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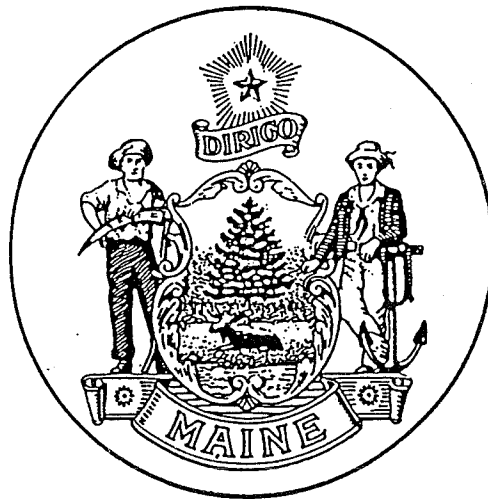


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BUDGET IN BRIEF

O.F.P.R.

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Summary of the Program and Budget Proposals for the Fiscal Years 1996-97

**Submitted by the
Governor Angus S. King, Jr.**

BUDGET IN BRIEF

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STATE OF MAINE
OFFICE OF THE GOVERNOR
AUGUSTA, MAINE
04333

February 1, 1995

ANGUS S. KING, JR.
GOVERNOR

Honorable Members of the 117th Legislature and Citizens of Maine:

Preparing a balanced biennial budget which does not rely on creative accounting solutions or new revenue sources is a substantial challenge for a new governor facing a major "structural" gap without a team of his own decision makers and budget advisors in place.

Therefore, I am particularly pleased to report that the budget summarized herein is balanced, does not rely on a penny of increased taxes or fees, and avoids even a single creatively rigged accounting practice. This budget also pays the piper on a number of gimmicks relied on to balance past budgets: it eliminates shutdown days, furlough days, payroll pushes, and "off-book" funding of new initiatives; it pays the federal government for their share of retirement savings which we "borrowed" from the State Retirement Fund in fiscal year 1992; and finally, it begins the elimination of a flawed accounting practice which allowed the State to appropriate money it may never collect--thus signaling the integrity of our financial management process to the bond market.

Moreover, this budget is not balanced on the backs of our cities and towns. The two primary property tax relief programs -- State Municipal Revenue Sharing and the Circuit Breaker -- both receive increased levels of funding, not cuts. The State's commitment to education is increased by 2% in FY '96 and by 3% in FY '97, the first significant increase in four years.

State government services that can be better delivered elsewhere are redesigned, restructured, and in some cases, eliminated. Solid waste management efforts will be consolidated; drug enforcement efforts will be streamlined; priorities within the Department of Mental Health and Mental Retardation are redirected to meet our legal obligations under the AMHI Consent Decree and the Community Consent Decree; the State will discontinue its role in the business of selling liquor; and the journey towards a leaner and more effective State government will begin. This budget proposes a partnership program with State employees to reduce the cost of State government through enhanced productivity and the reduction of duplication and waste.

This budget is not without pain. Increases are generally limited to funds necessary in the Personal Services (salaries and benefits) line to eliminate shutdown and furlough days. I have not included funding for a number of new initiatives including the Paper Company Environmental Investment Fund and the



Magnet School. Nine out of twelve programs at the York County Technical College will face a delayed start until FY '97. This budget does not contain additional funding for the AMHI Consent Decree but instead requires the Department to focus its programs to meet our legal obligations to those clients. The Department of Human Services will see its budget decline to reflect improved economic conditions and changing welfare policies. Hospitals face an uncertain future with respect to "Tax and Match", but I am hopeful that a working group will develop legitimate proposals for us to consider before the end of this legislative session.

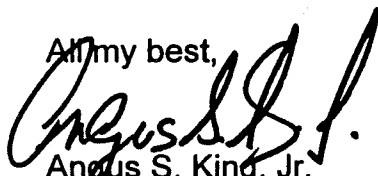
The pain contained in this budget reflects hard choices--choices that I am prepared to defend. I am prepared to sign this budget as it is presented; however, I also look forward to a time of new collaboration with the Legislature and will consider refinements to my proposal which better reflect all of our priorities.

As we now begin the debate necessary to enact and sign a budget for the coming biennium, I will stand firm on three principals emphasized in my campaign, subscribed to by the citizens of Maine, and shared by the majority of Legislators:

First, I will not sign a budget that increases the tax burden on Maine citizens or that relies on new gimmicks; Second, unacceptable demands on our State employees--shutdown days, furlough days, and payroll pushes--are part of our past. They have no place in our future. Finally, this budget must be the last to be presented in the mandatory but archaic format that can too easily protect poorly performing programs and the unbridled needs of special interests. With this budget, I am submitting a proposal for a collaborative process to implement performance budgeting and a readily understandable budget presentation. Let's begin a budgeting process that emphasizes our strengths and reflects the integrity of our people and their government.

I look forward to working with each of you toward that end.

All my best,



Angus S. King, Jr.
Governor

FY 96/97 GENERAL FUND BIENNIAL SUMMARY

	DEPARTMENT REQUESTS	BUDGET OFFICE RECOMMENDED	GOVERNOR'S BUDGET	TOTAL CUTS AND ADDITIONS
TOTAL GENERAL FUND	3,773,903,043	3,614,700,679	3,491,106,797	
INCREMENTAL CUTS		(159,202,364)	(179,891,619)	(339,093,983)
ADDITIONS TO RESTORE FISCAL INTEGRITY			53,979,069	53,979,069
ADDITIONS FOR NEW PROGRAM INITIATIVES			2,318,668	2,318,668
TOTAL DIFFERENCE				(282,796,246)

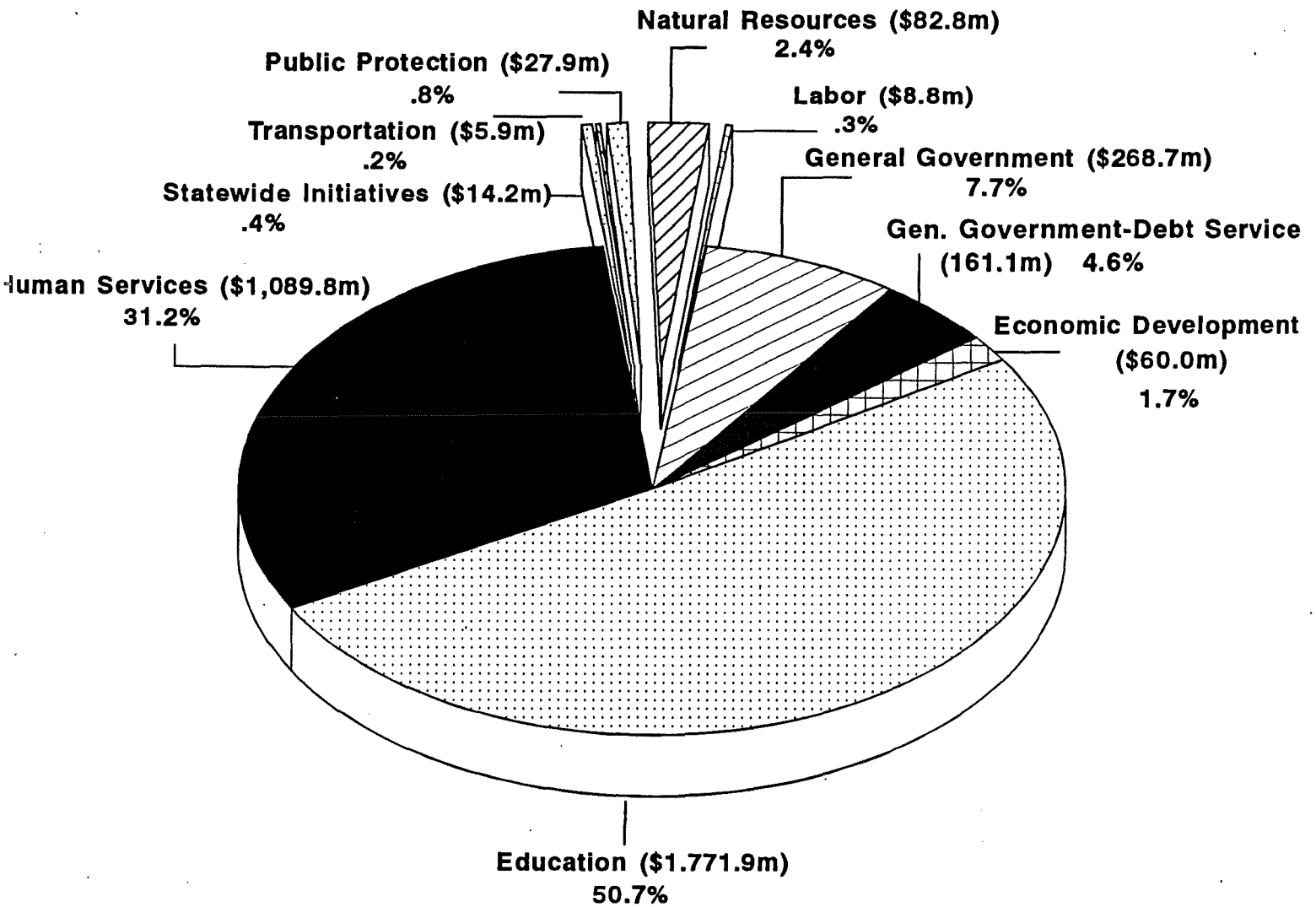
GENERAL FUND APPROPRIATIONS

DEPARTMENT/AGENCY	GOVERNOR'S BUDGET					
	FY 94	FY 95	FY 96	CHG +/-	FY 97	CHG +/-
ADMINISTRATIVE AND FINANCIAL SERVICES *	50,586,693	59,360,728	53,997,662	-9.03%	54,967,011	1.80
ADVOCACY SERVICES, MAINE	45,000	45,000	45,000	0.00%	45,000	0.00
AGRICULTURE, FOOD AND RURAL RESOURCES	4,613,041	4,788,286	5,836,104	21.88%	5,676,219	-2.74
ARTS COMMISSION, MAINE	456,980	465,520	538,239	15.62%	536,137	-0.39
ATLANTIC SEA RUN SALMON COMMISSION	76,950	80,295	109,640	36.55%	109,730	0.08
ATLANTIC STATES MARINE FISHERIES COMMISSION	18,229	18,229	30,956	69.82%	23,061	-25.50
ATTORNEY GENERAL	5,998,592	6,077,633	7,089,568	16.65%	7,258,504	2.38
AUDIT	1,073,261	1,046,340	1,373,789	31.29%	1,352,848	-1.52
CONSERVATION	16,049,509	16,601,823	19,819,326	19.38%	19,780,726	-0.19
CORRECTIONS	60,086,316	62,263,624	67,904,466	9.06%	67,993,578	0.13
CRIMINAL JUSTICE COMMISSION, MAINE		20,000	20,000	0.00%	20,000	0.00
DEFENSE AND VETERANS' SERVICES	3,827,751	3,166,016	3,837,822	21.22%	3,554,050	-7.39
ECONOMIC AND COMMUNITY DEVELOPMENT	6,393,877	6,817,156	8,102,078	18.85%	8,271,034	2.09
EDUCATION, STATE BOARD OF	75,153	334,901	346,915	3.59%	359,443	3.61
EDUCATION	640,136,642	685,653,965	696,682,426	1.61%	717,922,783	3.05
ENVIRONMENTAL PROTECTION	3,816,024	4,382,883	5,854,328	33.57%	6,061,848	3.54
ETHICS AND ELECTION PRACTICES, GOVERNMENTAL	131,255	120,888	139,387	15.30%	140,428	0.75
EXECUTIVE DEPARTMENT	11,433,859	11,702,825	11,580,578	-1.04%	11,651,426	0.61
FINANCE AUTHORITY OF MAINE	6,480,805	6,896,805	9,043,394	31.12%	9,043,394	0.00
HISTORIC PRESERVATION COMMISSION, MAINE	194,380	198,423	233,526	17.69%	231,171	-1.01
HISTORICAL SOCIETY, MAINE	24,761	24,761	24,761	0.00%	24,761	0.00
HOSPICE COUNCIL, MAINE	49,020	49,020	49,020	0.00%	49,020	0.00
HOUSING AUTHORITY, MAINE STATE	735,294	735,294	735,294	0.00%	735,294	0.00
HUMAN RIGHTS COMMISSION, MAINE	350,369	360,128	417,090	15.82%	412,733	-1.04
HUMAN SERVICES	332,775,878	324,574,788	335,823,529	3.47%	345,676,461	2.93
INDIAN TRIBAL-STATE COMMISSION, MAINE	15,000	15,000	15,000	0.00%	15,000	0.00
INLAND FISHERIES AND WILDLIFE	14,487,822	14,857,124	15,358,569	3.38%	15,651,085	1.90
JUDICIAL DEPARTMENT	30,635,216	30,437,180	34,020,963	11.77%	34,399,387	1.11
LABOR	4,024,772	4,095,821	4,406,195	7.58%	4,404,652	-0.04
LAW AND LEGISLATIVE REFERENCE LIBRARY	855,113	876,706	1,043,424	19.02%	1,063,672	1.94
LEGISLATURE	12,239,993	13,938,471	15,021,140	7.77%	16,452,608	9.53
LIBRARY, MAINE STATE	2,036,812	2,085,727	2,417,764	15.92%	2,408,877	-0.37
MARINE RESOURCES	5,887,894	5,932,840	6,982,216	17.69%	7,022,020	0.57
MARITIME ACADEMY, MAINE	6,472,200	6,472,200	6,536,922	1.00%	6,733,030	3.00
MENTAL HEALTH AND MENTAL RETARDATION	126,499,327	123,329,839	133,641,900	8.36%	137,868,384	3.16
MUNICIPAL BOND BANK, MAINE	113,637	113,637	113,637	0.00%	113,637	0.00
MUSEUM, MAINE STATE	883,295	909,682	1,072,666	17.92%	1,069,357	-0.31
PINE TREE LEGAL ASSISTANCE	148,050	148,050	148,050	0.00%	148,050	0.00
PROFESSIONAL AND FINANCIAL REGULATION	34,600					
PROPERTY TAX REVIEW, STATE BOARD OF	110,889	113,993	100,560	-11.78%	102,451	1.88
PUBLIC BROADCASTING CORPORATION, MAINE	2,230,157	2,230,157	2,252,459	1.00%	2,320,032	3.00
PUBLIC SAFETY	6,982,037	7,299,254	9,807,686	34.37%	10,746,901	9.58
RETIREMENT SYSTEM, MAINE STATE	147,445	4,173,030	181,369	-95.65%	188,624	4.00
SCIENCE AND TECHNOLOGY FOUNDATION, MAINE	1,640,353	2,340,000	2,840,000	21.37%	2,840,000	0.00
SECRETARY OF STATE	2,558,690	2,674,731	3,297,655	23.29%	3,078,657	-6.64
ST. CROIX INTERNATIONAL WATERWAY COMMISSION	10,000	10,000	10,000	0.00%	10,000	0.00
TECHNICAL COLLEGE SYSTEM, MAINE	24,492,497	26,142,497	28,742,497	9.95%	29,342,497	2.09
TRANSPORTATION	1,890,650	2,096,733	2,982,718	42.26%	2,871,924	-3.71
TREASURER OF STATE	76,746,272	81,530,490	81,609,374	0.10%	81,412,347	-0.24
UNIVERSITY OF MAINE SYSTEM	132,725,585	132,725,585	134,052,841	1.00%	138,074,426	3.00
WORLD TRADE ASSOCIATION, MAINE	150,000	150,000	150,000	0.00%	150,000	0.00
STATEWIDE INITIATIVES			(4,445,328)		(6,381,533)	
SUBTOTAL	1,599,447,945	1,660,484,078	1,711,995,175	3.10%	1,754,002,745	2.45%
REVENUE RECOGNITION-ACCOUNTS RECEIVABLE					8,000,000	
BUDGET STABILIZATION FUND			1,202,226		15,906,651	
TOTAL GENERAL FUND	1,599,447,945	1,660,484,078	1,713,197,401	3.17%	1,777,909,396	3.78%

* APPROPRIATIONS TO THE DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES INCLUDE AMOUNTS FOR CERTIFICATES OF PARTICIPATION AND IN FY 95 INCLUDE STATEWIDE APPROPRIATIONS THAT HAVE NOT BEEN DISTRIBUTED.

