



Janet T. Mills
GOVERNOR

STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

Governor Janet T. Mills 2024 State of the State Address – Part One
Delivered in Writing, January 30, 2024

Mr. President, Madam Speaker, Honorable Members of the 131st Legislature, and Maine People:

The past year has been a period of extraordinary challenge for our state. Traditionally, as Chief Executive, I have stood before you to address a series of high-profile issues, challenges, and opportunities, but these unique times call for a unique approach. I thank you for allowing me to deliver this year's address in a novel way, beginning with this letter to you.

Despite the very real challenges we have faced over the past several months, our state is getting stronger every day.

Small businesses are expanding their operations; people are moving here to work and raise their families; and graduates are staying in Maine to pursue rewarding, life-long careers — all encouraging signs that are reflected in recent data about our economy.

The Economy

Since the end of 2019, our Gross Domestic Product has increased by 9.2 percent — the best rate of growth in New England and one of the highest in the nation.

From 2020 to 2023, our population grew by 2.4 percent — more than twice the national rate and eight times the rate of population growth in New England.

Since 2019, the personal income of Maine people has grown by nearly 24 percent — the 11th highest rate in the nation.

Since 2017, the productivity of Maine workers has increased by more than 12 percent — the second highest increase in the nation.

Through October of last year, more than 15,000 businesses filed to begin operations in Maine — 1,000 more than in all of 2022.

Inflation, which hammered the pocketbooks of Maine people, is finally cooling, after we worked together to deliver one of the strongest inflation relief packages in the nation, though the costs of housing and certain goods continue to have a real impact.

And our unemployment rate has remained at or below 3.2 percent — lower than the national rate and on-par with the New England rate.

Before I took office, Maine was frequently at the bottom of the list of states for economic growth.

This improvement didn't happen by accident. With the support of the Legislature, we have been making investments in Maine people that have helped create the conditions for robust economic growth.

That strategy started during my first year in office, when I released a strategic economic development plan — the first one in decades — to improve the lives of Maine people and families, to support businesses, and to create good-paying jobs.

Just a few months later, the pandemic brought the global economy to a halt. We tightened our belt and increased our savings. Unlike other states across the country, our credit ratings remained strong, our budget remained balanced, and we didn't borrow from the federal government.

During this time, we mobilized economists and business experts to take my strategic plan and recommend ways to strengthen our economy both in the short term and in the long term.

That work ensured that when the American Rescue Plan Act was passed by Congress and signed into law by President Biden, Maine was ready.

We created the Maine Jobs and Recovery Plan, which the Legislature approved, to put our nearly \$1 billion federal allocation to use to build a more prosperous economy.

Through the Jobs Plan, we delivered \$175 million to thousands of Maine businesses — businesses in emerging industries, like advanced manufacturing, life sciences, and space exploration used these grants to hire more people, to manufacture new products, and to reach more markets.

With those investments, the private sector has created a record number of jobs — up by nearly 9,000 in the past year alone. Maine has never had as many private sectors jobs as it has today.

Through the Jobs Plan, we invested more than \$200 million in job training, credentialing, career exploration, and other programs to give people skills and support to join the workforce.

As a result of those investments, more than 25,000 people have taken part in internships, apprenticeships and career exploration programs, and dozens of schools have expanded career and technical education centers or purchased job training equipment.

We also used more than \$100 million in federal funding, including Jobs Plan funds, to create more slots for children at existing child care facilities and open new child care facilities, with a particular emphasis on rural Maine. We gave grants to child care facilities, extra financial help to families, and monthly stipends to about 7,000 child care workers.

While we used one-time federal funds to make those critical short-term investments, we are also carefully using state funding to strengthen our economy over the long term.



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Once temporary federal funding ended, we continued, and in fact increased, child care worker stipends with state funding to help those individuals stay on the job and continue as our “workforce behind the workforce”.

We enacted the Dirigo Business Incentive program to tackle Maine’s workforce shortage and attract high-value industries to Maine. When that program takes effect next year, businesses can get tax credits through a streamlined process to train employees and make capital investments, like new buildings or equipment.

