

**Summary of LD 215
Governor's Proposed
Emergency FY07 Budget Bill**

**General Fund - Pages 1 to 4
Fund for a Healthy Maine – Page 5**

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

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Emergency FY07 Budget Bill (LD 215)

Overview - General Fund Balance

\$'s in millions

Changes to General Fund Balance - Additional Resources Less Appropriations	
FY07 Budgeted Ending General Fund Balance - Prior to LD 215	\$86.436¹
Net Changes to Resources	
- Net Changes to Transfers/Adjustments to Balance - LD 215	(\$10.188)
- Net Changes to Revenue (FY07 Only) - LD 215	\$0.315
Subtotal - Available FY07 General Fund Resources with LD 215	<u>\$76.563</u>
Net Changes to Appropriations - LD 215	\$76.133
FY07 Budgeted Ending Balance after EFY07 Budget Bill (LD 215)	<u>\$0.430</u>

Changes to General Fund Balance - "Savings" Initiatives Less "Spending" Initiatives²	
FY07 Budgeted Ending General Fund Balance - Prior to LD 215	\$86.436¹
"FY07 Savings" (General Fund Resources Added) by LD 215	\$74.889
Subtotal - Available FY07 General Fund Resources with LD 215	<u>\$161.325</u>
"FY07 Spending" (General Fund Resources Decreased) by LD 215	\$160.894
FY07 Budgeted Ending Balance after EFY07 Budget Bill (LD 215)	<u>\$0.430</u>

Major Changes

- > MaineCare initiatives, including funding for Hospital Settlements and funding for MaineCare shortfalls, and other Department of Health and Human Services funding issues comprise the vast majority of this bill (see page 4 for summary of these proposals).
- > Delays the Educational Attainment Tax Credit, resulting in ongoing revenue increases through FY11 (only the FY07 revenue is reflected in this summary).
- > Recognizes \$7.8 million of debt service savings from reduced cash flow borrowing and lower bonded debt and \$2.1 million in savings from Homestead Property Tax Exemption and other tax reimbursement programs.
- > Provides \$3.0 million of one-time funding to the University of Maine System for a regional optical network to enhance research and development efforts.
- > Transfers an additional \$1.0 million for the Callahan Mine Site Restoration program.
- > Provides additional funding for utility and fuel costs, primarily in the Department of Corrections and the Department of Administrative and Financial Services.

Notes:

¹ Reflects budgeted ending balance for FY07 including FY06 closing transactions, all legislative changes through the 122nd Legislature and the December 2006 Revenue Forecast.

