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Mandate

An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2010 and June 30, 2011

H.P. 274 L.D. 353
(H "E" H-408 to C "A" H-350)

Senator **DIAMOND** of Cumberland requested a Roll Call.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Diamond.

Senator **DIAMOND:** Thank you, Madame President. Men and women of the Senate, here we have the budget. We've been working on it for four months. It's the most challenging task that I've faced in my 15 years as a Legislator, for sure. I thought I'd done it all and seen it all in my 30 years up here, but I was wrong. This was a daunting task, to say the least. The Legislature faced the largest budget shortfall in its history in fiscal year 2009, fiscal year 2010 and fiscal year 2011, a shortfall of \$1.4 billion. The first day in January when we came in we were faced with a \$190 million supplemental budget for this year, followed by a biennial budget proposal for fiscal year 2010 and fiscal year 2011 of \$6.1 billion, which, by the way, was \$200 million less than the previous budget. Unheard of. Next, on April 28th, we were given the news that revenue projections were down another \$569 million. Then, just for distraction purposes, they threw in the swine flu, which we had to deal with and that also meant finding another \$1.5 million for the anti-viral we had to purchase. Then at the end, we learned that if we didn't make our Medicaid payments on time then providers, such as hospitals and nursing homes, would not get paid. So we had some difficult choices to make.

We ended up doing things like cutting children's services by 50% in many cases. Children's PNMI, the Private Nonmedical Institutions, cut \$9 million. Foster care and adoption services cut \$1 million. Residential treatment facilities for the elderly, \$1.6 million, with an additional \$3 million from the feds. The circuit breaker program, \$17.4 million cut. Homestead exemptions were cut from \$13,000 to \$10,000 in the year 2011. GPA for fiscal year 2011 going from \$1 billion down to \$947 million. Higher education was cut \$6 million. State employees: 10 shutdown days each year, merit pay freezes, longevity freezes, and contributions to their health insurance. These were major changes that were very, very difficult to make, but that's what this budget is, it's very difficult.

There was some good news in the budget. We were able to maintain payments to the dairy farmers, which was a long and arduous task to come to that conclusion. We were able to preserve the shellfish industry, which is very important. We were able to restore \$1 million to adult education. We were able to reduce the income tax impact on every income taxpaying citizen in Maine. We replenished the \$27 million of a curtailment that had to take place in 2009, that was all replenished.

There was further good news, it was a bipartisan effort, a two-thirds budget. Two-thirds budgets are frustrating. They're more difficult. They're annoying. You have to give up things you don't like, but it's the right thing to do, and we did it. We had a unanimous Committee Report out of the Appropriations Committee. It was very difficult, frustrating, and annoying, but it

happened. It's something we really had to do. The result is that the budget is comprehensive and it's a good product. It's not something we embraced or wanted to do, it's something we had to do. We were determined to be as delicate as we could in making those difficult choices. We fully understood the impact of every decision that we made. Neither political party is fully represented in this budget. It's difficult to define us in this budget because it does not define us. It's simply a budget of necessity. It's the best of results in the worst of times. It's something we simply had to do. We could not have done it without each and every one of you on policy committees. Your work was genuine. You took it seriously and that's what enabled us to come to our final conclusions, so we thank you for that. I also want to thank the Senator from Androscoggin, Senator Craven. She was working diligently day in and day out on this budget, but more importantly, she worked to protect some of the more vulnerable people in this state, and I thank her for that. Senator Rosen from Hancock County, with his deliberate intelligence, probing questions, and always working in a bipartisan manner. We couldn't have done it without either of them. We thank the entire Committee for what we have. We know there are a lot of things in here that you don't like, but again, it's the best result in the worst of times. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Hancock, Senator Rosen.

Senator **ROSEN:** Thank you, Madame President. Men and women of the Senate, I've been relatively quiet this session, so I hope you'll be willing to give me a few minutes. Local town budgets are built in a very different way than a State budget. The town determines the spending plan first, tallies outside revenue, and then lays a mill rate on the property owners at the level that is necessary to fund the budget. The State budget building process is more akin to a multi-billion dollar enterprise which estimates future sales, we have in our boxes the latest sales report and the revenue numbers for the end of the fiscal year, and then spends within that amount. The State projects future anticipated revenue and then builds a spending plan.

This year the global recession clobbered private sector sales, individual incomes, and corporate profits. As a result, it also clobbered the State treasury. Since last November, the decline in the economy was so broad, so deep, and so sudden that we were struggling to understand the extent of the damage to the job market and to the incomes of Maine citizens. Layered over the budgeting uncertainty was the eventual intervention of the federal government which ultimately passed the AARA, or stimulus package, to, in effect, provide a significant fiscal bailout for the State's budget. During the last six months, tax collections have plummeted. Economists tell us that the recession in Maine started in January 2008, but the events of October 2008 and the near catastrophic collapse of our national financial system set off a chain reaction which hit our economy hard. Job losses increased and the ranks of the unemployed in Maine doubled. Consumers stopped buying goods. Frightened consumers pay significantly less income taxes, sales taxes, and excise taxes to fund government services. In my area, for instance, the nearly 800 employees at the Verso paper mill have endured months of rolling down time as they adjust for the soft orders for magazine paper. The Lemforder Corporation, which supplies the auto industry, is shutting down the Brewer facility and training their replacement workers as they prepare to move the equipment to

existing sites outside of Maine. The reliable Hancock County job engine, known as the Jackson Laboratory, has been forced to lay off 60 people, cut the work week to 37 and a half hours, and freeze wages.

