time, it would be beneficial to have the equipment installed and ready to go in the event that a specific threat arises or the national Threat Level increases. If the equipment is already in place, we could train a small staff to man it occasionally, especially for specific threats or for controversial hearings. It would also be beneficial for people to be accustomed to seeing the equipment in place. If funding were made available at some point to man the screening full-time, it would be in place and ready to go.

The options and analysis above do not include the reconfiguring of the Cross Office Building lobbies, screening equipment needs for that building, nor the cost of staffing a second screening station for that building. Once equipment and reconfiguring costs were calculated, the remaining

OFFICE LOCATED AT: ROOM 111 CROSS STATE OFFICE BUILDING, AUGUSTA, ME 04333-0068

(207) 287-4357 (Voice)

(207) 287-4478 (TTY)

ongoing cost to run screening would be in line with the hourly, weekly and annual costs detailed for the State House location.

Conclusion:

The ability to provide the screening of people and packages entering the State House is dependent on financial resources. The cost of each option is detailed above.

The Legislative Council will have to give direction before protocols and procedures can be written for the screening people entering the State House. Decisions such as who gets screened, exceptions to screening, hours and location of screening efforts, and the detail/level of the screening would all need to be decided on by the Council on before protocols and procedures can be drafted.

The options presented are:

Option One: Continuing the Current Level of Security

This option continues with the current level of security with regular ongoing updating and improvements.

Option Two: Increasing the Access to Existing Technology

This option calls for installation of the existing equipment and training of existing personnel. It does not allow for more than very occasional use of that equipment.

Option Three: Periodic Screening

This option calls for the installation and periodic, both event driven and randomly determined, use of the equipment. This option would require an increase in financial resources and could be tailored to a level consistent with the resources allocated. A reasonable range would be between \$50k and \$176K annually.

Option Four: Full Screening of Non Access Card Holders into the State House

This option calls for the screening of all persons and packages entering the State House during all hours that the building is open to the public. This option would require an increase in financial resources including additional manpower. Dependent on a number of variables, the cost would likely be between \$180k and \$300k.

In my opinion, at a minimum, we should commit to installing the screening equipment so that it can be used on occasions when needed and would be ready for use full-time if funding is approved.

Appendix

I have attached below a **2007** comparison of costs done by Michael Coty, the Judicial Branch's Judicial Marshall. His comparison was done to show the cost of providing screening at a courthouse. It is a similar comparison, his Judicial Marshalls to private security, deputy sheriffs, etc... with similar results as the comparison done by me above. It is, of course, more expensive to use State employees. A check with a local private security company indicated that the company's rate for one of their security guards currently would be approximately \$20 per hour.

From Michael Coty:

The information provided below would be hourly rates per officer for entry screening. These figures do not include supervision, or coverage rates if vacancy coverage were needed. Most court locations would need a minimum of two people on duty at each location from 7:30 AM until 4:30 PM. To estimate daily costs, I took the hourly rate times two people times a 9-hour days. It includes one hour, at time and a half, except for the SP as this is a collective bargaining rate and I believe it is already figured into the hourly rate mark up.

Entity	Hourly rate	Costs/ Benefits/ Mark-up	Total cost for officer	Estimate of daily ES Costs
State of Maine	\$12.23	\$12.61	\$24.84	\$469.44
Manpower Contracts	\$11.00	\$6.00	\$17.00	\$323.00
Federal Court Security	\$23.00	\$10.76	\$33.76	\$641.44
State Police *	\$17.30	\$40.34	\$57.34	\$1,037.52
Sheriffs Depts. **	\$12.00	\$6.00	\$18.00	\$342.00

* The State Police are not interested in providing entry screening at our courts. If they were to take over any part of security in our courts it would have to be done with additional troopers per the collective bargaining agreement. Each new trooper is estimated to cost an initial \$100,000 to hire and equip, which includes a cruiser. They are currently operating with 15 to 20 vacancies. Finding quality personnel is an issue.

** The Sheriffs have received a request to submit proposals in all 16 Counties. I have not received any proposals back, though I understand some may be coming. This estimate is based on an average of what we believe our hourly cost currently is the counties we have contracts with. It is difficult to cost this out as the pay range is all over the field and some of them just charge us a lump sum amount and do not break it down to hourly costs or equipment costs.

OFFICE LOCATED AT: ROOM 111 CROSS STATE OFFICE BUILDING, AUGUSTA, ME 04333-0068

(207) 287-4357 (Voice)

(207) 287-4478 (TTY)

COPY

**Maine Legislative Council
122nd Legislature**

**State House Facilities Committee
& Work Group on Capitol Security**

**Report on Capitol Security
and
Recommendations for Improving Security
in the State House and Other Legislative Areas**

August 22, 2006

**State House Facilities Committee
& Work Group on Capitol Security**

**Report on Capitol Security
and
Recommendations for Improving Security
in the State House and Other Legislative Areas**

State House Facilities Committee Members

Senator Kenneth T. Gagnon, Chair
Senate President Beth Edmonds
Senator Carol Weston
Representative Robert W. Duplessie
Representative David E. Bowles

Non-voting Members

Joy O'Brien, Secretary of the Senate
Millicent MacFarland, Clerk of the House
David E. Boulter, Executive Director of the Legislative Council

Non-legislative Work Group Members

Commissioner Michael Cantara, Department of Public Safety
Chief Donald Suitter, Bureau of Capitol Security
Chief Wayne McCamish, City of Augusta Police Department

August 22, 2006

Table of Contents

Introduction	1
Principal entities providing security	2
Discussion and conclusions	6
Recommendations	15
Cost implications	20
Time schedule for implementation	21

**Report on Capitol Security and Recommendations
for Improving Security
in the State House and Other Legislative Areas**

Introduction

Among its various other responsibilities, the State House Facilities Committee (committee) has been charged by the Legislative Council with reviewing the adequacy of security measures in and around the State House and making recommendations to improve security for Legislators and other officials, employees and members of the general public. During the fall of 2005, the committee undertook a review of security measures and convened a small work group on capitol security to review the operations of the Bureau of Capitol Security as it related to State House security. That work group included the Commissioner of Public Safety and the Chief of the Augusta Police Department. Members of the work group included:

Senator Kenneth Gagnon, Chair

Senate President Beth Edmonds

Senator Paul Davis, Sr.

Secretary of the Senate Joy O'Brien

Representative Robert Duplessie

Clerk of the House Millie MacFarland

Capitol Security Chief Donald Sutter

Public Safety Commissioner Michael Cantara

Representative David Bowles

Augusta Police Chief Wayne McCamish

Executive Director Dave Boulter

The group met 3 times beginning on September 15, 2005. The purpose of the working group was to develop an understanding of the Bureau of Capitol Security as it relates to providing security in the State House complex, with a goal of recommending ways to strengthen and improve security in the State House complex, given changing security needs and conditions. The committee concluded its work on August 22, 2006.

Principal entities providing security

Three state entities provide security services to varying degrees in and around the State House. Two are encompassed within the Department of Public Safety and one is within the Department of Administrative and Financial Services. There is no formal reporting relationship between the 3 entities although 2 ultimately report to the Commissioner of Public Safety. The entities are as follows.

- 1. Executive Protection Unit (EPU).** The Maine State Police maintains an Executive Protection Unit whose sole function is to protect the Governor. It employs six sworn officers. State Police is the dispatch center for the EPU. There is no formal reporting relationship between the Bureau of Capitol Security and the Executive Protection Unit although there is frequent informal communication when security issues arise. The Executive Protection Unit is physically housed in the Governor's offices on the second floor of the State House.

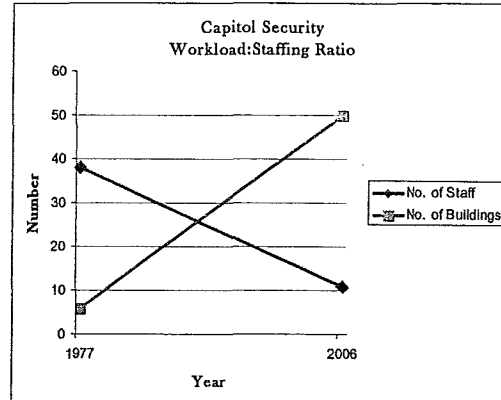
2. Building Control Center (BCC). The Bureau of General Services (BGS) is a bureau of the Department of Administrative and Financial Services (DAFS). Within BGS is a unit called the Building Control Center (BCC). BCC monitors environmental controls (e.g., HVAC systems) on a 24 hours a day, 7 days a week basis for numerous state buildings, along with security cameras and electronic building access controls. Although its primary focus is on the physical facilities, BCC also serves as the dispatch center for Capitol Security officers. BCC personnel are not formally trained in security or emergency dispatch functions but some of the current employees formerly worked for Capitol Security so there is a working knowledge of Capitol Security functions. BCC employs seven people, none of whom are law enforcement officers. There is no direct reporting relationship between the Bureau of Capitol Security and the BCC, which reports to DAFS' Superintendent of Buildings. BCC is funded through "Indirect" accounts and the Highway Fund. BCC is located on the first floor of the Cross Building.

3. Capitol Security. The Bureau of Capitol Security is a bureau within the Department of Public Safety. It is headed by the chief of Capitol Security, a law enforcement officer. All law enforcement officers and watchpersons (non law enforcement) report to the chief of Capitol Security. Among their various powers, law enforcement (or "sworn") officers have the power of arrest and are authorized to carry and use firearms. Watchpersons and security personnel do not. The chief reports to the Commissioner of

Public Safety. Capitol Security provides 24-hour coverage seven days a week, although the level of coverage is greatly reduced after business hours. At the request of the Legislature, Capitol Security provides after business hours coverage during legislative committee hearings and work sessions. Capitol Security is the first responder to all security and emergency calls in the State House and the Cross Building, although it may contact Augusta Police Department or State Police for backup or investigation of serious crimes. Many of the incidents handled by Capitol Security are “non-reportable” under legal reporting requirements such as minor vehicular accidents. Capitol Security also enforces all traffic and parking regulations in the State House complex. Capitol Security is located on the first floor of the Cross Building, directly across the corridor from the BCC.

The Bureau of Capitol Security was established in 1977 to provide security to six state buildings including the State House. At that time, the bureau employed 10 law enforcement officers and 28 watch persons. Over the years, Capitol Security’s responsibilities expanded to its present jurisdiction: 50 state buildings in Augusta and Hallowell, including Riverview Psychiatric Center (AMHI replacement facility). Capitol Security is funded through General Fund appropriations in the state budget, making it more vulnerable to funding cuts than other bureaus in the Department of Public Safety (that are funded in part from dedicated revenues such as the Highway Fund). Funding cuts, particularly in the 1990s, reduced Capitol Security’s workforce to its current size: 6 sworn officers (including the chief) and five watch persons, its

lowest staffing level in 30 years. As a result, while Capitol Security's jurisdiction over state buildings increased by over 800 percent, during the same period its staffing levels fell by over 70 percent. Recruitment and training of officers are expensive, and turnover is high.



Budget reductions have resulted in limited availability of funds for routine expenses. For example, the Legislative Council has loaned a fax machine to Capitol Security so it will have fax capability and it currently pays telecommunications charges for Capitol Security to maintain the fax machine as well as telephone and computer service costs at the security kiosk because of the very limited resources made available to the bureau. According to the Chief of Capitol Security, radio communication is adequate, with statewide car to car and communication with Augusta Police Department and State Police.

Capitol Security has an inventory of five vehicles (1 unmarked), and up until recently were older models, 2 of which had been driven more than 100,000 miles. Through a recent change in vehicle procurement policy, Capitol Security now leases vehicles from the state's fleet management agency.

Discussion and conclusions

At its meetings, the committee heard presentations from the Bureau of Capitol Security, Executive Protection Unit, the Building Control Center and the Augusta Police Department, among others. The committee found that greater attention has been given to security issues in the agencies since September 11, 2001 and that the Legislative Council has instituted some security measures that have enhanced overall security in the State House, the 2nd (legislative) floor of the Cross Building and immediate grounds. Among the measures are:

- controlled access to the State House though the use of electronic access cards
- computerized control of all building entrances and controlled access to committee rooms and offices
- photo ID cards for legislators and legislative employees
- single public entrance to the State House
- installation of a security kiosk and a Capitol Security presence at the public entrance during most hours when the State House is open to the public
- installation of panic alarms in key legislative areas, including the chambers and committee rooms
- installation and use of a Knox Box for the fire department
- installation of security cameras and related monitoring at entrances and other key legislative exterior and interior areas
- relocation of media and delivery vehicles away from the buildings to remote parking areas
- adoption of policies controlling activities in the Hall of Flags
- security protocols and required security check in of contractors and other facility workers in the State House
- Pre-service training at Criminal Justice Academy for Sergeant-at-Arms staff

The committee also found that the Legislative Council has taken steps to enhance pedestrian safety outside the State House by installing emergency call boxes in the State parking garage and has authorized a major redesign and rebuilding of the south access to the State House and adjacent parking lot in 2006, including installation of additional

emergency call boxes, security lighting and sidewalks. The redesign will also result in further limiting parking to areas that are no longer immediately adjacent to State House entrances.

In addition, the committee found that the Legislative Council has equipped Capitol Security with metal detection and package screening equipment including several stationary and hand held magnetometers and a package screening x-ray machine. The Legislative Council purchased the equipment with available federal Homeland Security Grant funds in anticipation of deploying the equipment in the State House once protocols for use had been established. Although it has been purchased, the equipment has not been deployed because the:

1. Legislative Council has not yet authorized a higher level of personnel and package screening in the State House; and
2. Bureau of Capitol Security does not have sufficient personnel resources to operate the detection and screening equipment.

While the committee concluded that numerous security measures have been instituted that enhance security, it also found areas where facility and personnel security is deficient and pose security risks to building occupants and visitors. Those deficiencies fall into 4 categories:

1. lack of coordination of security monitoring/response between the Building Control Center and Capitol Security;
2. inadequate size and position mix of Capitol Security staff;
3. inadequacy of facility screening measures to protect security of legislators, employees and visitors to the State House and other legislative areas from acts of terrorism, property damage or other violence; and
4. good but incomplete coordination of emergency response between the city of Augusta Police Department, Capitol Security and the Executive Protection Unit.

Lack of coordination of security measures and response.

The committee concluded that current security measures are not integrated and in many cases not well coordinated among the various entities having security responsibilities. As a result, current measures are inadequate to fully safeguard legislative facilities and the public occupying those legislative facilities, whether the security risks are posed by planned acts of terrorism or impulsive acts of violence or destruction. While the entities perform a variety of security functions, there is a lack of comprehensive security at the State House, particularly in light of increased security risks brought about by world and national threats. Security in and around the State House needs to be given a higher priority and needs to be fully integrated to minimize duplication, provide a clear command structure and communications, and maximize

security planning and response. Furthermore, the committee concluded that the Legislative Council needs to work with Capitol Security to develop a long-term, comprehensive strategy for improving overall security.

Increasingly, Capitol Security relies on electronic measures to monitor and detect unusual activities, and although its officer on duty in the State House has access to view security cameras, Capitol Security does not operate or oversee them. Capitol Security does not establish security monitoring and response protocols. It does not establish minimum qualifications or training standards for BCC employees even though it is dependent upon the BCC for being notified of a security or other alarm to which it must respond. Because the monitoring and dispatch functions are not integrated, response can be lacking, delayed, or uncoordinated. An example of such a result was described to the committee in which the head of a major department directed that BCC “lockdown” an occupied building during business hours because of a security threat. Building lock downs are extremely rare occurrences. BCC remotely locked down the facility as requested, but did not notify Capitol Security or the Augusta Police Department. Only by chance 2 hours later did a Capitol Security officer become aware of the lockdown. No security or response measures had been taken and no law enforcement or other response personnel were notified in case the security threat increased or an incident occurred.

Much of the communications between the Capitol Security and BCC is informal and based on personal relationships between the staffs, although BCC has recently

developed some communication protocols to improve communication and coordination between the 2 agencies. The committee found that the lack of coordination and communication issues between the 2 agencies are largely a result of the current separate and parallel organizational structures and further concluded that merging security, dispatch and monitoring functions would significantly enhance security planning, coordination and response in ways that better protect the State House complex and its occupants.

Finally, the committee concluded that Capitol Security and the Executive Protection Unit interact frequently and coordinate security issues fairly well. However, they do not have established formal written procedures to clarify notification and response protocols for given situations and to assure close coordination of responses and notifications in the event of an emergency. This is particularly important since they have separate dispatch centers. Establishing more formal notification and response procedures would improve overall coordination between the 2 entities. Because of the primary function of EPU (protection of the governor), the committee concluded that the EPU should not be assigned any larger role in overall State House security since a larger role would detract from its primary mission.

Inadequate size and position mix of Capitol Security.

Capitol Security is seriously understaffed relative to its current responsibilities. Because of the low staffing levels of Capitol Security, sworn officers are performing some duties that could be performed by security personnel who are not law enforcement officers. Capitol Security believes that installation and use of personnel and package screening equipment is very important for adequate security and is in keeping with many other state capitols. However, its current staffing level is inadequate to properly use the equipment and provide security coverage. It is estimated that a minimum of 4 additional personnel would be needed. Personnel and package screening are functions that are routinely performed by unarmed, but trained security personnel. In that way, sworn officers are freed up to focus on activities or responses that requires law enforcement intervention.

In addition to emergency calls, Capitol Security routinely provides a security presence at the State House kiosk during working hours and during legislative public hearings after regular business hours. These duties require an extensive commitment of resources and overtime costs. In response to the September 11, 2001 terrorist attacks and at the request of the Legislative Council, Capitol Security has increased its presence in the building to current levels. Even so, frequently, there are times when the building is open to the public when a Capitol Security office is not stationed at the security kiosk.

When Capitol Security had higher staffing levels in the 1970s and 1980s, it had a better ratio of law enforcement to security (watchperson) personnel than is the case currently. With the current low staffing levels, the ratio of law enforcement to security personnel for Capitol Security is out of balance relative to its principal responsibilities.

Inadequacy of facility screening measures.

When actively monitored and responded to, the installed building access controls and security cameras provide a reasonable and up-to-date way of monitoring and documenting activities that are unusual or pose a threat. It is a passive approach, however, that is most effective when used in conjunction with more active security measures such as facilities inspections and screening measures to prohibit weapons or other inappropriate items from being brought into the State House where they may be used to cause violence or disrupt legislative operations. The committee noted that the security camera placed in Capitol Park has remained inoperable for years even though BGS is charged with maintaining the camera and the BCC with monitoring it.

Currently, there is no screening of any personnel or packages brought into the State House. Visitors are not required to sign in, and persons freely proceed into legislative areas unchallenged. In sharp contrast, all Executive Branch departments in the Cross Building require visitors to register at a central reception area and obtain a

“Visitor” badge before being escorted into agency offices, all of which require access cards for entry.

Persons carrying packages are not required to check in and the packages are not checked before they are allowed to proceed to offices or chambers. The committee notes that use of metal detectors is a regular occurrence at many public facilities nationally, for example at courts, federal buildings and airports. The lack of package screening the State House is a glaring omission that results in a significantly increased risk to the building and its occupants. With no screening of personnel entering the State House, there is no way to know what people are bringing in to the building that may pose a risk to health or safety.

