

## **Highlights of the Governor’s Revised Supplemental Budget for Fiscal Years 2022-2023**

On March 1, 2022, Maine’s nonpartisan Revenue Forecasting Committee (RFC) upgraded the State’s General Fund revenue forecast by an additional \$411.7 million for a total surplus of \$1.2 billion for the current biennium, which ends June 2023.

The revised supplemental budget takes a cautious, fiscally responsible approach, noting that [the RFC has said](#) the long-term revenue projections are “volatile and susceptible to significant downside risk” in the years to come.

The Governor’s supplemental budget proposal constrains net appropriations to just \$172 million of the \$1.2 billion surplus, dedicating more than 80 percent of the surplus to one-time initiatives and savings as a hedge against economic uncertainty, rather than ongoing spending. If approved, the proposal would result in a \$8.67 billion General Fund budget. The currently enacted General Fund budget is \$8.50 billion.

The following are highlights of the revised supplemental:

### **Relief to Maine People: \$850 Checks to Maine Taxpayers and Tax Relief to Low- and Middle-Income Maine Families and Seniors:**

- **Giving Back More Than Half the Surplus to Combat Pandemic-driven Inflation:** Consistent with the calls of Republican lawmakers, the Governor’s change package improves her proposed give back of the surplus to Maine taxpayers, investing what now amounts to \$682 million in one-time General Fund dollars – more than half of the budget surplus – to Maine taxpayers in the form of one-time \$850 checks to help them deal with rising costs. For more information on the proposal, click [HERE](#).
- **Providing More Property Tax Relief:** Proposes \$7 million in ongoing General Fund dollars to ensure stable housing by increasing the maximum benefit of Maine’s Property Tax Fairness Credit. If approved, an estimated 100,000 low- and middle-income property owners and renters who pay more than 4 percent of their household budgets on property taxes or rent will be eligible for a refundable tax credit valued at up to \$1,000 each year, with an even more generous \$1,500 in maximum relief extended to seniors.
- **Increasing Tax Relief for Low- and Middle-Income Working Maine Families:** Proposes \$27.6 million in ongoing General Fund dollars so families can afford necessities and fight poverty by increasing the value of Maine’s Earned Income Tax Credit (EITC), which provides a refundable tax credit to working Maine people and families. This increase, if approved, is estimated to help 100,000 Maine people, primarily working families with incomes of less than \$57,414, by increasing the maximum benefit by an average of \$400 per family, bringing the total EITC benefit per family to an average of \$764 per year.

- **Providing Retirement COLA:** In response to retirement benefits for approximately 37,095 eligible including retired State employees and teachers, among others, not keeping pace with the rate of inflation, proposes making a one-time infusion into the Maine Public Employee Retirement System (MePERS). This investment of \$14.7 million funds a one-time payment to those retirees that reflects the gap between the Consumer Price Index, which was 5.4 percent for the most recent period, and the 3 percent cost of living adjustment for the same period, which is the maximum allowed by statute. It will help retirees grapple with rising costs, address in part the cuts made by the previous administration and recognize the gap between the public employee pension benefits and the benefits received by Social Security recipients.

These proposals build on the \$371 million the Governor has returned to Maine people and Maine businesses, including sending \$285 checks to more than 500,000 hardworking men and women in Maine and millions more in tax relief.

