

**Summary of
Governor's Proposed
2008-2009 Supplemental
Budget Bill**

**Prepared by the
Office of Fiscal & Program Review**

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**Summary of Governor's Proposed
2008-2009 Supplemental Budget
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2008-2009 Supplemental Budget - Governor's Proposals
Summary of General Fund "Shortfall" and Solutions
(\$ in millions)

	FY08	FY09	Biennium
Summary of General Fund "Shortfall" ¹			
GF Revenue Revision - December 2007 RFC Forecast	(\$37.8)	(\$57.4)	(\$95.2)
Statewide Deappropriation - "Initiative" to Streamline State Government	\$0.0	(\$10.1)	(\$10.1)
Shortfall from Revenue Forecast and Statewide Deappropriation	(\$37.8)	(\$67.5)	(\$105.3)
Beginning Balance - FY 07 Ending Actual Balance	\$17.6		\$17.6
Net Changes to Balances - Prior to December 2007 Forecast	(\$16.8)	(\$0.5)	(\$17.3)
Net Changes from Revenue Forecast and Statewide Deappropriation	(\$37.8)	(\$67.5)	(\$105.3)
General Fund "Shortfall" Before Governor's Supplemental	(\$37.0)	(\$68.0)	(\$104.9)
Supplemental Budget - Increase (Decrease) to Balance ²	\$37.0	\$68.1	\$105.1
General Fund Ending Balance w/ Governor's Supplemental ²	\$0.0	\$0.1	\$0.1

Summary of Appropriations and Revenue/Transfers - Governor's Proposals ²

Resources (Transfers/Adjustments to Balance and Revenue):			
- General Fund Transfers and Adjustments to Balance	\$24.5	\$0.8	\$25.3
- General Fund Revenue	\$0.3	\$4.3	\$4.6
Net Increase (Decrease) to Resources	\$24.8	\$5.1	\$30.0
General Fund Appropriations:			
- General Fund Appropriations	(\$12.1)	(\$52.9)	(\$65.0)
- Adjustment for Statewide Deappropriation Offset	\$0.0	(\$10.1)	(\$10.1)
Net Increase (Decrease) of Appropriations	(\$12.1)	(\$63.0)	(\$75.1)
Net Increase (Decrease) to Balance - Gov's Supplemental	\$37.0	\$68.1	\$105.1

Summary of LD 1968 General Fund "Spending" and "Savings" ³

Total of Initiatives Decreasing Resources ("Spending")			
- See Pie Chart on Page 2	(\$20.4)	(\$27.0)	(\$47.5)
Total Items Increasing Resources ("Savings")			
- See Pie Chart on Page 3	\$57.4	\$95.2	\$152.5
Net Increase (Decrease) to General Fund Resources	\$37.0	\$68.1	\$105.1