On one occasion recently, a film crew from a national television show entered the State House near closing time, transported cameras and other equipment to the House chamber unchallenged and filmed a TV segment before their presence was discovered. In another incident, a protester entered the State House with chains and locks in a bag, proceeded to the gallery of the House during a legislative session and chained herself to the railing. Because, there was no package screening, the chains and lock were not discovered until she had already committed an act of protest. The bag could have contained items much more threatening than chains.

Incomplete coordination of emergency response between the city of Augusta Police Department, Capitol Security and the Executive Protection Unit.

The committee concluded that Capitol Security and the Executive Protection Unit have established a very good working relationship with the city of Augusta Police Department (APD). The city is helpful and responsive to requests for response or other assistance. APD responds to incidents on state grounds when called upon to do so as it is readily available with local patrols in the area unlike more regional State Police resources. APD responds to several dozen state calls out of about 45,000 calls to APD annually.

The APD enjoys a very good relationship with Capitol Security in particular and APD takes care to inform Capitol Security when it responds to calls on state property. APD is often the backup to Capitol Security (rather than State Police). In most cases, one entity attempts to keep the other entities informed of situations. Even so, the committee found that process for communications and response to particular situations is informal, based on personal relationships and subject to varying responses since few written protocols have been developed to assure consistency and keeping the right people in the information loop. Most protocols by APD for referring calls to Capitol Security or responding directly are unwritten, and depend upon the urgency of the situation.

Most calls to APD requiring a response to the State House complex are referred to Capitol Security, which is more familiar with the buildings and operations. The committee became aware that although the city provides response backup to Capitol Security, it does not have floor plans for buildings in the State House complex. As a result, APD is not familiar with most state building layouts. Floor plans would help city responders be familiar with building layouts and decrease response times. The Augusta Police Department should have plans for the buildings to better prepare to respond to emergencies should the need arise.

Recommendations

After a thorough review and discussion of the above mentioned matters, the committee makes the following recommendations to improve coordination of security responses and overall security in and around the State House.

1. More proactive measures to safeguard the legislative facilities and its visitors and building occupants should be instituted. The Legislative Council should place a higher priority on facility security measures and ensure a higher level of security in legislative areas through enhanced protocols and screening. The Legislative Council should charge its facilities committee with working with the chief of Capitol Security to establish a long-term comprehensive strategy for improving security,

including appropriate protocols designed to enhance security. The plans and protocols should be reviewed and updated at least biennially or more frequently if needed.

2. The staffing level for the Bureau of Capitol Security should be increased by four full-time positions. The positions should be security positions, not law enforcement officer positions. In making this recommendation, the committee recognizes that the increase in number of staff is essential for Capitol Security to fulfill Recommendations 3, 6 and 7 discussed below. Capitol Security's primary mission is and must continue to be the protection of persons and property in the State House complex, and should avoid assuming responsibilities that would detract from its primary mission. Absent the addition of the recommended security positions, Capitol Security should discontinue its services to outlying state facilities in the Augusta/Hallowell area in order to provide adequate security in and around the State House complex and the Riverview Psychiatric Center. Furthermore, the chief of Capitol Security should establish minimum qualifications, training requirements and compensation for the positions commensurate with the security functions they will perform, including the operation of personnel and package screening equipment. Furthermore, the Commissioner of Public Safety, in consultation with the chief of Capitol Security, should be charged with developing a budget that

provides stable funding sources and an adequate level of staffing for the bureau, commensurate with Capitol Security's responsibilities.

3. Capitol Security should provide coverage at the State House kiosk at all times when the State House is open to the public, and should utilize security personnel rather than law enforcement officers to the extent feasible and prudent to protect public safety.
4. Supervision and responsibility for the Building Control Center including all dispatch, monitoring and surveillance functions should be transferred from the Superintendent of Buildings to the chief of Capitol Security so security and dispatch functions are afforded proper priority, accountability and coordination with Capitol Security personnel. Furthermore, this would result in all security functions, including law enforcement dispatch, being placed within a single department, appropriately the Department of Public Safety, thus assuring consistency of training and response protocols. The chief of Capitol Security should establish written protocols and training plans for BCC personnel to ensure close coordination of BCC and Capitol Security staff and efficient, fully integrated security measures and responses. The committee considers this change in reporting authority a priority, an essential step to ensuring an effective and integrated security

capability for the State House complex and crucial to the mission of Capitol Security.

5. The chief of Capitol Security and the Executive Protection Unit should work jointly to develop formal written procedures to institute a full understanding of jurisdictions, for joint notification and for coordination of responses to security threats or incidents, all designed to ensure the full protection of the Governor, his family, and his offices and residence at all times.

6.

- a. The Legislative Council should authorize the use of magnetometers at the public entrance to the State House to screen visitors and others for potentially harmful items as they enter the State House.
- b. The Legislative Council should authorize the use of package screening devices at the public entrance to the State House to verify that packages being transported into the State House are safe.

The Legislative Council should direct Capitol Security to develop protocols for personnel screening and package screening in a manner that minimizes inconvenience to the public while protecting the safety of the public, officials and other occupants of the State House. Such protocols should incorporate screening measures and security responses commensurate with assessments of threats or risks to people, governmental institutions and the physical facilities. The committee recommends that the personnel and package screening measures be phased in over a short period to acclimate building occupants and the public to the measures by employing these measures initially when the Legislature is meeting in the State House in regular or special session.

7. The Legislative Council should develop and implement a security training program for Legislators and legislative employees that is designed to provide an understanding of the security measures in and about the State House and their purposes, measures to enhance their personal security, and appropriate response plans in the event of a threat or incident. The training should be coordinated or provided by Capitol Security and be conducted at least biennially, preferably in conjunction with new legislator and legislative employee orientation sessions.

8. The Legislative Council encourages the presiding officers of the House and the Senate, in consultation with the chief of Capitol Security, to fully consider prohibiting members of the public from carrying packages into the House and Senate chambers except for small personal items such as purses and notebooks.
9. The Legislative Council should authorize its executive director to make available floor plans for the State House, Cross Building and cultural building, and emergency response plans as appropriate, to the chief of the Augusta Police Department. Furthermore, the chief of Capitol Security should meet at least annually with the chief of the Augusta Police Department in a joint planning session to review security plans and protocols for the State House complex, and to revise them as necessary.

Cost implications

In developing the recommendations for improving security in and around the State House, the committee was mindful of the cost implications of those recommendations. As it met with the state's security entities, it explored various approaches and methods that could be employed within existing budgeted resources. As a result, all of the recommendations with the exception of a single one, Recommendation 4, can be implemented with either no additional costs or costs that can be readily

absorbed within existing budgets by using in-house resources and personnel. Recommendation 4, the addition of 4 security staff to the Bureau of Capitol Security, will require additional funds appropriated to the bureau's budget. Because Capitol Security has been so seriously understaffed and under funded because of budget reductions, it inevitably follows that rebuilding Capitol Security forces to a sufficient level will require additional funds.

Costs estimates for the 4 positions were not made available to the committee, but they may be readily calculated by the Chief of Capitol Security or Commissioner of Public Safety after having developed appropriate job descriptions and salary grade classifications for the positions. The committee notes that the departments of Public Safety and Administrative and Financial Services utilize various methods for funding others positions that reduce General Fund costs, such as the use of special revenues and STA-CAP to fund Building Control Center positions. The Commissioner of Public Safety should be vigorous in fully exploring and using those and other various alternatives to provide on-going funding for Capitol Security positions.

Time schedule for implementation

The above recommendations should be implemented as soon as reasonably possible to acclimate occupants and visitors to various security procedures but no later

than commencement of the 123rd Legislature. Any necessary budget request should be developed for presentation to the Legislature when it convenes in December 2006.

APPROVAL

This Report and the recommendations contained therein were approved by unanimous vote of the Legislative Council at its meeting on August 24, 2006.

Status of Recommendations for Improving Security in the State House and Other Legislative Areas

2006 Report of the Legislative Council's State House Facilities Committee

Summary of Recommendations	Status
1. Institute more proactive measures to safeguard Legislative facilities and occupants. Place higher priority on facility security measures.	No substantial change, some equipment improvements
2. -Increase staffing level for Bureau of Capitol Police by 4 Full-time positions -(Alt) Reduce Capitol Police coverage for other state buildings to concentrate resources on State House campus -Chief to establish minimum qualifications and training requirements for Capitol Police personnel, including operation of screening devices -Chief to develop a budget for stable funding and adequate staffing levels	Not implemented Not implemented Completed No change from current budget since no additional positions were not authorized
3. Capitol Police to provide coverage at State House Kiosk at all times when buildings are open to public	Implemented to extent current resources allow
4. Transfer supervision and responsibility for Building Control Center including Security and Dispatch from Superintendent of Buildings to Capitol Police	Not implemented
5. Chief of Capitol Police and Executive Protection Unit should develop written protocols and procedures for jurisdiction, notification and coordination of responses	Completed
6. Legislative Council should authorize use of: a. magnetometers at public entrances to State House; and b. package screening devices at public entrances to State House. Capitol Police to develop equipment use protocols	Not implemented Not implemented Completed
7. Legislative Council should implement security training programs for Legislature and legislative employees, coordinated or provided by Capitol Police	Partially implemented
8. Presiding officers, in consultation with Capitol Police, should prohibit members of the public from carrying packages into House or Senate Chambers	Not implemented
9. a. Executive Director should make floor plans of State House and other areas available to Chief of Augusta Police Department b. Chief of Capitol Police should meet annually with Chief of Augusta Police Department in joint security/response planning session	Completed Completed, meeting on regular basis

LEGISLATIVE COUNCIL
AFTER DEADLINE REQUESTS TO INTRODUCE LEGISLATION
FIRST REGULAR SESSION 125th LEGISLATURE
As of: January 20, 2011

Action

SPONSOR: LR 1995	Rep. Berry, Seth A. An Act To Require All Scrap Metal Cars Accepted at Salvage Processors To Come from Salvage Yards
SPONSOR: LR 2001	Rep. Fredette, Kenneth W. An Act To Update Bankruptcy Law To Incorporate Federal Changes Relating to Exemptions
SPONSOR: LR 1998	Sen. Jackson, Troy D. Resolve, To Direct the Bureau of Unemployment To Allow Mark Hafford To Appeal a Claim of Overpayment
SPONSOR: LR 1999	Sen. Jackson, Troy D. Resolve, To Direct the Workers' Compensation Board To Allow Lowman McBriarty To File an Appeal
SPONSOR: LR 1994	Sen. Thibodeau, Michael D. An Act To Extend the Period for Remarking Dig Safe Areas

ADDENDUM
LEGISLATIVE COUNCIL
AFTER DEADLINE REQUEST TO INTRODUCE LEGISLATION
FIRST REGULAR SESSION 125th LEGISLATURE
After: January 20, 2011

Action

SPONSOR: LR 2012	Rep. Dow, Dana L. An Act To Extend Employment Reference Immunity to School Administrative Units
SPONSOR: LR 2011	Rep. Haskell, Anne M. An Act To Prohibit the Sale of High Capacity Ammunition Clips
SPONSOR: LR 2010	Rep. Hogan, George W. An Act To Amend the Laws Governing Disorderly Conduct
SPONSOR: LR 2019	Sen. Jackson, Troy D. An Act To Require the State To Transfer Employee Pension Premium Payments to the Employers Pension Agency within 2 Business Days
SPONSOR: LR 2020	Sen. Jackson, Troy D. An Act To Establish an Electronic Verification System in the State
SPONSOR: LR 2015	Sen. Thibodeau, Michael D. An Act To Require Voter Validation for a School Administrative Unit To Retain Ownership of a School No Longer Used Primarily for Classroom Education
SPONSOR: LR 2018	Sen. Thomas, Douglas A. An Act To Establish Training Routes for School Bus Drivers

Legislative Council
C/O Dave Boulter, Executive Director
State House
Augusta, ME 04330

Dear Members of the Legislative Council;

As the Director of the State YMCA of Maine's Youth in Government program, I would like to start by saying good luck to all of you as you begin a new session of the Legislature. I know that there are many difficult decisions that will have to be made. I hope that my request is not one of them.

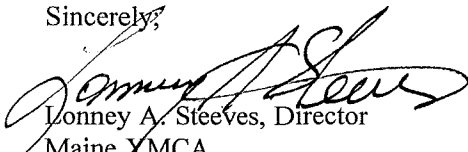
The YMCA Youth in Government program in Maine began in 1943, and for most of those years operated in the spring. In November of 2010 for the first time we moved the program to the fall, and it was a great success. Our participation increased 28%, and we have only 1 no show from the original registrations. We would like very much to continue operating our program at the State House in November.

We would like to have your approval to hold the 2011 Session of the State YMCA of Maine Youth in Government program on the weekend of **November 18-19-20, 2011**. Our program's Youth Governor will be Edward Sharood from Kennebunk High School. When we finished this year's program there was great energy and we are looking forward to seeing continued growth of our program.

The one thing that allows us to get students and schools involved is being able to tell our participants and their schools the dates of the program. This allows them to work with other groups in their schools to set schedules and events that will allow our participants to have big conflicts. So the earlier we have the final ok for our dates the better it is for our planning process.

Again, I hope we will be able to hold our program on **November 18-19-20, 2011**, and thanks to all of you for what you do for our State, and for your support of the YMCA Youth in Government program.

Sincerely,



Lonney A. Steeves, Director
Maine YMCA
Youth in Government Program

To: The Legislative Council
David Boulter
John McGough
Scott Ireland
Chief Russell Gauvin

Cc: Governor's Staff

From: Dan Demeritt, Director of Communications and Legislative Services

Re: Request for Saturday Constituent Service Hours for the Governor

Date: January 20, 2011

The following is our plan for conducting Saturday Constituent Service Hours with Governor Paul LePage. The Governor appreciates the temporary authorization provided by Senate President Raye and hopes this plan for on-going constituent meetings in the State House is acceptable.

The following is our planned schedule. Specific hours may change based on the demands of the Governor's schedule. At the outset, we would like to have the plan in place for the next six months and adjust from there according to the demand for the Governor's time. We will provide Capitol Security with several days notice when things deviate from the expectations outlined below. Unless the Governor is traveling, our plan will be to hold the constituent hours every Saturday.

We are only expecting eight unique constituent visits per Saturday. The visits may include more than just one person, but will be limited to very small groups / family members. Meetings will be scheduled through the Governor's Office. Names and dates of birth will be required for quick background checks.

Schedule

- 8 AM to 9:00 AM: Scheduled Phone Calls from the Governor to Constituents
 - From the Governor's Office
 - Pre-Scheduled Calls
 - One staff person pre-dialing constituents & taking notes
 - No additional security needed
- 9 to 11:00 AM: Governor LePage meets directly with Individual Constituents
 - Eight meetings of approximately 15 minutes each
 - Meetings scheduled in advance through the Governor's Office.
 - Cabinet Room

Basic Outline

The Governor's Office will book appointments for the upcoming constituent service Saturday with Governor based on incoming constituent calls and emails. Limit one meeting with the Governor per six month period.

Bookings also allow for better security and time management.

8:00 AM phone calls will be ten minutes each and we will book 6 calls for the hour. A staff member will pre-dial the phone calls, take notes for follow up, and end calls at the ten minute mark.

9:00 AM direct meetings will be 15 minutes each. We will book 8 meetings per Saturday. The receptionist will request a name, date of birth and issue for discussion. Bookings will close at noon on Friday so the protection detail has time to check names and dates of birth for security purposes. Lobbyists and representatives of special interest groups will **NOT** be permitted.

A list of constituents will be provided to the Capitol Police officer who will be at the West Entrance Kiosk. A photo ID will be required. The officer will sign people into the building when they arrive and sign them out when they leave. Meetings will be held in the Cabinet Room.

11:00 AM to Noon Governor LePage Dials Constituents: Once all available appointments for the week are booked (6 phone calls and 8 meetings on a typical week), we will try to book some additional phone calls for 11 AM to Noon.

When putting people on the unscheduled call list, we will make it clear that they may hear from the Governor but a call is not a certainty. We will make plans to connect with the constituent on Monday, however, if the Governor does not have time to call them on Saturday.

The Governor will call as many people on the unscheduled list as time allows from 11 to Noon on Saturday and if people do not show up for their scheduled appointments.

Monday Morning: Anyone on the unscheduled call list who did not connect with the Governor will be contacted by constituent service or policy staff so the Governor's office makes a connection with everyone.

- Executive Protection Security Detail
- EPS will run names and dates of birth prior to Saturday
- Constituents will be checked in at West Entrance with Capitol Police
 - Capitol Police provided list in advance
 - Capitol Police to sign people in and out of building
 - Capitol Police to begin at 8:30 AM – 11:00 AM
 - Photo IDs required

One staff person staffing session, taking notes for follow up:

- 11 AM to Noon: Governor LePage
 - Ten Minutes per call
 - Governor's Office
 - Pick up the phone and call as many constituents as possible
 - One staff person pre-dialing and taking notes for follow up
 - No additional security needed

-- MORE --

EXECUTIVE DIRECTOR'S
OFFICE

2011 JAN 20 P 6:21

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, Executive Director
Date: January 12, 2011
Re: CSG-ERC- 2010 Annual Meeting Expenses

As you may recall, in August 2010 the Maine Legislature hosted the annual meeting of the Council of State Governments, Eastern Regional Council in Portland. It was a well attended, informative and overall very successful annual meeting.

As part of its host state responsibilities, the Legislative Council was responsible for planning and organizing all dinners, receptions and other social activities as well as fundraising to offset the costs of the social program. To assist the council in fulfilling its obligations for the annual meeting, it hired an event coordinator, Mr. John Hennessy. CSG assumed all other costs of the annual meeting.

Along with the business portion of the annual meeting, the social program was planned out, with venues secured and financial and logistical arrangements made. The social program was very well received. However, fundraising was very challenging in light of the economic climate of 2009 and 2010. At the outset, the Legislative Council envisioned that all host state expenses could be covered through fundraising so the legislature would not need to make a direct financial contribution to the CSG/ERC annual meeting. In spite of the difficulty in raising money from the private sector, funds were raised to cover a large portion, but not all of the expenses for Maine's portion of the annual meeting costs. Most host states make a direct contribution to the annual meeting on behalf of their state. To date, Maine has not. By way of example, the State of Vermont which hosted the annual meeting in 2009 contributed \$100,000 toward its host state share.

CSG/ERC covered the outstanding invoices for the 2010 meeting so vendors who were contracted to provide services on Maine's behalf would be paid for their services in a timely manner. All vendor and contractor invoices except for Mr. Hennessy's have been paid. Through cordial negotiations with CSG/ERC and with Mr. Hennessy to reduce certain reimbursement or payments, the total amount now outstanding is \$11,800 for Mr. Hennessy's work and \$25,500 for reimbursement of CSG-ERC-paid invoices.