We enacted the first paid family and medical leave program in Maine’s history to make it easier for working parents to go to work while balancing life’s unexpected challenges, like caring for a sick child. When benefits begin two years from now, that flexible program will support working families and the many employers who depend on them across Maine.

We expanded pre-kindergarten programs. We fully funded K-12 public education. And we made community college free.

Those investments supported the expansion and creation of nearly 70 pre-k classrooms; more than 13,000 teaching credentials issued this year alone — an increase of nearly 40 percent since 2019; and nearly 5,000 new child care slots.

Our investments also contributed to more than 19,000 students enrolling in community colleges, an historic high.

By investing in what people need to enter, and succeed, in the workforce — hands-on job training programs; affordable child care, quality education, paid family and medical leave — we are strengthening our economy.

State Budget

That’s good news, but if the last few years have taught us anything, it’s that a state’s economic stability can change quickly if we do not budget prudently and responsibly for the future.

We need to look no further than other states reportedly facing budget shortfalls now that the federal pandemic funding has ended, like New York, Maryland, Massachusetts, Indiana, and California.

Meanwhile, Maine is projected to have \$265 million more in revenue than initially expected through the end of 2025.

That sounds like a lot of money, but, like Maine families, we have to look to the future to know what our revenues will be and to plan for the bills that are due in the months and years ahead.

That means, when I consider our financial outlook, I must not only look at the next few months but at the next few years.



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And in the years ahead, meaning the next biennium, our state revenues are projected to level off. That is not unexpected, nor it is necessarily bad.

But it is something that we have to take into account as we approach the supplemental budget this year.

Now, the Legislature has taken my previous budget proposals and changed them — put your own mark on them, as Legislatures do, by adding your own measures. Those measures, while good and important in many ways, also carry long-term costs and reduce the amount of revenue coming into the state.

At the same time, we have, in a bipartisan way, invested in high-quality, worthwhile programs that are strengthening our workforce and our economy. These programs will continue to cost money into the future.

Meanwhile, our net revenues in the next biennium are expected to be lower than those that we experienced in 2022.

I make this point simply to lay out the facts. Because these facts mean we must approach this supplemental budget with caution and foresight.

I recognize there are many needs across the state, and I know, in the past, we have been able to say yes to a lot of things.

However, this year is, and must be, different.

That is why, to ensure that we budget responsibly and continue to have the resources necessary to meet our obligations, I will propose in the supplemental budget that we save \$100 million in our projected revenue for use in the next biennium.

If we do not budget responsibly now, the Legislature will be forced to make painful cuts in the future — just like other states are having to do now.

I do not want that to happen to us. We have budgeted prudently and responsibly, and I want to ensure that, in the future, our conversations are about what we can do to address the needs of Maine people, not about what we have to cut.

I urge you to please join me in taking this approach — for the long-term fiscal health of Maine.

With that said, I recognize there are urgent needs that demand our attention now and that we can address in a sustainable way.

Education

First and foremost, we must keep our promise to provide a quality public education for Maine children.



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As the daughter of a long-time public-school teacher, and as someone who raised five daughters who attended public schools in Maine, I firmly believe that every child should have the same shot at success in Maine, regardless of their family circumstances and regardless of their zip code.

That's why, over the past five years, we have made historic investments in our schools:

- For the first time in history, we met our obligation to pay 55 percent of the cost of K-12 education.
- We were one of the first states in the nation to provide universal free school meals.
- We raised the minimum teacher salary.
- We invested in the School Revolving Loan Fund to repair our crumbling schools.
- We became one of the only states in the nation offering universal access to computer science with mobile labs in every school.
- We supported the expansion and creation of nearly 70 pre-k classrooms.
- And we created the Education Stabilization Fund as a safety net for school funding.

As part of my supplemental budget, I am proposing to dedicate \$22.6 million of our revenues to public school funding through the General Purpose Aid (GPA) formula to continue to meet our obligations to Maine schools, municipalities, and teachers.

I am proud of the progress we've made to support public education for Maine children, but there is one place that needs the Legislature's attention — Child Development Services.