Amounts may not add due to rounding

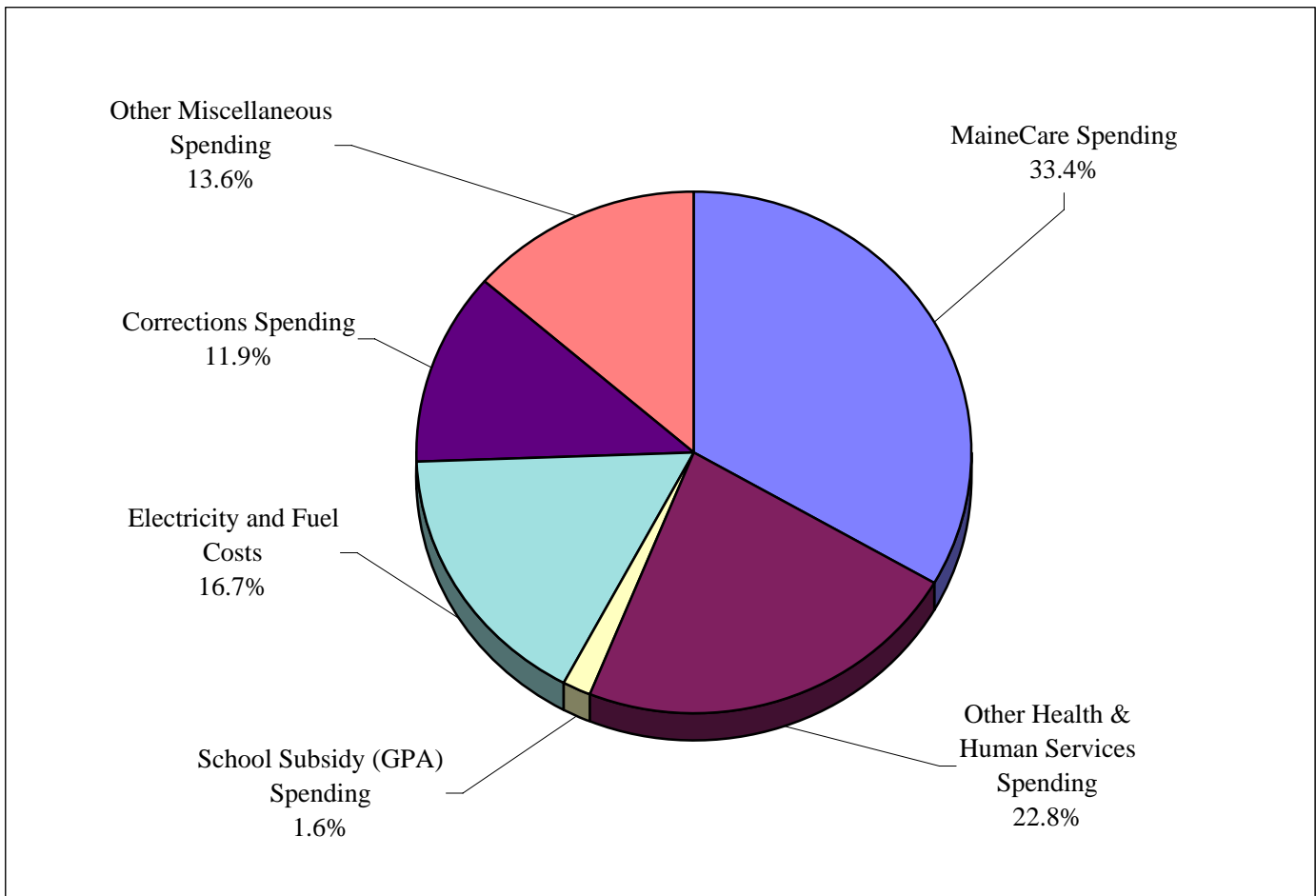
Notes:

- ¹ The General Fund "Shortfall" depicted in this presentation results from the December 2007 downward revenue revision by the Revenue Forecasting Committee and an existing Statewide Deappropriations of \$10.1 million that was to be offset by "The Initiative" to Streamline State Government, a interim study conducted by the Joint Standing Committee on Appropriations and Financial Affairs.
- ² The net change to balance from the Governor's proposals is based on the Governor's draft proposals and estimates provided in the materials presented by the Governor. Estimates of revenue may change based on additional review and analysis by the Office of Fiscal and Program Review.
- ³ This analysis and the pie charts on the following pages present a different look at the revenue, transfers and appropriations. The purpose is to separate out those initiatives/proposals in the supplemental budget that represent "spending" of state resources from those that increase resources. Additional detail regarding this analysis is presented on pages 2 and 3.

General Fund Adjustments - "Spending" Initiatives ¹

Initiatives Decreasing General Fund Balance

	FY 08	FY 09	Biennium	% of Total
MaineCare Spending	\$8.0	\$7.8	\$15.8	33.4%
Other Health & Human Services Spending	\$5.2	\$5.6	\$10.8	22.8%
School Subsidy (GPA) Spending	\$0.0	\$0.7	\$0.7	1.6%
Electricity and Fuel Costs	\$5.6	\$2.4	\$7.9	16.7%
Corrections Spending	(\$1.3)	\$7.0	\$5.6	11.9%
Other Miscellaneous Spending	\$2.9	\$3.5	\$6.5	13.6%
TOTAL ADJUSTMENTS DECREASING BALANCE	\$20.4	\$27.0	\$47.5	100.0%



Notes:

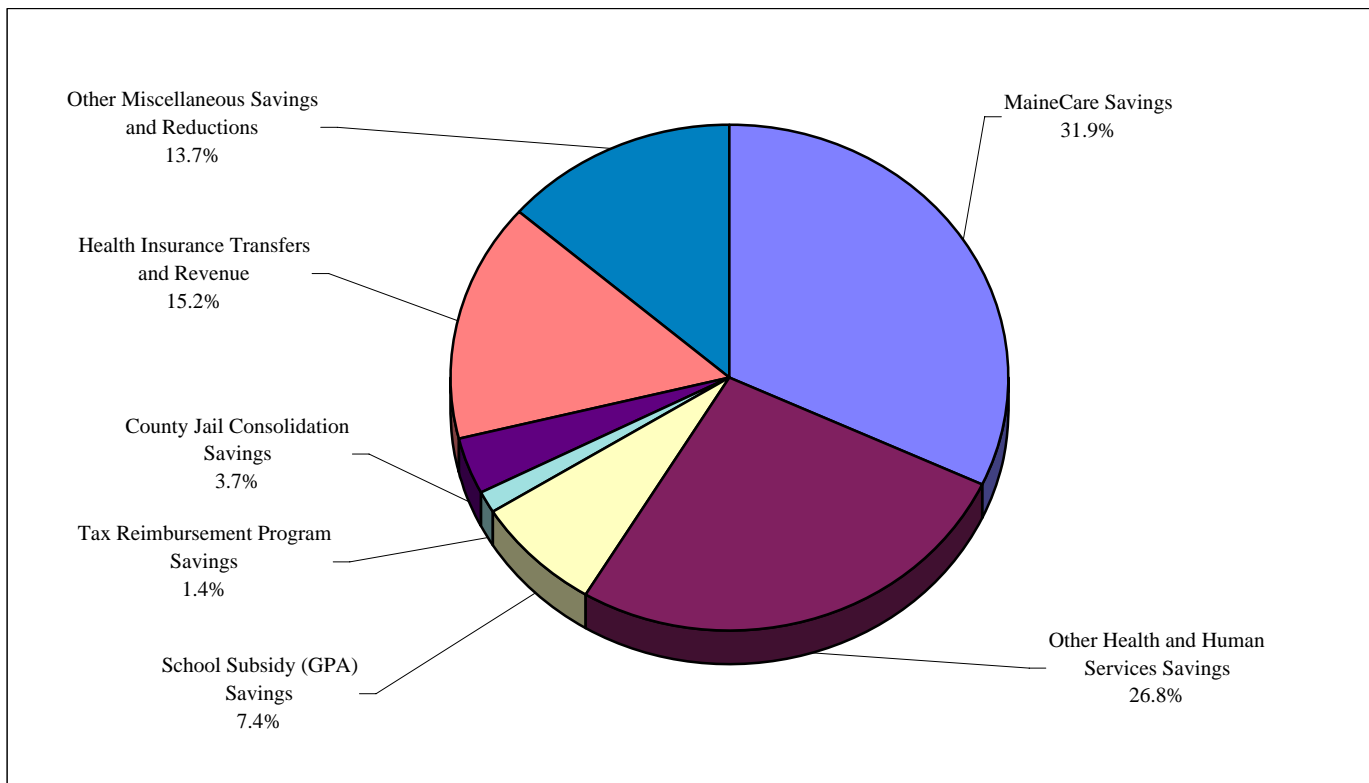
¹ "Spending" initiatives include all those items that decrease resources: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

Amounts may not add due to rounding

General Fund Adjustments - "Savings" Initiatives ¹

Initiatives Increasing General Fund Balance

	FY 08	FY 09	Biennium	% of Total
MaineCare Savings	\$6.3	\$42.3	\$48.6	31.9%
Other Health and Human Services Savings	\$15.5	\$25.3	\$40.8	26.8%
School Subsidy (GPA) Savings	\$6.0	\$5.3	\$11.3	7.4%
Tax Reimbursement Program Savings	\$1.0	\$1.2	\$2.1	1.4%
County Jail Consolidation Savings	\$0.0	\$5.6	\$5.6	3.7%
Health Insurance Transfers and Revenue	\$20.9	\$2.3	\$23.1	15.2%
Other Miscellaneous Savings and Reductions	\$7.7	\$13.2	\$20.9	13.7%
TOTAL ADJUSTMENTS INCREASING BALANCE	\$57.4	\$95.2	\$152.5	100.0%



Notes:

¹ "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

Amounts may not add due to rounding

**2008-2009 SUPPLEMENTAL BUDGET
SUMMARY OF POSITION CHANGES**

<u>Fund</u>	<u>Total Authorized Positions - Prior to 123rd Legislature, 2nd Regular</u>	<u>Position Adjustments in Part A¹</u>	<u>Position Adjustments - Streamlining Initiative (Part D)¹</u>	<u>Total Authorized Positions - Governor's Proposals</u>
General Fund	6,175.664	(60.923)	(9.904)	6,104.837
Highway Fund	2,490.832	N/A	0.000	2,490.832
Federal Expenditures Fund	1,601.626	(6.000)	(3.000)	1,592.626
Fund for a Healthy Maine	22.500	0.000	0.000	22.500
Other Special Revenue Fund	2,382.019	33.096	1.000	2,416.115
Federal Block Grant	136.500	1.000	0.000	137.500
Other Funds	1,288.793	13.500	(3.000)	1,299.293
Total Change of Authorized Positions	14,097.934	(19.327)	(14.904)	14,063.703

Notes:

¹ Position adjustments in Part D reflect the recommendations of "The Initiative" to Streamline State Government, a interim study of the Joint Standing Committee on Appropriations and Financial Affairs. Part A changes reflect other position adjustments recommended by the Governor.