In order to keep Maine in good standing with CSG and to honor prior commitments, I recommend that the outstanding amounts be paid. Since it is unlikely that any more private funds will be received for this event, the funds necessary to cover those amounts would come from unexpended balances in legislative accounts. Currently, there are sufficient funds to cover those costs. Both Mr. Hennessy and CSG would appreciate payment.

I would be happy to answer any questions you may have.

Thank you.

G:\Council\125th Legislative Council\Leg Council memo re csg annual meeting expenses.doc (1/11/2011 1:39:00 PM)

In Part

MRRA



EXECUTIVE DIRECTOR
OFFICE

Midcoast Regional
Redevelopment Authority

2011 JAN 18 A 11: 18

January 14, 2011

The Honorable Paul LePage
Governor of the State of Maine
State House Station #1
Augusta, Maine 04330

Subject: Annual Report of MRRA

Dear Governor LePage:

Pursuant to 5 MRSA §13083-S, I am writing to advise you of the activities of the Midcoast Regional Redevelopment Authority (MRRA) for the year ending December 31, 2010, at the completion of our third year of operation.

The statute requires that the report must address the following issues for the previous year:

A. Description of the Authority's operations

The year 2010 was another busy, challenging and productive year for MRRA. We saw the base population drop significantly with the departure of the Navy squadrons. As a state, we continued to wrestle with a difficult economic environment, and the closure of NASB only compounds the challenges facing Maine and the Midcoast region. Despite these challenges, MRRA continues to work hard to enhance the redevelopment of Brunswick Landing and Topsham Commerce Park and to be a catalyst for the State's economic recovery. Our business development efforts continue to focus on quality job creation in several targeted industries: aviation/aeronautics, renewable energy, composites, information technology, tourism, and higher education.

The redevelopment of Brunswick Landing and Topsham Commerce Park continues to move forward in a collaborative, innovative and progressive way. MRRA is fortunate to work with the support of the Governor's office, State Legislature and some State agencies, as well as a strong federal congressional delegation and several federal agencies; cooperative town councils in Brunswick and Topsham, and our knowledgeable and talented Board of Trustees and staff. In addition, the working relationship we have with the Navy during this transition has been exceptional, particularly the BRAC PMO Office in Philadelphia.

Page 1 of 8

Highlights of the past year's activities include:

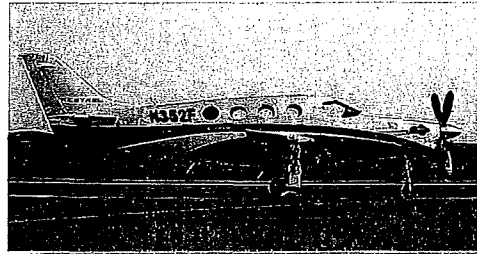
- ❑ In November, the FAA announced that MRRA's application for a Public Benefit Conveyance and designation as an eligible airport sponsor had been approved making MRRA eligible to receive federal airport capital improvement funds.
- ❑ The passage of the Maine Jobs Bond in June 2010, which includes an \$8 million bond package to fund property improvements for MRRA and Southern Maine Community College. This will allow MRRA to leverage additional federal funds to invest in buildings and infrastructure at Brunswick Landing to support business development and job creation.
- ❑ Approved a lease with the Kestrel Aircraft Company who will be designing and building their JP-10 carbon-composite turbo prop business aircraft here at Brunswick Landing.
- ❑ Worked with Mölnlycke Health Care, a pharmaceutical manufacturer, as it plans its expansion at Brunswick Landing.
- ❑ Approved a lease with Resilient Communications Corporation for buildings 554 and 87 providing it with over 75,000 square feet of manufacturing and information technology process space to serve their clients.
- ❑ Approved a lease with Maine Tool and Machine for building #553 to accommodate a high end CNC machine shop using end-to-end component design that is highly automated using computer-aided design (CAD) and computer-aided manufacturing (CAM) programs. The programs produce a computer file that is interpreted to extract the commands needed to operate a particular machine via a postprocessor, and then loaded into the CNC machines for production.
- ❑ Communicated with over 75 businesses in targeted industries about locating at Brunswick Landing.
- ❑ Worked with the Governor's office and Legislature to amend MRRA statute to create the Jobs Tax Increment Financing (JTIF) program and establish additional authorities for the airport's management.
- ❑ In July, MRRA submitted an application for General Purpose Foreign Trade Zone designation for 294 acres with the Federal Foreign Trade Zone Board.
- ❑ Named the two base properties - *Brunswick Landing: Maine's Center for Innovation and Topsham Commerce Park*.
- ❑ Named the airport - *Brunswick Executive Airport*.

- ❑ Monitored the NEPA process as it relates to the Environmental Impact Statement and the Environmental Assessment.
- ❑ Adopted Community Design Guidelines for the two properties.
- ❑ Continued work on the Renewable Energy Center Feasibility Study.
- ❑ Continued work with Mr. George Schott and the Towns of Brunswick and Topsham to implement the housing disposition strategy.
- ❑ Continued planning for *The Great State of Maine Air Show & Business Aviation Expo* which has been designated as a "Navy Official Tier 1" event celebrating 100 years of naval aviation.
- ❑ In addition to previously received \$200,000 grants from both the Economic Development Administration of the U.S. Department of Commerce and the Maine Technology Institute, MRRA received an additional \$100,000 from the Environmental Protection Agency Region I office in July 2010. This grant will allow MRRA to partner with the National Renewable Energy Laboratory (NREL) of Colorado to perform Task 2 - the identification and recommendation of those distributed alternative/renewable energy technologies that could be incorporated into our district energy system (including natural gas cogeneration, biomass, photovoltaic systems, solar thermal, wind power, and fuel cells, on-site hydrogen production) as part of the alternative energy park concept.

The vision of a renewable energy center (a national center of excellence with our own dynamic, alternatively-fueled energy production and distribution facilities to provide low-cost, green energy and improve power reliability for property tenants and an on-site living laboratory to test and develop green technologies and to create new and sustainable "green" jobs) has long been considered a key part of the civilian reuse of the Naval Air Station.

What do we have to look forward to in 2011? We've reached major milestones in the NASB redevelopment process. The Notice of Availability of the Final Environmental Impact Statement (FEIS) was published in the Federal Register on November 23. In addition, the Finding of No Significant Impact (FONSI) has been filed for Topsham Commerce Park. Both of these findings give the Navy the green light to begin the property transfer process. Accordingly, MRRA and the Navy will be working with the various recipients of public benefit conveyances to transfer property, including Southern Maine Community College, Bowdoin College, Family Focus and the Town of Brunswick. MRRA will also be the recipient of a public benefit conveyance for approximately 750 acres of airport property (first phase of 800 acres) to begin operation of a new civilian airfield later this month as well.

Kestrel Aircraft will be an anchor tenant at the airport property. MRRA and the Kestrel Aircraft Company entered into a lease for a large portion of Hangar 6 allowing Kestrel to establish its new world headquarters in Brunswick, Maine. Kestrel Aircraft is a new firm to be headed by former Cirrus Design's Founder and Chairman Alan Klapmeier. The company's goal is to transform the proof-of-concept Kestrel high-performance turboprop, created by United Kingdom's Farnborough Aircraft, into an FAA/EASA Part 23 certified airplane as soon as 2013. Mr. Klapmeier served as Chairman of Cirrus Design from its inception in 1984 to 2009.



The Kestrel aircraft represents the application of advanced materials, advanced aerodynamic theory and cutting-edge construction techniques to produce an aircraft that is attractive, safe and easy to operate. The Kestrel also breaks new ground in aircraft performance, delivering a maximum cruise speed higher than competing models, a short climb time to cruise altitude at maximum weight, and the option to fly further and faster, while carrying more passengers and weight. The Kestrel also sets new standards in cabin dimensions and comfort for a six/seven seat aircraft. The Kestrel is designed to bridge the traditional gap between turboprops and substantially more expensive business jets.

This coming year, MRRA will be providing the financing and oversight for the construction of a 79,000 square foot, state-of-the-art, pharmaceutical clean room manufacturing facility for Mölnlycke Health Care.

As we move further into 2011, we look forward to continuing the positive momentum we've created in becoming one of the leading BRAC redevelopment projects in the country, but more importantly, we look forward to continuing job creation to mitigate the impact of base closure.

Because of the substantial assets and aggressive marketing efforts, there is a significant level of interest in new business growth at Brunswick Landing. Currently, approved leases total **563 jobs and \$147.5 million in investment** with the following companies:

- ❑ Kestrel Aircraft Company will locate manufacturing facility in Brunswick: Up to **300 employees, \$100 million in investment.**
- ❑ Mölnlycke Health Care plans to occupy a 78,000 S.F. new build-to-suit manufacturing facility that will be owned by MRRA and leased to it: Up to **100 employees, \$40 million in investment.**

- ❑ Resilient Communications plans to occupy 75,000 S.F. of existing buildings for a data center and secured communications operations: Up to **150 employees, \$7 million investment.**
- ❑ Maine Tool & Machine is expanding its precision manufacturing operation in Brunswick: up to **7 new jobs and \$500,000 in investment.**
- ❑ FlightLevel Aviation will be the airport's Fixed Base Operator in time for the airport's opening in April 2011: up to **6 new jobs.**

MRRA is currently working with several companies in precision machining, composites manufacturing, energy, information technology, aircraft manufacturing and repair, hotel and convention managers/operators and general office development. We are making great progress on opening the Brunswick Executive Airport. The grand opening of the airport is currently scheduled for the afternoon of April 2, 2011. At that time, we will have FlightLevel Aviation in operation as the Fixed Base Operator (FBO), providing aircraft servicing and renting hangar space. In addition, we will be hosting a "Fly In" on June 4. Details on the Fly In will be published on the MRRA web site, www.mrra.us. Information is also available on the airport and the Fly In on the *Brunswick Executive Airport* page on Facebook.

The theme for the 2011 *Great State of Maine Air Show & Business Aviation Expo* is "Those Who Serve." Keeping with that theme, we focused our efforts on recruiting former military aircraft to perform at the show. Among the "war birds" that we are planning to bring to the show are the DAV's B-25 (Panchito), P-51 Mustang, and F4U Corsair.

The *Great State of Maine Air Show and Business Aviation Expo* will occur on August 26-28, 2011 at the Brunswick Executive Airport. For more information on the air show, please visit our web site by going to www.greatstateofmaineairshow.us, or find us on Facebook.

B. An accounting of the Authority's receipts and expenditures, assets and liabilities at the end of its fiscal year

Please find attached an Unaudited Financial Report for the fiscal year ending December 31, 2010. A copy of the final Audited Financial Statement and Single Audit Act Report for the period ending December 31, 2010 will be provided to your office upon completion.

C. A listing of all property transactions pursuant to Section 13083-K

No real property was transferred to MRRA during 2010. In November, the Navy transferred eight pieces of snow equipment and three fire trucks to the MRRA (see attached inventory description).

MRRA currently leases two buildings (buildings 37 and 38 totaling about 3,200 square feet) as its offices from the Navy.

Last year, the BRAC Program Management Office (PMO) and MRRA entered into licenses (as modified) for Hangar 6 and for the airfield, which allows for up to ten civilian aircraft landings and for snow removal on the runways and fire lanes. The MRRA in turn leased 93,000 square feet of the Hangar 6 space to the Kestrel Aircraft Company and 8,000 square feet for the winter to the Great Island Boat Company of Harpswell.

The BRAC PMO Office and MRRA also entered into a lease for buildings 225/252, a vacant warehouse facility. The MRRA in turn leased the premises to Bowdoin College for the winter to store kayaks and rowing shells.

All leases required tenants to pay market rate rent.

D. An accounting of all activities of any special utility district formed under Section 13083-L

The Midcoast Regional Redevelopment Authority submitted a public benefit conveyance application to the Federal Aviation Administration and Navy BRAC PMO office for the transfer of the airfield, aviation facilities and income generating property for the purpose of the operating a general aviation airport at NAS Brunswick. This application was accompanied by an Airport Master Plan and Airport Layout Plan with the authority of MRRA to operate the airport under the provisions of 13083-L. In November, MRRA was notified by the Federal Aviation Administration that it was recognized as an eligible Airport Sponsor.

E. A listing of any property acquired by eminent domain under Section 13083-N

No property was acquired by MRRA through its powers of eminent domain.

F. A listing of any bonds issued during the fiscal year under section 13083-I

MRRA did not issue any bonds during 2010. The voters of Maine, however, approved a state transportation improvement bond which includes \$500,000 for investment in aviation facilities at the airport facility in Brunswick. The State Legislature and the voters of Maine also approved a bond referendum for \$3.25 million that will be used to address Americans with Disabilities Act deficiencies at base buildings, utility meter upgrades, and building removals and other public improvements to support base redevelopment and job creation.

The Board, at its November annual meeting, adopted Bond Inducement Resolutions in support of the Kestrel Aircraft Company project (up to \$10 million) and the build to suit facility to be built by the MRRA for Mölnlycke Healthcare AB (up to \$15 million). Bonds have not been issued as of this date for either project.

G. A statement of the Authority's proposed and projected activities for the ensuing year

Please find attached a copy of the 2011 Work Plan and Annual Budget approved by the Board of Trustees on December 14.

H. Recommendations regarding further actions that may be suitable for achieving the purposes of this article

Current Maine law provides an exemption from sales tax for aircraft purchased or leased by a nonresident and immediately transported out of the State and certain other specifically designed aircraft. Aircraft under 6,000 lbs., parts, and components purchased or leased and used in Maine are subject to sales/use tax, whereas they are not in neighboring states. This puts Maine aviation businesses at a significant competitive disadvantage where business is lost – or retained only with a commensurate reduction in profit margin. We have been working with the Governor's office, Senator Stan Gerzofsky and other legislators to sponsor a bill to expand the exemption to include sales or leases of any aircraft by residents and nonresidents and repair or replacement parts used exclusively in aircraft or in the overhaul and rebuilding of aircraft.

In working with a number of companies interested in locating at Brunswick Landing we have learned firsthand of the lack of sufficient access to capital markets, both public and private, to support new business development and business expansion. We have come to believe that the current capital markets in Maine do not adequately support the requirements of large business enterprises and new technology intensive businesses and have a detrimental impact on business growth and job creation potential. The financing that is available is very complex, bureaucratic, expensive and time consuming. This is one of the limiting factors in attracting new business investment to the State, and unless changed, will continue to retard our economic growth; and yet by all accounts Maine banks and financial institutions are strong and well managed. In light of this concern, it is recommended that the State convene a symposium of business financial experts to develop recommendations for the new Administration that will set Maine as a national leader and a state that has financial infrastructure in place to support business growth and development.

Finally, the actual realization of new jobs and the timing of such at NASB will be dependent on several factors, including, but not limited to: receipt of successful and timely conveyances from the Federal Aviation Administration and Navy; the condition and stability of the national and local economic markets; and the availability of sufficient financial resources for property management, security and operations, infrastructure, property improvements and marketing.

Successful redevelopment of closed bases is a very long-term proposition, which requires substantial public and private resources and patience. A key element in successful base

redevelopment efforts is the level of support provided by the local, state and federal governments.

Thank you for your interest and support of this important economic development project for the State of Maine.

Sincerely,



Steven H. Levesque
Executive Director

cc. David Boulter, Director, Legislative Council
Senator Christopher Rector, Chair, LCRED
Representative Kerri Prescott, Chair, LCRED
Joint Standing Committee on Labor, Commerce, Research and Economic Development
Gary Brown, Brunswick Town Manager
Topsham Town Manager
MRRA Board of Trustees
Jeffrey K. Jordan, Deputy Director

SPO



Maine State Planning Office Executive Department

PAUL R. LePAGE
Governor

TIM GLIDDEN
Acting Director

January 25, 2011

Sen. Kevin L. Raye, Chair
Rep. Robert W. Nutting, Vice-Chair
Members, Legislative Council of the 125th Legislature
Maine Legislature
115 State House Station
Augusta, Maine 04333-0115

Dear Senator Raye and Representative Nutting,

The State Planning Office is pleased to provide executive summaries of its report, titled *2011 Report on Poverty*, in response to Resolve 1997, Chapter 36 to Implement the Recommendations of the Commission to Study Poverty Among Working Parents with Regard to an Annual Report Card on Poverty. The full report is available for download at: <http://www.maine.gov/spo/economics>.

We are most willing to present the report to you and happy to answer any questions that you may have.

Sincerely,

Tim Glidden
Acting Director

2011 REPORT ON POVERTY

Prepared by:
Maine State Planning Office, Economics and Demographics Team
38 State House Station
Augusta, Maine 04333
207-624-7660
www.maine.gov/spo/economics

January 2011

Printed under Appropriation #010-07B-008201-1300

This report is available online: <http://www.maine.gov/spo/economics/>

Executive Summary

For some Mainers, meeting the needs of daily life is a struggle. According to the U.S. Census Bureau, more than one in ten Maine residents live below the poverty line. Nearly one third of Mainers have a household income that classifies them as poor or near-poor. These households feel the pinch of rising costs for shelter, fuel, food, and medical care.

Poverty is not just a problem for the people who experience it; it is a problem for everyone. Those in poverty are often isolated from community life, are unable to participate fully in the economy, and cannot support local businesses. Hungry children are not able to focus on learning in school and face the likelihood of continuing the cycle of poverty to the next generation.

In this 2011 Report on Poverty, the trends we see show the effects of the recession that began December 2007. Most of the data included in this report are the most recently available annual data. Since the data come from a variety of sources, updates are made at different points in time. In most cases, the most recent available annual data are from 2009.

- Median income in Maine increased slightly for 2009 after adjusting for inflation, which was negative year-over-year for the first time since 1955. Average earnings per job also increased slightly.
- Using the Census Bureau's preferred two-year averages, Maine's official poverty rate was 11.7% in 2008-2009. That is up from the previous two-year rate of 10.5% in 2006-2007.
- There is great disparity in poverty levels across Maine's regions. In easternmost Washington County, poverty is around twice as prevalent as in Cumberland, York, and Sagadahoc counties.
- For the 2007 tax year, Maine saw a slight decrease in Earned Income Tax Credit filings at the federal level. Counties with higher poverty rates tended to see higher rates of EITC filings.
- The rate of very low food security increased in Maine for the 2007-2009 period compared to preceding 3-year averages. Maine's overall food insecurity rate was 15.1% for 2007-2009.
- Both the Food Supplement Program and the National School Lunch Program saw increases in use, continuing an upwards trend since 2001.
- Maine's evolution from a manufacturing-based economy to one more involved in services and information continues to bring regional disparities in job growth and average earnings. Maine also has higher rates of people holding multiple jobs than in the nation as a whole.
- Maine's minimum wage has held pace with inflation since the 1990s, but has not regained the real value it had in the 1970s. However, Maine's minimum wage increased in October 2009 and was compounded by a slight decline in inflation.
- Maine continues to lag behind the nation in the number of residents with postsecondary education. This has important implications for the earning power of Maine's citizens.
- Despite price declines following the collapse of the housing market bubble, the cost of housing has outpaced increases in median income over the course of the decade.
- The costs of heating oil and gasoline continue to creep up following sharp decreases in late 2008. Heating oil has again risen above the 2005/2006 levels; gasoline prices are moving closer to post-Katrina 2005 levels.