**FY96/97 GENERAL FUND APPROPRIATIONS
(BY POLICY AREA)
GOVERNOR'S RECOMMENDATIONS**

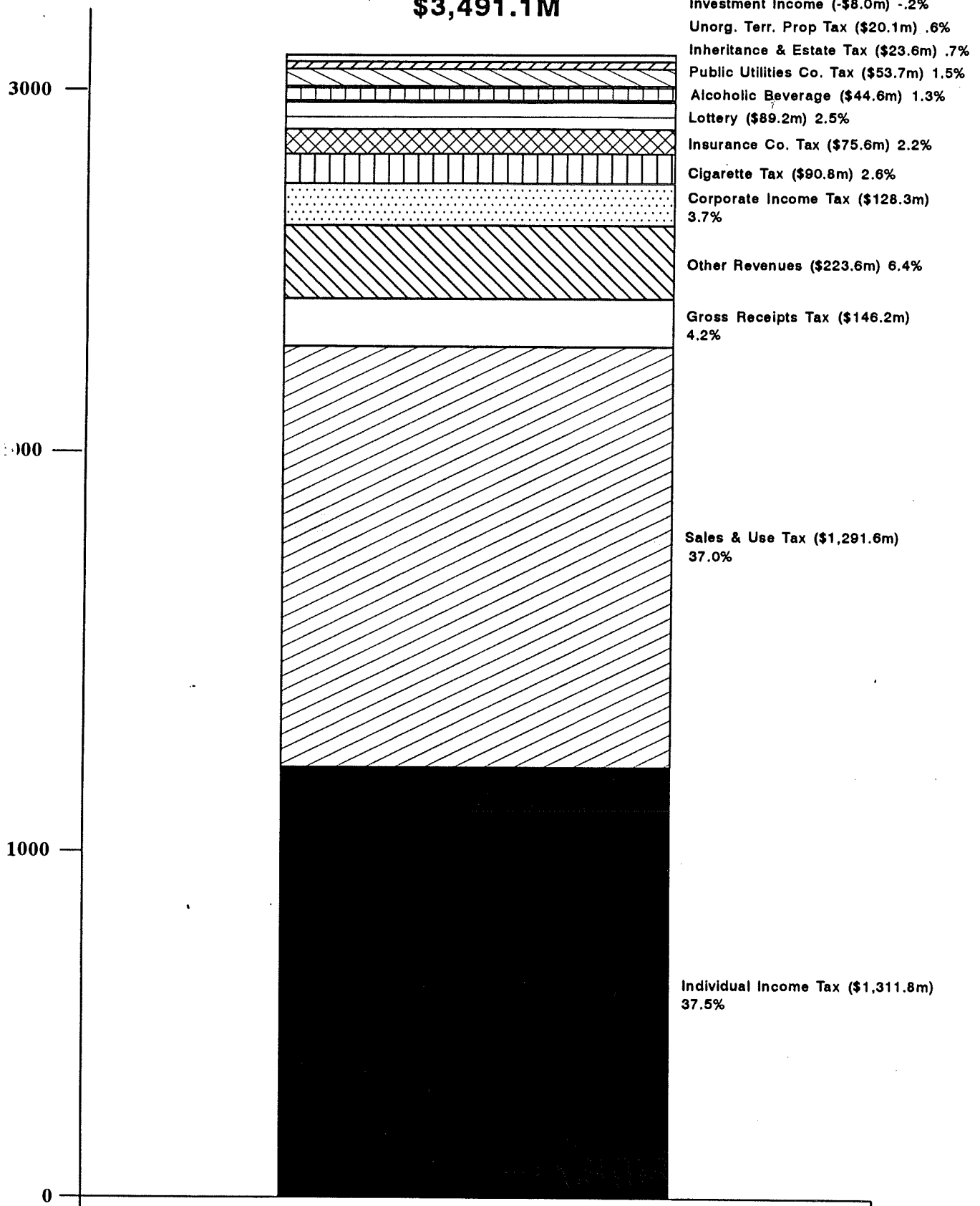
\$3,491.1M



1996/97 GENERAL FUND REVENUES*

Millions of Dollars

\$3,491.1M

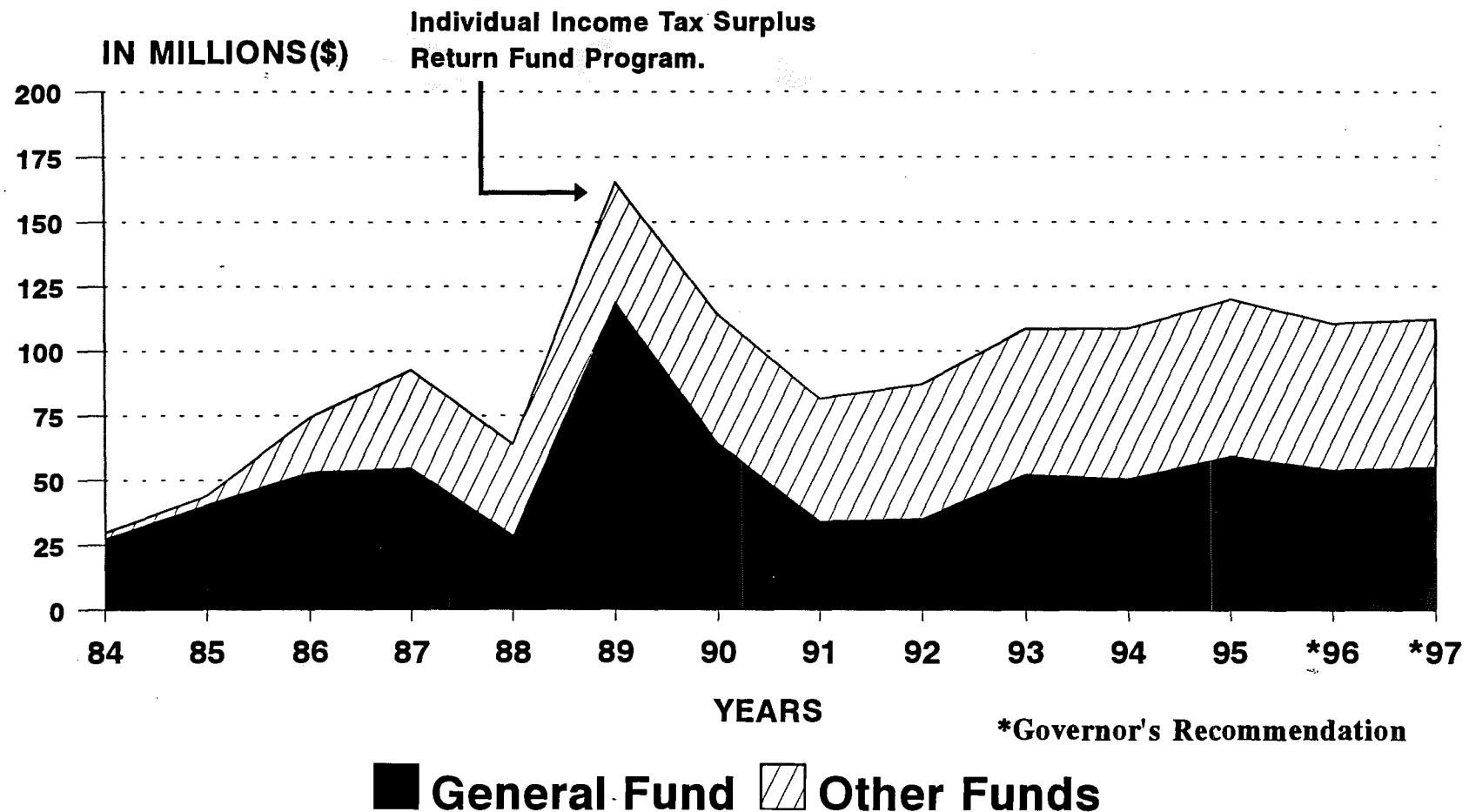


* PROJECTED

Dept. of Administrative & Financial Services

GENERAL FUND & OTHER FUNDS TREND

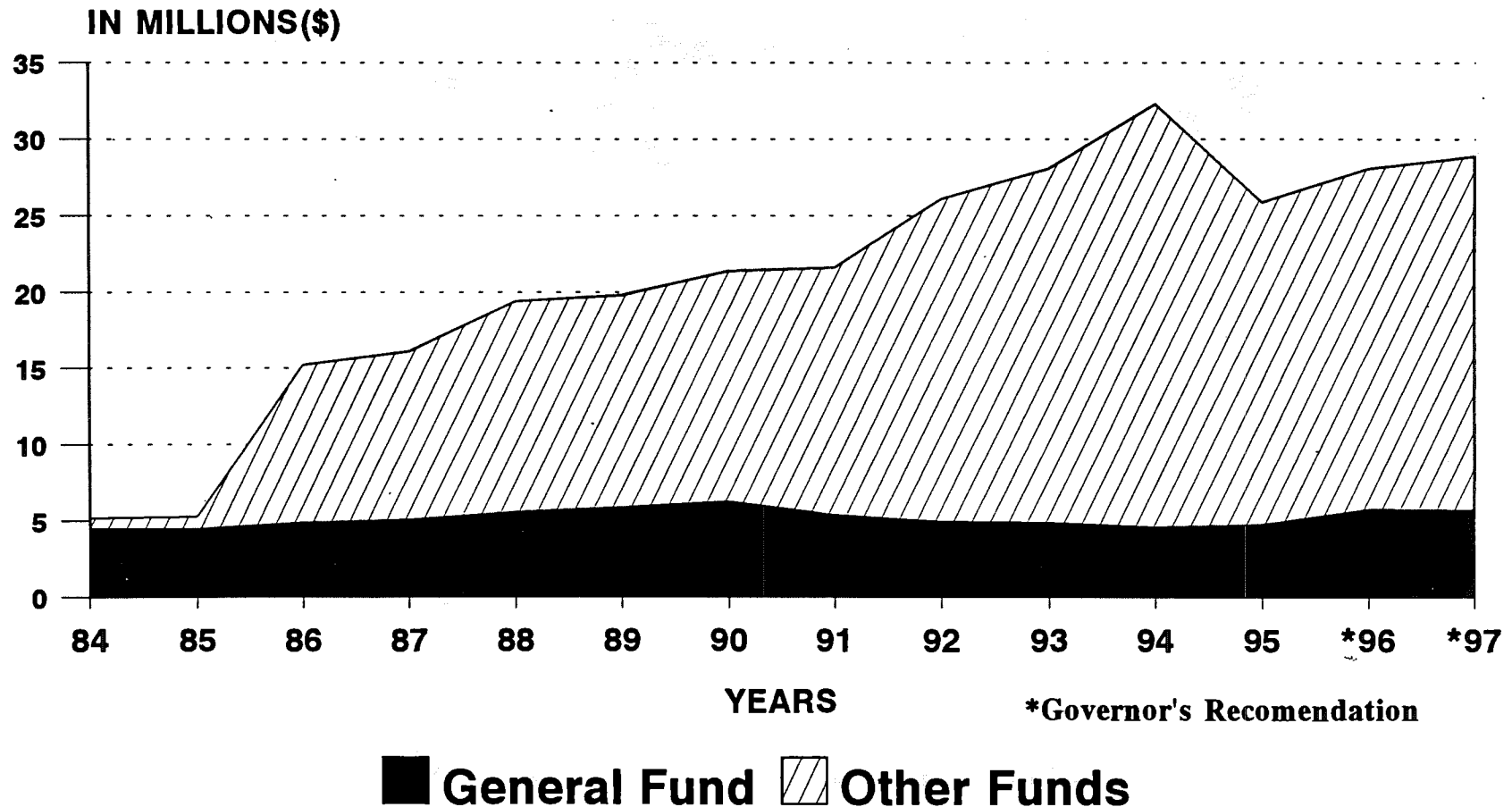
1984 - 1997



Dept. of Agriculture, Food & Rural Resources

GENERAL FUND & OTHER FUNDS TREND

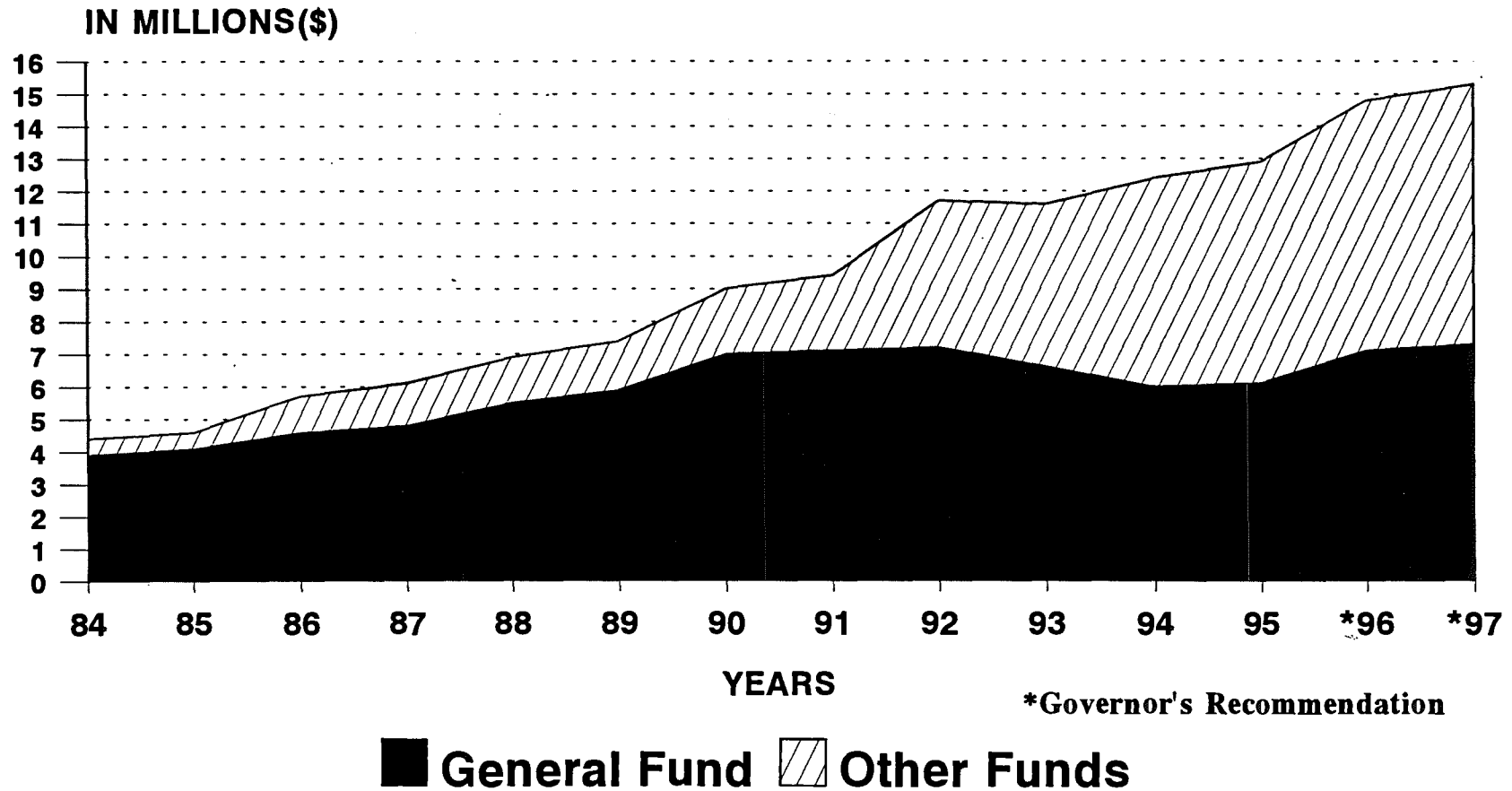
1984 - 1997



Dept. of Attorney General

GENERAL FUND & OTHER FUNDS TREND

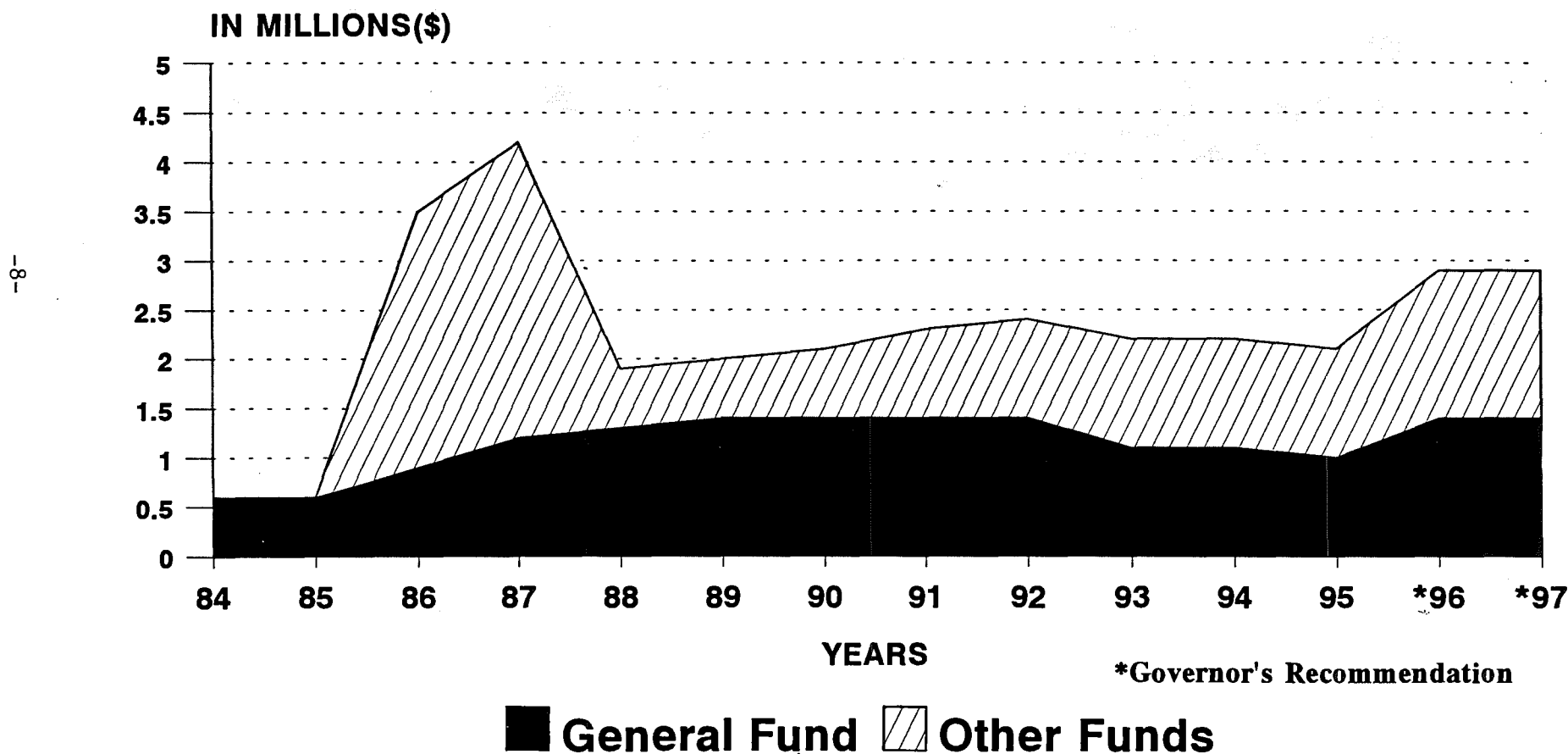
1984 - 1997