From the time you and I took the oath of office as members of the 124th Legislature this last December, state government has seen expected future revenues decline by the \$1.4 billion described by our good Senate Chair. In addition, costs related to established programs currently in place would increase by another \$500 million if not checked. So what does \$1.4 billion of General Fund revenue represent in Maine's budget? Well, it's more than the entire payroll of all 13,000 General Fund employees for the two years of the biennium or it's more than the entire amount of State General Purpose Aid to Education funding for all K-12 schools for one year. If we decide to make up the money with tax increases, we would need to more than double the sales tax rate to make up the difference.

Understanding the magnitude of the challenges Appropriations Committee members faced helps answer the question many are asking, which is 'Why reduce funding to, that's where you fill in the blank, and outline your favorite program? Why reduce funding to MaineCare recipients, service providers, local government, state employees, or institutions of higher education, or property taxpayers? You made a promise.' We heard that several times. Actually, in most cases, our predecessors made many promises. Some were funded for the long-term, many were not. Now it's up to us to deal with the current reality in a way that respects priorities and delivers an affordable government. Our economic and revenue forecasters tell us that the current economic cycle with bottom-out in mid-2010, and that the State Treasury will not see the level of revenue that we saw in 2008 until 2013, a five-year span. Pointing fingers and harping on promises other people made does not produce forward movement or develop a plan for the reality of the situation we confront. We have no choice but to accept the projections of our forecasters, develop a plan, and then act.

I'd like to take a look at some of the major areas in the budget. Local education: as you recall, in January we reduced GPA by \$27 million as part of an emergency supplemental budget designed to bring the current fiscal year into balance. The Federal Stimulus Act restores that \$27 million. In addition, the federal act provides \$45 million in the year 2010 and \$59 million in year 2011 to the schools, along with other federal monies that flow directly to the schools. The budget bill before you funds GPA at \$956 million for 2009, \$1.2 billion for 2010, and then declines to \$946 million in 2011. Local school units are encouraged to embrace a two-year approach to developing their budgets as a sensible way to prepare for the drop in funding the second year. This bill temporarily lifts the 3% limit on carry-forward funds, which will provide greater flexibility and a useful tool to help schools plan more effectively for the second year of the biennium.

Property taxpayers: towns and cities in Maine will feel the pinch of less revenue sharing and property taxpayers will feel the reductions in a variety of property tax deferral programs. This is unfortunate, but I'm pleased that we were successful in buying back one of the proposed 5% reductions to revenue sharing, and thereby somewhat lessening the impact on municipal government by \$6.2 million. With the help of the Taxation Committee, L.D. 353 includes a new simplified process of distributing revenue sharing funds. In addition, the economic models indicate a healthy bounce back of revenue sharing monies to localities in 2012 and 2013. In the meantime, property taxpayers should

weigh in and participate in the local budget approval process and offer constructive assistance to the local officials as they confront the challenges of reduced State transfers.

MaineCare: this budget contains several significant modifications to MaineCare and to other Department of Health and Human Services managed programs, including moving to a new reimbursement system for Maine's hospitals, standardizing rates for Maine's private non-medical residential institutions for children, increasing reimbursement rates to private physicians, and converting the in-house billing system to a new outside vender.

Hospital settlements: I spoke earlier of promises. A significant commitment fulfilled in this budget is a plan to finally pay the past due debt owed to Maine hospitals for services already rendered to MaineCare recipients. The budget commits \$96 million from the federal Medicaid stimulus funds, which when matched with additional federal money, will provide a total of \$373 million to pay the 2005, 2006, 2007, and part of the 2008 settlements that we owe hospitals. This is an appropriate use of one-time federal funds and will provide direct relief to cash-strapped institutions.

Board of Corrections: the budget bill includes funding for the first year of operating the new integrated Board of Corrections. The Chief Executive did not include funding in the original proposal, and I was pleased that the Committee was able to fulfill that commitment and provide first-year funding for the new board.

State employees: the Committee Amendment keeps more State employees working than the Governor's original proposal, but every State employee is paying a share of the cost of balancing this budget. The Committee wrestled with a variety of approaches to achieve statewide personnel cost savings. In the end, and with the help of leadership, we settled on a package of shut-down days, a freeze of merit pay, suspension of longevity pay, and new contributions to the cost of employee health insurance premiums. I do appreciate the real impact that this places on State employees. I spent the last weekend conversing with several of the State employees that work and live in my district. Believe it or not, they don't all reside in Kennebec County. They're all over the state. I had some interesting conversations with one gentleman in particular. Twenty-eight years driving the snow plow with modest pay and will have a real impact from these proposals. The difficulty for him is the weakness of the economy. It isn't as though he can go out and on his off time pick up some extra work to make up the difference. The current collective bargaining agreement expires June 30th and negotiations are on-going for the new contracts for the next biennium. The budget bill allows the negotiators to adjust provisions that I have just outlined as long as budget savings are still realized.