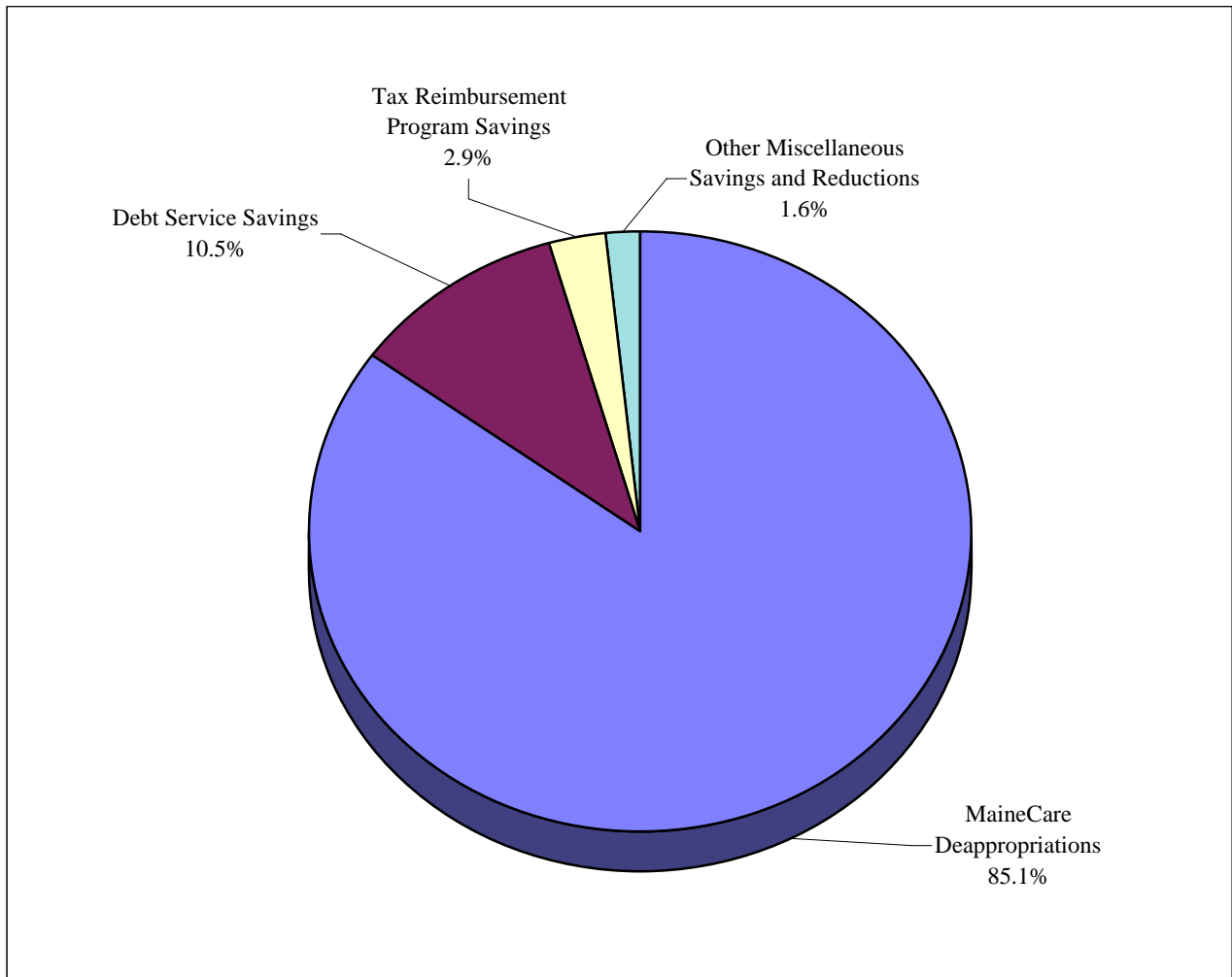
² This presentation presents a different look at the budget proposals from the traditional presentation of Budgeted Resources (net revenue changes and net transfers) less Appropriations. "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. "Spending" initiatives include all those items that decrease resources: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance. Initiatives that move funding between General Fund programs that net to \$0 are not reflected in this analysis.

Amounts may not add due to rounding

Emergency FY07 Budget Bill (LD 215)

General Fund Adjustments - "Savings" Initiatives¹ Initiatives Increasing General Fund FY07 Balance

	\$ in Millions	% of Total
MaineCare Deappropriations	\$63.7	85.1% ²
Debt Service Savings	\$7.8	10.5%
Tax Reimbursement Program Savings	\$2.1	2.9%
Other Miscellaneous Savings and Reductions	\$1.2	1.6%
TOTAL ADJUSTMENTS INCREASING FY07 BALANCE	\$74.9	100.0%



Notes:

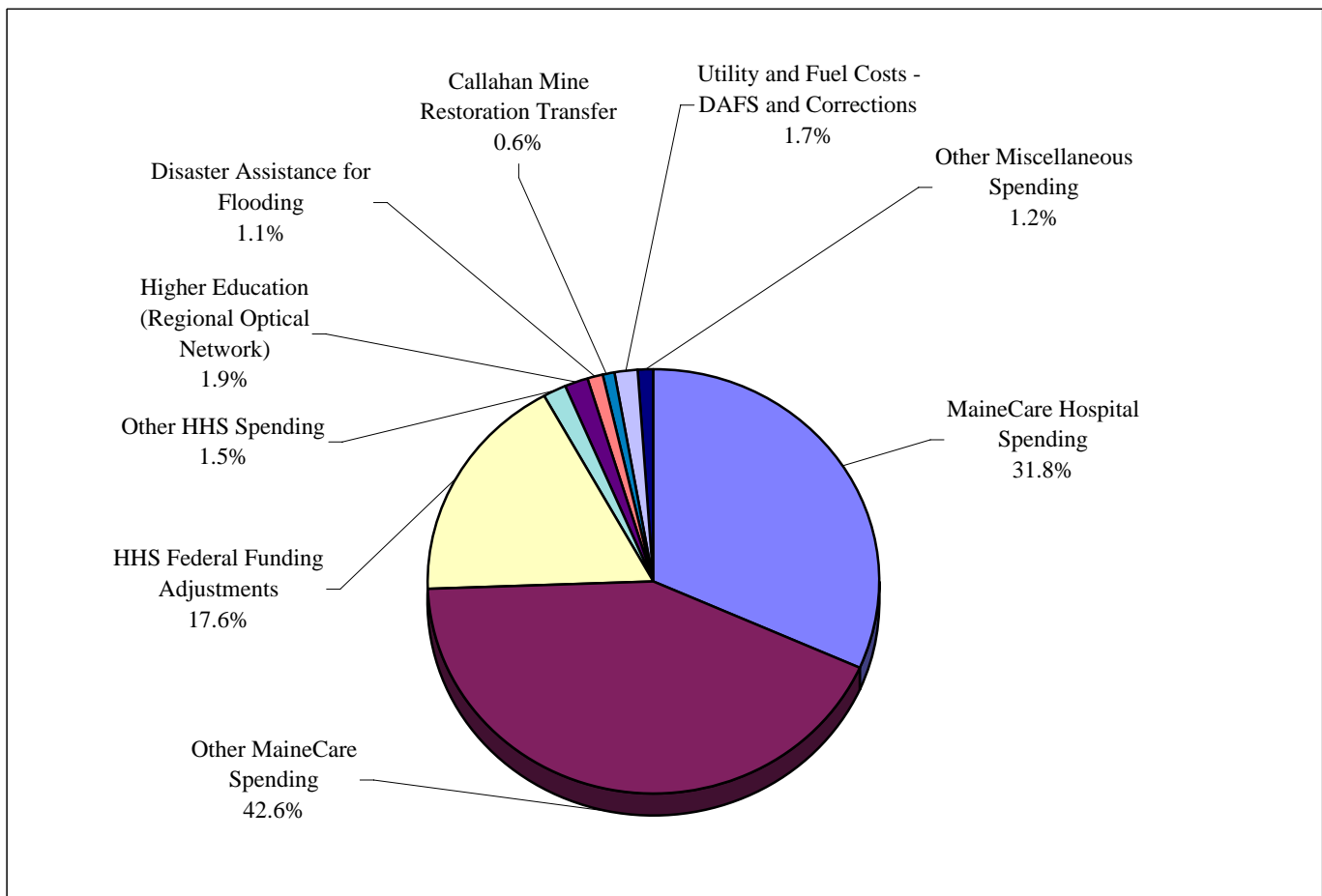
- ¹ "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs.
- ² Medicaid/MaineCare savings primarily reflect a deappropriation in the largest Medicaid program, which is used to offset other Medicaid funding needs. See Page 4 for more detail.

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Emergency FY07 Budget Bill (LD 215)

General Fund Adjustments - "Spending" Initiatives¹ Initiatives Decreasing General Fund FY07 Balance

	\$ in Millions	% of Total
MaineCare Hospital Spending	\$51.2	31.8% ²
Other MaineCare Spending	\$68.5	42.6% ²
HHS Federal Funding Adjustments	\$28.3	17.6% ²
Other HHS Spending	\$2.4	1.5% ²
Higher Education (Regional Optical Network)	\$3.0	1.9%
Disaster Assistance for Flooding	\$1.8	1.1%
Callahan Mine Restoration Transfer	\$1.0	0.6%
Utility and Fuel Costs - DAFS and Corrections	\$2.8	1.7%
Other Miscellaneous Spending	\$1.9	1.2%
TOTAL ADJUSTMENTS DECREASING FY07 BALANCE	\$160.9	100.0%



Notes:

¹ "Spending" initiatives include all those items that decrease resources: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance. Initiatives that move funding between General Fund programs that net to \$0 are not reflected in this analysis.

² See page 4 for additional detail on DHHS MaineCare and other initiatives.