Department of Audit

GENERAL FUND & OTHER FUNDS TREND

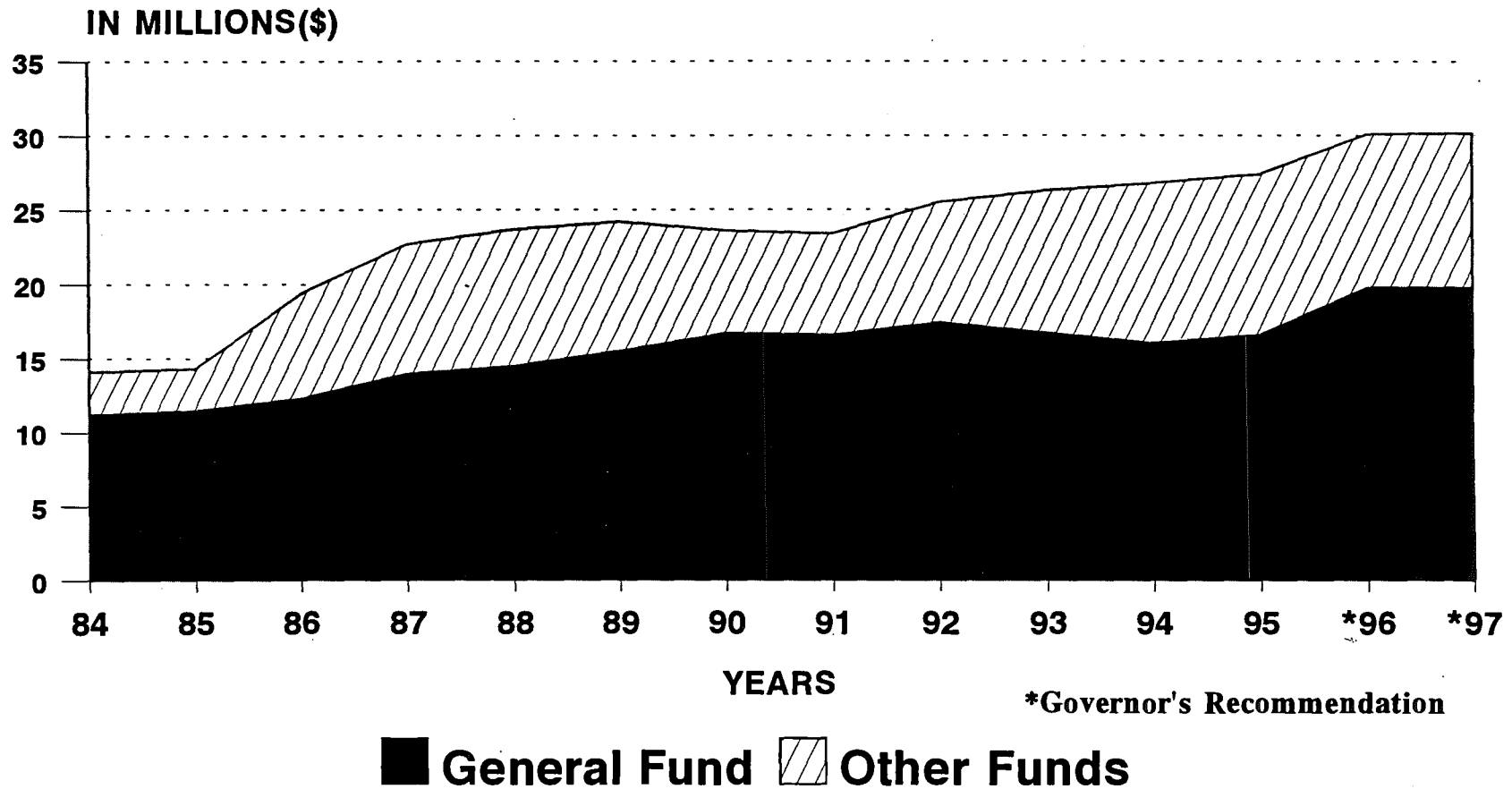
1984 - 1997



Dept. of Conservation

GENERAL FUND & OTHER FUNDS TREND

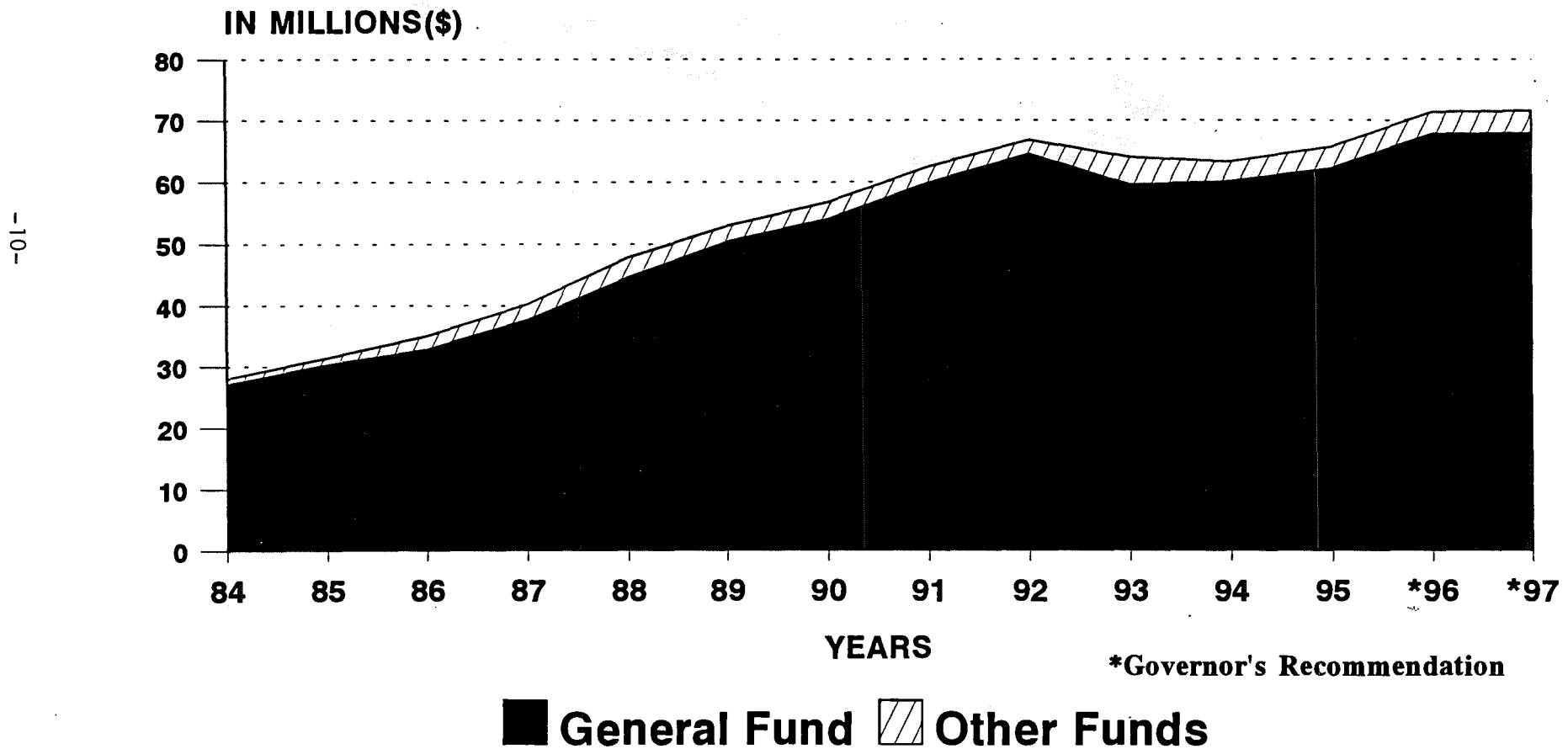
1984 - 1997



Dept. of Corrections

GENERAL FUND & OTHER FUNDS TREND

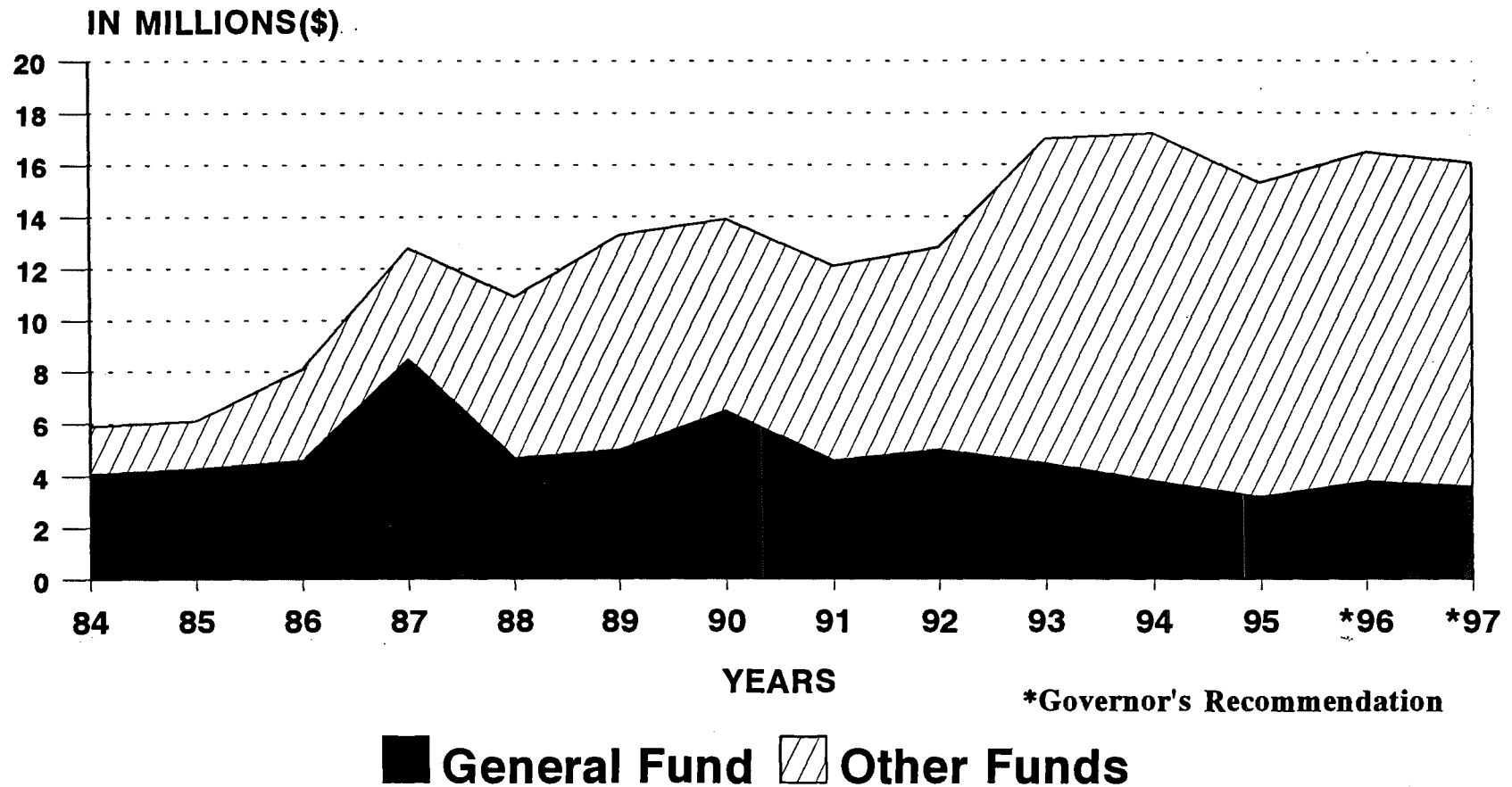
1984 - 1997



Dept. of Defense & Veterans' Services

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



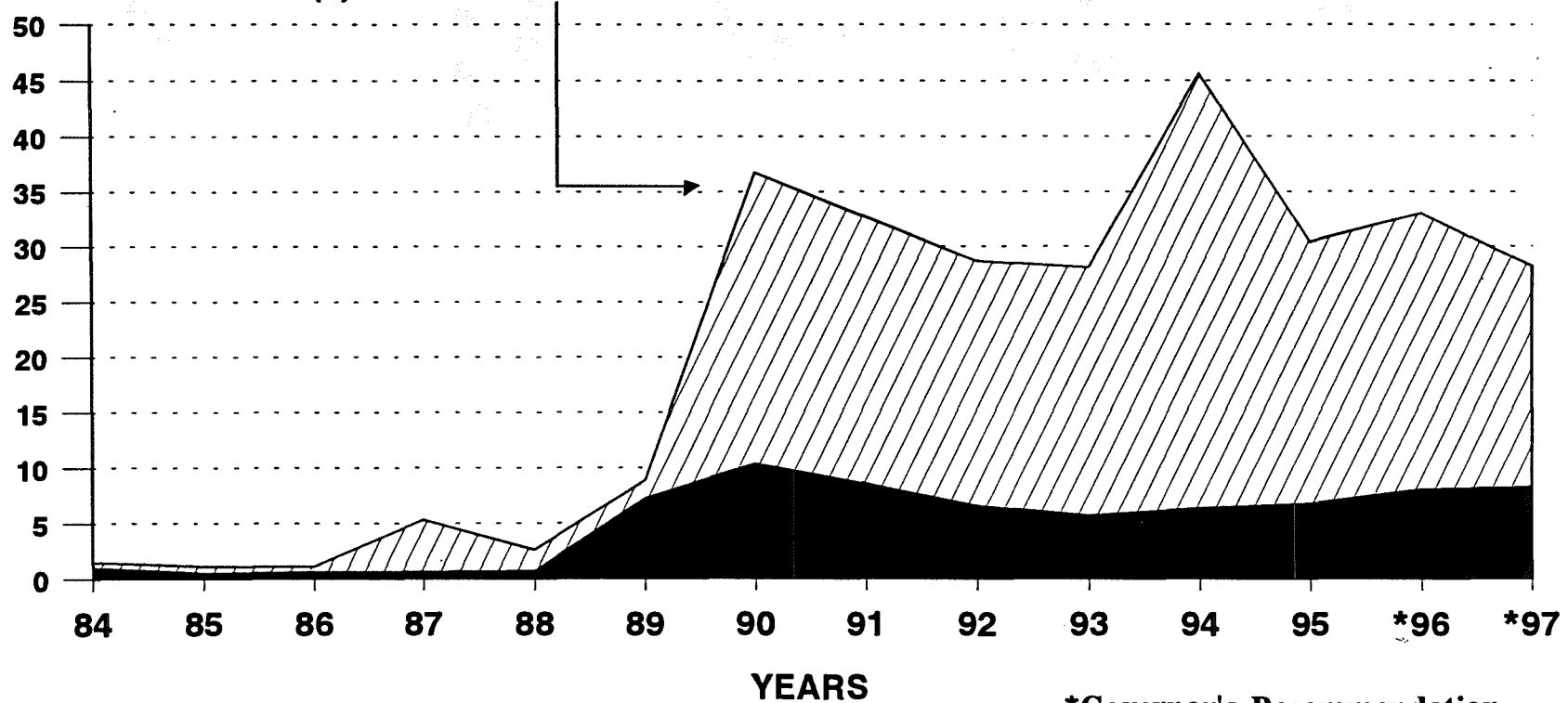
Dept. of Economic & Community Development

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997

IN MILLIONS(\$)

Transfer of state & community development
from the Executive Department.