There's a \$30 million Commission in the budget. Navigating our way through this recession to a stronger Maine economy requires clear-eyed vision with sights set on outcomes that turn today's pain into tomorrow's economic gain for the entire state. The most critically important element missing from this budget is a plan that confronts our greatest challenges. It's my hope that the work of the Commission to find \$30 million of savings takes on that mission. I'll admit that I was not a fan of the Chief Executive's proposal to charge a Commission to develop \$37.5 million of booked but undefined savings in the budget. It felt as though we were running out of time and simply needed an accounting placeholder, but I warmed up to the idea after we reduced the amount to \$30 million and amended the proposal to

direct the Appropriations Committee to serve as the Commission. The primary reason to support this idea is the opportunity to save \$30 million in a way that confronts the post-stimulus funding cliff and delivers tangible solutions to our chronic budget and economic problems. We need to deliver the vision that is missing.

Process: two years ago legislative leadership embraced a new process that was once established practice. We allowed work on the biennial budget to move beyond the end of March and well into the time requiring a two-thirds vote of the Legislature, thereby assuring Minority input. This year, for the second time in recent memory, the tentative step into jointly negotiated budgets has returned to that old practice. Last session the Assistant Majority Leader from the other Body and I had several lively discussions about Majority budgets versus negotiated two-thirds budgets. He steadfastly held to the position that the Majority won the election and earned the right and the privilege, and even the obligation, to pass a strict Majority budget that reflects the principles and the priorities of the Majority as reflected in the election. It's my opinion, based on real experience, that compromised budgets serve the people of Maine. Members of the Appropriations Committee were determined to avoid the same budget stalemate and governing crisis currently facing some of our sister states. It is our responsibility to do the job we were elected to perform, no more no less.

In closing, I want to express my appreciation to our Senate Chair from Cumberland, Senator Diamond, for his inclusive style and steady management of the Committee. I notice our good House Chair is in the room and I would like to thank her for her leadership as well. I also want to acknowledge the significant contributions of Grant Penoyer and his entire staff of professionals in the Office of Fiscal and Program Review, and Commissioner Ryan Low and his team at the Department of Administrative and Financial Services. The Appropriations Committee members benefitted from the cooperation and expertise of both teams to help us navigate the near overwhelming flood of conflicting and ever-changing information. Finally, appreciation to our always cheerful Committee Clerk, Diane Pruet, and our diligent analyst, Maureen Dawson. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Craven.

Senator **CRAVEN:** Thank you, Madame President. Men and woman of the Senate, first, I really want to thank leadership, our House and Senate Chairs, and leads during this process. I want to acknowledge our partners in Washington for having saved this budget cycle. If we hadn't received the money in the stimulus package, I have no idea what this budget might look like. Because I am a supporter of a livable wage, I think that the most egregious part of the budget for me was cutting State employees' income, as well as calling for them to pay for part of their health insurance. The budget, as everybody knows, was a difficult process. We cut services to children, PNMI services, and cut people with developmental disabilities, but leadership, advocates, and legislators worked tirelessly to cause the least amount of harm to the vulnerable populations as well as to our infrastructure. There were cuts to such programs as higher education, tax deductions for our citizens and for businesses, and also cuts to our municipalities who are going to definitely rear

their heads in our local communities later. Despite the hard work, we still caused harm, but I think that we created a foundation to carry us to the next step, however far that's going to be. Again, I thank everybody for their support and their input during this long budget cycle. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Lincoln, Senator Trahan.

Senator **TRAHAN:** Thank you, Madame President. Ladies and gentlemen of the Senate, this is an oddity for me. I've never voted for a budget until today and I just wanted to go on the record and say why. During my political career I've asked and demanded to be heard, sometimes very loudly, sometimes very quietly. I feel like in this budget that I was heard. I had an opportunity to present a bill that was adopted into the budget. I asked that teacher retirement be taken out of the school funding formula. This was adopted. Everything that I've asked for has been approved. I feel that to have some sense of credibility with this Body, being part of something, I should vote for it. We all heard the very painful things that are in this budget. Out of all the budgets I've seen, this would be the one that, politically, would be the easiest to vote against. That's why I'm voting for it. If people want to be part of the solution, they have to be willing to go out on a limb for their friends. So today I vote with you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Bartlett.

Senator **BARTLETT:** Thank you, Madame President. I rise in support of the pending motion. I first would like to commend the members of the Appropriations Committee, and particularly our Senate members, our Senate Chair from Cumberland, Senator Diamond, the Senator from Androscoggin, Senator Craven, and the Senator from Hancock, Senator Rosen, for their outstanding work during an extraordinarily difficult process. We've been forced to make cuts to important government services like healthcare and education, and not a single area of State government has not been affected by the tough choices that have had to be made.