2008-2009 Supplemental Budget Bill

Summary of MaineCare and Other DHHS Provisions

General Fund
Costs (savings)
(*\$s in millions*)

FY 08 FY 09

MaineCare Proposals

The Governor's proposed 2008-2009 Supplemental Budget would provide increased appropriations for MaineCare programs of \$8.0 million in FY 08 and \$7.8 in FY 09 offset by deappropriations of -\$6.3 million in FY 08 and -\$42.3 million in FY 09:

- | | | |
|--|---------|---------|
| <p>> MaineCare - Match Rate (FMAP). Proposes net deappropriations of -\$6.6 million that will be offset by an increase in federal funding as a result of the increased Federal Medical Assistance Percentage (FMAP). The recently published FFY 09 FMAP for Maine's Medicaid program will be 64.41%, an increase of 1.1 percentage points over the FFY 08 rate of 63.31%. The 2008-2009 Biennial Budget had booked GF savings (deappropriations) totaling \$7.7 million for FY 09 based on preliminary estimates that the FFY 09 FMAP would increase to 63.89%, an increase of .58 percentage points over the FFY 08 FMAP. The now published Maine FFY 09 FMAP of 64.41%, is another .52 percentage points over this preliminary estimate allowing for additional net MaineCare deappropriations of -\$6.6 million (with an additional -\$0.2 million in Foster Care savings).</p> | \$0.0 | (\$6.6) |
| <p>> MaineCare - Provider Taxes. Proposes deappropriations of -\$2.6 million per year in various MaineCare accounts to reflect modifications to projections of Medicaid-dedicated tax revenues. Also proposes appropriations of \$1.0 million for FY 08 and \$2.0 million for FY 09 for the proposed change in the tax on nursing facilities to take effect January 1, 2008.</p> | (\$1.6) | (\$0.6) |
| <p>> MaineCare - Hospital Payments. For FY 08, proposes \$3.9 in funding for increased prospective interim payments to hospitals partially offset by a -\$0.4 million deappropriation for hospital overpayments. Proposed reductions in funding for FY 09 include deappropriations of: -\$7.0 million for hospital-based physicians; -\$0.6 million for payments to out-of-state hospitals; -\$0.2 million for reimbursements to critical access hospitals and exempting them from the hospital tax; and -\$0.2 for hospital overpayments.</p> | \$3.6 | (\$8.1) |
| <p>> MaineCare - Other Providers. Proposes deappropriations of -\$2.8 million for FY 08 and -\$3.7 million for FY 09 for payments to nursing facilities including eliminating funding on a one-time basis due to cost-of-care adjustments and reducing funding for rebasing nursing home expenditures in FY 09. Proposes deappropriations of -\$5.5 million for FY 09 for payments to private non-medical institutions (PNMIs) including reducing payments to PNMIs with low occupancy and by limiting or eliminating reimbursement for "bed-hold" days. Also proposes a deappropriation of -0.4 million in FY 09 for reduced payments to pharmacies.</p> | (\$2.8) | (\$9.6) |
| <p>> MaineCare Administration. Proposes an appropriation of \$2.0 million in FY 08 and \$4.2 million in FY 09 to fund the transfer of the Medicaid claims management system to a fiscal agent environment. With the 90/10 federal match included, the total request is for \$21.2 million in FY 08 and \$43.1 million in FY 09.</p> | \$2.0 | \$4.2 |
| <p>> MaineCare - Childless Adult Waiver (Non-categoricals). Proposes deappropriations of -\$0.4 million in FY 08 and -\$5.4 million in FY 09 for the childless adult waiver program to be achieved by: managing enrollment in the childless adult waiver program and maximizing the use of the federal allocation in the Qualified Individual program; increasing co-payments to include hospital and physician visits; and by achieving other efficiencies in the MaineCare program.</p> | (\$0.4) | (\$5.4) |