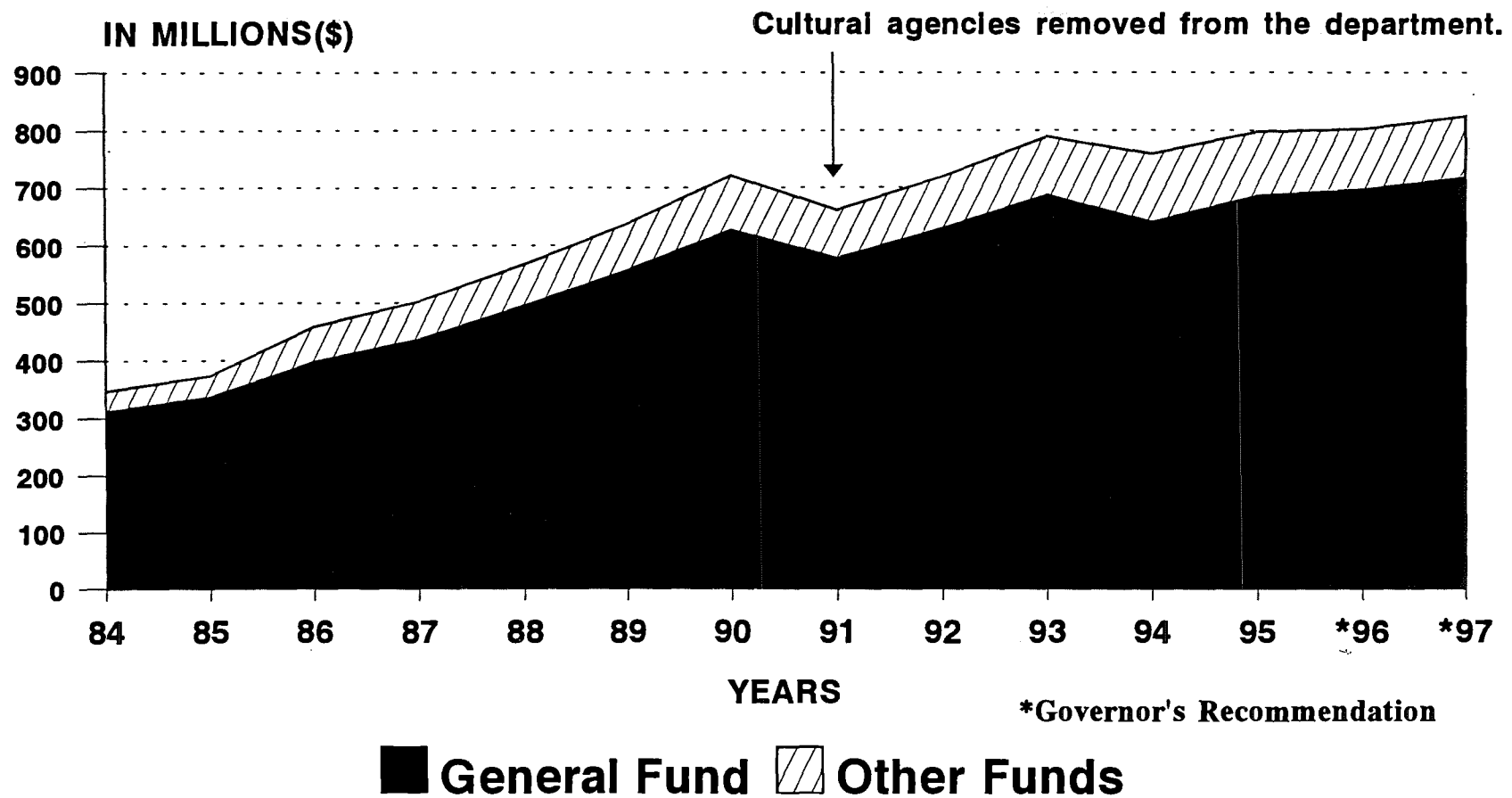
*Governor's Recommendation

■ General Fund ▨ Other Funds

Dept. of Education

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997

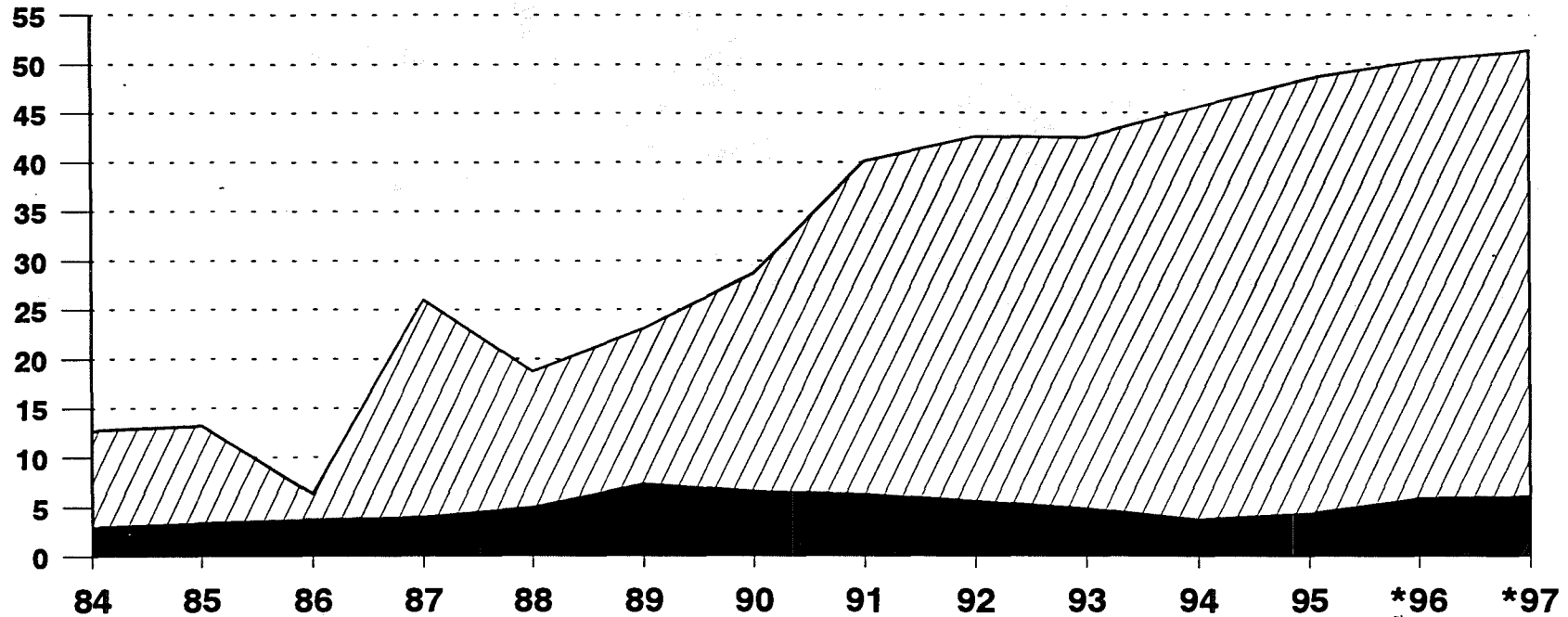


Dept. of Environmental Protection

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997

IN MILLIONS(\$)