Throughout this process we remained true to the principals of shared responsibility, shared sacrifice, and shared opportunity in areas where we could continue to invest to move our state forward. So while this is a challenging budget with lots to dislike, we can stand here today extraordinarily proud that we worked together, Republicans and Democrats, and produced a product that minimizes the harm and also protects Maine's most vulnerable citizens while continuing to make important investments to move our state forward as the economy improves.

It is my sincere hope that the bipartisan spirit and good faith that's been demonstrated throughout this budget process will continue, not only for the remainder of this session but into next year as well. Let's let that be the lasting legacy of the 124th Legislature. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Washington, Senator Raye.

Senator **RAYE:** Thank you, Madame President. Madame President, men and women of the Senate, I rise in support of the pending motion and to acknowledge the months of hard work that made this day possible. I want to begin by complimenting the

Governor and Commissioner Low for sending to us a rational budget blueprint, and the policy Committees for their painstaking work in reviewing the budget piece by piece and making their recommendations to the Appropriations Committee. I think I speak for all of us when I express my enormous gratitude to the members of the Appropriations Committee who worked so diligently and tirelessly in doing the lion's share of the work to craft a thoughtful and responsible biennial budget. Day in and day out the Senator from Cumberland, Senator Diamond, the Senator from Hancock, Senator Rosen, and the Senator from Androscoggin, Senator Craven, and their counterparts from the other Body, worked extremely long hours and they did it patiently, never wavering in their determination to reach consensus. The issues were complex, the work was difficult, the challenges were enormous, but the spirit was one of bipartisan resolve. Likewise, the leadership in both Bodies deserve credit for helping to guide the process to a successful outcome. President Mitchell, the Senator from Cumberland, Senator Bartlett, and the Senator from Kennebec, Senator Marraché, worked in good faith with the Senator from York, Senator Courtney, and me, and the House leadership from both sides of the aisle, to establish the process and to navigate the final, most difficult, issues. It was a respectful process, a true credit to constructive bipartisanship.

Like any budget, this one is imperfect. Neither side of the aisle is entirely happy with the results, and any one of us in this chamber could find a reason, or reasons, to vote no. There's plenty of pain to go around, but that is the nature of tough decisions. Those of us on the Republican side of the aisle would have liked more structural reform of State government and less impact on municipalities. I know there are those in this chamber who are not enthusiastic with the payments to hospitals and some of the MaineCare reforms included in the bill. That is the nature of bipartisan compromise and it is how the Maine Constitution envisioned the process to work when it required a two-thirds budget.

For all of its imperfections, let there be no mistake about it, this is not just another budget. It is groundbreaking in many ways. For the first time in decades the next biennial budget will be smaller than the one preceding it. On my side of the aisle we pledged to include in the budget common sense solutions for the challenges confronting Maine, and this budget honors that pledge. It protects the most vulnerable among us while at the same time it makes important progress in instituting structural reforms that put us on a path to a more affordable MaineCare program. It institutes the hard-fought principle of bringing State government more in line with the private sector by requiring State employees, including legislators, to share in the cost of healthcare premiums. It fulfills the commitment to honor our debt to Maine hospitals and it funds HealthInfoNet, the electronic medical records system that will improve healthcare for Maine people by providing quicker and more reliable information to our doctors and hospitals. It will help keep our dairy and shellfish industries going. It protects taxpayers by improving on the Governor's original plan in several important respects: preserving the standard deduction for Mainers who do not itemize, significantly restoring income tax indexing that would have been lost under the Governor's plan, somewhat softening the cut in revenue sharing to our municipalities, and reducing the cuts proposed by the Governor to the Circuit Breaker and Homestead programs.

We will all be watching the economy very closely, and State revenues very closely, in the coming months, recognizing that we may well have to revisit the budget. All of us can take pride in the

fact that the bill before us is an example of how the people's government should work. In the face of staggering revenue losses and confronted with many difficult and painful choices, we have come together with a budget that is, on balance, a responsible and affordable spending plan that will move Maine toward a more secure and stronger financial future. I hope you will join with me in supporting the pending motion.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Nutting.

Senator **NUTTING:** Thank you, Madame President. Ladies and gentlemen of the Senate, I rise, like the previous speakers, to support the pending motion. My mother has always said that I am an eternal optimist and I'm doing so to honor the hours and hours of hard work that the Appropriations Committee members did. I've got a couple of concerns with the budget, concerns about a couple of political appointee positions that committees of jurisdiction voted to eliminate that were put back in, but I'm an optimist. I believe that subject is probably best looked at by this Commission going forward to try to find \$30 million in structural changes. Ohio has just recently looked at the upper level of their state government and made a huge amount of cuts and I'm hopeful that this Commission will do the same. I'm pleased that it is the Appropriations Committee is going to be looking at this area.