2011 REPORT ON POVERTY

2011 REPORT ON POVERTY

Prepared by:
Maine State Planning Office, Economics and Demographics Team
38 State House Station
Augusta, Maine 04333
207-624-7660
www.maine.gov/spo/economics

January 2011

Printed under Appropriation #010-07B-008201-1300

This report is available online: <http://www.maine.gov/spo/economics/>

Table of Contents

Executive Summary	3
Measuring Poverty	4
Federal Poverty Measures	4
Income	5
Poverty Rate	6
Ratio of Income to Poverty: At-Risk Populations	7
Earned Income Tax Credit: Working Poor	9
Food Insecurity	10
Food Supplement Program	10
National School Lunch Program	11
Homeless Population	12
Contributing Conditions	13
Employment	13
Earnings	17
Educational Attainment	19
Contributing Costs	21
Housing	21
Cost of Heating Fuel and Gasoline	22
Medical Care Costs	23
Footnotes and Data Sources	24

Executive Summary

For some Mainers, meeting the needs of daily life is a struggle. According to the U.S. Census Bureau, more than one in ten Maine residents live below the poverty line. Nearly one third of Mainers have a household income that classifies them as poor or near-poor. These households feel the pinch of rising costs for shelter, fuel, food, and medical care.

Poverty is not just a problem for the people who experience it; it is a problem for everyone. Those in poverty are often isolated from community life, are unable to participate fully in the economy, and cannot support local businesses. Hungry children are not able to focus on learning in school and face the likelihood of continuing the cycle of poverty to the next generation.

In this 2011 Report on Poverty, the trends we see show the effects of the recession that began December 2007. Most of the data included in this report are the most recently available annual data. Since the data come from a variety of sources, updates are made at different points in time. In most cases, the most recent available annual data are from 2009.

- Median income in Maine increased slightly for 2009 after adjusting for inflation, which was negative year-over-year for the first time since 1955. Average earnings per job also increased slightly.
- Using the Census Bureau's preferred two-year averages, Maine's official poverty rate was 11.7% in 2008-2009. That is up from the previous two-year rate of 10.5% in 2006-2007.
- There is great disparity in poverty levels across Maine's regions. In easternmost Washington County, poverty is around twice as prevalent as in Cumberland, York, and Sagadahoc counties.
- For the 2007 tax year, Maine saw a slight decrease in Earned Income Tax Credit filings.
- at the federal level. Counties with higher poverty rates tended to see higher rates of EITC filings.
- The rate of very low food security increased in Maine for the 2007-2009 period compared to preceding 3-year averages. Maine's overall food insecurity rate was 15.1% for 2007-2009.
- Both the Food Supplement Program and the National School Lunch Program saw increases in use, continuing an upwards trend since 2001.
- Maine's evolution from a manufacturing-based economy to one more involved in services and information continues to bring regional disparities in job growth and average earnings. Maine also has higher rates of people holding multiple jobs than in the nation as a whole.
- Maine's minimum wage has held pace with inflation since the 1990s, but has not regained the real value it had in the 1970s. However, Maine's minimum wage increased in October 2009 and was compounded by a slight decline in inflation.
- Maine continues to lag behind the nation in the number of residents with postsecondary education. This has important implications for the earning power of Maine's citizens.
- Despite price declines following the collapse of the housing market bubble, the cost of housing has outpaced increases in median income over the course of the decade.
- The costs of heating oil and gasoline continue to creep up following sharp decreases in late 2008. Heating oil has again risen above the 2005/2006 levels; gasoline prices are moving closer to post-Katrina 2005 levels.

Measuring Poverty

Federal Poverty Measures

Household income is the most direct and common measure of poverty. The federal government's poverty thresholds and guidelines* are income levels below which households are considered "poor." These measures were developed in the mid-1960s, and the same methodology is used today.

The measures were originally developed based on the cost of feeding a family an "economy" food plan. The sparsest of four food plans developed by the U.S. Department of Agriculture was the "economy" plan. Then, assuming that households spent one-third of their income on food, a threshold income level for survival was determined. This mid-1960s income level (called the "poverty line") has been increased for inflation each year by using the Consumer Price Index for All Urban Consumers.¹

For years, those who study poverty have considered this historical measure to be inadequate as a means of fully describing poverty. For example, over time the costs of housing and medical care have increased far more than the cost of food. Today, the average household spends just 12% of its income on food, but one-third or more of its income on housing.²

Furthermore, the ratio of the federal poverty line to median income has changed over time. In the mid-1960s, when the poverty line was first developed, it represented 50% of median income in the United States. In 1999, the poverty line had decreased to 33% of the median income.³ Lastly, federal poverty measures apply to all states, counties, and cities, regardless of regional differences in cost of living.

Despite these limitations, federal poverty guidelines remain relevant because many governmental and non-governmental organizations use them to determine eligibility for assistance programs. Some programs that use these guidelines are Head Start, the Food Supplement Program, and the National School Lunch Program for free and reduced lunch. The table below shows the poverty guidelines from 1980 to 2010 for families of various sizes.⁴ The guidelines did not change between 2009 and 2010 due to a lack of inflation.

* "Thresholds" are used for calculating the number of people in poverty. "Guidelines" are used to determine eligibility for assistance programs.

Table 1. Poverty guidelines, selected years, 1980 to 2010

Household size	1980	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010
1	4,210	5,250	6,280	7,470	8,350	9,570	9,800	10,210	10,400	10,830	10,830
2	5,590	7,050	8,420	10,030	11,250	12,830	13,200	13,690	14,000	14,570	14,570
3	6,970	8,850	10,560	12,560	14,150	16,090	16,600	17,170	17,600	18,310	18,310
4	8,350	10,650	12,700	15,150	17,050	19,350	20,000	20,650	21,200	22,050	22,050
5	9,730	12,450	14,840	17,710	19,950	22,610	23,400	24,130	24,800	25,790	25,790
6	11,110	14,250	16,980	20,270	22,850	25,870	26,800	27,610	28,400	29,530	29,530
7	12,280	16,050	19,120	22,830	25,750	29,130	30,200	31,090	32,000	33,270	33,270
8					28,650	32,390	33,600	34,570	35,600	37,010	37,010
For each additional member:											
Add:	1,170	1,800	2,140	2,560	2,900	3,260	3,400	3,480	3,600	3,740	3,740

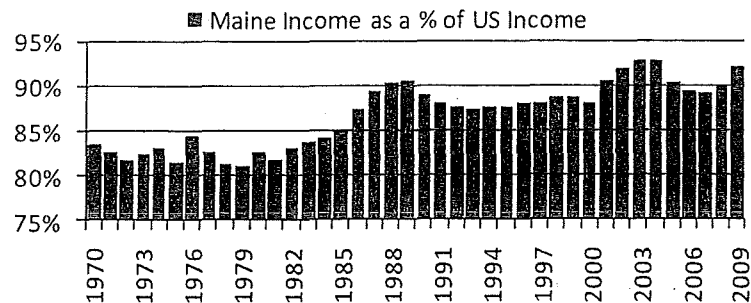
Source: U.S. Department of Health and Human Services, published annually in the Federal Register

Income

Income is the most common and direct measure of poverty. Over time, per capita incomes in both Maine and the nation have steadily increased. Per capita personal income, which includes all forms of income from earned wages and salary to government benefits, was \$3,413 in Maine and \$4,084 in the United States in 1970. By 2009, per capita personal income had risen to \$36,479 in Maine and \$39,626 in the nation. Although

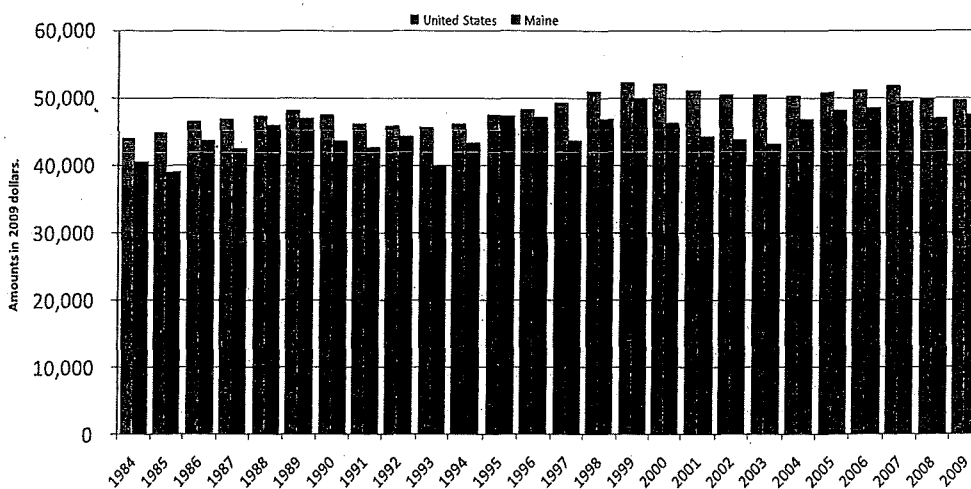
per capita income in the U.S. exceeds per capita income in Maine, the proportion of Maine's per capita income to the nation's has improved. Chart 1 shows that in 1970, Maine's per capita income was 83.6% of national income. By 2009, that percentage had risen to 92.1%.⁵

Chart 1. Per Capita Personal Income, 1970-2009



Over time, the cost of goods and services has increased as well. Chart 2 shows the real median household income in Maine compared to the nation for the last two decades. These income figures have been adjusted for inflation to reflect actual purchasing power. As seen in the chart, Maine has consistently lagged behind the U.S. average. Average real median household income in Maine had been rising between 2003 and 2007, but household income growth for both Maine and the nation turned negative in 2008 following the start of the 2007 recession.⁶ Real median household income in Maine rose slightly from 2008 to 2009 while household income for the U.S. continued to decline.

Chart 2. Real Median Household Income, Maine and U.S., 1984-2009



Comparisons of Maine and U.S. income levels should be interpreted with caution. For example, Chart 2 reflects changes in purchasing power over time, but not differences between the cost of living in Maine and other parts of the nation. Some expenses may be higher in Maine than elsewhere, such as transportation and

energy. Conversely, some goods and services may be cheaper in Maine, and therefore more accessible to Maine people despite lower incomes. For instance, despite lower incomes, Mainers have historically had higher rates of homeownership than other U.S. residents. As of the 3rd quarter of 2010, 74.3% of Mainers owned their residences, compared to 66.9% nationwide.⁷

Poverty Rate

The poverty rate in Maine has fluctuated between 10% and 15% for over twenty years. This measure comes from the U.S. Census Bureau's Current Population Survey.⁸ The Census Bureau recommends reporting changes in state poverty rates over time as two-year averages, as shown in Chart 3.⁹ The poverty rate in Maine was 11.7% in 2008-2009, according to this measure. This is below the national poverty rate of 13.8%, but this shows that Maine's poverty level improved very little between the 2001 and 2007 recessions.

Chart 3. Poverty Rate, 2-Year Average
Maine, 1980-2009

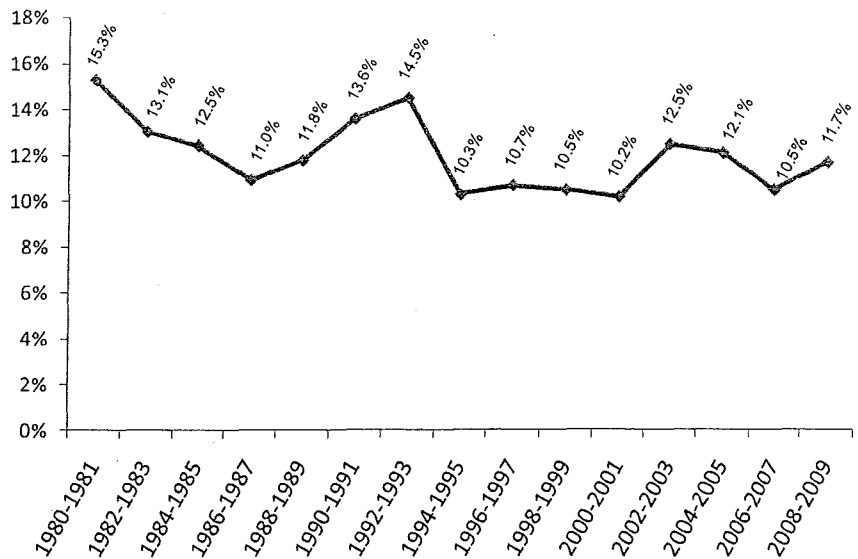
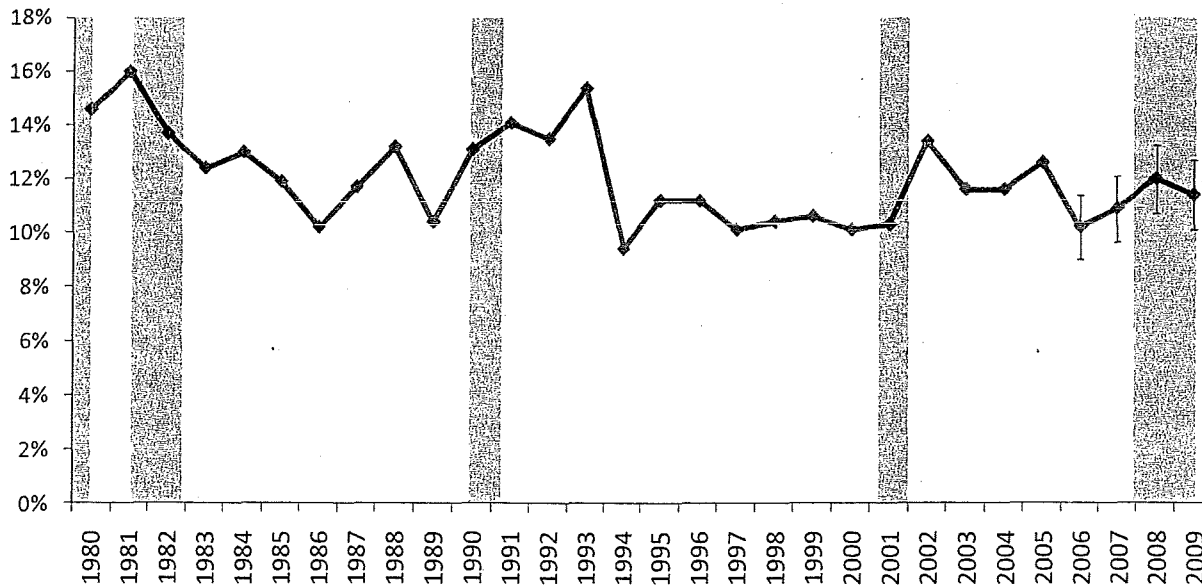


Chart 4. Poverty Rate and Recession
Maine, 1980 to 2009



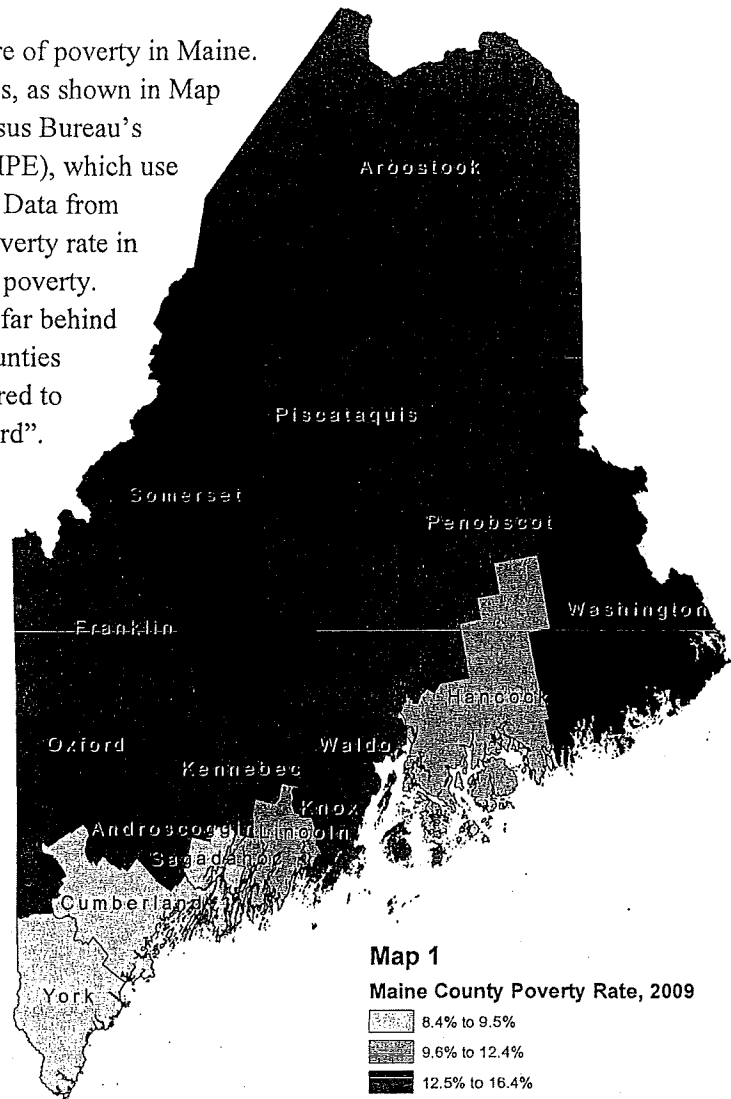
Shaded areas show periods of recession.

Chart 4 shows periods of recession and their relationship to the poverty rate in Maine as it is estimated on an annual basis. Maine's poverty rate appears to have decreased in the most recent period after rising in the three prior years. Error bars on the graph show the margins of error for recent estimates, illustrating the statistical range of the estimate. The poverty rate is considered a lagging indicator, meaning that it tends to rise after the official end of an economic recession. The National Bureau of Economic Research, which assigns dates to business cycles, announced a June 2009 end date for the recession that began on December 2007.

County-level data reveal a more nuanced picture of poverty in Maine. There is considerable variance between counties, as shown in Map 1.¹⁰ This information comes from the U.S. Census Bureau's Small Area Income and Poverty Estimates (SAIPE), which use a slightly different methodology from the CPS. Data from 2009 are shown. The county with the lowest poverty rate in 2009 was York, with 8.4% of the population in poverty. Cumberland and Sagadahoc Counties were not far behind at 9.3% and 9.5%, respectively. These three counties make up the Metropolitan Statistical Area referred to nationally as "Portland-South Portland-Biddeford". Poverty in Washington County was more than twice as prevalent at 20.6%. Similarly, 19.3% of Somerset County's population is estimated to be in poverty. Compared to SAIPE's 2009 estimate for the state of 11.4%, 13 of Maine's 16 counties had poverty rates above the state average.

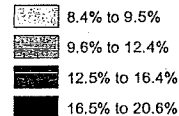
Ratio of Income to Poverty: At-Risk Populations

Poverty rates are based on federal poverty measures that may underestimate the number of people who struggle to meet daily needs. Measures of households with incomes 150% or 200% of the official poverty line offer a broader view of this population.