Maine is the only state in the nation — let me repeat that, the only state in the nation — to use a quasi-governmental organization called Child Development Services, or CDS, to provide special education to our youngest learners.

What does this mean in practice? It means that we give money to the Maine Department of Education, which in turn gives money to the quasi-governmental organization that is CDS, an agency that does not operate or oversee any schools, which in turn, then must find and contract with providers for preschool children with disabilities.

For more than 35 years, this system, locked in place by Maine law, has been unable to meet the needs of our children.

That just isn't working for Maine kids. We can, and we must, do better.

Every other state in the nation educates pre-k children with disabilities through their public school systems. Maine should do the same.

It will take work and it will take time — but, fundamentally, it will be better for Maine children.



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In the coming weeks, the Maine Department of Education will present you with a plan for your consideration that reforms our approach to educating pre-k children with disabilities, eliminating our status as an outlier among states, and ensuring that our children receive the “free, appropriate, public education” they deserve.

I hope you will give this proposal your full consideration.

Health Care

Another promise I kept was to uphold the will of Maine people when it came to expanding affordable health care:

- On my first full day in office, I did so by expanding Medicaid. Today, nearly 105,000 more Maine people have health care, including preventive care, like cancer screenings, as a result.
- We restored and expanded programs for older Maine people to buy prescriptions; to provide preventative dental care for low-income Maine people and for veterans; to make sure families have an emergency supply of insulin; to care for mothers after they give birth; and to provide health care to more low-income children through MaineCare.
- I introduced and signed into law the ‘Made for Maine Health Coverage Act’ to make some of the most common medical visits free or less costly, to simplify shopping for a health care plan, to lower insurance costs for the small group market, and to establish a State-based health insurance marketplace – CoverME.Gov. Through January 16th of this year, nearly 63,000 Maine residents selected plans for affordable health insurance in 2024, thanks to CoverME.Gov.
- With your support, we dedicated federal funding through the Jobs Plan to tackle Maine’s longstanding health care workforce challenges, investing in on-the-job training opportunities and “stackable” credits for workers entering the health care field.
- And, with your support, we invested an unprecedented amount to reform MaineCare payment rates for providers of health and long-term care services and supports for older Maine people, people with behavioral health challenges, and adults with intellectual or physical disabilities.

We should continue that progress so that our MaineCare payments are based on objective data and outcomes and clear and fair methodologies, not on who has the best and most highly paid lobbyists or the most sway inside the State House.

My supplemental budget proposal will include a cost-of-living adjustment for behavioral health providers and an overhaul of nursing facility rates to ensure they can attract and retain workers to provide stable, high-quality services to Maine people.

There are several other urgent needs that I also believe deserve our immediate attention — the housing crisis, the opioid epidemic, and child safety.



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Housing

In October, MaineHousing and my Administration released a study examining the root causes of our housing shortage and identifying housing goals to meet to support our expanding workforce and to strengthen our economy.

That report showed that our state has a large unmet need for housing and an increasing need over the coming decade — an estimated 84,000 homes and apartments — based on current economic and population estimates.

We are not alone — the entire country is short about 3.8 million units of housing, both for rent and for sale, in part because new housing construction slowed after the Great Recession of 2008 to 2009 and never truly rebounded.

This shortage, along with high interest rates, labor, and supply chain issues, have put safe and affordable housing out of reach for too many, contributing to homelessness and leading to many young people and families having to put their hard-earned money into rental housing rather than gaining equity through home ownership.

While this problem is not unique to Maine, at least here we are doing something about it.

In the short term, we are working with municipal and private organizations on emergency housing to keep people from sleeping on the street, especially during the brutally cold months of winter, and to reduce pressure on local budgets.

To that end, my Administration and the Legislature created the Emergency Housing Relief Fund. Our previous \$55 million investment in the fund is supporting more than 75 housing programs and 7,000 Maine people in need statewide.

In my supplemental budget, I will propose an additional \$16 million to the Emergency Housing Relief Fund to ensure that these winter warming shelters, longer term shelters and transitional housing programs remain open and supporting the emergency housing needs of so many Maine people.

In the long term, we have focused on building permanent, affordable, and efficient housing for Maine people, and we are doing that in two primary ways.