YEARS

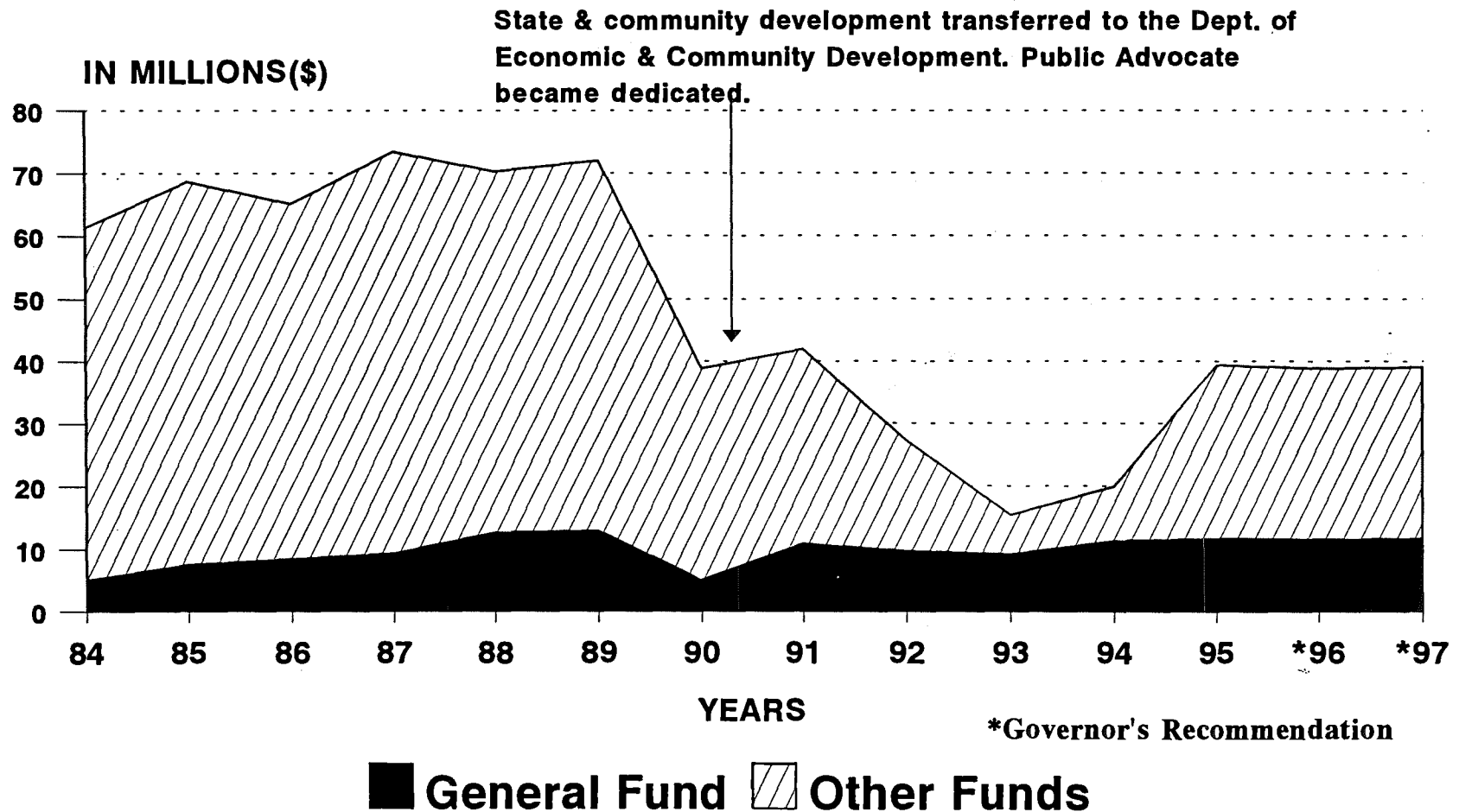
*Governor's Recommendation

■ General Fund ▨ Other Funds

Executive Department

GENERAL FUND & OTHER FUNDS TREND

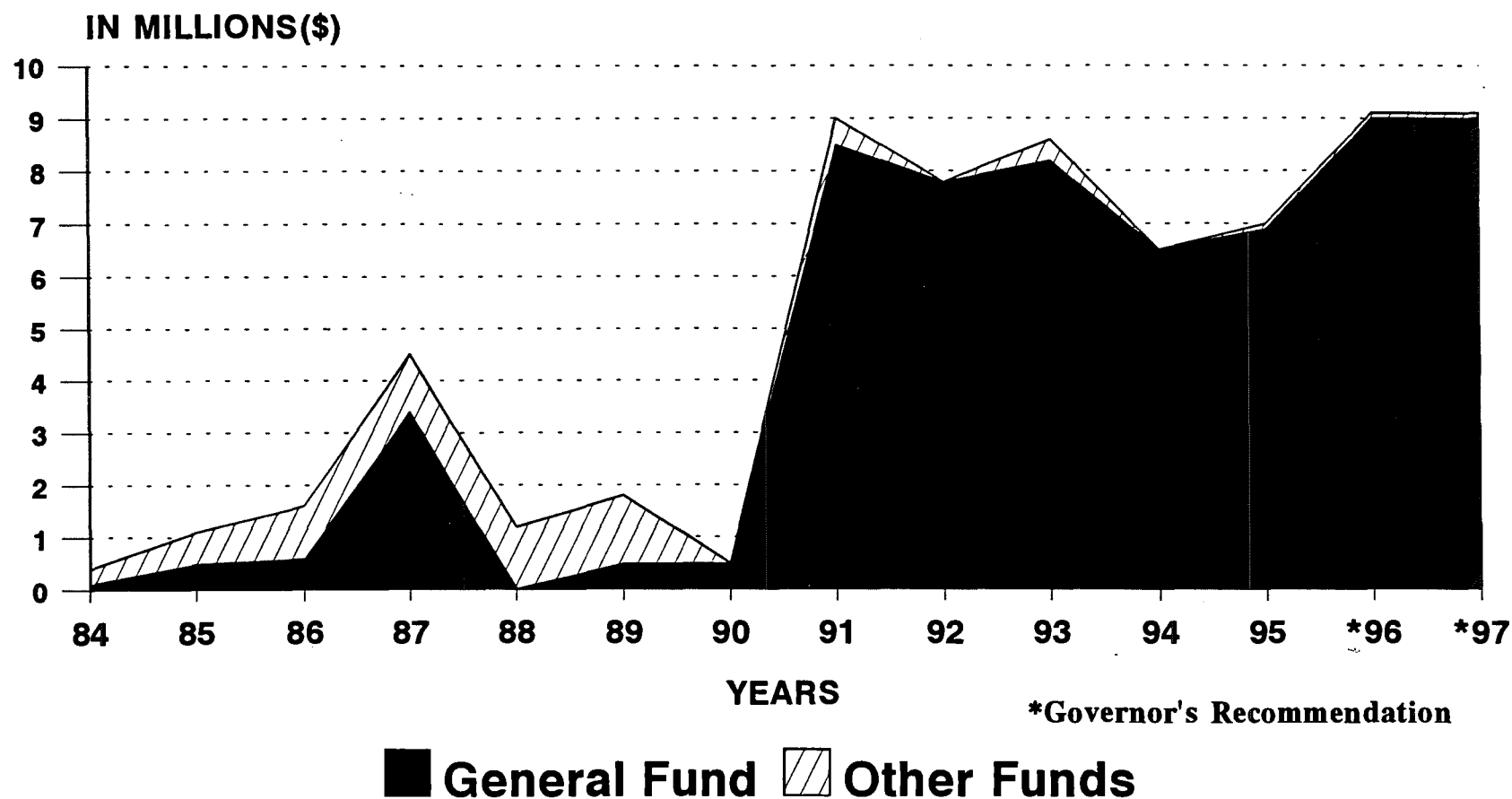
1984 - 1997



Finance Authority of Maine

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



Maine State Housing Authority

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



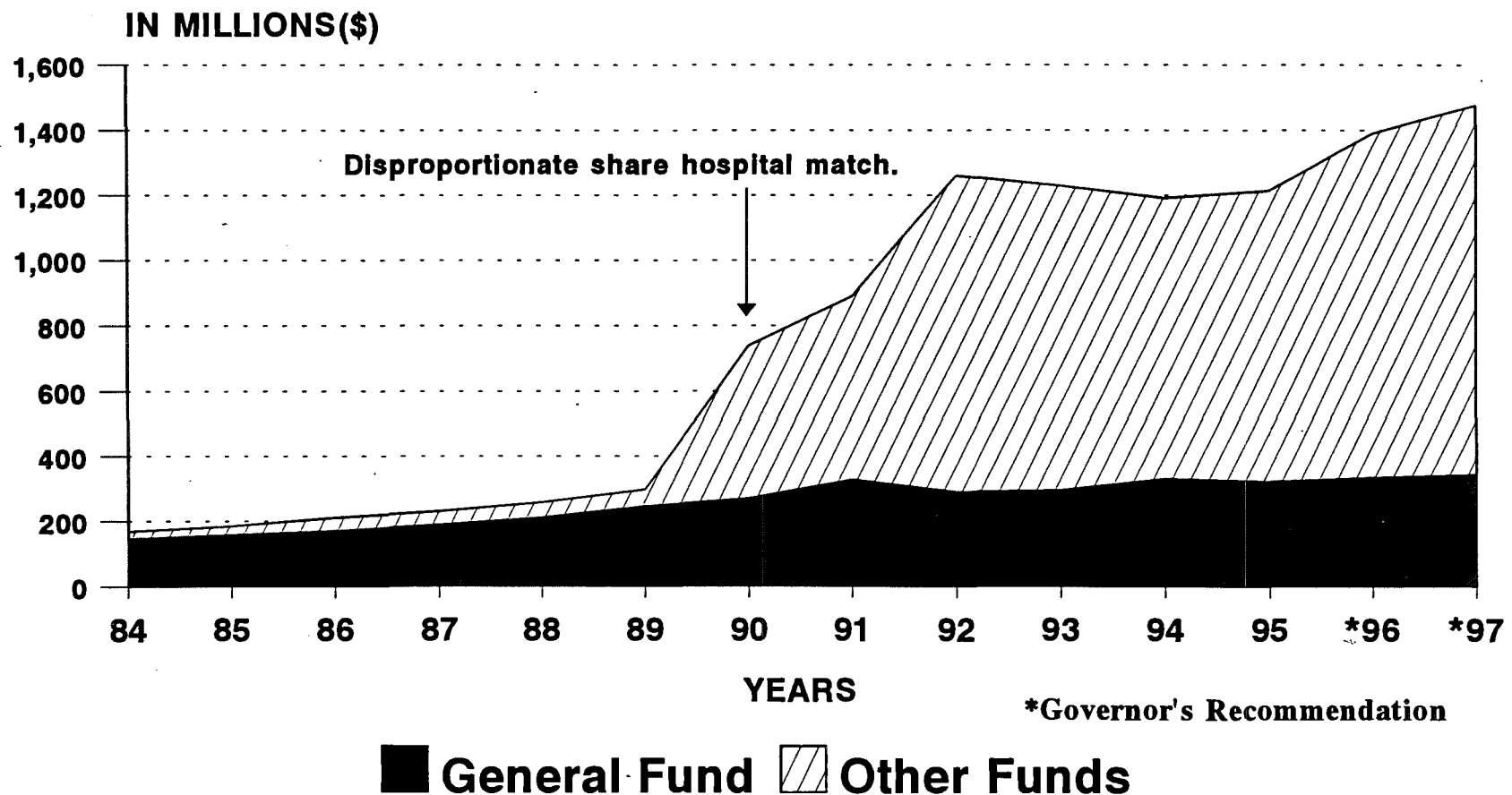
*Governor's Recommendation

■ General Fund ▨ Other Funds

Dept. of Human Services

GENERAL FUND & OTHER FUNDS TREND

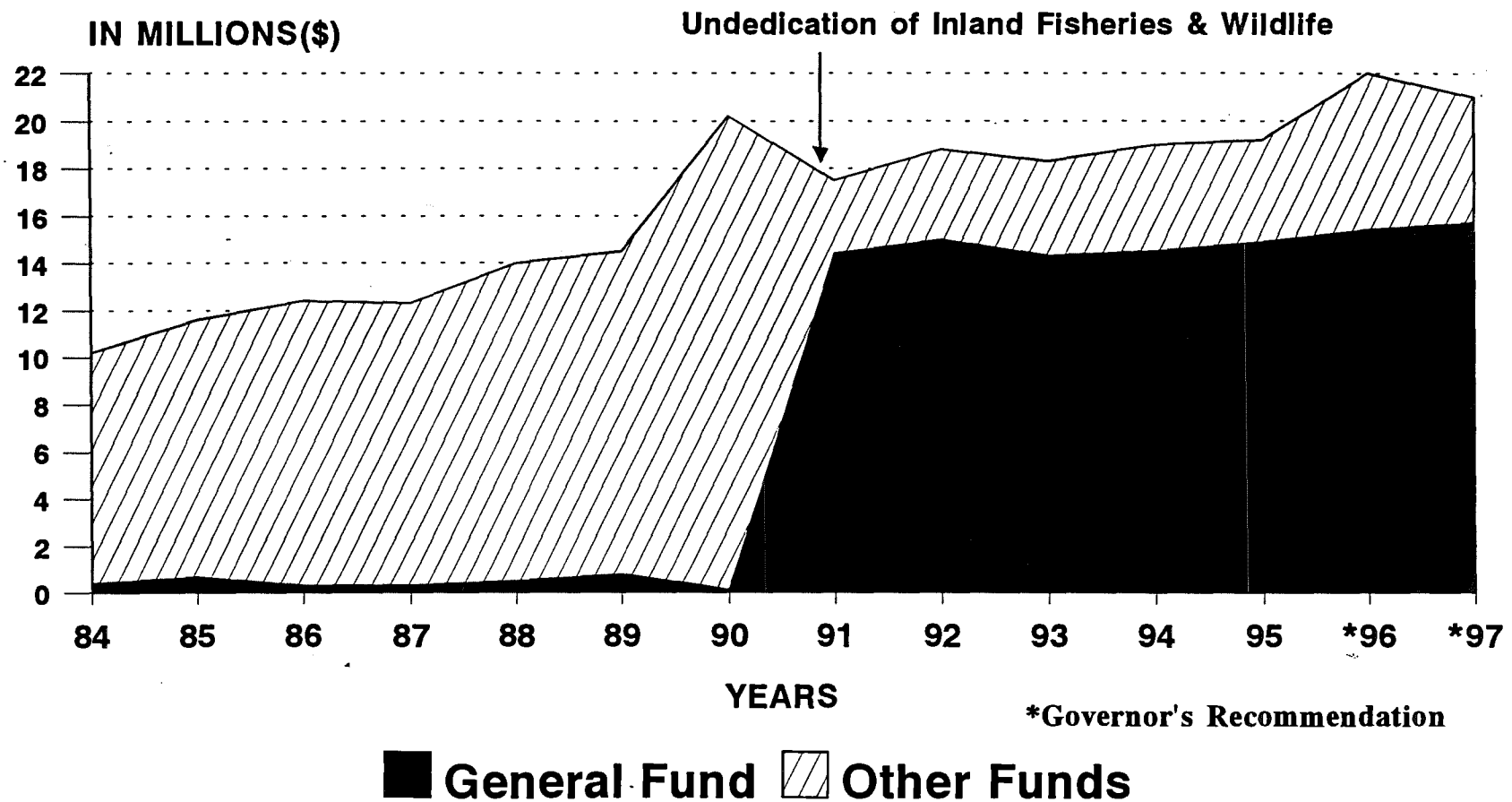
1984 - 1997



Dept. of Inland Fisheries & Wildlife

GENERAL FUND & OTHER FUNDS TREND

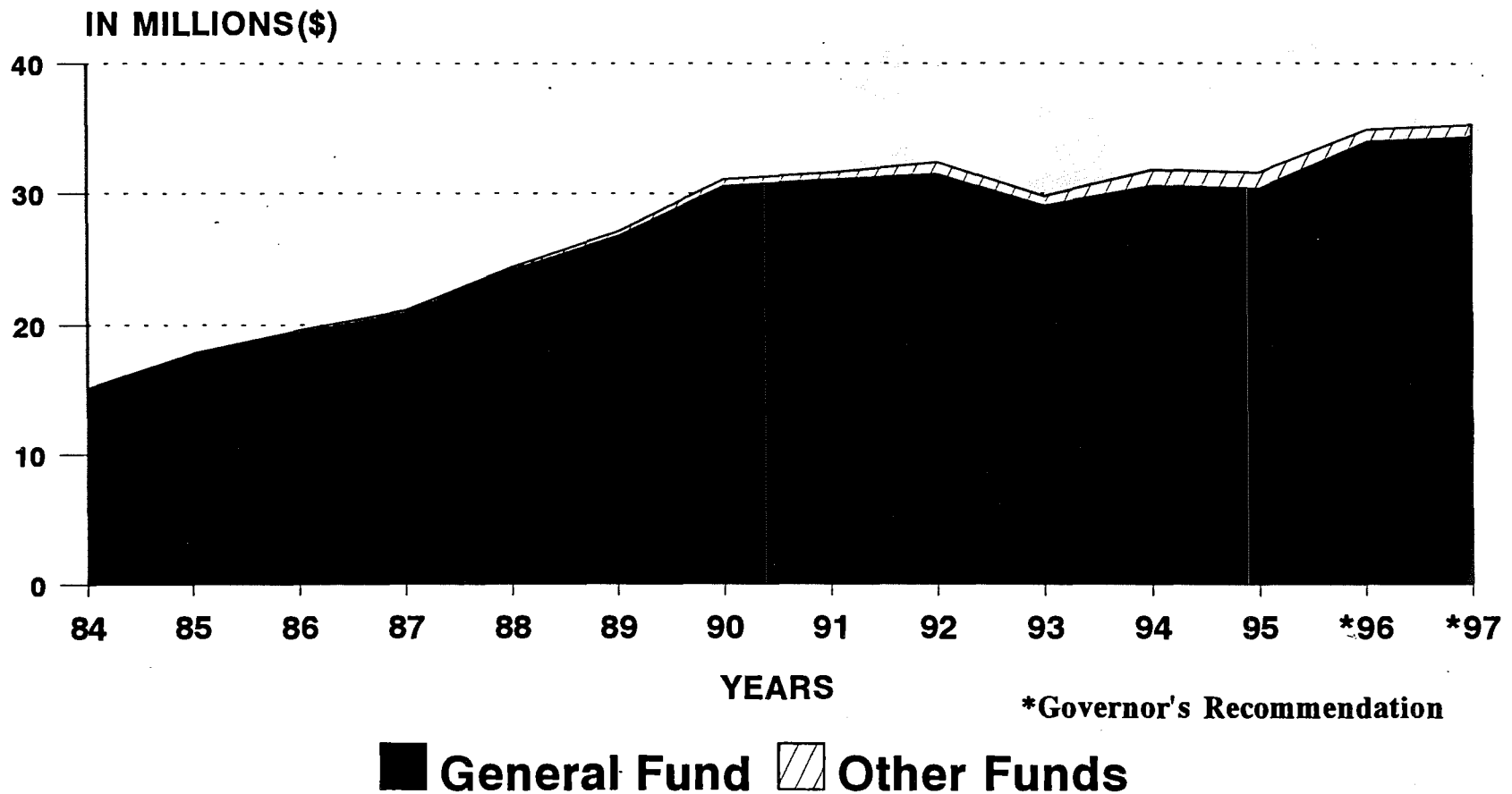
1984 - 1997



Judicial Department

GENERAL FUND & OTHER FUNDS TREND

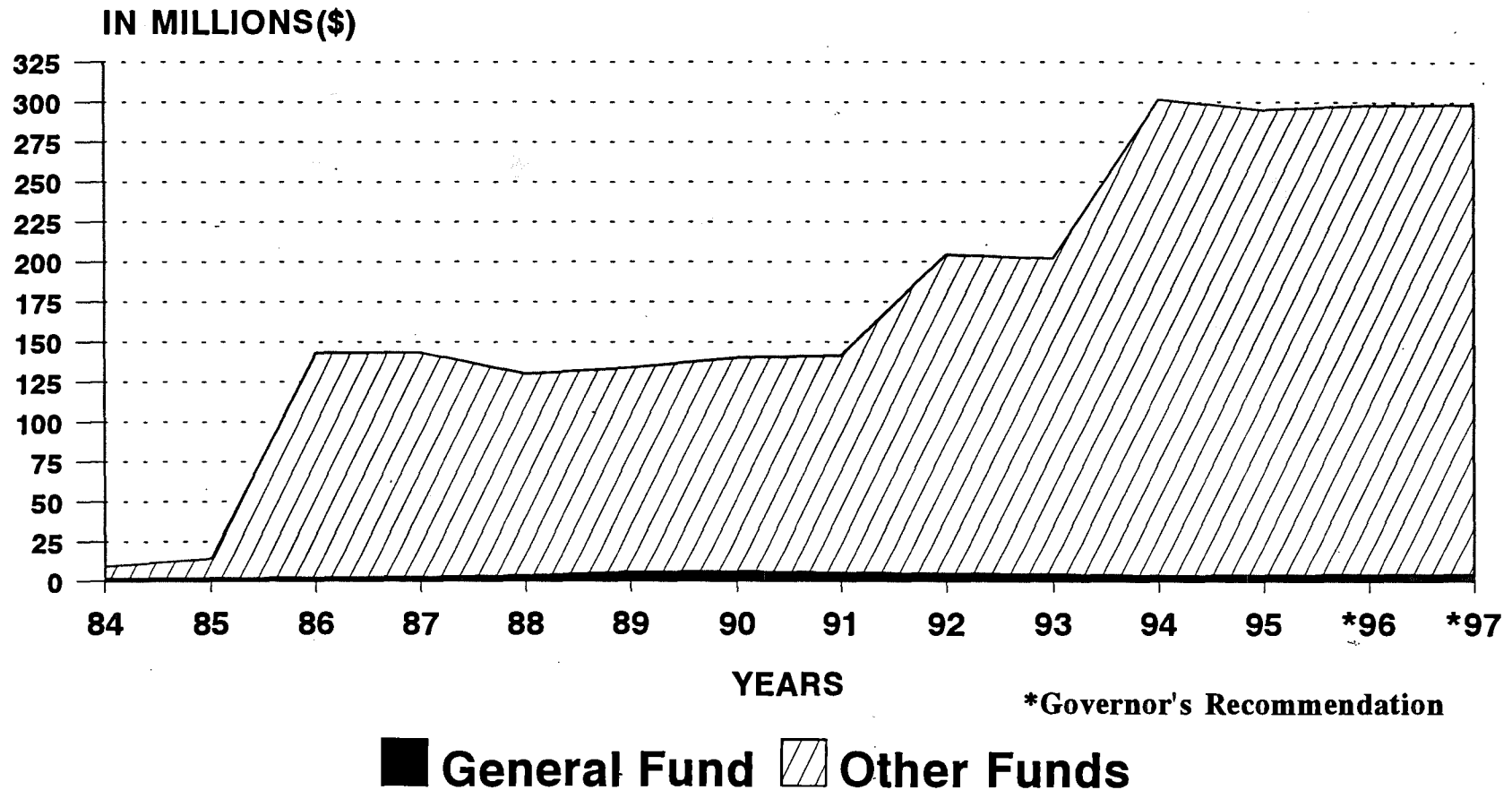
1984 - 1997



Department of Labor

GENERAL FUND & OTHER FUNDS TREND

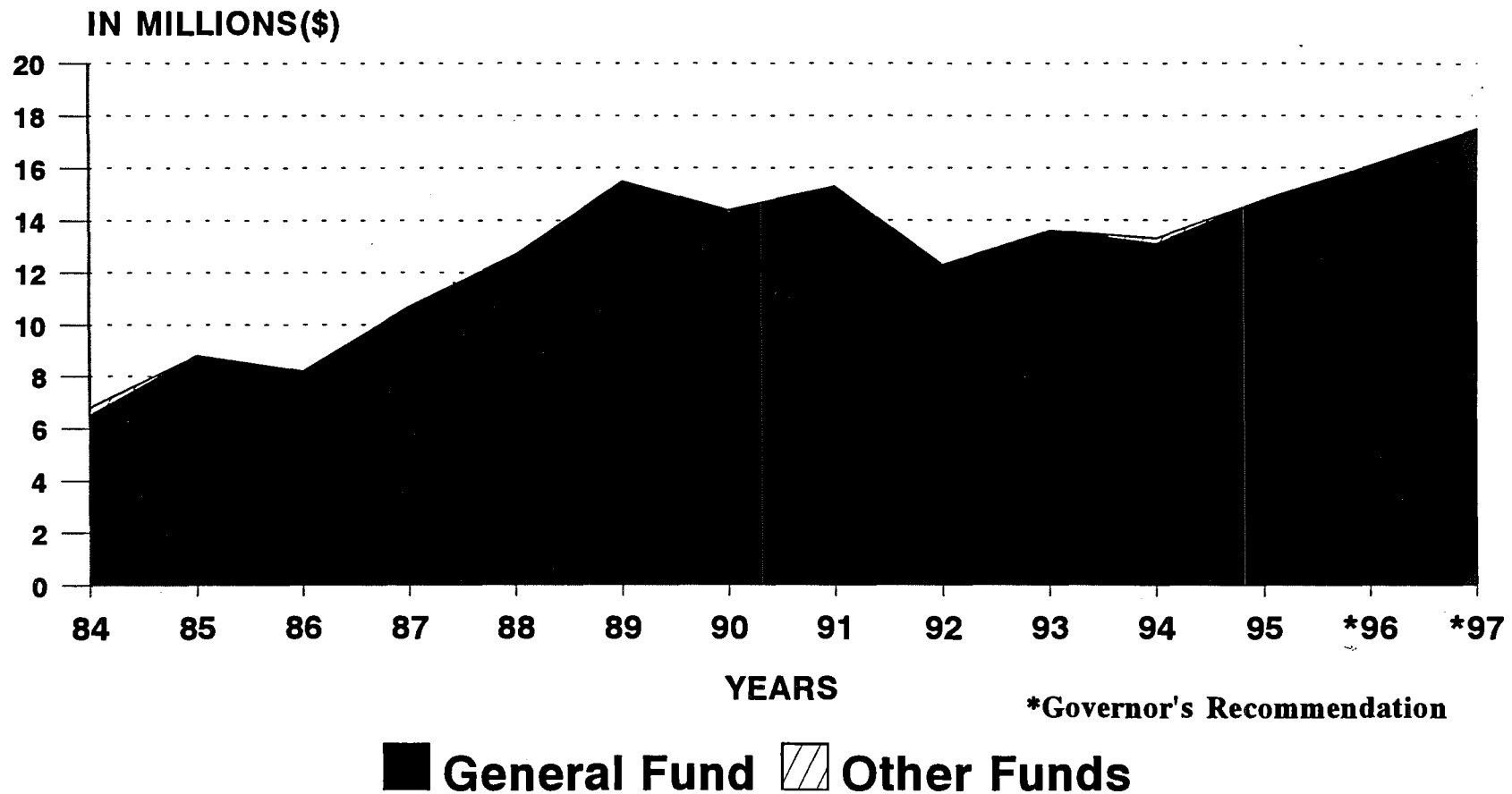
1984 - 1997



Legislature & Legislative Law Library

GENERAL FUND & OTHER FUNDS TREND

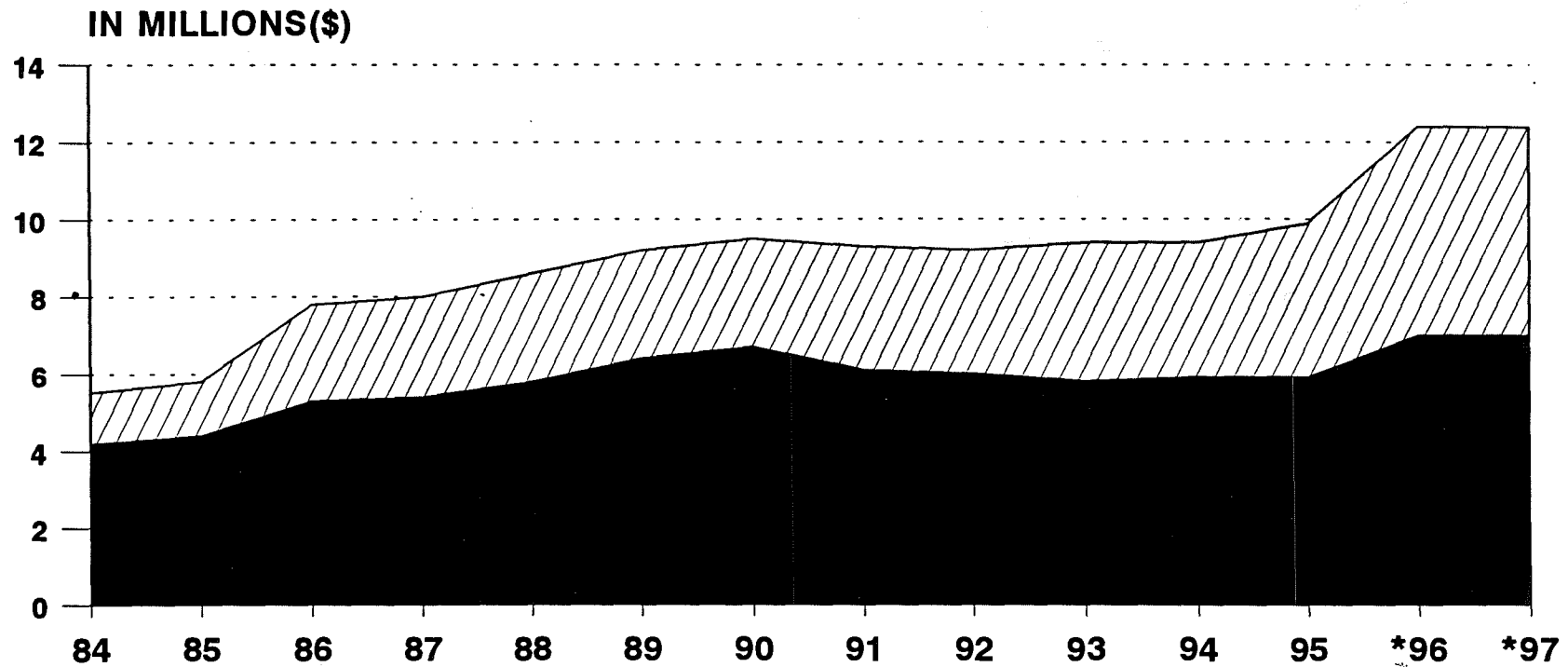
1984 - 1997



Department of Marine Resources

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



YEARS

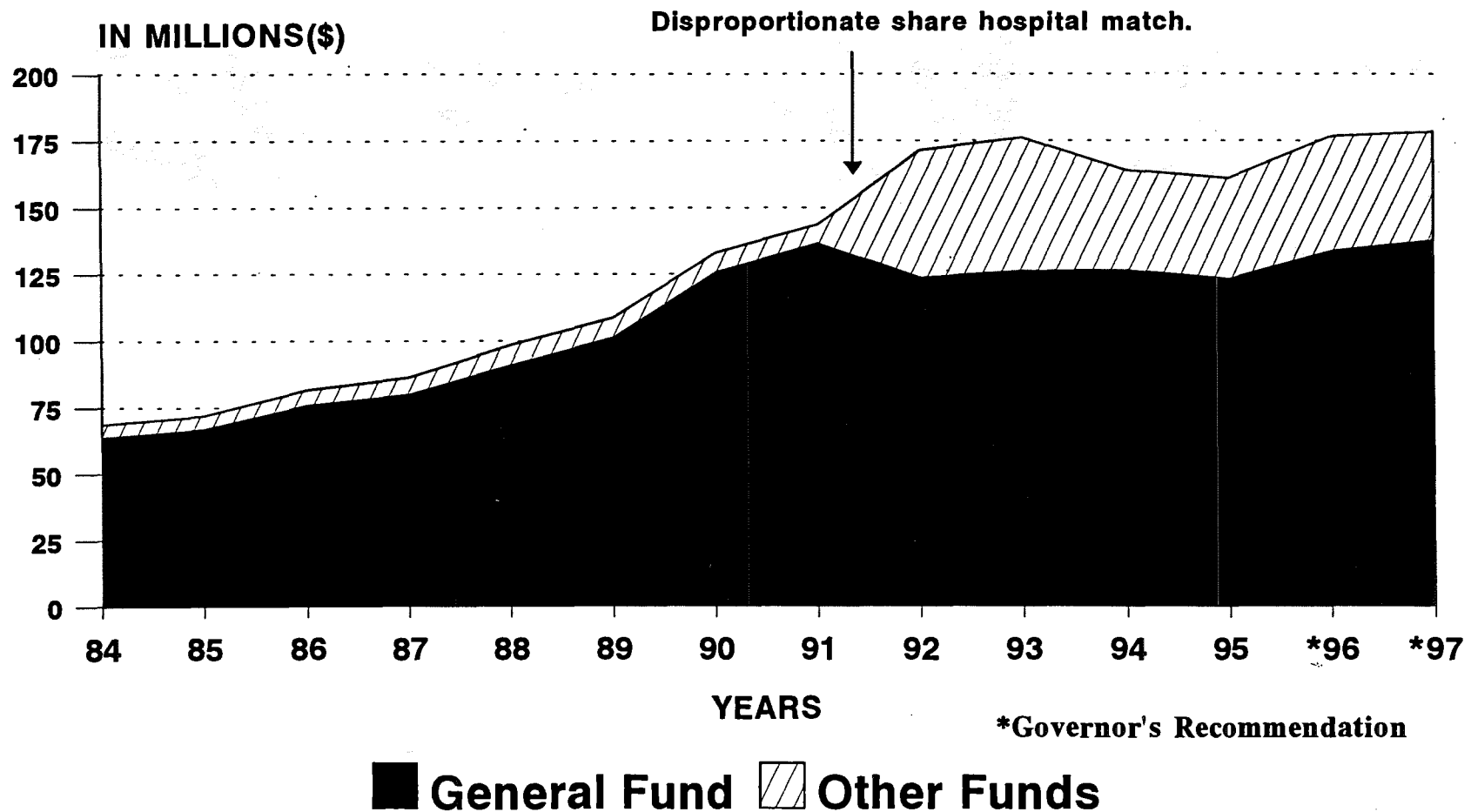
*Governor's Recommendation

■ General Fund ▨ Other Funds

Department of Mental Health & Mental Retardation

GENERAL FUND & OTHER FUNDS TREND

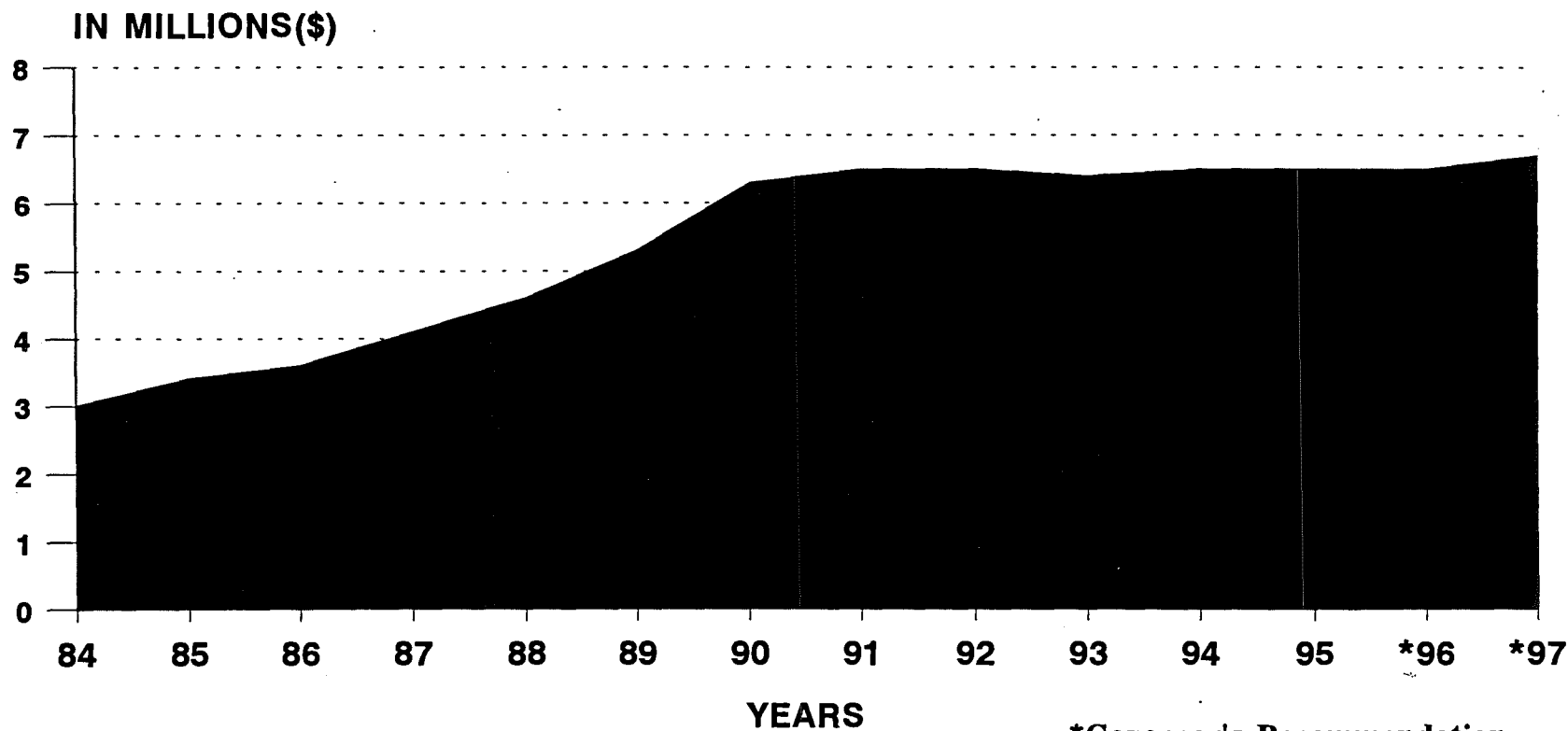
1984 - 1997



Maine Maritime Academy

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



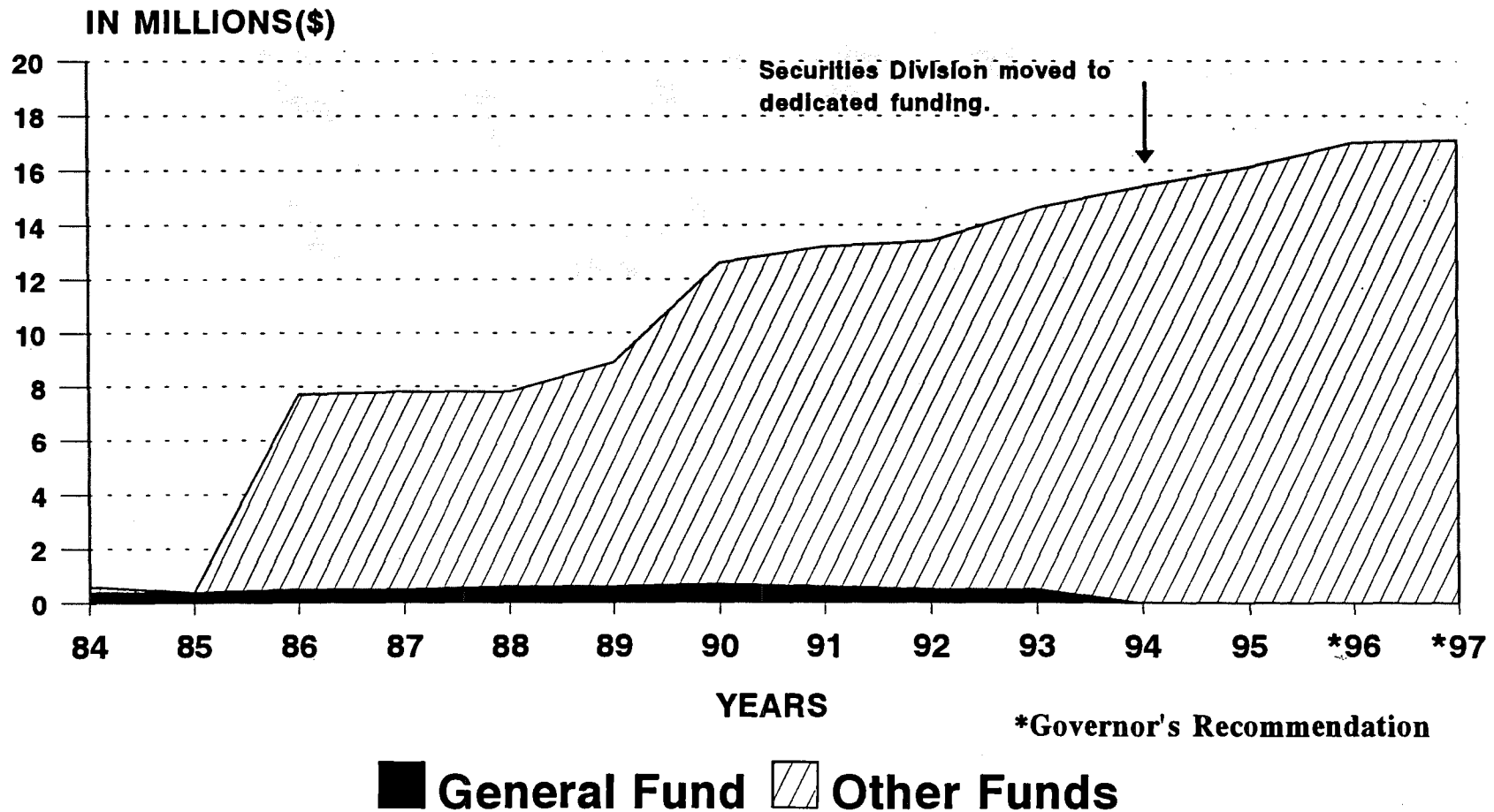
*Governor's Recommendation

■ General Fund

Department of Professional & Financial Regulation

GENERAL FUND & OTHER FUNDS TREND

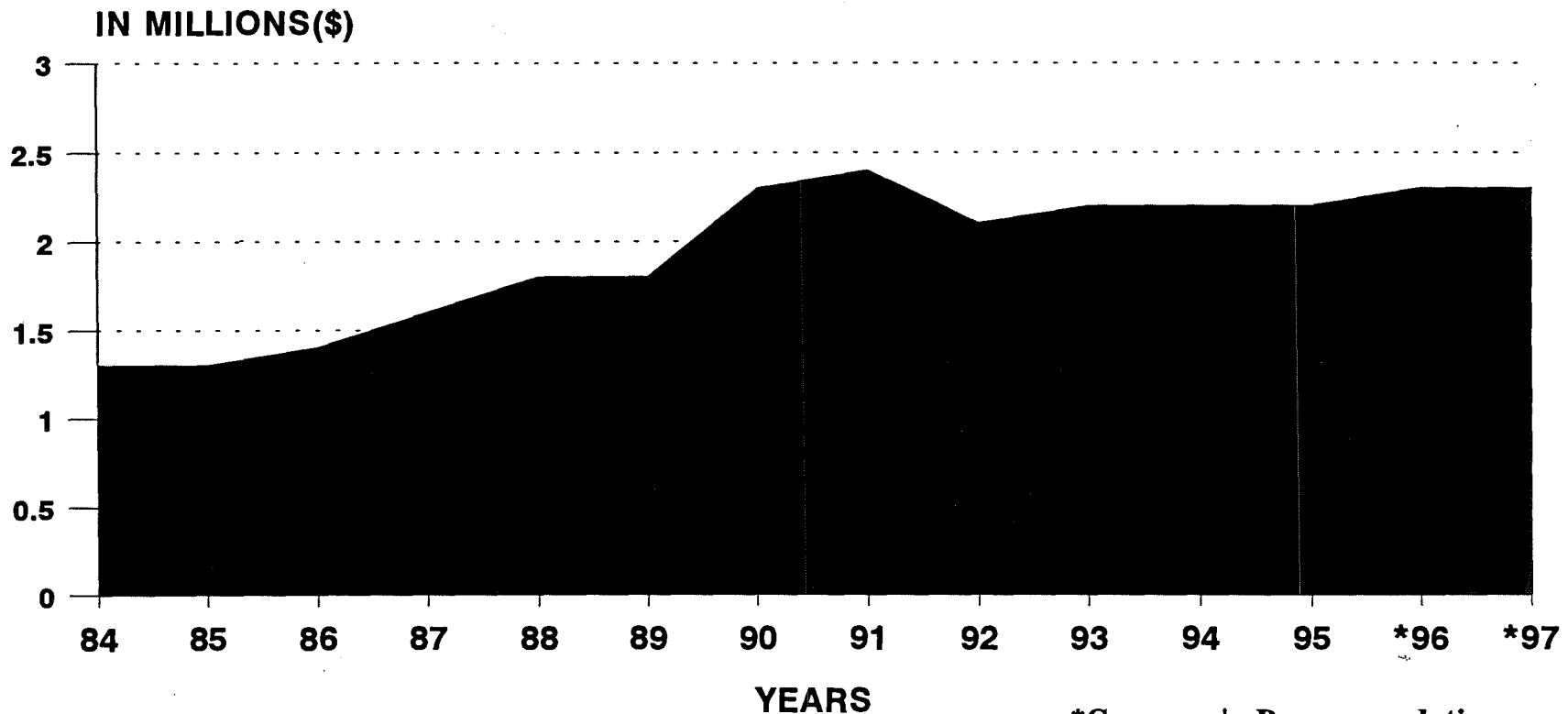
1984 - 1997



Maine Public Broadcasting Corporation

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



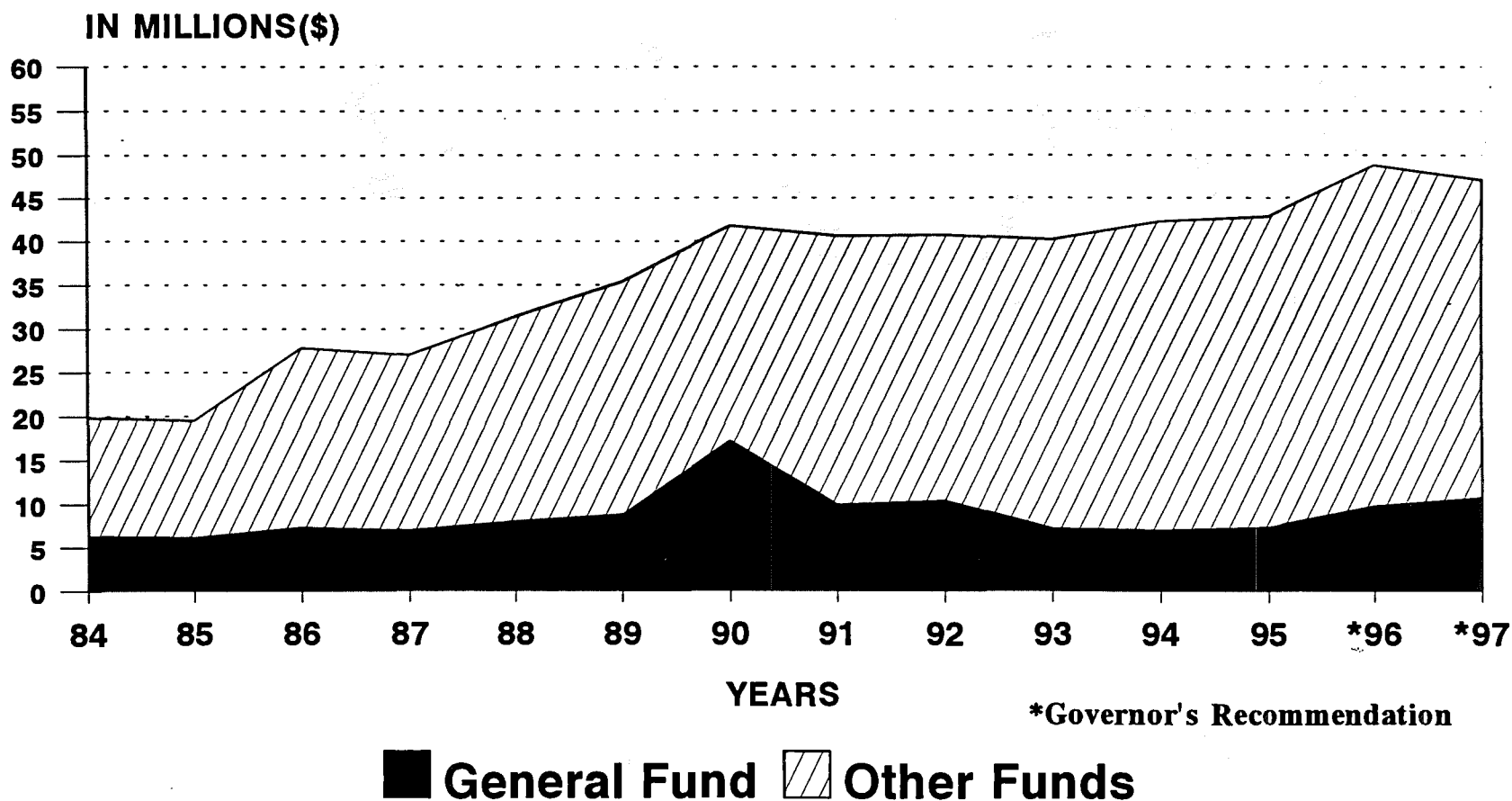
*Governor's Recommendation

■ General Fund

Department of Public Safety

GENERAL FUND & OTHER FUNDS TREND

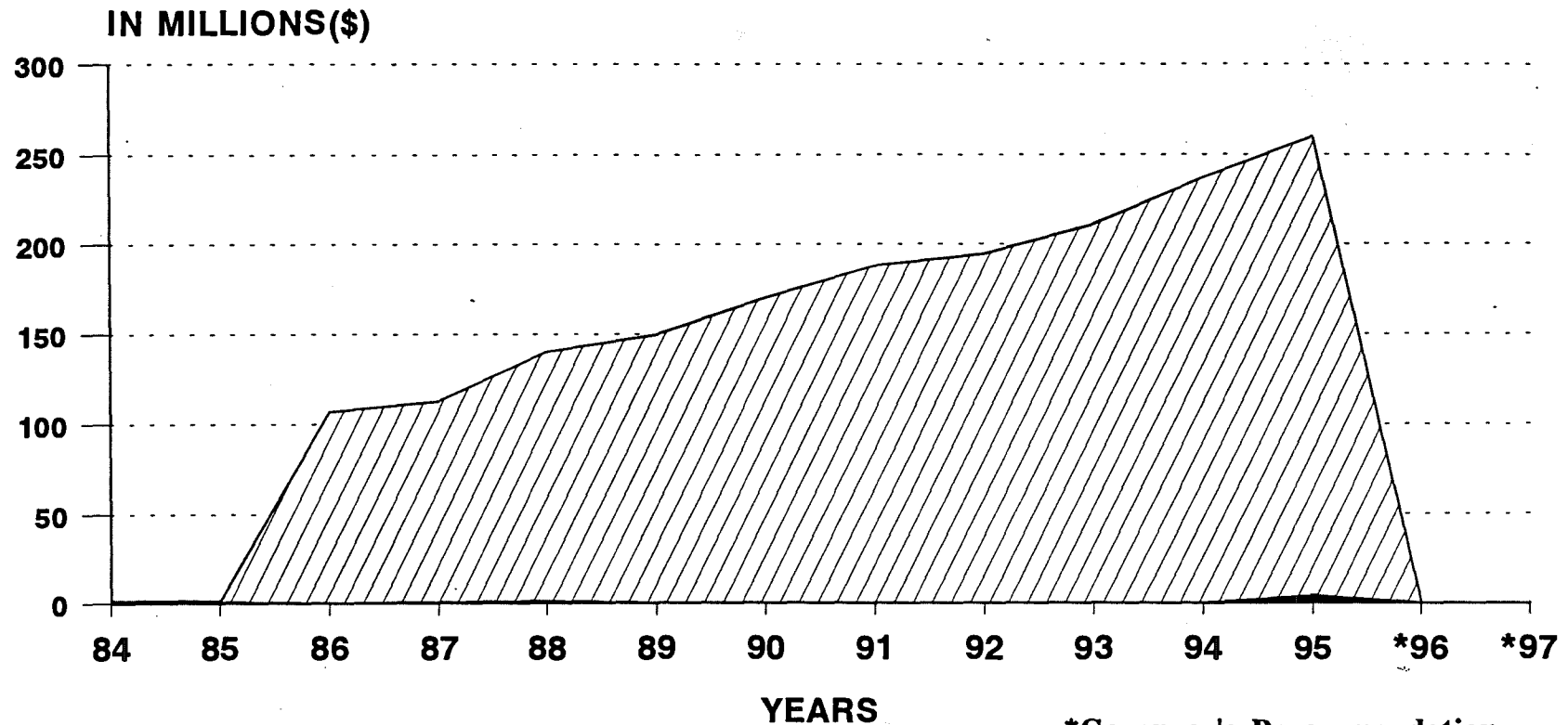
1984 - 1997



Maine State Retirement System

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



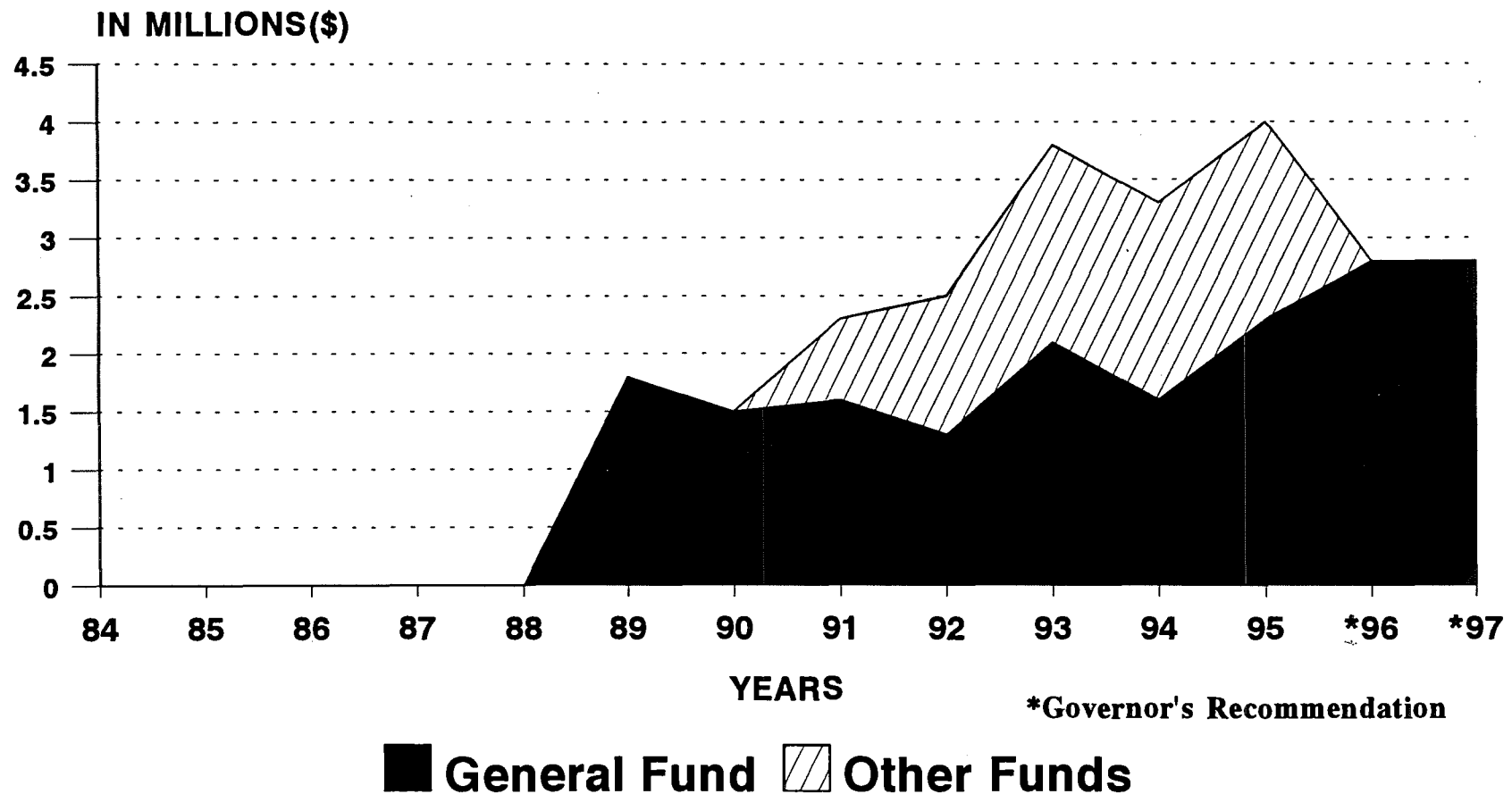
*Governor's Recommendation

■ General Fund ▨ Other Funds