A couple of you have mentioned the Maine Dairy Stabilization Tier Program. I felt compelled in January to go to the Appropriations Committee and at least bring to their attention that if we didn't make changes to that program there would be a large hole created in our budget. I've been roundly criticized by some in my industry for doing that, but I felt I needed to. It was not right to make the hole even worse. Since 2003 this program has given all farmers a shot of at a least staying in business during the ups and downs of milk pricing. I remain very concerned, however, that what's in the budget funds \$2 million or \$3 million of profits for our very largest corporate farms, and in the rest of 2010 and 2011 I don't know if there are going to be funds enough to keep the small family farms going. Again, I'm an optimist because in part of the budget is a Dairy Taskforce to look at this whole subject and how is the fairest way to proceed forward in the future with this program. I'm very hopeful that the taskforce will look at all the issues and come forth with solutions that are fair to our taxpayers, to our consumers, to our General Fund, and to everyone in the dairy industry.

Again, I feel the Committee is to be commended for their work and the unanimous Committee Report in a very tough time. I was here in the other Body in 1992 when we had a State shutdown, with tents out front, over cutting \$1 billion from the State budget. This has been handled altogether, from both parties, much more professionally than it was in 1992. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Sullivan.

Senator **SULLIVAN:** Thank you, Madame President. Men and women of the Senate, I first rise to confess in front of this group that for the first time in 11 years I watched the closing of the budget. I really was up for being able to say that I went to bed at four or whatever, but they disappointed me, it was around 1:30 in the morning. I had given up Jay Leno and a couple of other

things to watch the close of the budget. It was an interesting experience, and I suspect somewhat different from the past. No one was happy. It was a unanimous budget but no one was celebrating, because for everyone in that room, I think, there was real pain. I want to publicly thank the Senate Chair, both of our Senators working on it, and of course, the other Body's members.

I believe my Committee of jurisdiction was heard. We have improved the lives of veterans. We have actually provided something that will bring real relief to our veterans, something that both sides of the aisle can agree on. Our veterans have given us the right for us to stand here and talk today and speak about how we're going to govern. They've fought for that right and we have improved their lives through this budget. We found a way to pay for it and it was through a tremendous amount of help from the Appropriations Committee that we were able to do that. So there is good news in this budget. You have to look very hard to find it, but there is good news.

I am extremely pleased with the amount of cooperation because I don't like conflict. I try to leave it. I need to be away from it. Even our caucuses have been resigned to the fact that we need to do things. I am extremely pleased with what I've seen. As a teacher I can't help but think of Ben Franklin. After working on our founding documents and how we would run this government, they had been enclosed in a darkened room, he went to the window and lifted the shade and he looked out and said, 'I do not know if this is a rising sun or a setting sun, but it is the sun.' I don't know if this budget, and what we're facing, is a rising sun or a setting sun, but it was done right and it was done well. I will be proud to cast my vote in favor of this budget. With all its blemishes and warts, it still was done right by people who made difficult choices. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Sherman.

Senator **SHERMAN:** Thank you, Madame President. Ladies and gentlemen of the Senate, I'll use that old refrain, I did not intend to get up and speak on this. For a number of reasons, I originally was not going to vote for this budget. I listened very carefully to our leadership on both sides, and especially the Senator from Lincoln, Senator Trahan. There are things in this budget for us all. I praise the Appropriations Committee for having more patience than probably warranted around the milk tier system. At one time even the Senator from Cumberland, Senator Diamond, was looking a little askance, but he got in his convertible and drove off, so I guess he wasn't too unhappy.

I would like to speak specifically, if I may, to the Appropriations people here. What they did on the Maine Dairy Stabilization Tier Program may well have saved the dairy industry in the state of Maine. If you look at some of the newspaper ads now, Pennsylvania had 7,500 dairy farms, but not anymore. They're looking at 1,500 to 2,000 disappearing in Pennsylvania. The European Union, of all places, their dairy program is in severe difficulty. I hope the Appropriations Committee members, along with the Task Force, can be proud of what they did and hopefully next January there will be some better resolution, if there is one to be found, on milk support pricing. I really will vote for this budget even though I really hadn't intended to. The spirit of the moment maybe rises within you sometimes and I'll lament in private.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Brannigan.

Senator **BRANNIGAN:** Thank you, Madame President. Men and women of the Senate, I just needed to point out some errors with the statements made by the Senator to my left. I was here during the time of the shutdown. I was in this Body, so I probably understand better than he that the shutdown had nothing to do with the budget. Our budget was put together before July 1st with chewing gum and scotch tape and things like that, but it was there. It was together and we were ready to vote on it. It was the whole issue of Workers' Compensation that the budget was held up as a tool until, I believe, July 16th. Also in thinking about that, he triggered some thoughts, of which I have occasionally, and that is we probably pioneered some of the issues that were before the Appropriations Committee and leadership this year. We tried some things that they're not doing, and probably not because they understand what happened. We did other things. One of the things we tried, and people were very unhappy about, was the push of pay to State workers. Other things we did do, so maybe we helped in some way back then in those old, old days.

I appreciate what has been done, and I've never seen a budget go quite as smoothly. I think it's because everybody worked on this and everybody just swallowed what they had to swallow. They did a great job, and we appreciate that. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Franklin, Senator Gooley.