Other MaineCare\DHHS Proposals

- | | | |
|---|-------|---------|
| <p>> Adult Mental Health. Proposes deappropriations of -\$1.1 million in FY 08 and -\$4.5 million in FY 09 made up primarily of the ten adult mental health-related funding reduction proposals included in the curtailment order. Offsetting the FY 08 deappropriations are proposed appropriations of \$1.1 million in FY 08 for contracts for services, fuel and building repairs at the two state psychiatric centers. Also proposes to transfer \$3.0 million for the costs of the Bridging Rental Assistance Program to the Housing Opportunities for Maine Fund administered by the Maine State Housing Authority.</p> | \$0.0 | (\$4.5) |
|---|-------|---------|

**General Fund
Costs (savings)
(*\$s in millions*)**

FY 08 FY 09

- >
Children Services. Proposes deappropriations of -\$4.4 million in FY 08 and -\$18.5 million in FY 09, partially offset by proposed appropriations of \$5.2 million in FY 08 and \$6.3 million in FY 09. Major proposed deappropriations include: -\$3.3 million in FY 09 from privatization of the Elizabeth Levinson Center, -\$3.5 million in FY 08 and -\$8.2 million in FY 09 from Foster Care and Child Welfare initiatives, and -\$3.8 million in Part D streamlining initiatives. Partially offsetting these deappropriations are proposed appropriations of \$5.2 million per year in funding for foster and adoptive parents and \$0.8 million in FY 09 for the MaineCare seed costs of "privatized" Elizabeth Levinson Center services¹
\$0.8 (\$12.3)
- >
Mental Retardation and Developmental Disabilities. Proposed deappropriations include: -\$2.1 million by limiting day habilitation services to a ratio of one staff to 3 consumers; -\$2.0 million by eliminating funding for personal care attendant services for individuals with physical disabilities who are not eligible for MaineCare; and -\$1.8 million by limiting staffing for home supports in agency-operated residential settings. Also includes a -\$2.0 deappropriation offset by a \$1.5 million appropriation for the proposed conversion of 7 intermediate care facilities for people with mental retardation to waiver homes under the Home and Community Based Waiver program.
 (\$0.1) (\$6.9)

Other DHHS Proposals

- >
Elder Services. Proposed deappropriations include: -\$1.8 million in FY 08 and -\$2.5 million for FY 09 to implement and extend the nine elder services-related curtailment order proposals; and -\$0.7 million to reduce funding by 28% for homemaker services for older persons and individuals previously served with federal funds.
 (\$1.8) (\$3.2)
- >
Public Assistance. Proposes net deappropriations of -\$0.5 million in FY 08 and -\$1.4 million in FY 09, primarily driven by a -\$1.2 million deappropriation in the General Assistance (GA) program to be achieved by establishing categorical eligibility for GA benefits. Also proposes to shift \$0.3 million from FY 08 to FY 09 in the Supplemental Security Income (SSI) program to more accurately reflect program needs; proposes to reduce funding for state-administered disability benefits to legal immigrants who are no longer eligible for the federal Social Security Income benefit; and to reduce funding to 6 agencies providing services to unwed mothers.
 (\$0.5) (\$1.4)
- >
Health Programs. Proposes deappropriations of -\$0.1 million in FY 08 and -\$0.4 million in FY 09 to implement and extend the three health program-related curtailment order proposals, and deappropriations of -\$0.2 million per year in reduced funding for the Maternal and Child Health Block Grant Match program.
 (\$0.3) (\$0.6)
- >
Substance Abuse. Proposes a deappropriation -\$0.2 million in FY 09 by elimination of funding for the Hancock County Drug Court.
 \$0.0 (\$0.2)
- >
Other Services. Proposes deappropriations of -\$0.2 million in FY 08 and -\$1.0 million in FY 09, primarily by eliminating funding consistent with the curtailment order for contracts with community-based agencies to provide school-based and community-based domestic violence and sexual assault education, prevention and direct services .
 (\$0.2) (\$1.0)
- >
DHHS Management. Proposes deappropriations of -\$7.4 million in FY 08 primarily by eliminating departmental vacancies consistent with the curtailment order.
 (\$7.4) (\$0.0)

DHHS General Fund Net Total²	(\$8.6)	(\$56.3)
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¹ The proposed initiative to privatize the Elizabeth Levinson Center includes a FY 09 deappropriation of \$3.3 million (including the elimination of 43.5 positions) offset by an increased MaineCare services seed appropriation of \$0.8 million and a loss of GF revenue of \$2.0 million (MaineCare billings) resulting in a net "savings" of -\$0.4 million for FY 09.

² The FY 09 DHHS total does not include the impact of the loss of GF revenue of \$2.0 million (MaineCare billings) resulting from the Elizabeth Levinson Center privatization proposal. Including this impact would reduce the FY 09 DHHS total "savings" to **(\$54.2)** million.