Maine Science & Technology Foundation

GENERAL FUND & OTHER FUNDS TREND

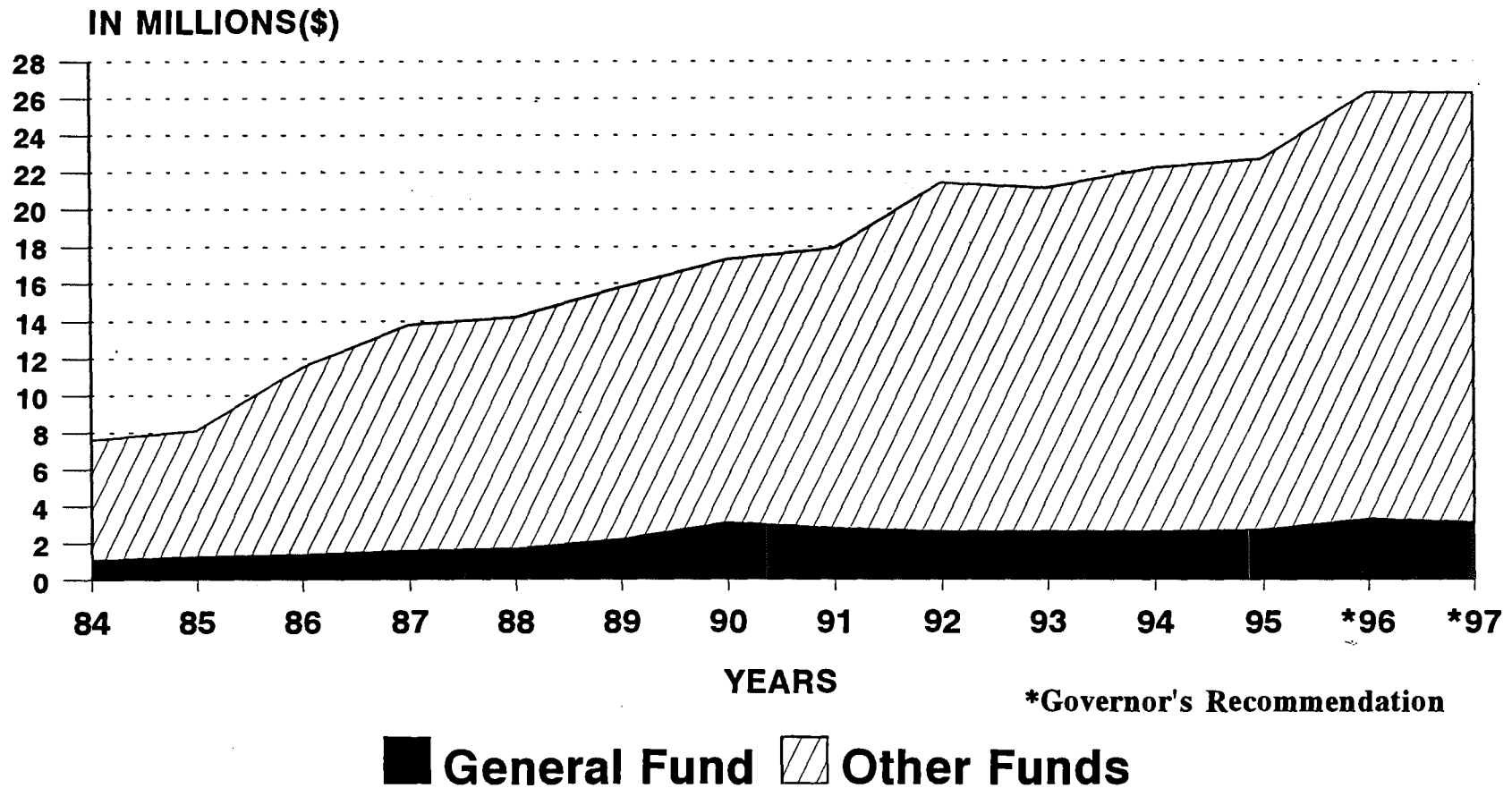
1984 - 1997



Secretary of State

GENERAL FUND & OTHER FUNDS TREND

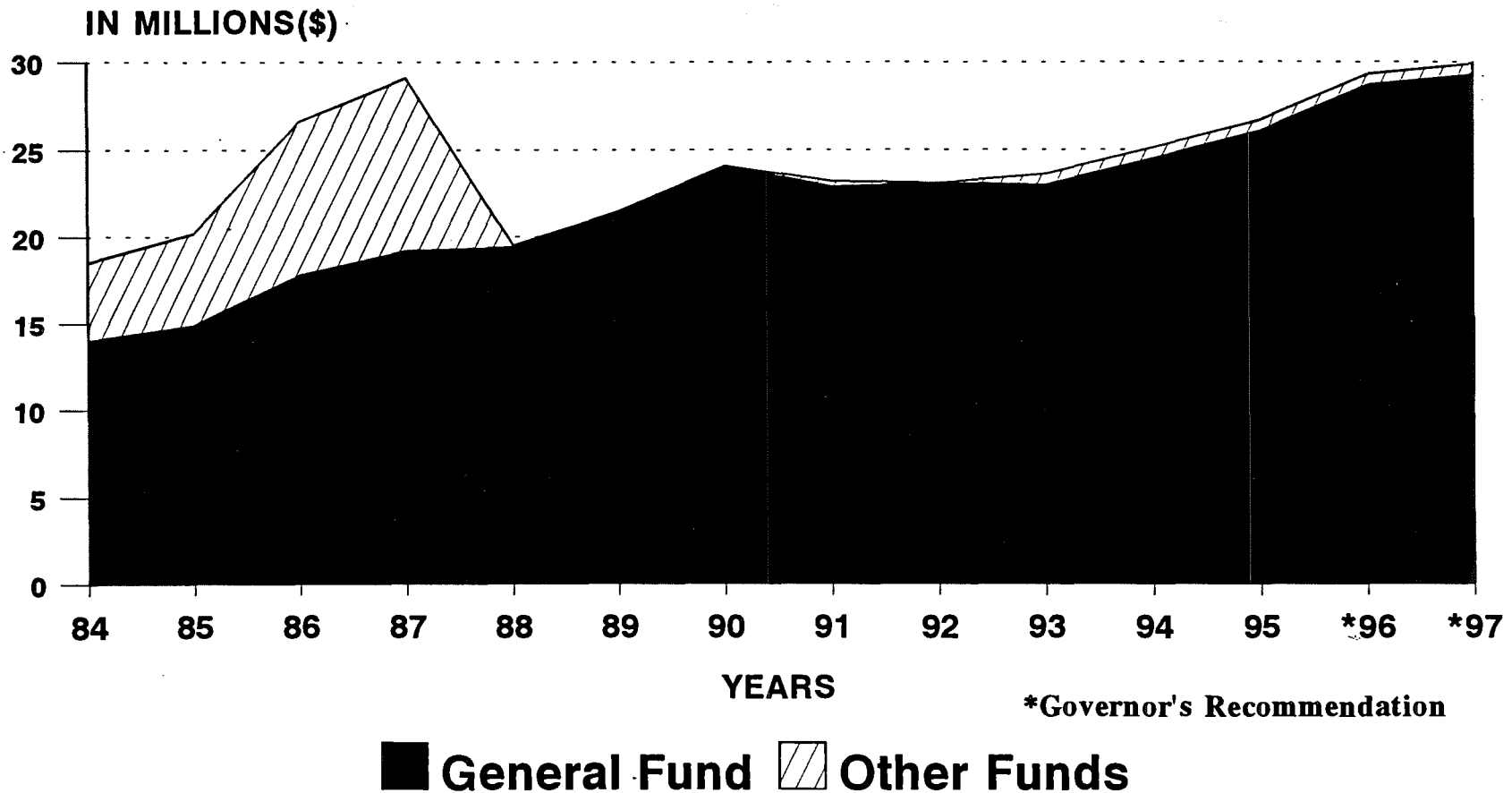
1984 - 1997



Maine Technical College System

GENERAL FUND & OTHER FUNDS TREND

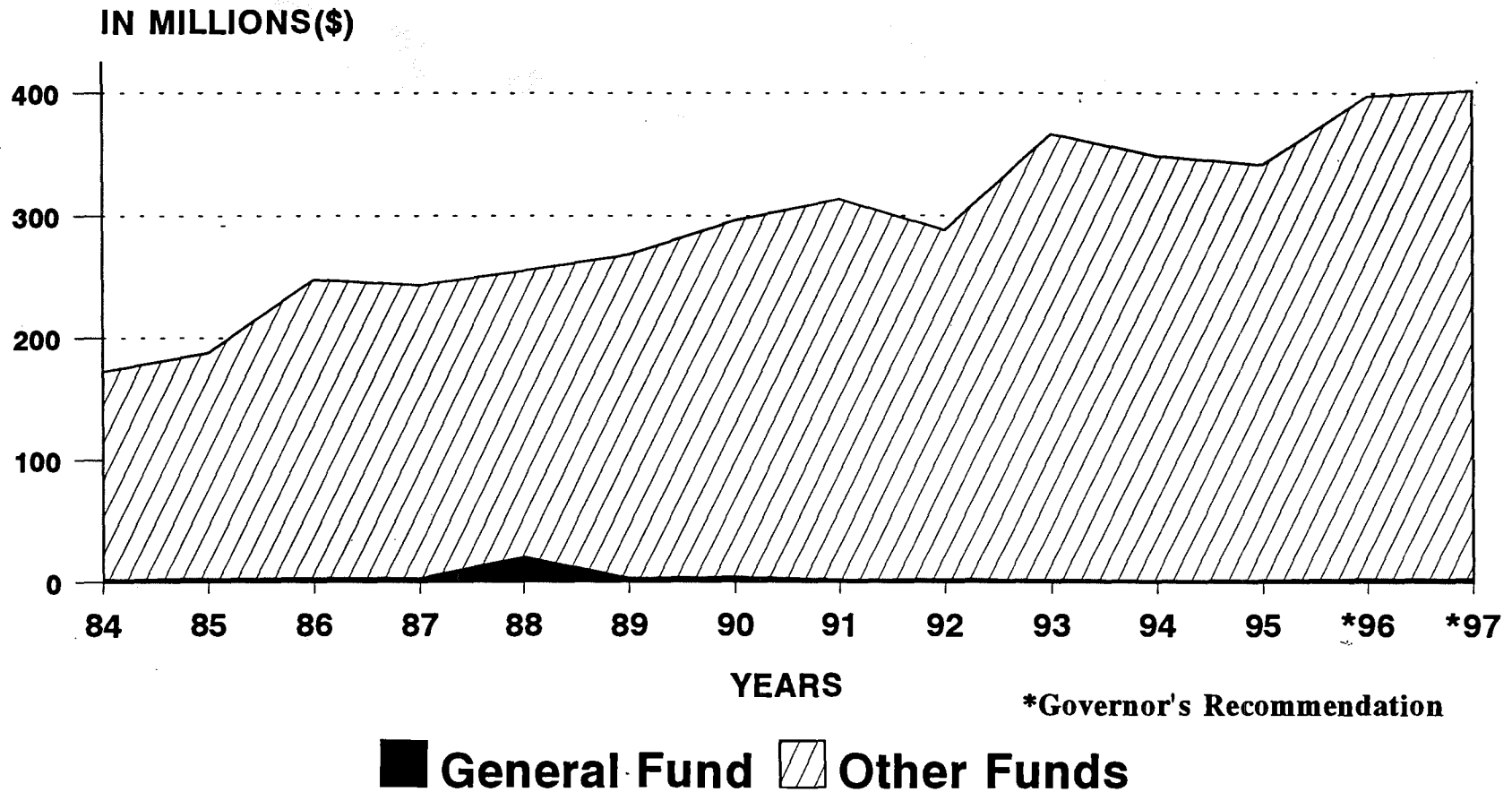
1984 - 1997



Department of Transportation

GENERAL FUND & OTHER FUNDS TREND

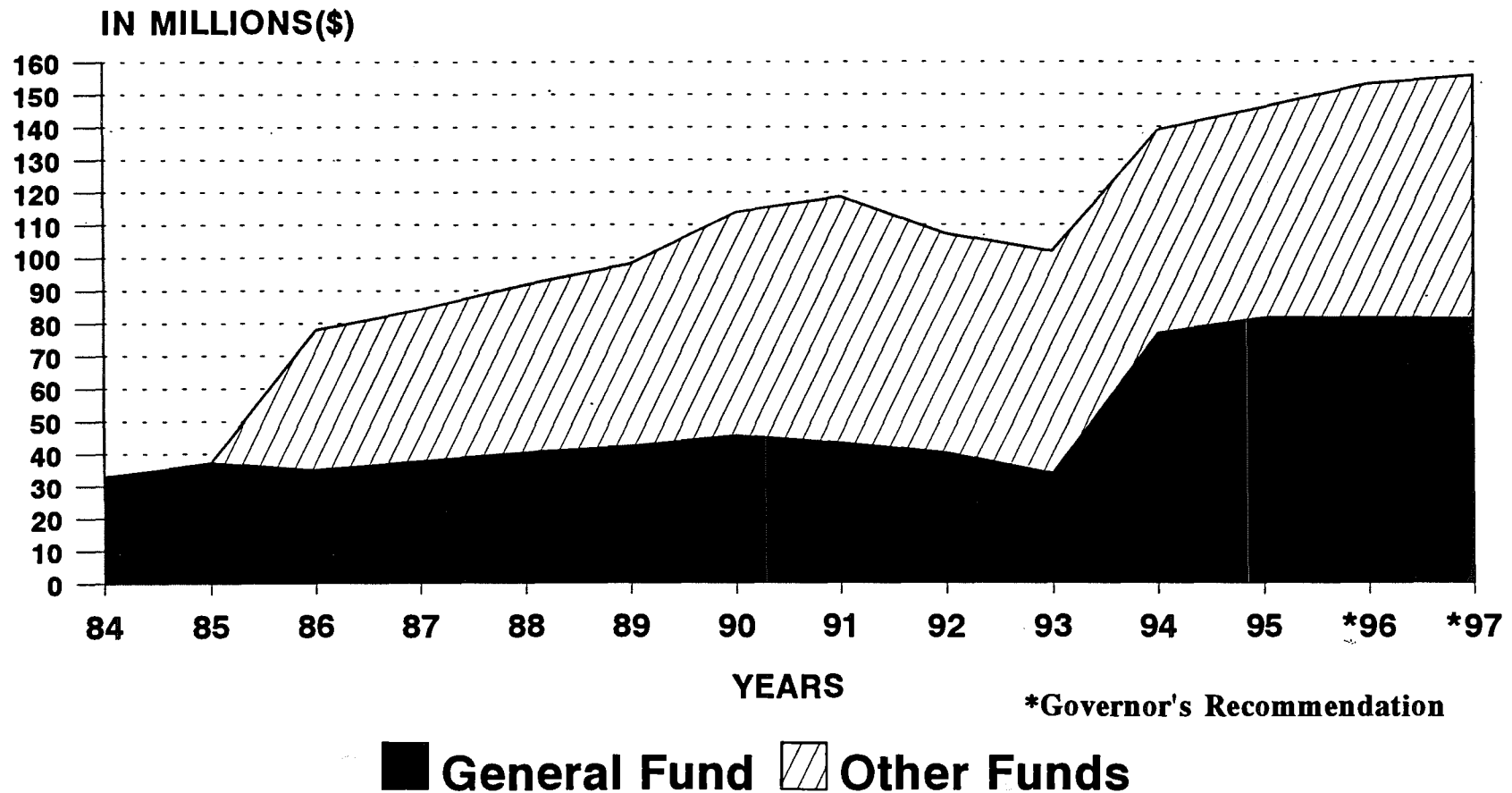
1984 - 1997



Treasurer of State

GENERAL FUND & OTHER FUNDS TREND

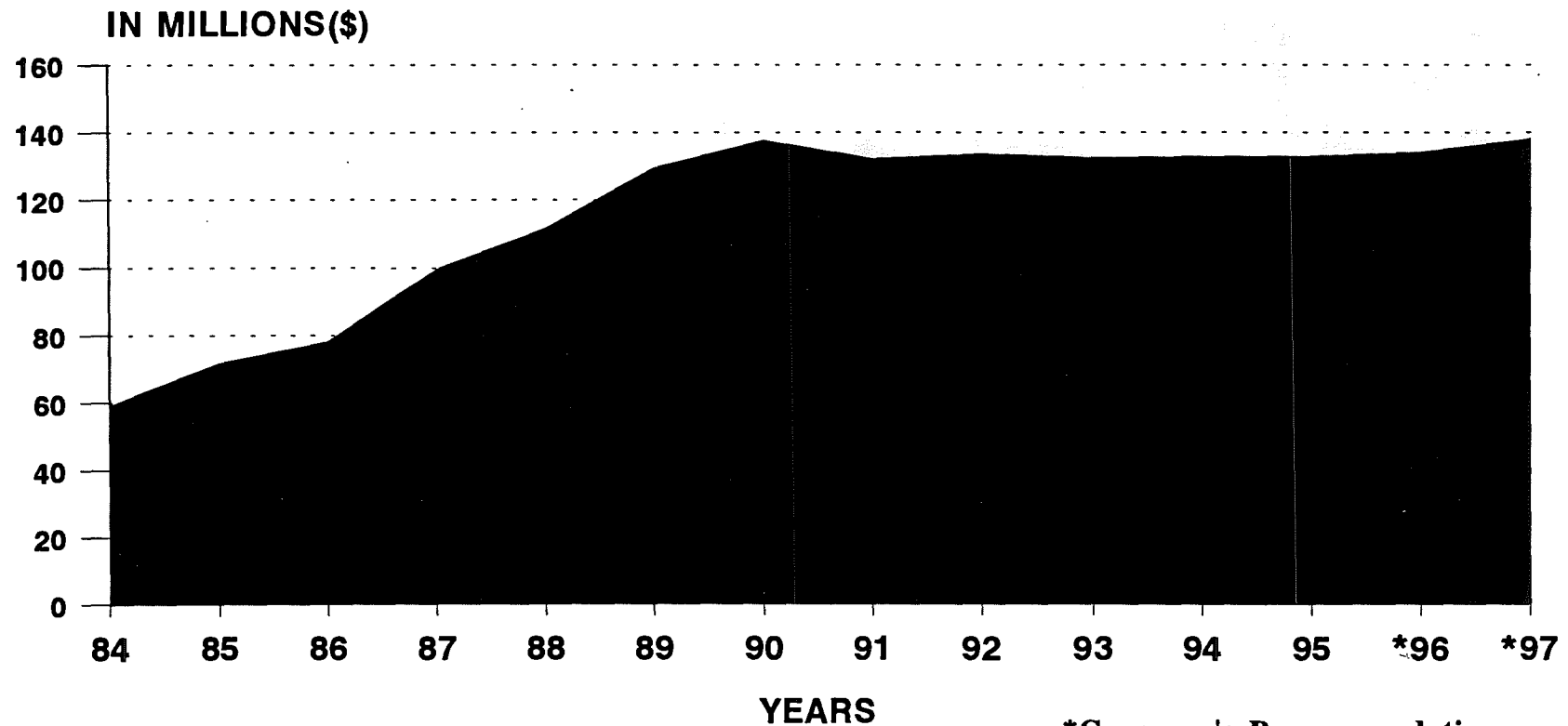
1984 - 1997



University of Maine

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



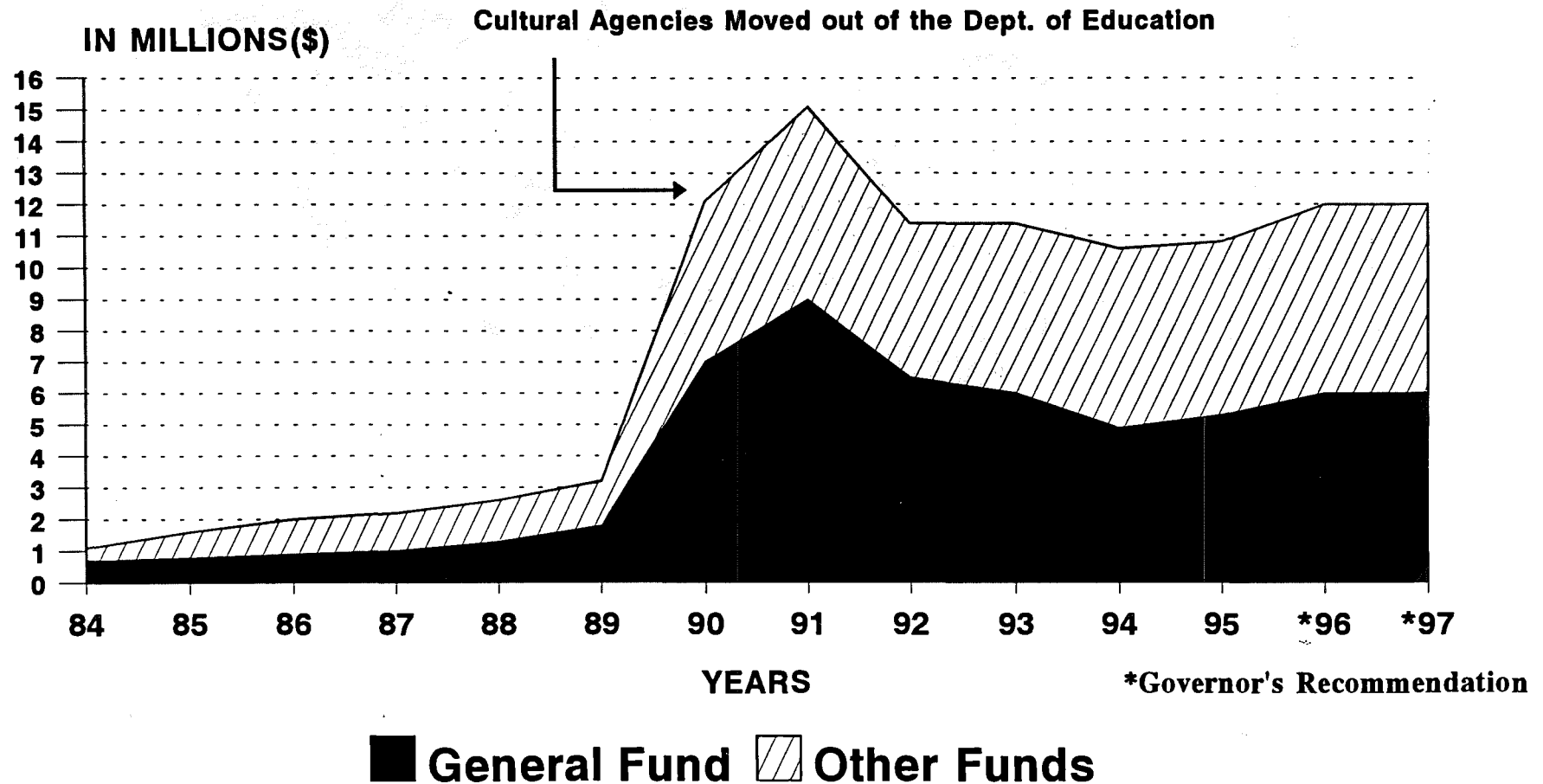
*Governor's Recommendation

■ General Fund

Other Miscellaneous Agencies

GENERAL FUND & OTHER FUNDS TREND

1984 - 1997



HIGHLIGHTS & INITIATIVES

STATEWIDE INITIATIVES

- *Includes \$5 million per year for statewide capital construction, repairs and improvements.**
- *Provides \$6.65 million in FY 1997 to reimburse the Federal government for retirement savings due from FY 1992.**
- *Establishes a Productivity Realization Task Force and deappropriates \$10,956,751 in FY 1996 and \$21,765,339 in FY 1997 to reduce the number of positions supported by the General Fund through economies and efficiencies.**
- *Includes \$4 million in FY 1996 to restore the July 1, 1995 payment to Blue Cross and Blue Shield in accordance with the requirements of PL 1993, c. 707, section Q-1 and also deappropriates \$1,874,000 in FY 1996 to reflect the action taken by PL 1993, c.707, section Q-1 which expected the General Fund to benefit from identified surplus funds in the health insurance funds of the Maine State Retirement System.**
- *Provides \$5 million in FY 1997 to begin the process of reducing the personal property tax on machinery and equipment.**
- *Establishes a Budget Stabilization Fund and appropriates \$1,202,226 in FY 1996 and \$15,906,651 in FY 1997 to the fund.**
- *Provides \$8 million in FY 1997 to begin a four year process of bringing the General Fund into compliance with accepted accounting standards regarding the recognition of General Fund revenues.**

ADMINISTRATIVE & FINANCIAL SERVICES