First, we established the Housing First Program, a very successful and cost-effective approach to addressing the needs of people experiencing chronic homelessness, many of whom are struggling for stability while suffering from acute mental illness and/or substance use disorder.

We are making progress on implementing that program. I thank the Legislature for its support.

Second, we are building out our housing inventory — action that will increase supply, reduce prices, and result in good homes for Maine people.



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And that work has been significant — since I took office in 2019, we have authorized almost \$285 million to support the construction of more apartments and homes. These state and federal funds have resulted in more than 600 new homes so far, with more than 1,000 homes under construction, and more than 2,000 homes in the pipeline for construction — the most ever in MaineHousing’s history.

We used \$10 million of that funding, through the Jobs Plan, to redesign and expand MaineHousing’s Affordable Homeownership Program to incentivize private developers to build affordable homes for Maine people and families to purchase. That funding has led to nearly 180 homes in the pipeline.

In my supplemental budget, I will propose \$10 million to bolster the Affordable Homeownership Program to construct more than 130 additional affordable homes in Maine.

Whether a person is experiencing homelessness or transitioning to a new life in our state; whether someone is retired or working full time or is looking to rent an apartment in a rural town or to buy their first home in a city — there should be a place for that person in Maine.

While we work on housing needs, we also have to address the underlying problems that contribute to homelessness, including substance use disorder.

Opioid Epidemic

Over the past five years, we have used every proven tool we have to respond to the opioid epidemic. Our focus has been on stopping deadly drugs from getting onto our streets; on saving lives by distributing naloxone statewide; on expanding treatment and recovery programs, especially in rural areas; and on preventing substance use disorder before people begin to use drugs.

By expanding Medicaid, we have provided substance use disorder treatment to nearly 30,000 Maine people.

By purchasing and distributing hundreds of thousands of doses of naloxone, we have reversed more than 9,000 potentially fatal overdoses.

By enacting a new Good Samaritan law, we have better protected people who call for help when someone is overdosing while preserving law enforcement’s ability to arrest drug traffickers and violent offenders.

By training more than 2,400 recovery coaches, funding more than 100 new residential treatment beds, and by supporting 20 recovery centers in communities across Maine, we are making it easier to access treatment and recovery services.

By creating the OPTIONS program, we have embedded behavioral health clinicians and recovery coaches with local emergency services and law enforcement departments across Maine to promote



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drug prevention and harm reduction, connect people to recovery and treatment, and distribute naloxone.

And, by expanding Medication Assisted Treatment to every prison in Maine, we have set thousands of people on a path to life-long recovery when they re-enter society.

I propose that we build on this important work in three ways.

First, my Administration will use \$750,000 of existing state funding to add nine new recovery coaches to our OPTIONS teams. We are already using state funds to double the number of behavioral health clinicians on those teams and this latest investment will further strengthen the OPTIONS initiative statewide.

Second, I am announcing that my Administration will use \$1.25 million in federal funds to further boost our distribution of naloxone across Maine, which we know is saving lives.

And third, I am proposing we dedicate \$4 million through the supplemental budget to expand Medication Assisted Treatment in county jails in Maine – to provide more support to more people.

Thanks to Commissioner Randy Liberty, the Department of Corrections has become a national model for programs, including Medication Assisted Treatment, that people need to turn their lives around. Let's keep investing in those programs, reduce recidivism, and protect public safety.

We have also hired additional peer outreach workers, and we are purchasing and distributing provider test strips for xylazine, as well as funding education and outreach, to ensure that people can recognize the new and deadly drug being sold on our streets — a drug that has no overdose reversal.

We are also making progress in expanding prevention programs in Maine schools to keep our young people from using drugs in the first place. Since I spoke to you last, my Administration has partnered with the Maine Prevention Network, as well as local community leaders and philanthropic organizations, to begin establishing prevention programs in middle schools across Maine. We are on track to achieve our goal of establishing a prevention program in every school in our state by 2026, solidifying our “whole community” approach to combating substance use disorder from an early age.