Senator **GOOLEY:** Thank you, Madame President. Men and women of the Senate, I rise to say that I'm going to vote for the budget, too. Two years ago I didn't. I didn't because of the school consolidation part in that budget. This morning I was watching television and apparently around the county 90% of the economists say that the recession is going to end at the end of this year. Well I don't know. I have a problem with economists now and it's a long ongoing thing. I'd just like to say something about the federal deficit. The federal deficit is currently about \$11 trillion, or maybe it's \$12 trillion now, I don't know. Inflation is fairly low right now, but two years from now it may be 10%. That would not be a good thing because right now we have a China connection. You know what I'm talking about.

I did want to zero in on stimulus money. That is our money. The part of using the stimulus monies for this budget to bail out MaineCare for the next three years and it does help out with the hospital settlements. That's very important to us also. The hospital settlements are primarily Medicaid-related. I think that two years from now we'll be back in the hole once again, that's my take on it. We still have a government system in place which will come back to bite us once again. As the Senator from Hancock, Senator Rosen, mentioned, there is a post-stimulus cliff we'll have to deal with.

I certainly appreciate the work of the Appropriations Committee. It was a difficult task. This budget is truly a bipartisan effort and I thank all who worked on it and I intend to vote for it. Thank you.

On motion by Senator **DIAMOND** of Cumberland, supported by a Division of one-fifth of the members present and voting, a Roll Call was ordered.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Jackson.

Senator **JACKSON:** Thank you, Madame President. Ladies and gentlemen of the Senate, the last speaker made me think of something that I'd like to say. I'm truly torn about rising in support or rising in opposition. One thing I do know is that if I do vote in support, I don't mean to offend anyone because I do know that Appropriations worked very hard on this. I spent a lot of evenings there and I appreciate everything they've done. As a common man, this is the first time that I've ever had to knowingly reach into men and women's pockets to take money out, and that bothers me greatly. I know that feeling, and when you have no other option, it's just not a good feeling that anyone should have. What I surmise from previous comments is that if we have another problem in two years I certainly hope that no one asks me to reach into pockets again.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Simpson.

Senator **SIMPSON:** Thank you, Madame President. Madame President, men and women of the Senate, I rise to support the pending motion but I want to say a few words to clarify. Having spent eight years in the other Body, there was always a conversation about how a budget reflects one's values. In these hard times, this budget reflects reality. Thousands of our fellow Mainers have lost their jobs. My father was laid off in January. He's 73 years old and he wasn't going to work for the fun of it. He was going to work because he needs to. Like thousands of other Maine families who have someone who's not well, and they have expenses for healthcare, and many of the people who work for the State of Maine have those same kinds of issues, and we have taken some of their money and increased the cost to them in their daily lives. I wouldn't say it reflects our values, but it does reflect the reality of the situation. We need to make hard choices and cuts that are affecting all Maine people. So to my constituents who keep writing and asking, 'Why me? Why are you balancing the budget on me?' we're not just balancing the budget on you, it's also on your neighbor, the child down the street, people with developmental disabilities, and the hospitals. Everyone. These are not happy times and it's not a happy vote, but I will be supporting the pending motion and I applaud the Appropriations Committee for their hard work in these difficult times. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Courtney.

Senator **COURTNEY:** Thank you, Madame President. Men and women of the Senate, I rise today in support of the pending motion. The first thing I'd like to say to the other side of the Body is to make sure the Senator from Kennebec, Senator Marraché, pays up because I understand there was a little bet going on as to whether I would be supportive of this budget or not. In all seriousness, from our side of the aisle, I don't believe we've had to sell this budget to the members of our caucus. It's come from within our caucus. This budget is half a billion dollars smaller than the previous budget. For those of us who came up here and wanted to have smaller government, for the first time we're going to be able to vote for a budget that's smaller than the previous one. Along the way though some of us have learned a lot from the Appropriations members and leadership on both sides of the

aisle. We've learned about the importance of precision and the importance of the impact of the decisions we make. For this Senator, I don't take any of those lightly.

Early on, as we were discussing how we were going to address this, some suggested that we lay some people off, as they do in the private sector. That really wasn't acceptable for us this time around because in this type of environment and this type of economy, it just didn't seem like the caring thing to do. Now I understand that there are those behind me that are very angry and disappointed about the difficult decisions about less pay, of cuts that were made, the furlough days, and I understand that. At home, and that's what we all have to remember, we have to remember where we came from, at home I drive down Main Street and I see stores closing. I hear of my neighbors being laid off, and we have to think about how to address that. What more can we ask them to do? In many cases, they've already lost their job. In my community of Sanford and the surrounding area, unemployment is 11%, and that's in York County.

We made a collective decision that we would attempt to address the State employee issue, and their contribution to this deficit, without laying people off. I think for the most part we did. Even with the layoffs in the budget, by the time it's enacted most of the positions will be possible to move around through attrition. I think it's been the caring, responsible thing to do at this time. We have a lot more work to do. We have the Commission, and through the Commission I hope that they lean heavily on the experiences of the front-line State employees when look for additional efficiencies. Not so we have to lay people off, but through attrition we can make a more efficient State government.