Map 1

Maine County Poverty Rate, 2009



Poverty rate from U.S. Census Bureau SAIPE data

Table 2 shows the ratio of income to poverty (i.e., the federal poverty level) for selected population groups in Maine and the nation. The rate of female-headed households below 100% of the poverty line in Maine had been considerably lower than the U.S. in past years, but this category more closely resembled the national rate in 2009,¹¹ and Maine female-headed households near the poverty limit far exceed the national rate.¹²

Table 2. Ratio of Income to Poverty, 2009, Selected Population Groups							
		Below 100%	Standard Error	Below 150%	Standard Error	Below 200%	Standard Error
All Ages	Maine	11.4	1.3	20.7	1.6	29.9	1.8
	U.S.	14.3	0.1	23.6	0.2	33.0	0.2
Under 18	Maine	17.1	2.9	28.7	3.5	37.4	3.7
	U.S.	20.7	0.3	32.0	0.3	42.2	0.4
65 and over	Maine	7.2	1.6	20.5	2.5	36.2	3.0
	U.S.	8.9	0.2	20.4	0.3	33.7	0.3
Female head of household	Maine	40.3	3.6	71.4	3.3	83.4	2.7
	U.S.	39.9	0.3	56.5	0.3	68.3	0.3

It is clear that some populations struggle more than others in Maine and nationwide. Of particular concern are children, people age 65 and older, and female-headed households. These populations are often referred to as “at-risk” because they generally have higher rates in or near poverty than the population overall.

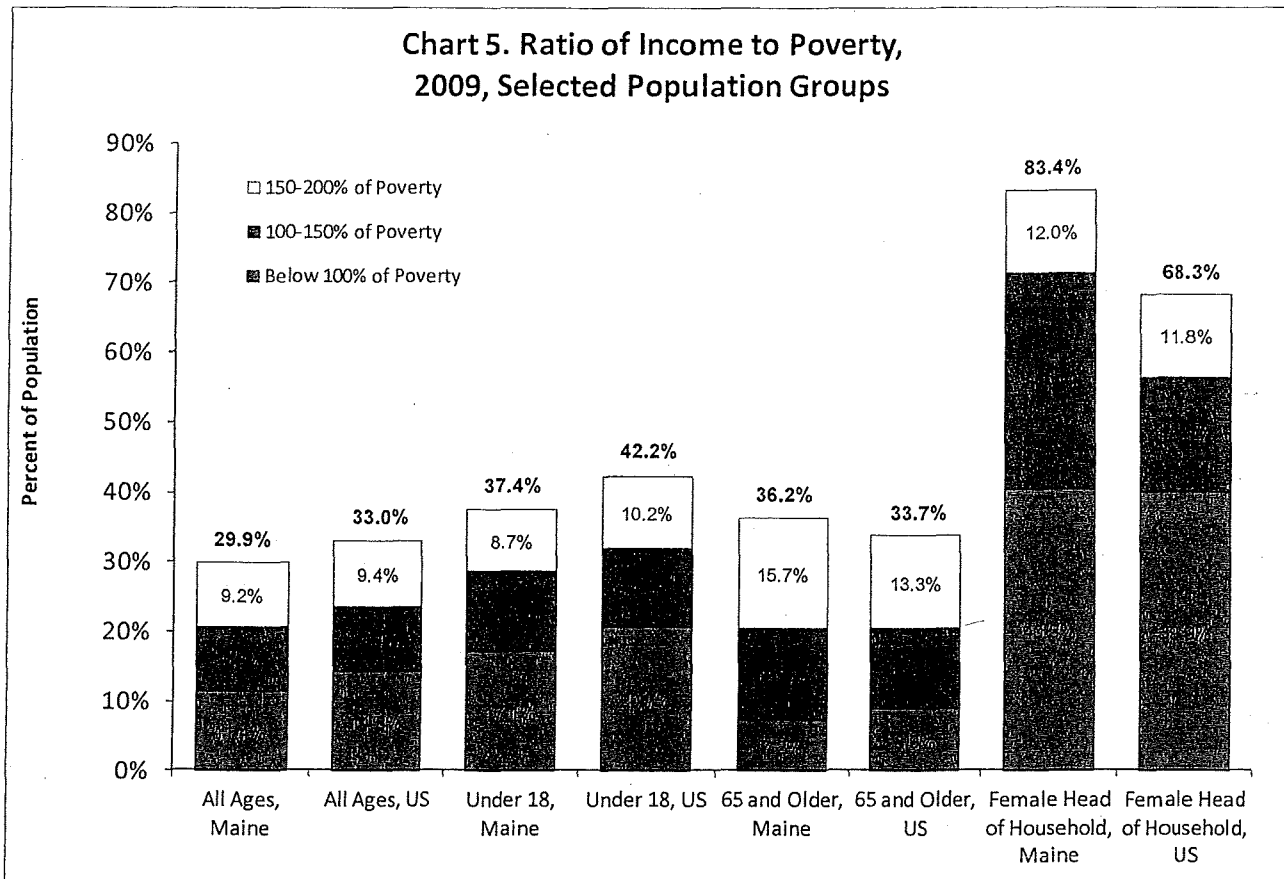


Chart 5 shows the percentage of people in each group with household incomes below 100%, between 100% and 150%, and between 150% and 200% of poverty thresholds. The percentage at the top of each column gives the total percent below 200% of poverty. The two leftmost columns show the percentage of all households at each income level for Maine and the U.S. The next two columns are for residents under age 18. More than one-third of Maine children live in households with incomes below 200% of the poverty line.

The next two columns show the percentage of elderly residents below the poverty line. The percentage of this population living in or near poverty in Maine is similar to the nation as a whole. The elderly are less likely to be below the poverty line because of aid from Social Security and Medicare, but they are at the greatest risk of falling within income levels between 150% and 200% of poverty.

The rightmost columns show the percentage of households with female heads at or near the federal poverty threshold. The percentage of these households below 100% of the poverty line is only slightly higher in Maine than in the nation overall, but a larger percentage of these families are near poverty in Maine than in the nation. In all, female-headed households comprise the poorest segment of the at-risk populations examined: more than 40% have incomes below the federal poverty threshold and over 83% have incomes below 200% of the poverty line.

Earned Income Tax Credit: Working Poor

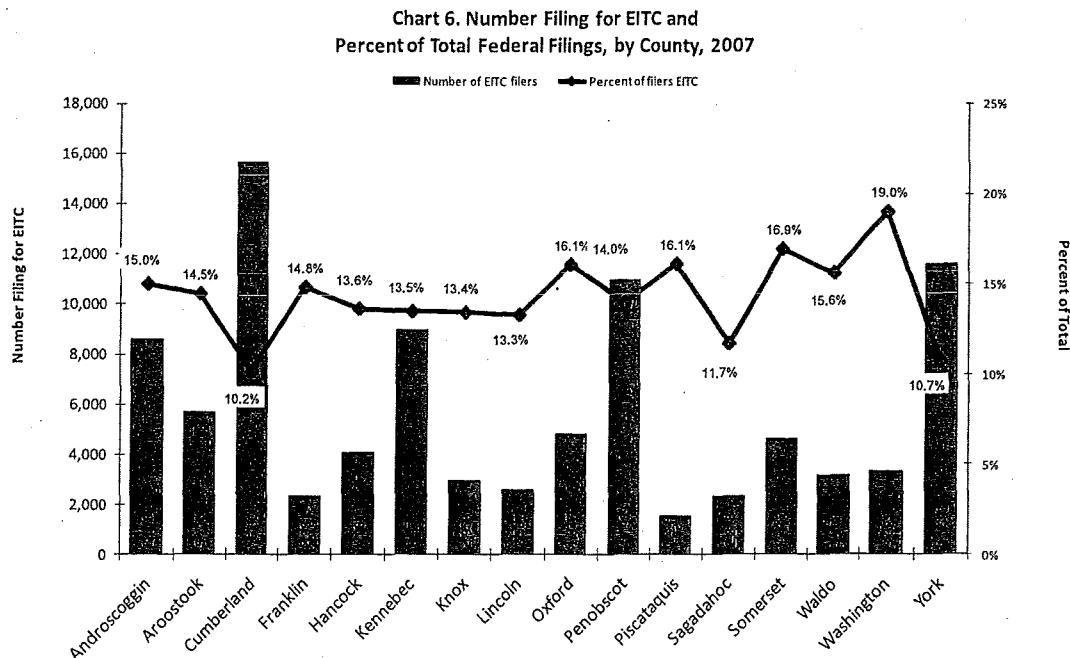
Another way to look at the incomes of Maine families is to examine the number of people filing for the federal Earned Income Tax Credit (EITC). This credit allows low-income working people to receive a tax refund if they meet certain income requirements. The 2010 federal EITC thresholds for adjusted gross income are:

- \$40,363 (\$45,373 married filing jointly) with two qualifying children
- \$35,535 (\$40,545 married filing jointly) with one qualifying child
- \$13,460 (\$18,470 married filing jointly) with no qualifying children

EITC information is useful for determining the approximate number of people in Maine who are poor or near poor even though they work. This measurement is likely to be on the conservative side as the IRS estimates that 20 to 25% more people may qualify for EITC but may not be aware of it.¹³

Year	Percent of all filers	Percentage point change
1997	14.3%	
1998	13.7%	-0.6
1999	12.8%	-0.8
2000	12.5%	-0.4
2001	12.4%	-0.1
2002	13.8%	1.4
2003	14.0%	0.2
2004	14.0%	0.0
2005	14.2%	0.2
2006	14.1%	-0.1
2007	13.0%	-1.0

Table 3 shows the number of Maine EITC filers between 1997 and 2007, the latest year for which data are available. Rates of EITC filings decreased between 1997 and 2001, and then experienced a sharp increase in 2002 following the 2001 recession. The percent of EITC filers remained fairly steady between 2002 and 2006 before falling 1.1 percentage points in 2007. This may also be a lagging indicator that next year's data will show has risen with the start of the recession.



Filings at the county level closely follow the patterns in the state for income and poverty. This information is shown in Chart 6. While Cumberland, Penobscot, and York represented the largest numbers of filers, Cumberland and York had the lowest percentages of total filings: 10.2% and 10.7%, respectively. Washington and Somerset saw the largest percent of their populations filing: 19.0% and 16.9%, respectively.¹⁴

Food Insecurity

Food insecurity is another indicator of poverty. It measures a household's ability to meet basic needs, rather than its income. The U.S. Department of Agriculture (USDA) defines food security as "access by all people at all times to enough food for an active, healthy life." Food insecurity can also reinforce the detrimental effects of poverty. Inadequate nutrition limits one's ability to focus on work and learning. Poor health may prevent people from working on a stable basis. Food security is generally studied at the household level.¹⁵

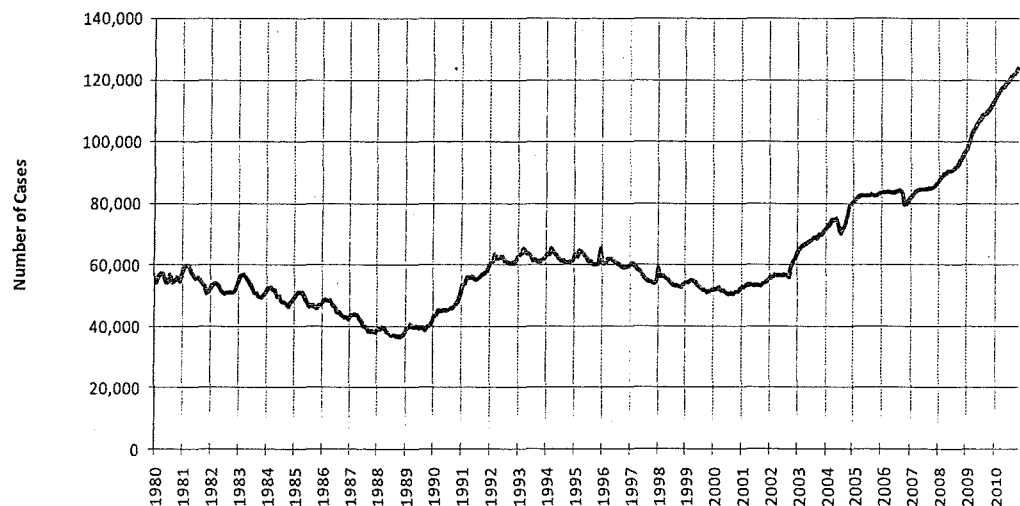
In 2005, the USDA began reporting food security status in three categories: food secure, low food security, and very low food security. Previously, the agency reported food security status using wording regarding hunger. This was abandoned in 2005, and the agency re-released data from earlier years using the new terminology. Enrollment in food supplement programs is taken into account when households are categorized. USDA reports food security data as two- or three-year averages in order to gain statistical significance.

Table 4. Food Security in Maine, 1996-2009

	1996-98	2004-06	2007-09	Percentage Point Change 1996-98 to 2007-09	Percentage Point Change 2004-06 to 2007-09
Food secure	90.2%	87.1%	84.9%	-5.3%	-2.2%
Low food security	5.8%	7.6%	8.4%	2.6%	0.8%
Very low food security	4.0%	5.3%	6.7%	2.7%	1.4%

In 2007-2009, 84.9% of Maine's population was food secure. This falls short of the national average of 86.5%. More than one in ten Maine residents did not have stable and secure access to food. Over 15% of Maine's population experienced food insecurity, and of these, 6.7% met the category of very low food security. Maine's food security status has fallen since 1996-1998, with low food security increasing by 2.6 percentage points and very low food security increasing by 2.7 percentage points. The USDA considers these values to be statistically different from the national rates.

Chart 7. Statewide Food Supplement Program, Monthly Caseload Since 1980
(Note: Vertical lines show beginning of new year.)



Food Supplement Program

Closely related to the issue of poverty and food security is the use of food supplements. Food Supplement Program enrollment indicates the overall number of people needing assistance. Comparing it with measures of food insecurity further highlights the need for the program. In

November 2010, around 18% of Maine's population was receiving food supplements.¹⁶

The Food Supplement Program in Maine is funded by the USDA and tracked very closely, with monthly data going back to 1980. Chart 7 shows trend data for the use of food supplements from 1980 through 2010. Each data point represents the monthly caseload. In November of 2010, there were 123,721 food supplement cases serving 241,445 individuals.

Food supplement use in Maine tends to increase during the winter months and decrease during the summer months. Overall, food supplement use increased steadily between the beginning of 2002 and the end of 2010. According to the Department of Health and Human Services (DHHS), the earlier part of this increase may be partly due to the use of a new computer system that prompts DHHS employees to inform Medicaid applicants that they are likely eligible for food supplements. The federal Temporary Aid to Needy Families (TANF) program also began providing bonus awards for continued access to food supplements and MaineCare. All food supplement recipient cases are reviewed by Maine DHHS at least every six months, and program eligibility is based purely on income and assets, making the program an important and timely indicator of the poverty level. The most recent usage increase is likely due to the economic recession.

Chart 8. Number of Individuals and Percent of Population Receiving Food Supplements, by County, November 2010

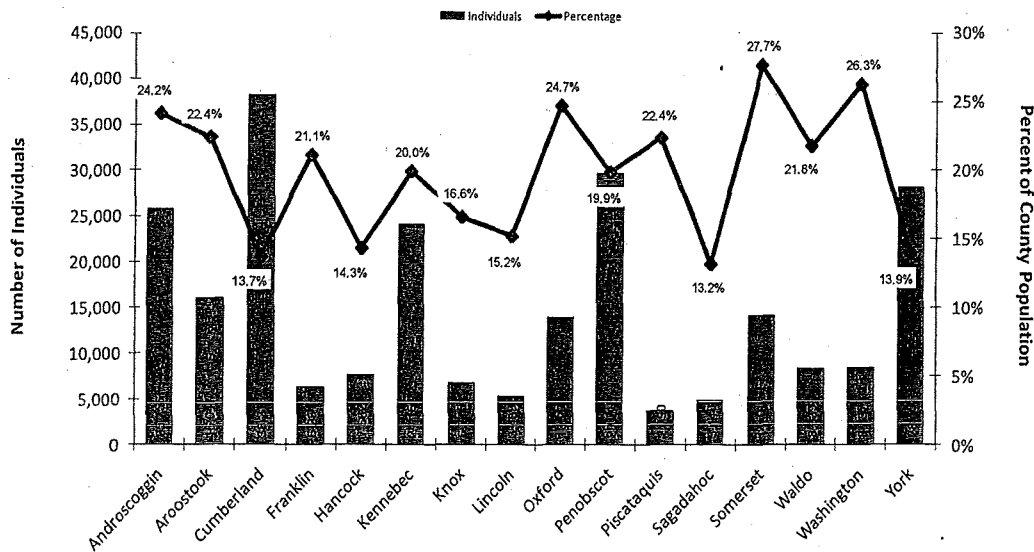
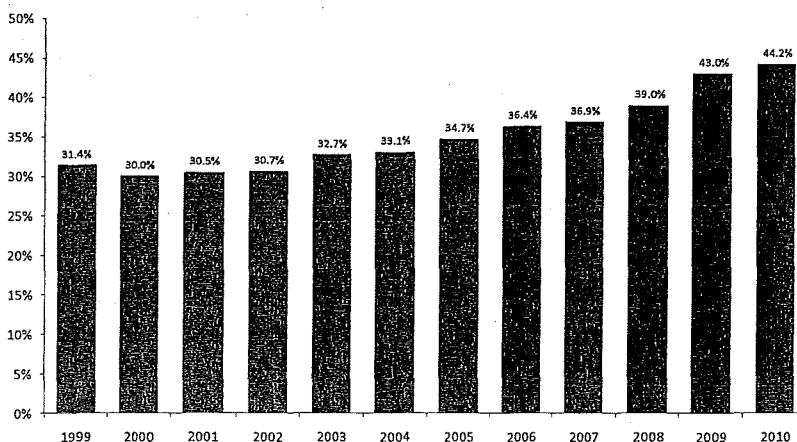


Chart 8 shows food supplement use by county, both by the number of recipients and the percentage of county population. Food supplements follow the trends seen in other measures, with the highest rates of use in Washington and Somerset counties, and the lowest usage in Cumberland, Sagadahoc, and York.

Chart 9. Percent of Students Eligible for Free/Reduced Lunch Maine, 1999-2010

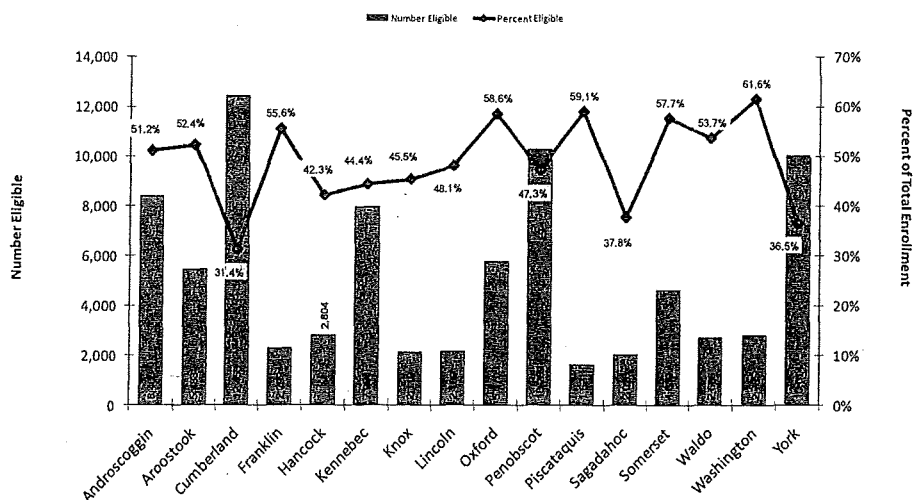


National School Lunch Program

The U.S. Department of Education's National School Lunch Program is another poverty indicator, and is especially useful for assessing the number of children in need of assistance.¹⁷ Students in households with incomes at or below 185% of the federal poverty level qualify for reduced-price lunches. Students in households with incomes at or below 130% qualify for free meals.