In all, we are on track to see a more than 16 percent reduction in fatal overdose deaths for 2023, the first time in five years we've recorded an annual decrease. I believe the investments we've made in prevention, treatment, and recovery services have contributed to that decrease.

This welcome news should bring us all a sense of relief, but our cautious optimism shouldn't become complacency.

Every life lost to a fatal overdose is one too many. The people we lost in 2023 were fathers and mothers, sons and daughters, classmates, and coworkers, who did not live to realize their full potential.



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We must continue to use all state and federal funding, and the funding from the Maine Recovery Council, to strengthen prevention, treatment, and recovery services in Maine.

I have long said that there is no simple solution to the opioid epidemic, but this most recent data gives us a reason to hope that we may be finally beginning to turn back the tide.

Child Safety

Another challenge we must address is child safety.

I am heartbroken and angry any time a child dies at the hands of a caregiver. Like all Maine people, it leaves me asking what happened and why? Could we have done anything more?

During every legislative session throughout my time in office, we have made important investments to strengthen the child welfare system, including hiring more caseworkers and implementing new programs, partnerships, and plans — all of which is meaningful.

But I recognize there are still problems within the child welfare system and that the progress we have made, while good, is not keeping pace with certain problems and new challenges facing Maine children and families.

Performance on some key child welfare metrics has worsened and staff vacancy rates have risen since 2020. Caseworkers report they feel over-worked, over-burdened, and unsupported. I hear them.

It is clear to me that filling vacancies and taking action to help caseworkers manage their existing caseloads must be a top priority.

Today, I am announcing actions to address these issues.

First, through my supplemental budget, I will propose creating more targeted positions — such as legal aides and trainers — to expand teams for caseworkers so that caseworkers can focus their time and energy on engagement with children and families, on follow-up for services, on investigations, and on making sound decisions to protect children in need.

As a part of this effort, I know that Senator Lisa Keim has introduced a resolve directing the Department of Health and Human Services to create a pilot program to recruit and retain case aides, with a public campaign aimed at retirees and other people not currently in Maine's workforce. I think that's a great idea. If the Legislature sends that bill to my desk, I will sign it.

Second, while I am proud of the more than 24 percent raise we have given to State employees and the additional stipend for child welfare workers we recently negotiated, I recognize that to help fill these new positions, they must pay appropriately. Therefore, I have directed my Administration to review the classification of child welfare positions to ensure that the compensation properly reflects the difficulty and complexity of the work to attract and retain people in this vital workforce.



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Third, I have authorized the Department of Health and Human Services to implement additional recruitment and retention payments for child welfare workers to provide them with a much-needed boost this year.

These measures will build on our department reorganization, transitioning children's behavioral health out of the Office of Child and Family Services and into the Office of Behavioral Health, a move that more closely connects children's behavioral health with the continuum of behavioral health services for adults, facilitating a whole-family and integrated approach to mental health and substance use prevention, treatment, crisis response, and recovery. It also allows OCFS leadership to focus its energy on child welfare and child care.

I deeply believe that it is important to recognize when there are problems and to try to address them. The child welfare system needs improvement, and it is the responsibility of my Administration and the Legislature to make those improvements. Every one of us cares deeply about children, and we need to pursue every smart strategy we can to improve the health and safety of all children.

Conclusion

From day one, my Administration has been guided by the belief that to strengthen our state, we have to invest in our greatest asset: the people of Maine. Those investments are working, but we still have more to do to ensure that our state is the best place in the nation to live, work, and raise a family.

A state where every person can find a good-paying job in a rewarding and stable career; go to the doctor when they feel sick because they have affordable health insurance; have the peace of mind that their children are safe at home and at school; breathe clean air and drink clean water and enjoy the rolling hills, lush forests, mighty rivers, and bold coast of Maine.

We have made important progress towards making that dream a reality for everyone. Let's continue that progress this legislative session.

Tonight, I look forward to addressing you on two other critically important issues — responding to extreme weather events in the wake of three devastating storms and responding to violence and public safety issues following the tragedy in Lewiston.

I know you, too, care deeply about these issues, and I look forward to working closely with you to address both.

Sincerely,



Janet T. Mills
Governor



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