We've also heard about how we're raising taxes by not giving the local communities all the money we've always given them. These are new times and we have to think outside of the box. I know in many communities they are thinking outside of the box, some of the ones I represent. I don't know of any municipalities that are asking their employees to take a 4% or 5% pay cut. In some cases there have been some reductions and layoffs. I hope that going forward they will look at this gap, especially with regard to education. I hope they will look at this opportunity to take some of this extra that's flowing into the local communities with the stimulus money and look at how they can buy down some of their ongoing expenses because next year we start to drop off the cliff with funding.

While none of us are completely happy with this budget, it was done the right way. I again want to commend the leadership, because we didn't just draw a line in the sand and walk off. We'd get grumpy once in awhile, but we didn't just walk away. We just kept working. Even if you have a difference, you can keep working and come up with a better outcome than either of us hoped for in the beginning. Thank you, Madame President.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Marraché.

Senator **MARRACHÉ:** Thank you, Madame President. Madame President, men and women of the Senate, I rise to say that I'll be voting for this budget. It's not a budget I'm happy about, and I've been here in the House and in the Senate and have not been happy with many of them, but this is absolutely the worst budget I've seen. I wanted to say that the work that was put into this was unbelievable, not just at the Committee level, and I want to thank all of the Appropriations Committee members for all the hard work. Every single Committee in this building put a lot of time and

effort into this, and they actually listened to us. I don't recall the Appropriations Committee really sending hard issues back out to work out on their own. They let the committees of jurisdiction do the hard work and when they didn't have a lot of time to send information back out, they sent their members out to our committees. They were in Health and Human Services all the time asking us questions: 'What about this?', 'What about that?', 'Could you give a little more money here?', 'Could you give a little more money there?', 'What do you think about this?' I'm sure it wasn't just my committee, I'm sure it was others as well. I appreciated that. When it came down to the last wire, they were here day and night. I think, actually, they were here for almost a solid month without a break. Although I spent some of the nights with them, thankfully I didn't have to stay the whole time. They would actually call people in. There were many of us members down there in the wee hours of the night giving our input and they actually listened to us at that point as well.

I want to thank them for the hard work, and I want to thank everybody else in this Chamber for the hard work you put in. I also want to talk about the people that aren't here to press the buttons. They put a lot of time and effort into it as well. The people downstairs who had to put in hours and weekends of work to print these papers out and get it ready for us. They were up all night answering all of our questions: 'What will happen here?', 'What will happen there?', 'Can you get this amendment written for us?' So for the staff and all the workers that put in innumerable amounts of time and effort, I want to send my thanks out to them as well. I will be voting for this budget, keeping in mind that a lot of effort on everybody's part was put into it, and I appreciate that. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Piscataquis, Senator Smith.

Senator **SMITH:** Thank you, Madame President. Members of the Senate, I hesitate to rise and admit to you that I'm going to vote against this budget today. I feel that in doing so that I owe the Body an explanation. I want to also say as I begin, that I too appreciate the enormous amount of work that has gone into this budget. It is clearly an improved product over what was introduced initially in this session, and that credit goes to the Appropriations Committee and the leadership who lead the effort on this.

As you may know, from day one I came to the Senate from an area of the state that is in desperate need of economic help and investment. In Millinocket unemployment is 15%, Dover-Foxcroft is double digits, Greenville is double digits, and Hartland is double digits. There's only one way in which this is going to be improved over the years and that is to put Maine on a path of pro-growth economic policies. Part of that is right-sizing the State government and putting us in a position where eventually the right pro-growth tax policies can be implemented. Today we are confronted with a budget that is going to make it very difficult to reach any of those goals. We are putting in place a budget that continues the same sized government. To be sure it is a half a million dollars lower than the previous budget, and that does set us in the right direction, but I am not at all convinced that this budget is going to hold up over the two-year period. It looks to me like it is going to suffer many of the disabilities of the previous budget and we will be back time and again to amend it because our economy is not going to perform.

It has been noted here today, that despite the fact that there is a broad consensus among economists that this national economy is going to begin to come out of the recession sometime later this year or in early 2010, that by a regional consensus of economists that was spoken about of this morning on 103.9, Maine and New England are going to lag behind and Maine's going to lag seriously behind. Charlie Colgan, a well-respected economist in this State, says that revenues are not going to rebound for three, four or five years out. That is a reflection of Maine's sluggish economy and the effect that the State government budget is having in retarding economic growth. It pains me to see an improved product that I cannot vote for. Today I believe that my district would ask that I not support this budget in the hopes that we can get to a day when I can. I think that this budget is going to sentence Maine to a long, dark, and cold economic winter as we try to recover from a severe economic recession. I would remind you that in 2000 there was a recession and in 2001 there was a slow recovery. Maine's recovery just barely took us out of recession. Our GDP growth at the high point was about one-third of the national economic GDP. That is not a very good performance and it is going to be much the same in this recovery. That is why we're not going to see revenues come back to earlier levels until well into the two thousand teens.