As shown in Chart 9, more than two in five Maine students are eligible for free or reduced lunch. The percentage of students eligible for the program increased steadily from 2000 to 2010 with larger jumps in recent years.

Chart 10. Number of Students Eligible for Free/Reduced Lunch and Percent of Total Enrolled Students, by County, Oct. 2010



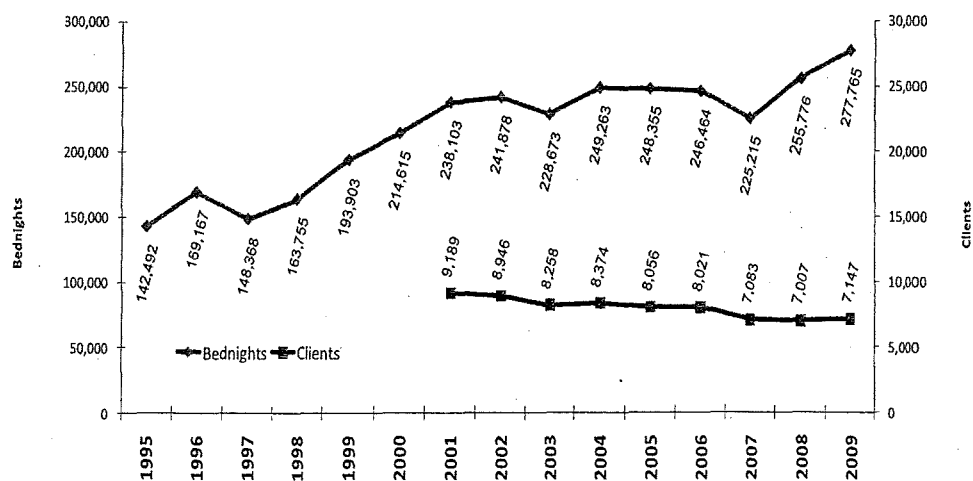
County-level information is shown in Chart 10. The number of students eligible for free or reduced lunch is shown with the eligible percentage of enrolled students per county. Rates of eligibility were highest in Washington, Piscataquis, and Oxford counties, and eight counties had more than half of enrolled students eligible for free/reduced lunch. The lowest rate was in Cumberland at 31.4%.

Chart 11. Shelter Use in Maine, Bednights and Clients, 1995-2009

Homeless Population

Another indicator of poverty is the number of people who are homeless. The Maine State Housing Authority (MaineHousing) gathers information on homelessness in Maine from homeless shelters around the state. The counts used are “bednights” and clients. Bednights are the numbers of occupied beds at each homeless shelter in

Maine on every night, added up for the entire year. The methodology used by MaineHousing to calculate the number of clients served in a given year guards against double counting clients. The data shown in Chart 11 take into account clients who were served in multiple months within the same year.¹⁸



The data show that shelter use (bednights) increased significantly between 1997 and 2004 other than a small drop in use in 2003. Bednights decreased slightly from 2004 to 2007 before reaching a new peak in 2009. Meanwhile, between 2001 and 2008, the number of clients served appeared to be on a downward trend. This indicates that homeless clients may be either more chronically homeless (experience more episodes of homelessness) or that each homeless episode is lasting longer (on average). The 2009 increase in clients follows other recent poverty trends.

Contributing Conditions

The preceding section discussed ways to measure poverty. This section discusses some conditions that cause or reinforce poverty. For example, low income can be an indicator of poverty, while the receipt of low wages may be a contributing factor. Similarly, educational attainment is well known to affect income and earnings. Therefore, this section examines employment and earnings as well as education levels. The following pages are not meant as a comprehensive analysis of the causes of poverty. Rather, the selected factors are those for which annual or biennial data are available. Many other important factors contribute to poverty but are difficult to quantify. Furthermore, in some cases these factors may be *effects* as well as *causes* of poverty, such as educational attainment.

Employment

Work is the primary source of income for most households, especially those with low incomes. Access to stable, well-paying jobs is a household's most reliable defense against poverty. Finding and keeping those jobs depends on many factors including educational attainment, health, family structure, access to transportation and childcare, and the strength of the economy overall.

Chart 12. Civilian Labor Force, Resident Employed, and Resident Unemployed, Maine, 1999-2009

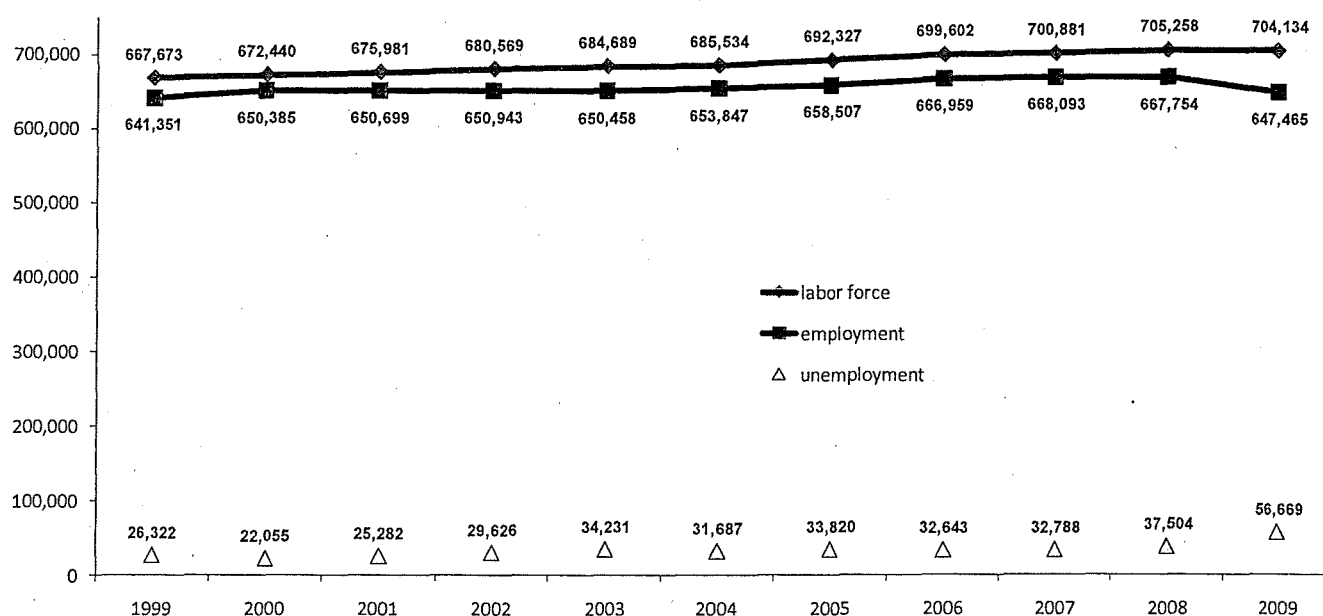
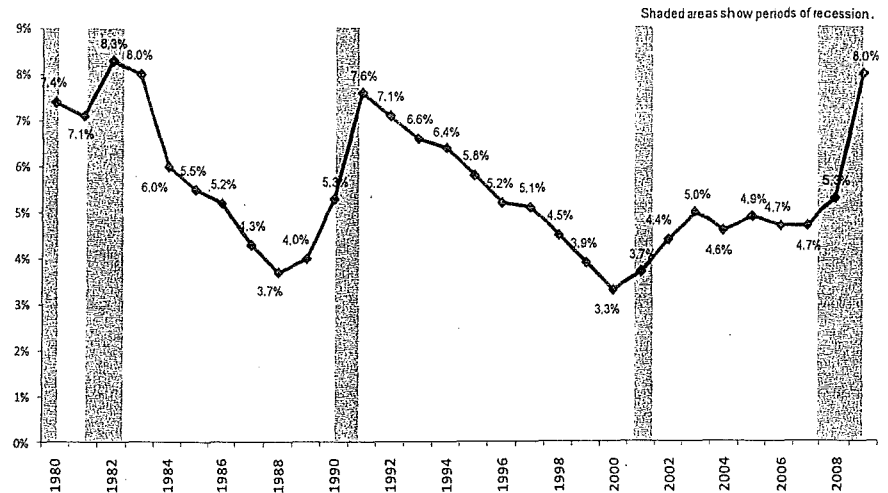


Chart 12 shows that the number of employed Maine people has grown slowly but fairly steadily over the last decade, with 2009 experiencing the only sharp decline.¹⁹ There were 36,461 more people in Maine's labor force in 2009 than in 1999. There were 6,114 more employed workers, and 30,347 more unemployed workers. Most of the increase in unemployment is from 2009.

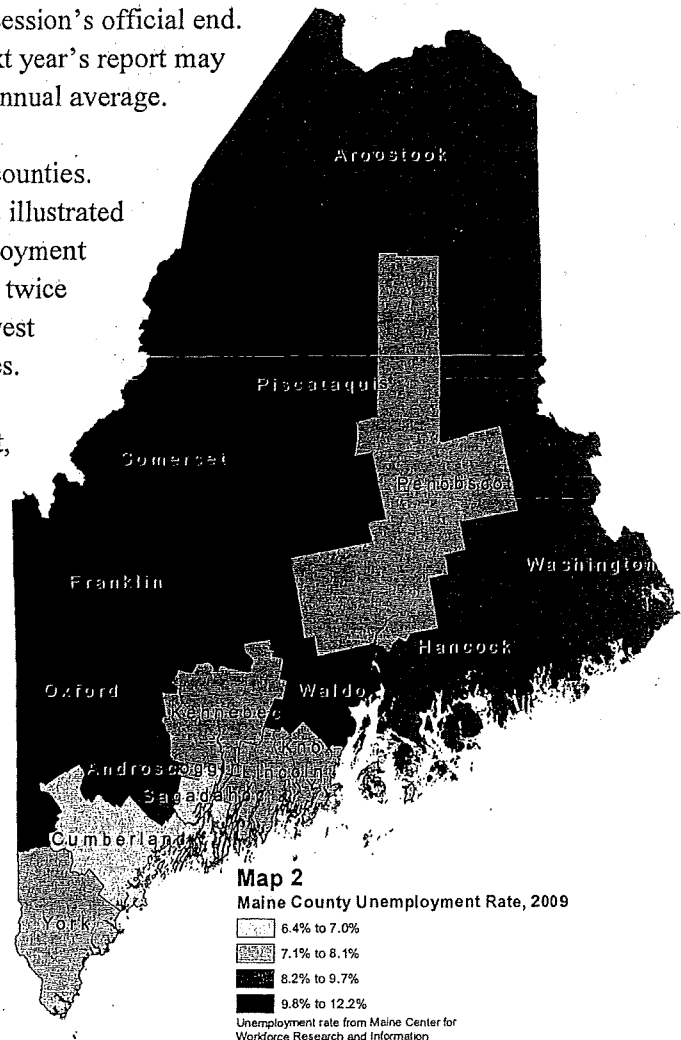
Chart 13 shows the unemployment rate from 1980 to 2009, with shaded bars showing periods of national economic recession. The unemployment rate measures the percentage of people who are actively seeking work but are not employed. It does not measure how many people are “discouraged” and no longer looking or how many people are underemployed (working fewer hours than desired or working in jobs at wages below their earning capacity). Maine’s unemployment rate hit an all-time low of 3.3% in 2000. After the 2001 recession, unemployment rose to 5.0% in 2003, declining only slightly through 2007. At the start of the current recession unemployment rates began to rise, reaching an average of 8.0% for 2009. Like the poverty rate, unemployment tends to peak after a recession’s official end. Unemployment is a lagging economic indicator. Next year’s report may show the unemployment rate stabilize for the 2010 annual average.

Chart 13. Unemployment Rate in Maine, 1980-2009



Map 2 shows 2009 unemployment statistics for the counties. These follow a similar trend as the poverty measures illustrated in the previous section. Piscataquis County's unemployment rate of 12.2% was the highest in the state and almost twice Cumberland's rate of 6.4%. Cumberland had the lowest percentage of unemployed workers of Maine counties.

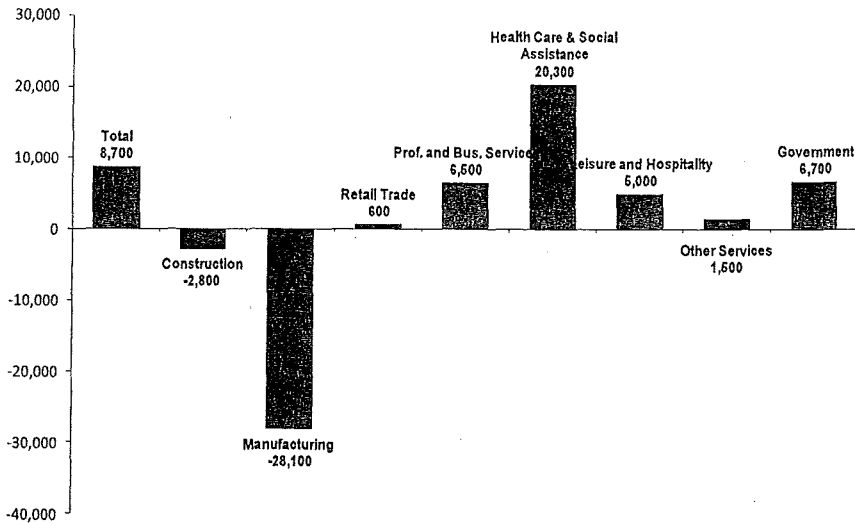
To understand regional differences in unemployment, it is necessary to understand the varying causes of unemployment. Some unemployment is called “structural,” referring to fundamental changes in technology and the economy that affect employment. Old occupations die out and new occupations are born. In such a transition, some workers may suffer unemployment. For instance, with the emergence of personal computers, demand for secretaries has fallen while demand for computer technicians has increased. Some unemployment is called “frictional.” It refers to workers transitioning between jobs and employers having to search for the right job candidate. For example, some job seekers may not take the first job offered to them and may choose to remain unemployed temporarily while searching for preferred employment.

Map 2
Maine County Unemployment Rate, 2009

6.4% to 7.0%
7.1% to 8.1%
8.2% to 9.7%
9.8% to 12.2%

Unemployment rate from Maine Center for Workforce Research and Information

Chart 14. Change in Maine Wage & Salary Jobs, Selected Industries
1999-2009 (cumulative)

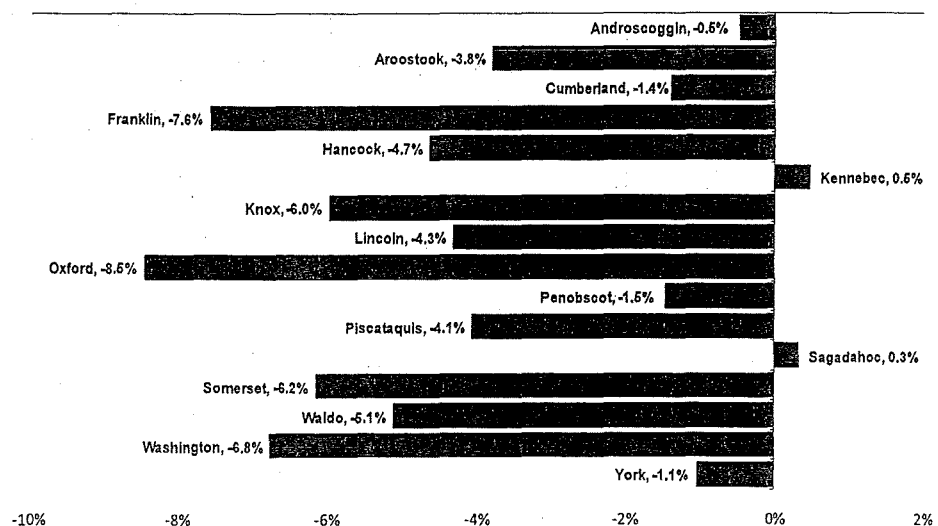


Different regions of the state experience frictional and structural unemployment at different rates. Regions that once relied on manufacturing may experience high rates of structural unemployment. In these regions, helping workers transition from declining to growing industries is essential. Unemployment in faster-growing regions may have more elements of frictional unemployment. In these regions, helping match job seekers with hiring employers is essential.

Chart 14 shows the nature of job growth over the last decade. During this time, Maine saw a net gain of 8,700 jobs. The largest gains were in service-oriented jobs including health care and social assistance, professional and business services, and government. Most of the government employment growth occurred at the local level, accounting for 4,000 new jobs during this time period while federal government employment added 1,400 and state government employment added 1,300 over the decade. Health care and social assistance has seen the largest increase in jobs of 20,300 since 1999. Jobs in retail trade remained nearly flat (growth of 600 jobs). During the same time period, Maine lost 28,100 manufacturing jobs. This indicates a structural shift in the state's economy that has caused some workers to struggle. People who lose jobs in manufacturing need help adapting their skills to qualify for jobs in growing industries. Some people have difficulty finding new job opportunities for which they are qualified and that pay similar wages. This may discourage some workers from finding employment or cause them to be underemployed.

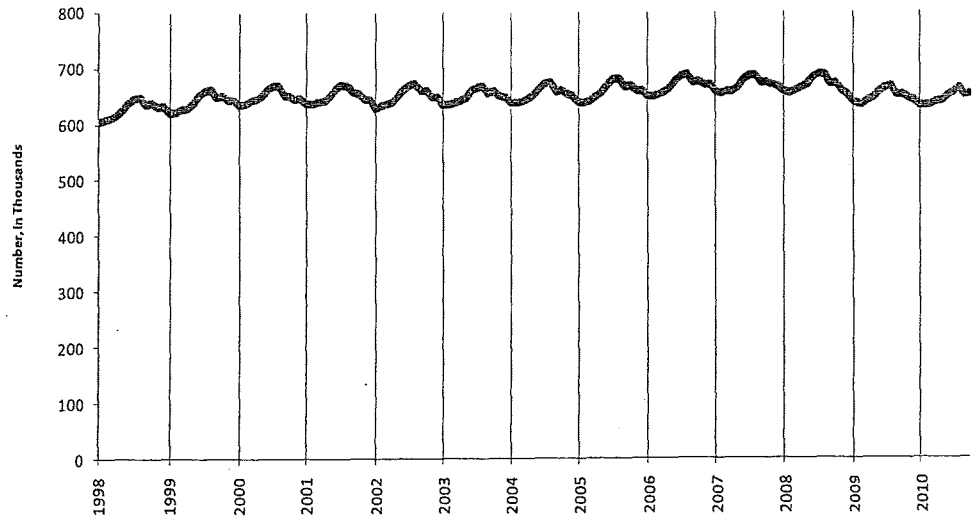
Chart 15. Change in Average Annual Employment, by County, 2005-2009

Chart 15 shows the percent change in average annual employment for establishments within each county since 2005. From 2005 to 2009, the number of jobs increased only in Kennebec and Sagadahoc counties. Employment growth in Kennebec County was fueled by federal health and education services and federal public administration. Most of the net employment decline occurred towards the end of the 2008-2009 period.