**Championing Fiscal Responsibility: Reducing Borrowing, Saving as a Hedge Against Economic Uncertainty:**

- **Increasing Rainy Day Fund to New, Record High:** Proposes adding \$10 million in one-time General Fund dollars to the Budget Stabilization Fund, or so-called Rainy Day Fund, bringing it to a new record high of \$502.8 million – the first time in Maine history that state savings have surpassed half a billion dollars. Under Governor Mills, Maine’s Budget Stabilization Fund has more than doubled.
- **Unprecedented Investments to Fix Roads and Bridges:** Proposes a one-time transfer of \$100 million to the Maine Department of Transportation to repair roads and bridges, preventing for the first time in years the need to bond for transportation money. This builds on the biennial budget signed into law by Governor Mills that dedicates another \$50 million to the Maine Department of Transportation for capital projects being constructed this year and stipulates that MaineDOT receive 20 percent of excess General Fund revenues through the “cascade.” In total, this will amount to more than \$205.9 million this year – an unprecedented General Fund investment to improve Maine’s transportation infrastructure.
- **Maintaining 55 Percent Education Funding:** Proposes the creation of an Education Stabilization Fund, capitalized with \$30 million one-time General Fund dollars, to help the State maintain its commitment – achieved for the first time ever under Governor Mills – to fund public schools at 55 percent in the future.
- **Bolstering Medicaid Stabilization Fund:** Proposes \$30 million in one-time General Fund dollars to the Medicaid Stabilization Fund, funded by the Mills Administration in 2019, to budget responsibly for MaineCare.

**Education: Tackling the Workforce Shortage and Improving Opportunities for Maine Students:**

- **Providing Two Years of Free Community College:** Proposes \$20 million in one-time General Fund dollars to provide up to two years of free community college for all students from the high school graduating classes of 2020, 2021, 2022 and 2023 who enroll in a Maine community college full-time. For more details on the Governor’s Free Community College proposal, click [HERE](#).
- **Overhauling the Educational Opportunity Tax Credit:** Proposes an additional \$13 million, to build on the previously announced investment of \$42.1 million, bringing the total proposed investment to \$55 million to dramatically overhaul Education Opportunity Tax Credit (“Opportunity Maine”) and transform it into a powerful, nation-leading tool to retire student debt for graduates and help employers to draw people from all walks of life to work and live in the State of Maine. This additional investment will improve the maximum annual individual benefit from \$2,000 to \$2,500, consistent with the goals of a working group led by Senator Matthew Pouliot (R-Kennebec). For more information about the proposal, click [HERE](#).
- **Preventing Tuition Hikes Across University of Maine System:** Proposes nearly \$8 million in one-time General Fund dollars to help the University of Maine System keep tuition flat for in-state students.
- **Increasing Pay for Child Care Workers and Early Childhood Educators:** Proposes more than \$12 million in ongoing General Fund dollars to increase pay for child care workers and early childhood educators to strengthen our child care system across Maine, consistent with the goals of legislation sponsored by House Speaker Ryan Fecteau, and in addition to the significant investments the Maine Jobs & Recovery Plan makes in expanding child care and Pre-K education.
- **Fully Funding Free School Meals:** Proposes nearly \$27 million in ongoing General Fund dollars, to be combined with the \$10 million previously set aside by the Governor and Legislature, to fully fund universal free meals in public schools, consistent with an initiative spearheaded by Senate President Troy Jackson.
- **Further Supporting Career and Technical Education:** Proposes \$3.2 million in one-time General Fund dollars to offset cost increases of career and technical education materials and supplies. The cost of materials and supplies has increased significantly due to the COVID-19 pandemic, in some cases doubling or tripling.

This proposal builds on investments made in the currently enacted budget that fully funds the state’s share of K-12 public education for the first time in Maine history, improves funding to Maine’s public higher education institutions by 3 percent each year, invests in Maine’s workforce training through Career and Technical Education (CTE), and makes

deposits into the School Revolving Renovation Fund for schools to make critical health, safety, and capital upgrades.