- *Proposes to remove the state from the retail liquor business in order to provide for a competitive free market.**

CONSERVATION

- *Restores funding to the Bureau of Parks & Recreation to replace the 'Loon Plate' deappropriations.**

CORRECTIONS

- *Eliminates vacant positions for a savings of approximately \$.8 million for the biennium.**

HIGHLIGHTS & INITIATIVES

- *Provides for the closure of one housing unit at the Bolduc Correctional Facility for an anticipated savings of approximately \$1.4 million for the biennium.**
- *Provides significant funds for capital equipment for the first time in four years.**

ECONOMIC & COMMUNITY DEVELOPMENT

- * Continues funding of the Loring Development Authority effort.**
- *Assumes responsibility for the administration of recycling grants as a result of the restructuring of the Maine Waste Management Agency.**
- *Does not fund the Paper Company Environmental Investment Fund.**

EDUCATION

- *Does not recommend funding for the Magnet School.**
- *Increases General Purpose Aid by 2% in FY 1996 and 3% in FY 1997.**
- *Supports growth in State contributions to Teacher Retirement of 4.2% in FY 1996 and 3.9% in FY 1997, but limits funding in each fiscal year to 3% payroll growth.**

HIGHER EDUCATION

- *Supports growth for the University of Maine System of 1% in FY 1996 and 3% in FY 1997.**
- *Increases Maine Maritime Academy funding by 1% in FY 1996 and 3% in FY 1997.**
- *Funds Maine Public Broadcasting Corporation with increases of 1% in FY 1996 and 3% in FY 1997.**
- *Funds the Maine Technical College System with growth of \$300,000 in FY 1996 and 3% in FY 1997.**
- *Supports the Maine Quality Centers of the Maine Technical College System with funding of \$2.3 million in FY 1996 and \$1.8 million in FY 1997.**

EXECUTIVE

- *Streamlines solid waste management efforts and transfers responsibility for solid waste management planning to the State Planning Office.**

HIGHLIGHTS & INITIATIVES

HUMAN SERVICES

- *Provides funds for Child Support Enforcement to bring in approximately \$2 million of additional revenue in support of AFDC.**
- *Transfers \$1.5 million of projected caseload savings in AFDC to the ASPIRE.**