Another element of employment is stability. Some jobs may pay well but not last year round. Chart 16 shows the seasonal nature of work in Maine. Each data point along the graph represents resident employment in that month. (Vertical lines indicate the start of each year.) Clearly, more residents of Maine are employed during the summer months than in the winter, and yearly employment reaches its lowest point early in the year.²⁰

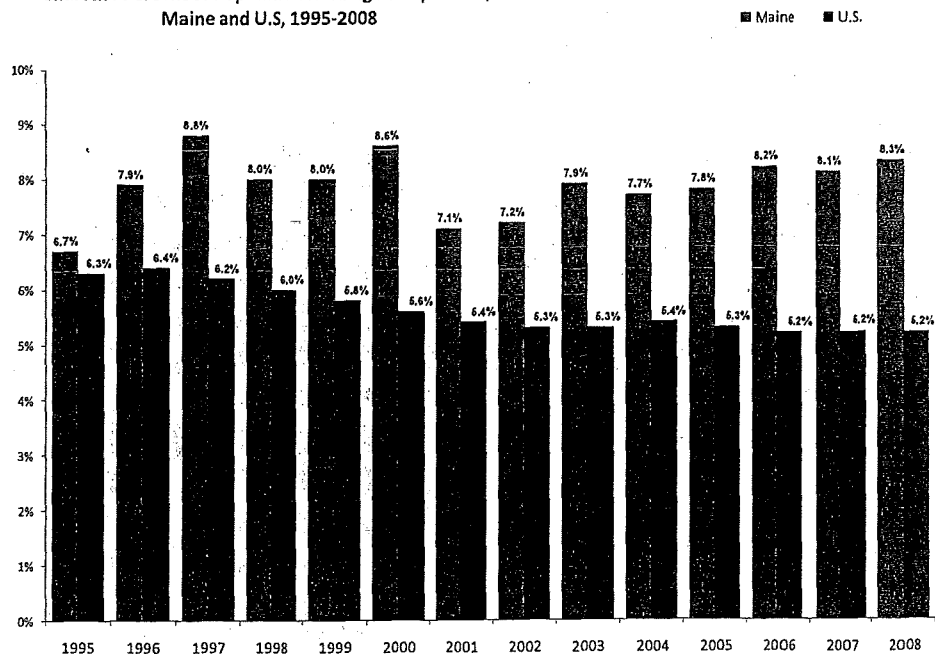
Chart 16. Maine Resident Employment by Month,
Jan. 1998 - Oct 2010



The information in this chart has implications for certain assistance programs, such as the Food Supplement Program. Food supplement use peaks in the winter months, when fewer people are working and heating costs strain household budgets (see section 2 for food supplement data).

Chart 17 shows the number of workers in Maine who held multiple jobs between 1995 and 2008. Mainers are more likely to hold multiple jobs than workers elsewhere in the nation. Moreover, while Maine's rate for multiple job holders was close to the national rate in 1995 (6.7% and 6.3%, respectively), the national rate has decreased over the years while Maine's has increased. In 2008, 5.2% of U.S. workers held more than one job compared to 8.3% of Maine workers.

Chart 17. Percent of Population Holding Multiple Jobs,
Maine and U.S. 1995-2008



Earnings

Important to the study of poverty is information not only on the types of jobs available and how many people are employed, but the payment workers receive for their labor. This section shows information on earnings.²¹ All information is presented in “real” dollars, adjusted for inflation to reflect actual buying power.

Chart 18 shows real average earnings per job from 1998 to 2009. Real earnings had modestly increased most years through 2004. Since 2004, earnings have declined for all but two years, and 2009 earnings are now below 2002 levels. Although 2009 represents an increase in real wages over 2008, this is driven more by a negative change in the average annual consumer price index, the first year over year decline since 1955, than by increases in earnings. Real earnings peaked for the decade in 2004 at \$41,995. As of 2009, the real average earnings per job were \$1,597 lower than in 2004.

Chart 18. Real Average Earnings per Job, Maine, 1998 to 2009

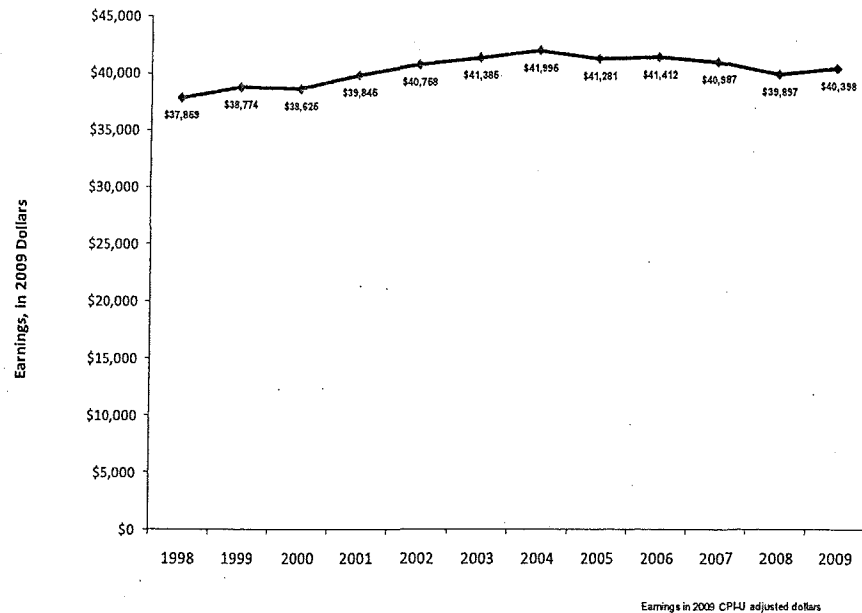


Chart 19. Average Annual Earnings per Job, by County, 2008

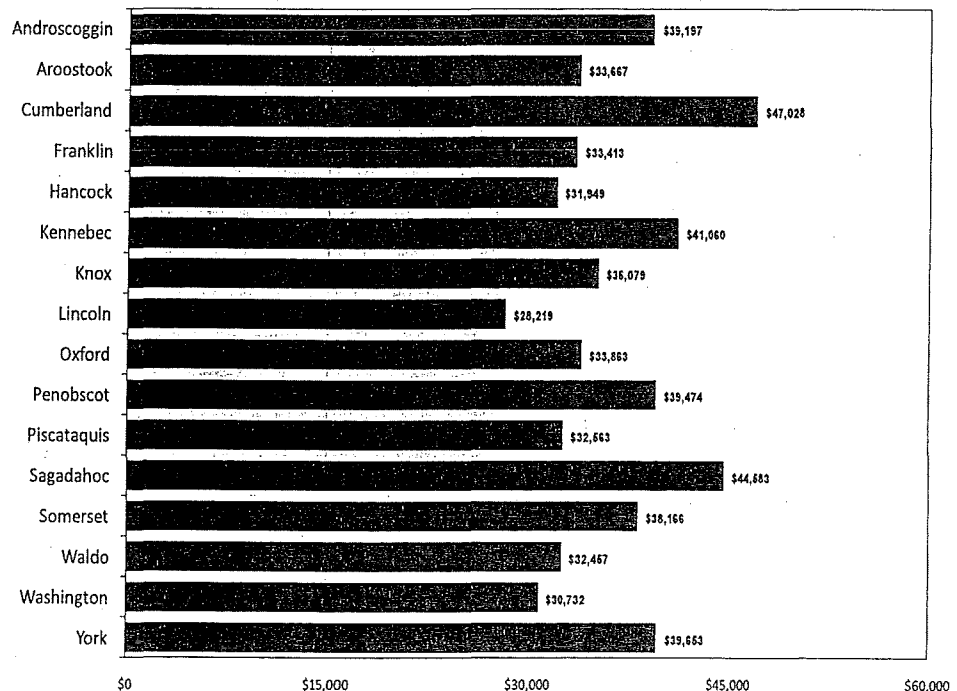
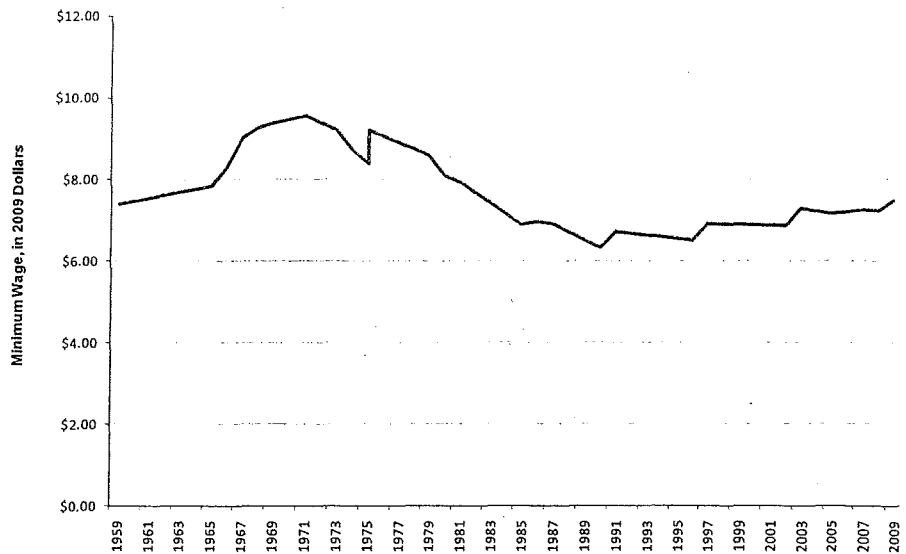


Chart 19 shows the average earnings per job for each county in 2008. The chart shows the same trend seen elsewhere, with Cumberland, York, and Sagadahoc counties showing high average earnings and Washington County showing low average earnings. Several mid-coast counties clustered near the low end as well, with the lowest average earnings in Lincoln County.

Chart 20. Minimum Wage in Maine, Real Dollars, 1959 - 2009



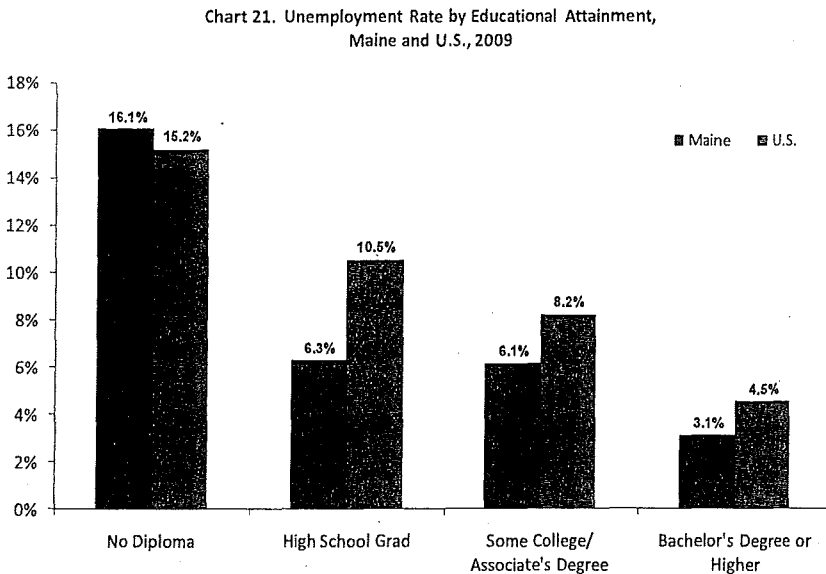
As shown in the chart, the minimum wage in Maine

reached its high in terms of real buying power in 1971. In that year, workers earning minimum wage received the equivalent of \$9.53 per hour in 2009 dollars. That payment has declined since then, reaching a low in 1990 of \$6.32. Between 2007 and 2008 the real buying power of Maine's minimum wage decreased by \$0.02 despite an increase in Maine's minimum wage to \$7.25 in October 2008. Maine's minimum wage increased to \$7.50 in October 2009, and the amount by which the real buying power of the minimum wage changed was 28 cents due to the first year-over-year inflation rate decrease in half a century.

Date of Change	Minimum Wage	Real \$	Date of Change	Minimum Wage	Real \$
10/15/1959	\$1.00	\$7.37	1/1/1986	\$3.55	\$6.95
10/15/1965	\$1.15	\$7.83	1/1/1987	\$3.65	\$6.89
10/15/1966	\$1.25	\$8.28	1/1/1989	\$3.75	\$6.49
10/15/1967	\$1.40	\$8.99	1/1/1990	\$3.85	\$6.32
10/15/1968	\$1.50	\$9.25	4/1/1991	\$4.25	\$6.69
10/15/1969	\$1.60	\$9.35	10/1/1996	\$4.75	\$6.49
9/23/1971	\$1.80	\$9.53	9/1/1997	\$5.15	\$6.88
10/3/1973	\$1.90	\$9.18	1/1/2002	\$5.75	\$6.86
5/1/1974	\$2.00	\$8.70	1/1/2003	\$6.25	\$7.29
1/1/1975	\$2.10	\$8.37	10/1/2004	\$6.35	\$7.21
10/1/1975	\$2.30	\$9.17	10/1/2005	\$6.50	\$7.14
1/1/1978	\$2.65	\$8.72	10/1/2006	\$6.75	\$7.18
1/1/1979	\$2.90	\$8.57	10/1/2007	\$7.00	\$7.24
1/1/1980	\$3.10	\$8.07	10/1/2008	\$7.25	\$7.22
1/1/1981	\$3.35	\$7.91	10/1/2009	\$7.50	\$7.50
1/1/1985	\$3.45	\$6.88			

Educational Attainment

Educational attainment directly affects employment, earnings, and income. Nationwide, people with more years of formal education tend to have higher incomes, and shorter, less frequent periods of unemployment. The U.S. Census Bureau began reporting information on unemployment by educational attainment as part of the annual American Community Survey (ACS). Chart 21 shows these data for people age 25 and older in the workforce for 2009.²³



It is clear from the chart that people without a high school diploma are much more likely to be unemployed than those with a high school diploma, particularly in Maine. As educational attainment rises, unemployment decreases. Those with a bachelor's degree or higher in Maine have a 3.1% unemployment rate for 2009 compared with 16.1% for those with only a high school diploma.

Chart 22. Earnings by Educational Attainment, Maine and U.S., 2009

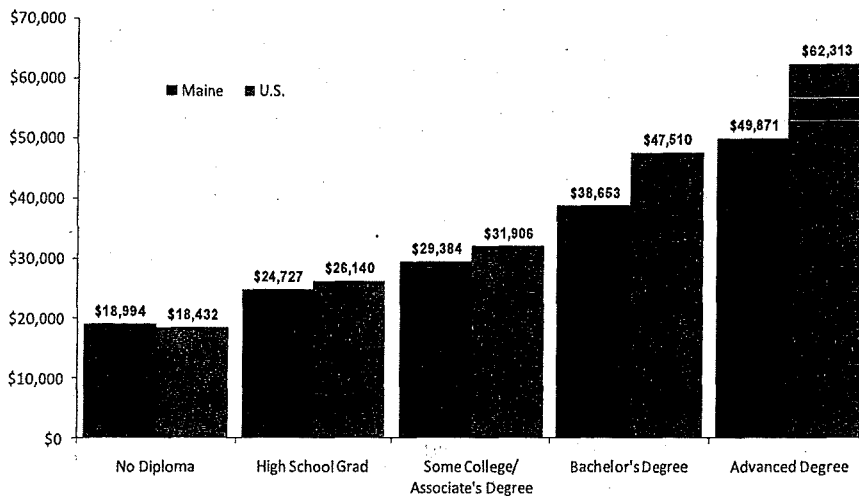
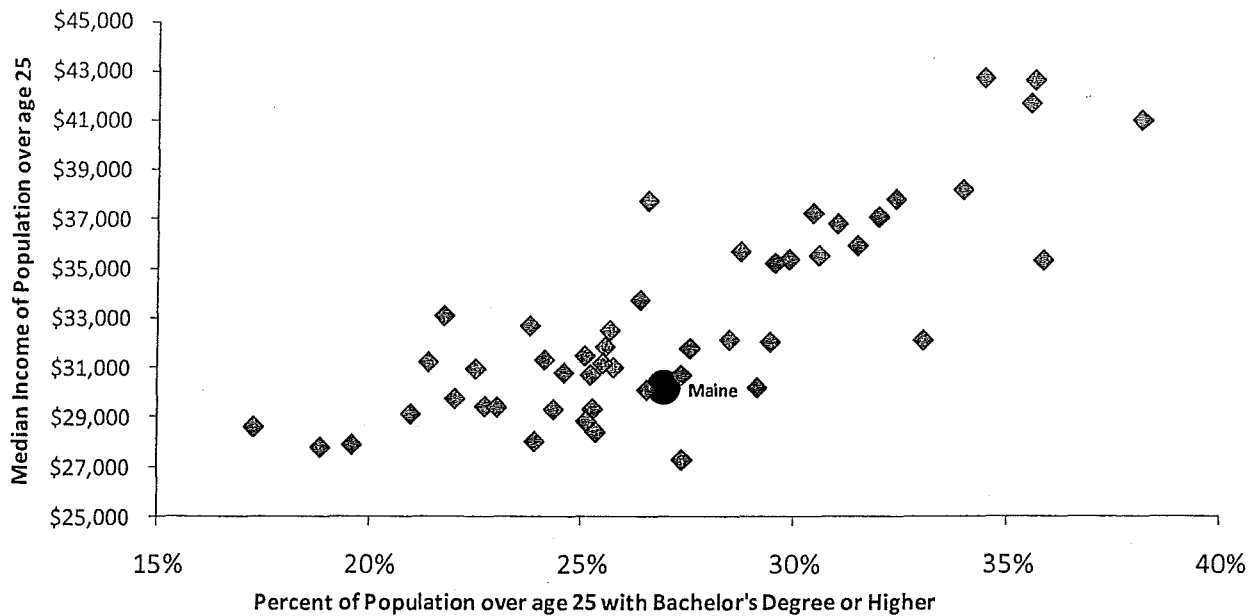


Chart 22 shows earnings and educational attainment of the population over 25 for Maine and the nation in 2009. That year, most Maine workers earned less than their peers nationwide, although the difference between Maine earnings and national earnings was smaller for the cohorts with lower educational attainment.

Chart 23 shows graphically the correlation between educational attainment and income in the U.S. Each data point on the

chart represents a state's median income and the percentage of its population with a bachelor's degree or higher. Maine's data point appears as a circle. The points on the graph are loosely clustered along an imaginary line from the bottom left of the chart to the upper right. This means that as the percentage of a state's population with college degrees increases (movement toward the right of the chart), its median income tends to rise (movement toward the top of the chart).