I know I will probably stand pretty much alone on this. Again, I congratulate those who worked on this. It is definitely an improved product, but in voting for this budget today, we are setting the next budgetary catastrophe out two years, the so-called cliff. I would much rather see a glide path than a cliff. I think that our economy is not going to recover at all by that time here in the state of Maine, and the hard times are going to afflict us once again two years out. I think more could have been done to plan for that day. I sat on the Appropriations Committee for four years of my life in a much earlier period, and I know how hard that work is. I know how hard it is to deal with the emergency you face immediately and how difficult it is to look down field to an emergency that you're creating, or perhaps is going to occur without you creating it, two years out. This is my basic reason for voting against this. I congratulate those who worked on this budget for the improvements that they've made and I certainly am pleased that the hospitals are being paid. I do believe we need a glide path rather than a cliff. I appreciate the opportunity to speak on this. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Alfond.

Senator **ALFOND:** Thank you, Madame President. Ladies and gentlemen of the Senate, I too rise to support the pending motion. I also want to thank the Appropriations Committee and all of the policy committees for all the hard work that they have done during this budget cycle. Unlike many who have spoken, this is my first budget. It's been challenging, it's been grueling, and, quite honestly, it hasn't been fun. Every Mainer will be touched by this budget, and every Mainer will be touched hard. Yet there are some bright spots, and following the good Senator from Androscoggin who is an optimist, I too want to look at some of the bright spots, especially in education. We've heard about the cuts. They're going to be grueling cuts, but there are also some major gaps in things we are doing with the stimulus funds to leverage the gaps that we have in education. We are going to be starting an Educare center in Waterville, Maine. Early education truly is

going to have a model to look at for how to do early education better, smarter, and more efficiently. We are providing funds for our first medical schools here in Maine. I think this was also a major gap that has been missing, and it's exciting to know that we are going to be providing tuition stipends for Maine medical school students and others. We also have the laptop program. This is something that I and others in my committee have cautiously said to municipalities across the state to beware of. The laptop program will provide one-to-one access to every K-12 student across the state is something that is powerful. It separates us from most states around the country, and it is something we should be proud of. Finally, we all talk about the lack of opportunities for graduate students here in the state, and there's also a piece around biomedical sciences at the University of Maine in this budget. Again, this has not been an easy first budget for me and I think we have a lot of work ahead of us, but I'm glad to be supporting this budget in front of us. Thank you.

THE PRESIDENT: The pending question before the Senate is Enactment. A Roll Call has been ordered. Is the Senate ready for the question?

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#101)

YEAS: Senators: ALFOND, BARTLETT, BLISS, BOWMAN, BRANNIGAN, BRYANT, COURTNEY, CRAVEN, DAMON, DAVIS, DIAMOND, GERZOFKY, GOODALL, GOOLEY, HASTINGS, HOBBS, JACKSON, MARRACHE, MCCORMICK, MILLS, NUTTING, PERRY, PLOWMAN, RAYE, RECTOR, ROSEN, SCHNEIDER, SHERMAN, SIMPSON, SULLIVAN, TRAHAN, WESTON, THE PRESIDENT - ELIZABETH H. MITCHELL

NAYS: Senators: NASS, SMITH

This being a Mandate, in accordance with the provisions of Section 21 of Article IX of the Constitution, and having received the affirmative vote of 33 Members of the Senate, with 2 Senators having voted in the negative, and 33 being more than two-thirds of the entire elected Membership of the Senate, was **PASSED TO BE ENACTED** and having been signed by the President, was presented by the Secretary to the Governor for his approval.

All matters thus acted upon were ordered sent down forthwith for concurrence.

Senator **SCHNEIDER** of Penobscot was granted unanimous consent to address the Senate off the Record.

Senator **DIAMOND** of Cumberland was granted unanimous consent to address the Senate on the Record.

Senator **DIAMOND:** Thank you, Madame President. Men and women of the Senate, I just want to take a couple of seconds to thank everybody for their comments. I really appreciate, and I know the Committee does as well, all of the thought and sincerity put into those comments today during the debate. And for those on the opposite side, I respect their positions as well. By design I did not mention this in my speech, but at this time I want to thank all of the people who have worked behind the scenes to make this possible. The people who work every weekend that we don't see because they're downstairs on the second floor, Grant Penoyer and all of his team. I was really pleased that the Senator from Hancock, Senator Rosen mentioned them. I really want to take this moment to say thank you to everybody, all of those folks, who have worked so hard. And to my coach here, who has been very helpful in her leadership, I thank her for that. Thank you to Ryan Low, whenever we called, he and his staff would always be there. At one point we met 19 days out of 20 and we were very appreciative for Mother's Day, the one day we didn't meet. Everybody, thanks for all you've done, we really appreciate it.

On motion by Senator **BARTLETT** of Cumberland, **ADJOURNED**, to Thursday, May 28, 2009, at 10:00 in the morning.