- *Eliminates the AFDC gap for "unearned" income in order to provide a more effective work incentive that saves \$2.5 million for the biennium.**
- *Collects a sliding scale fee, based on ability to pay, for support enforcement collection activities for non-welfare families that will generate \$2.5 million for the biennium.**
- *Eliminates AFDC Housing Special Needs funding to save \$1.8 million for the biennium.**
- *Reduces Personal Services by \$3.6 million for the biennium by eliminating as many as 60 vacant positions throughout the department.**
- *Saves \$1 million in General Assistance through a re-estimate of caseload for the biennium.**
- *Re-evaluates the funding structure in the Health & Environmental Testing Laboratory in the Bureau of Health to save \$.8 million for the biennium.**
- *Reduces the Intermediate Care-Medicaid account by \$7.8 million for the biennium through agency rule modifications to include Medicare enhancement and the continuation of closer evaluation and monitoring of nursing home admissions.**
- *Provides funds for staff, hardware and software for the new Medicaid Management Information System for the managed care initiative.**
- *Provides funds to plan, implement and evaluate a pilot project for the new Healthy Start program.**

MENTAL HEALTH & MENTAL RETARDATION

- *Provides funds to continue downsizing the Augusta Mental Health Institute, the Bangor Mental Health Institute, and the Pineland Center to comply with the consent decrees.**

HIGHLIGHTS & INITIATIVES

- *Continues the effort to move Mental Health and Mental Retardation customers from institutional settings to the community.**
- *Redirects department priorities to target services for the AMHI Consent Decree and the Community Consent Decree members.**
- *Provides the state match necessary to draw down \$2.8 million in Federal funds over the biennium for children served in Northern Maine.**
- *Provides funds for the staff, hardware and software necessary to automate the tracking of Individual Support Plans and the unmet needs of AMHI Consent Decree members.**

PUBLIC SAFETY

- *Streamlines the Drug Enforcement efforts of the State of Maine.**
- *Reduces Highway/General Fund ratio in the State Police match from 87/13 to 80/20 (FY 1996) and 75/25 (FY 1997).**