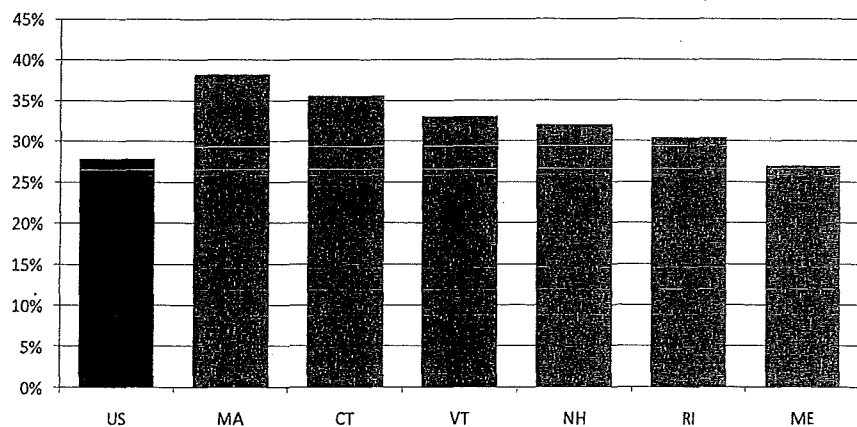
Chart 23. Relationship Between Educational Attainment and Median Income, 2009



These educational statistics illustrate the link between education, earnings, income, and, consequently, poverty. To understand how educational attainment levels contribute to poverty in Maine, it is important to know that fewer people in Maine have a bachelor's degree compared with the nation overall. In 2009, 26.9% of people over age 25 had a bachelor's degree or higher in Maine, compared with 27.9% in the nation. Chart 24 shows the percentages of bachelor degree attainment for the nation and six New England states.

For secondary education, however, Maine has a better rate for high school graduation, with only 9.8% of residents age 25 and older lacking a high school diploma or equivalent qualification compared to 14.7% nationally.²⁴

Chart 24. Population Over age 25 with a Bachelor's Degree 2009



In recent years, the number of Maine people with college experience has increased. Degree enrollment in Maine's community colleges is growing at the second-fastest rate in the nation, increasing by 62% from 2002 through 2009.²⁵ If sustained, these trends may help close the educational gap between Maine and the U.S.

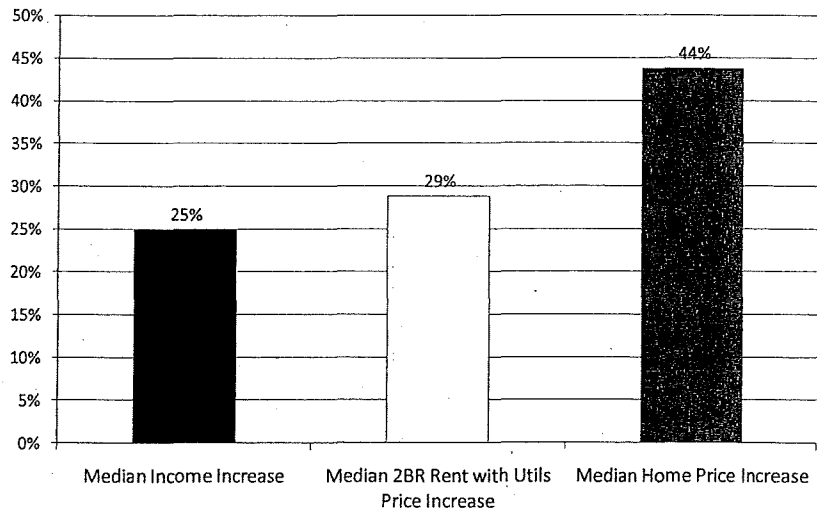
Contributing Costs

Certain household needs, such as shelter, transportation, energy, and childcare, constitute large portions of the budgets of low-income households. Many of these expenses represent a higher proportion of household budgets today than they did when federal poverty thresholds were first developed in 1964. Today, many low-income Maine households are particularly sensitive to price increases in these items. This section presents information on some of these costs.

Housing

First among these costs is housing. Data from MaineHousing show that the cost of housing has outpaced the rise in median income in the last seven years (see Chart 25).²⁶ Between 2000 and 2007, the median home price in Maine rose 69.2% and even after home prices have begun to adjust from the national housing market bubble, the median price in 2009 is still 44% higher than it was in 2000. The median rent for a 2-bedroom apartment has risen 29% since 2000. Meanwhile, median income during the same time period has risen only 22%. (Housing costs and income have not been adjusted for inflation.)

Chart 25. Cumulative Percent Increase 2000 to 2009
Housing Costs vs. Median Income



MaineHousing has developed an affordability index for both homeownership and rental. The affordability index is the ratio of the *home cost* or *rent cost* considered to be “affordable” at median income to the *median home cost* or *rent cost*. A cost of 28% or less of gross income is considered affordable for homeownership, 30% for rental. Using this index, a score of less than 1.00 means that an area is generally unaffordable – i.e., a household earning the area’s median income could not cover the payment on a median priced home (30-year mortgage, taxes, and insurance) using 28% or less of gross income. Similarly, a score of less than 1.00 on the rental affordability index means a household earning the area’s median income could not cover the payment of rent using 30% or less of gross income. Until 2008, the statewide affordability of homeownership and rentals had been gradually increasing since 2005 and 2004, respectively. Significant improvements in affordability levels between 2007 and 2009, as seen in Table 6, are signs of the economic recession and collapse of the housing market bubble. Rents are also more affordable now.

Year	Affordability Index, Homeownership	Affordability Index, Rent
2004	0.73	0.80
2005	0.70	0.81
2006	0.73	0.84
2007	0.74	0.85
2008	0.79	0.87
2009	0.90	0.89

The housing story is different in each county. In some counties that look favorable by measures such as household income, employment, and poverty rate, the cost of housing is relatively high, resulting in an unfavorable affordability index.

Table 7 shows the 2009 affordability indexes for all Maine counties. Some counties with higher poverty rates, such as Aroostook, Piscataquis, and

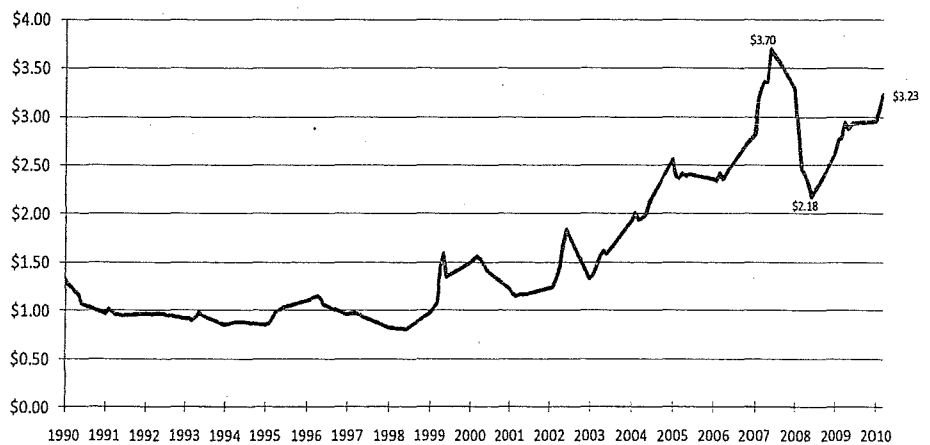
County	Affordability Index, Homeownership	Affordability Index, Rent
Androscoggin	1.04	0.91
Aroostook	1.21	0.87
Cumberland	0.82	0.93
Franklin	1.00	0.76
Hancock	0.85	0.84
Kennebec	1.04	0.94
Knox	0.84	0.88
Lincoln	0.87	0.77
Oxford	1.00	0.95
Penobscot	1.03	0.78
Piscataquis	1.43	0.81
Sagadahoc	0.97	1.03
Somerset	1.33	0.96
Waldo	0.94	0.83
Washington	1.13	0.61
York	0.90	0.92

Somerset, have better affordability indexes for homeownership than counties with lower poverty rates, such as Cumberland, Lincoln, and York. In 2009, the affordability index for owning a home was better than the index for renting in 12 counties. For rental units, despite an average improvement in affordability index for the state, there is only one county, Sagadahoc, that scores higher than 1.00, meaning that rental units in all other counties are considered “unaffordable” for median income earners. Washington has the lowest rental affordability index and the highest rate of poverty. These data show that housing in some poor areas of Maine is unaffordable for local residents even though it may be less expensive.

Cost of Heating Fuel and Gasoline

Energy is another cost that can unexpectedly strain household budgets. In a cold, rural state such as Maine, where most houses are oil-heated, many residents are sensitive to the price fluctuations of the global energy market. Data for the cost of heating oil in Maine is shown in Chart 26.²⁷ After remaining fairly stable during the 1990s, heating oil prices began increasing in the early months of 2000. In March 2008 heating oil prices reached an all-time high in New England at an average \$3.70 per gallon. Heating oil prices then experienced a sharp decline until March of 2009 but started to climb again for the start of the 2010-2011 heating season.

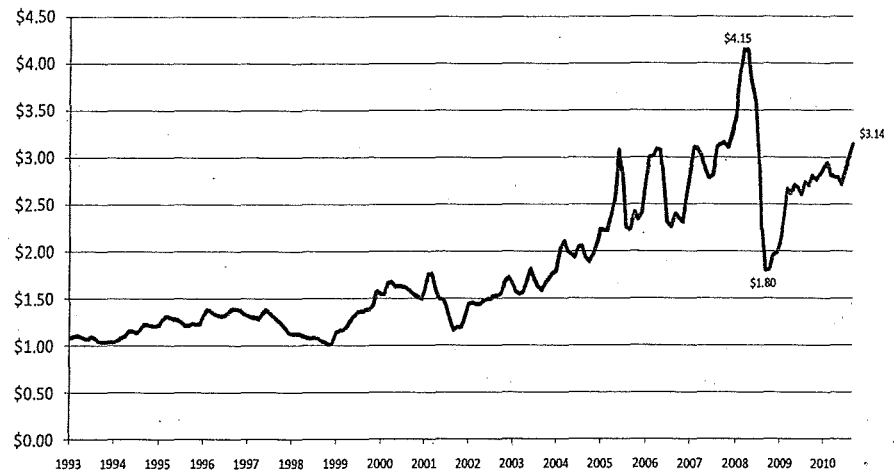
Chart 26. Cost of Maine No. 2 Heating Oil During Heating Months, Oct. 1990 to Dec. 2010



The price of gasoline has followed the same trend. Chart 27 shows the price of gasoline in New England from April 1993 to December 2010. Gasoline prices began to creep up in early 2002, reaching \$3.29 per gallon in early September 2005 following Hurricane Katrina. Gasoline prices have been very volatile since then: they reached a new peak of \$4.15 per gallon in July 2008 before dropping back to 2004 levels for the end of 2008. Since then, gas prices have risen to over \$3.14 for the 3rd quarter of 2010.

The Consumer Federation of America (CFA) estimates that U.S. families spent, on average, \$2,000 on gasoline in 2005. This was up from \$1,342 only three years before, an increase of 45%. The cost of gasoline disproportionately impacts families with low incomes and those living in rural areas. CFA estimates that families with incomes under \$15,000 spent more than one-tenth of total income on gasoline in 2005. Also, rural households tended to spend more than \$2,000, compared with \$1,705 for urban households.²⁸

Chart 27. Monthly Gas Prices (all grades), New England,
Apr. 1993 to Dec. 2010

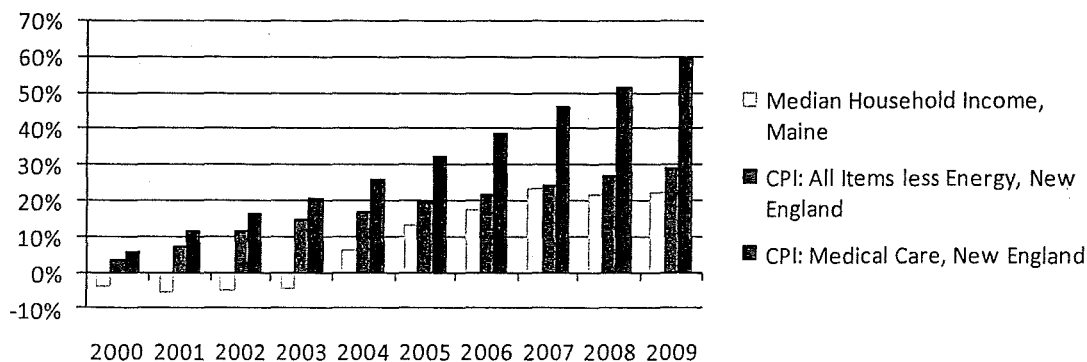


Medical Care Costs

Another major cost for Maine families is health care. Medical costs can be particularly burdensome to those with low incomes, since low-paying jobs also tend to have few or no benefits. Recent studies have shown that an inability to pay medical costs is a leading cause of bankruptcy filings.²⁹

Chart 28 shows the percent increase in the annual Consumer Price Index (CPI), a measure of inflation, for medical care and for all items (excluding energy) in New England for each year since 1999.³⁰ For comparison, the chart also shows the percent change in median household income in Maine. Between 1999 and 2009, the CPI for medical care, which approximates the inflation of out-of-pocket healthcare expenses including premiums for insurance, increased almost 60%, while median household income increased about 22%.

Chart 28. Cumulative Percent Change in Income and Consumer Price Index,
Since 1999



Footnotes and Data Sources

- ¹ Fisher, Gordon M. (May 1992, revised September 1997). *The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure*. Poverty Measurement Working Paper. Washington, D.C. Department of Health and Human Services.
- ² Bernasek, Ann. (2006) "A Poverty Line That's Out of Date and Out of Favor." *The New York Times*, March 12, 2006. p. 6
- ³ Magnum, G., Magnum, S., and Sum, A. (2004). *The Persistence of Poverty in the United States*. Baltimore, MD: The Johns Hopkins University Press
- ⁴ Table 1: U.S. Department of Health and Human Services; published annually in the Federal Register
- ⁵ Chart 1: Bureau of Economic Analysis, Regional Economic Information System
- ⁶ Chart 2: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements
There are a variety of sources for income information. One of the more commonly used is the U.S. Census Bureau's Current Population Survey, a joint effort between the federal Census Bureau and Department of Labor. Because of the small sample size used by the survey, dollar amounts are averaged for a period of 3 years. This is called a floating average because years overlap. The process of averaging gives a larger sample size, thus increasing the likelihood that the dollar amount reported is accurate.
- ⁷ U.S. Census Bureau, Housing Vacancy Survey
- ⁸ Using the poverty thresholds as benchmarks, the U.S. Census Bureau estimates the percent of people in the United States whose incomes are below those benchmarks, depending on family size. In non-census years, the poverty rate is determined using the Current Population Survey.
- ⁹ Charts 3 and 4: U.S. Census Bureau, Current Population Survey; recession dates from National Bureau of Economic Research
- ¹⁰ Map 1: U.S. Census Bureau, Small Area Income and Poverty Estimates
- ¹¹ Table 2 and Chart 5: U.S. Census Bureau, Current Population Survey
The Current Population Survey is a sample-based survey that primarily collects labor force data from the U.S. civilian noninstitutionalized population. An annual social and economic supplement collects additional information, including poverty statistics. Because the Current Population Survey is sample-based, each estimate has an associated standard error. Standard error is a measure of an estimate's variability. The greater the standard error in relation to the size of the estimate, the less reliable the estimate. (Definition from the U.S. Census Bureau.)
- ¹² The 83.4% of Maine's female-headed households represents a nearly 20% difference from the previous year and should be interpreted with caution. Because the Current Population Survey is based on a unique sample of small size each year, variance can be expected.
- ¹³ IRS EITC Awareness Day Fact Sheet, 2010 Resources: <http://www.eitc.irs.gov/ptoolkit/awarenessday/>.
- ¹⁴ Table 3 and Chart 6: Brookings Institution, <http://www.brookings.edu/projects/eitc.aspx>, accessed Dec. 2010
Information on EITC compiled by the Brookings Institution uses data gathered directly from the Internal Revenue Service. Brookings reports on data down to the town level. For Chart 6, filings by town were aggregated into counties to estimate the level of EITC filings for each county in Maine. This information is shown in Chart 6 both as the number of filers for the EITC and the percent of all filers in the county this number represents.
- ¹⁵ Table 4: U.S. Department of Agriculture, prepared by Economic Research Service using data from Current Population Survey Food Security Supplements
- ¹⁶ Charts 7 and 8: Maine Department of Health and Human Services, Office of Integrated Access and Support.
- ¹⁷ Charts 9 and 10: Maine Department of Education, Child Nutrition Services: <http://www.maine.gov/education/sfsr1.htm>.

¹⁸ Chart 11: Maine State Housing Authority

To visually compare the information, data have been plotted on two axes. Note that the scale of the right axis is one-tenth of the left axis.

¹⁹ Charts 12 through 15 and Map 2: Maine Department of Labor, Center for Workforce Research and Information in conjunction with U.S. Bureau of Labor Statistics; recession dates from National Bureau of Economic Research

²⁰ Charts 16 and 17: U.S. Bureau of Labor Statistics

²¹ Charts 18 and 19: U.S. Bureau of Economic Analysis; Consumer Price Index from U.S. Bureau of Labor Statistics

²² Chart 20 and Table 5: Maine Department of Labor, Wage and Hour Division; Consumer Price Index from U.S. Bureau of Labor Statistics

²³ Charts 21 through 24: U.S. Census Bureau, American Community Survey

²⁴ U.S. Census Bureau, American Community Survey

²⁵ Maine Community College System, 2009-10 Fact Sheet, 2009, <http://www.mccs.me.edu/press/pdf/factsheet.pdf>, accessed December 2009

²⁶ Chart 25 and Tables 6 and 7: Maine State Housing Authority, *Maine Homeownership Facts 2009* and *Maine Rental Facts 2009*, <http://www.mainehousing.org/DATAHousingFacts.aspx>, accessed 12/03/09.

²⁷ Charts 26 and 27: U.S. Department of Energy, Energy Information Administration, <http://tonto.eia.doe.gov/oog/info/hopu/hopu.asp>

²⁸ Consumer Federation of America (May 2006). *A Blueprint for Energy Security: Addressing Consumer Concerns about Gasoline Prices and Supplies by Reducing Consumption and Imports*. www.consumerfed.org.

²⁹ Springen, Karen. *Health Hazards: How mounting medical costs are plunging more families into debilitating debt and why insurance doesn't always keep them out of bankruptcy*, *Newsweek* on-line, <http://www.msnbc.msn.com/id/14470912/site/newsweek/>, accessed 9/13/06.

³⁰ Chart 28: Inflation: U.S. Bureau of Labor Statistics, Consumer Price Index for New England states, medical care and all items less energy, <http://www.bls.gov/cpi/>, accessed 12/07/09. Income: U.S. Census Bureau, Small Area Income and Poverty Estimates, Median Household Income for Maine, <http://www.census.gov/did/www/saipe/data/statecounty>, accessed 12/17/10.