

Highlights of the Final Supplemental Budget for FY 2022-2023

The supplemental budget delivers \$850 direct relief payments to Maine people to help with high costs – one of the strongest relief proposals in the country. In total, the budget give back is expected to deliver \$1,700 in relief to the average Maine household.

The supplemental budget is balanced and takes a cautious, fiscally responsible approach to State revenues, dedicating approximately 75 percent of the surplus to one-time initiatives rather than ongoing spending after the nonpartisan Revenue Forecasting Committee [noted that](#) the long-term revenue projections are “volatile and susceptible to significant downside risk” in the years to come.

It builds off a previous [budget measure](#) – also passed nearly unanimously by the Legislature – that achieves 55 percent of the cost of education, fully restores revenue sharing with municipalities, replenishes the Land for Maine’s Future Program, and provides \$371 million in relief to Maine people and business.

It also complements the Governor’s [Maine Jobs & Recovery Plan](#), her Administration’s plan to use American Rescue Plan Act funding to improve the lives of Maine people and families, help businesses, create good-paying jobs, and build an economy poised for future prosperity.

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:

- **Inflation Relief:** Gives back more than half of the State’s surplus – \$729.3 million – in the form of one-time \$850 checks directly to an estimated 858,000 Maine people. Delivering relief in this way provides Maine people with the freedom to decide for themselves how best to use the money, whether it be for groceries, gas, heating fuel, electricity, or other expenses. Recipients must file a Maine individual income tax return as a full-time resident by October 31, 2022 and not be claimed as an independent on another’s tax return. Eligible Maine people must have a Federal adjusted gross income (FAGI) of less than: \$100,000 if filing single or if married and filing separately; \$150,000 if filing as head of household; or \$200,000 for couples filing jointly.
- **Tax Break for Maine Retirees:** Exempts additional Maine retirement pension from income tax, improving the deductions for residents from \$10,000 to \$25,000 in tax year 2022, to \$30,000 in tax year 2023 and to \$35,000 in tax years 2024 and beyond. This will provide \$36.8 million in income tax relief for Maine retirees in 2022, with an average tax cut of \$560 in just the first year. Retirement pension income from any source will be tax exempt in Maine up to \$35,000 per individual by tax year 2025, providing an annual average tax cut of approximately \$795. Military pensions and annual social security income remain fully exempt in Maine.

- **More Property Tax Relief:** Provides \$7 million in ongoing General Fund dollars to ensure stable housing by increasing the maximum benefit of Maine’s Property Tax Fairness Credit. 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.
- **Increased Tax Relief for Low- and Middle-Income Working Maine Families:** Provides \$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 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.
- **Retirement COLA:** Infuses \$104.8 million into the Maine Public Employee Retirement System to help retirement benefits for approximately 37,095 eligible retired State employees and teachers, among others, to improve their cost-of-living adjustment to 4 percent retroactive to September 2021 and increase the base on which future annual adjustments will be calculated. 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 initiatives build on the biennial budget signed into law by Governor Mills, which included an additional \$371 million in relief for Maine people and Maine businesses.

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

- **Maintains Record High Budget Stabilization Fund:** Maintains the Budget Stabilization Fund, or so-called Rainy Day Fund, at its record high of more than \$493 million. Under Governor Mills, Maine’s Budget Stabilization Fund has more than doubled.
- **Unprecedented Investments to Fix Roads and Bridges:** Provides a one-time General Fund and a year-end cascade transfer together totaling \$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.

- **Maintains 55 Percent Education Funding:** Creates an Education Stabilization Fund, capitalized with \$15 million one-time funds available as part of the year end cascade, 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.

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

- **Two Years of Free Community College:** Dedicates \$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.
- **Overhauls Student Loan Debt Repayment Program:** Provides an annual \$2,500 or up to \$25,000 lifetime refundable tax credit benefit for student loan debt relief. The supplemental overhauls the Education Opportunity Tax Credit and transforms 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.
- **Prevents Tuition Hikes Across University of Maine System:** Provides nearly \$8 million in one-time General Fund dollars to help the University of Maine System keep tuition flat for in-state students and provides ongoing funds for University System to invest in updating and renovating its campus buildings.
- **Increases Pay for Child Care Workers and Early Childhood Educators:** Provides 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 Funds Free School Meals:** Provides 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 Supports Career and Technical Education:** Provides \$1.6 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:

- **Expand Children's Health Insurance:** Provides \$3.2 million in General Fund dollars, which will leverage more than \$9 million in Federal funding, to expand the Children's Health Insurance Program, otherwise known as CHIP, to provide comprehensive coverage to an additional 40,000 Maine kids.
- **Bolsters Behavioral Health:** Provides \$19.7 million in General Fund dollars, which will leverage \$17.1 million in Federal funding, for a total of \$36.8 million to provide immediate, pandemic-related assistance to Maine's providers of crisis services. When added to other initiatives, the budget invests \$65 million in Federal and state funds in behavioral health.
- **Ensures MaineCare Rates Support Higher Wages for Direct Support Workers:** Provides more than \$35 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.
- **Supports Maine Hospitals and Nursing Homes:** Sends \$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.
- **Supports Long-Term Care Facilities:** Provides 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.
- **Improves the Child Welfare System:** Provides more than \$10 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, and proposals from the Maine Child

Welfare Advocacy Network (MCWAN), the Maine Child Welfare Advisory Panel, and Maine lawmakers.

- **Emergency Housing Relief:** Provides \$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. Additionally, \$750,000 will provide short-term case management to individuals trying to find permanent housing.

Championing the Environment and Funding Legislation:

- Dedicates \$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.
- Provides 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. This is 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.
- Creates the Housing Opportunity Fund within the Department of Economic and Community Development to provide towns with technical and financial support in expanding their housing supply to meet today's demand.
- Provides \$3 million to support the ongoing legal defense of Maine's lobster industry.
- Provides \$1.9 million to improve the annual budget of Maine's County Jails, consistent with the intent of LD 1654.
- Invests \$1.3 million in Fiscal Year 2023 for a state match that would allow the state access to an additional \$12.9 million in Federal dollars available through the Infrastructure Investment Act. Together, these state and federal dollars will fund approximately 15 additional public water system capital projects proposed by municipalities.
- Provides \$526,000 to the Elections Division within the Office of the Secretary of State, consistent with the intent of LD 1155.
- Provides \$300,000 to fund an actuarial study of a potential statewide paid leave policy.

- Provides \$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.

The supplemental budget constrains net appropriations to just \$172 million of the \$1.2 billion surplus, dedicating more than 75 percent of the surplus to onetime initiatives and savings as a hedge against economic uncertainty, rather than ongoing spending. The proposal results in a \$8.67 billion General Fund budget. The currently enacted General Fund budget is \$8.50 billion.