**Public Health: Strengthening Maine's Health Care and Child Welfare Systems:**

- **Bolstering Behavioral Health:** Proposes \$19.7 million in General Fund dollars, which would leverage \$17.1 million in Federal funding, for a total of \$36.8 million [to bolster Maine's behavioral health system](#). This builds on previous proposals, bringing the total proposed investment for behavioral health to \$65 million in Federal and state funds.
- **Saving Veterans Homes:** Proposes \$1.75 million in one-time General Fund dollars, which would leverage \$1.75 million in Federal funding, for a total of \$3.5 million to [save the Maine Veterans Homes in Caribou and Machias](#);
- **Increasing MaineCare Rates:** Proposes \$30 million in ongoing support from the General Fund to fully implement updated rates for direct support worker wages, add and accelerate new cost-of-living adjustments for rates, and raise rates to be sufficient to pay direct support professionals at 125 percent of minimum wage. This is in addition to the more than \$500 million investment already being made through the currently enacted biennial budget for MaineCare and provider payments.
- **Supporting Maine Hospitals and Nursing Homes:** Proposes sending \$25 million in one-time funding to Maine hospitals, including \$6.8 million from the General Fund, as well as \$25 million in one-time funding to long-term care facilities, including \$7.5 million from the General Fund, to help these Maine health care organizations deal with one-time pandemic related costs.
- **Supporting Long-Term Care Facilities:** Proposes investments for long-term care facilities, including: \$7.6 million for nursing and residential care facilities, of which \$1.9 million is one-time General Fund dollars, to assist with labor costs through June 30, 2022; \$5 million in one-time General Fund dollars to support private non-medical institutions (PNMI Cs) to provide care for residents who are older or have disabilities; and \$6.1 million in ongoing General Fund money for in-home and community services to help keep older Maine residents in their homes rather than in residential care facilities or hospitals. This brings the total proposed investment for these initiatives to \$19.7 million in Federal and state funds.
- **Improving the Child Welfare System:** Proposes nearly \$8 million [to improve Maine's child welfare system](#), with \$6.2 million in one-time dollars from the General Fund, including additional child protective staff and implementation of timely recommendations from Maine's Child Welfare Ombudsman, nationally recognized experts at Casey Family Programs ([PDF](#)), and proposals from the Maine Child Welfare Advocacy Network ([PDF](#)) (MCWAN), the Maine Child Welfare Advisory Panel ([PDF](#)), and Maine lawmakers.

- **Ensuring Access to Family Planning:** Proposes \$137,000 in one-time General Fund dollars for Maine family planning clinics to help them deal with the impacts of the COVID-19 pandemic.
- **Emergency Housing Relief:** Proposes \$22 million in one-time General Fund dollars to create an Emergency Housing Relief Fund at MaineHousing to address homelessness, including providing rental assistance or appropriate housing for those who are staying in hotels or to create additional permanent supportive housing for people with disabilities, mental health challenges, or substance use disorder.

**Championing the Environment, Funding Legislation, and Leaving Money on the Table for Lawmakers:**

- Proposes \$60 million for the initial capitalization of a Trust Fund to Address PFAS Contamination, consistent with the intent of LD 2013 and with the goal of securing additional Federal and other sources of funding in the long-term.
- Proposes approximately \$9.3 million for PFAS mitigation and related efforts in Maine during 2022 and 2023, including for in-state lab capacity, wildlife testing, and additional farmers assistance. If approved, this would be in addition to the proposed Trust Fund to Address PFAS Contamination, the \$30 million for PFAS mitigation already approved as part of the current biennial budget, and the PFAS investments made in the Maine Jobs & Recovery Plan, and would bring the total PFAS mitigation investment for Maine to \$106.4 million in the past two years.
- Proposes an additional \$2 million, for a total proposed investment of \$3 million in the supplemental, to support the ongoing legal defense of Maine's lobster industry.
- Proposes \$1.5 million to provide grant funding for durable greenhouses for schools and community centers for shared and educational uses and to enhance community-based opportunities for food production.
- Proposes \$1.9 million to improve the annual budget of Maine's County Jails, consistent with the intent of LD 1654.
- Proposes \$536,000 to the Elections Division within the Office of the Secretary of State, consistent with the intent of LD 1155.
- Proposes \$300,000 to fund an actuarial study of a potential statewide paid leave policy.

- Proposes \$1 million for the Length of Service Award Program, tripling the current funding available for the initiative, meant to support the retirement of firefighters and EMS professionals.
- Leaves an \$20 million in unallocated revenues available at the discretion of lawmakers.