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Emergency FY07 Budget Bill (LD 215)

Summary of MaineCare and Other DHHS Provisions

MaineCare and Related

The Governor's proposed Emergency FY07 Budget provides a net increase of appropriations for MaineCare and related programs of \$56.0 million in FY07 as follows:

- > **MaineCare Funding Transfer.** Proposes appropriations of \$63.8 million to cover shortfalls in MaineCare and related accounts to be partially offset by a deappropriation of \$61.3 million in the Medical Care - Payments to Provider (MAP) account. A "straight-line" annual projection based on spending in these accounts through the 2nd quarter of FY07 does support the need for the supplemental appropriations at the approximate amounts proposed. However, a "straight-line" projection of Medical Care - Payments to Providers (MAP) account spending for FY07 based on actual spending and interim payment collections through the 2nd quarter of FY07, does not support the availability of funds as proposed to be used to offset these supplemental appropriations.
- > **MaineCare Hospital Payments.** Proposes appropriations totaling \$51.2 million (to be matched by \$87.7 million in federal funds) for increased MaineCare payments to hospitals including: \$50 million for hospital MaineCare payment settlements and increased prospective interim payments; \$0.6 million for a 3.41% cost-of-living adjustment in the rate paid for inpatient services at acute care non-critical access hospitals; and \$0.6 million for increased tax and match lump sum payments to hospitals. Part L of the emergency supplemental budget also proposes to transfer \$52 million of the available unappropriated surplus in the General Fund at the close for FY07 for hospital settlements and to increase prospective interim payments to hospitals.
- > **MaineCare Provider Taxes.** Proposes a net deappropriation of \$1.4 million to reflect the impact of adjusting allocations and appropriations in the various MaineCare seed programs, service provider tax and other tax programs of the Department of Health and Human Services.
- > **MaineCare MR Waiver Transfer.** Proposes a transfer of \$1.1 million in funding appropriated for the Mental Retardation Waiver - Supports program to the Mental Retardation Services - Community grant program.
- > **MaineCare Administration.** Proposes an appropriation of \$2.8 million for increased MaineCare administrative costs.
- > **MaineCare Disproportionate Share Hospital (DSH) Payments.** Proposes appropriations of \$0.9 million for Dorothea Dix Psychiatric Center and Riverview Psychiatric Center increased costs.

Other Department of Health and Human Services (DHHS) Proposals

Federal Financial Issues

- > **Cost Allocation Plan.** Proposes appropriations of \$10.9 million in FY07 for operational expenditures to replace resources not available from indirect cost allocation plan transfers.
- > **Reductions in Federal Grant Award.** Proposes appropriations of \$7.4 million to maintain services in the Purchased Social Services and Child Care programs at current levels to cover a shortfall created by a reduction in the federal grant award.
- > **GF Unappropriated Funds Transfers.** Part J proposes to transfer \$10.2 million from the General Fund to the Federal Expenditures Fund in a number of DHHS programs for prior year adjustments related to indirect cost allocation settlements, federal audit settlements; and for federal grant overdraws.

Other Proposed DHHS Appropriations

- > **Other Appropriations.** Proposes net additional appropriations of \$2.6 million in FY07 for other DHHS programs including: \$1.7 million to correct the mechanism of billing DHHS for legal services by the Department of the Attorney General; \$0.6 million to continue the operation of the 211 call center; and \$174,250 for an increase in fees in the Driver Education and Evaluation Program. This last initiative will increase General Fund undedicated revenue by \$174,250.

Emergency FY07 Budget Bill (LD 215)
Overview - Fund for a Healthy Maine (FHM)
\$'s in millions

Changes to Fund for a Healthy Maine Balance	
FY07 Budgeted Ending FHM Balance - Prior to LD 215	\$7.571¹
FHM Adjustments to Allocations in LD 215:	
- Eliminate Fund-wide Deallocation	\$8.392
- Reduction of funding to FHM - Drugs for the Elderly and Disabled program	(\$0.810)
- Other net changes to FHM allocations	(\$0.026)
Net Changes to FHM Allocations - LD 215	\$7.556
FY07 Budgeted Ending Balance after EFY07 Budget Bill (LD 215)	\$0.014

Major Changes

- > Provides funding to offset a Fund-wide deallocation included in Public Law 2005, chapter 519, Part AA, section 3. This allocation will avoid the distribution of total reductions of \$8,391,658 to individual FHM programs.
- > Reduces funding no longer required to administer the FHM - Drugs for the Elderly and Disabled program (deallocation of \$810,000).
- > Reduces funding available from salary savings and lower-than-anticipated operating costs in the FHM - Bureau of Medical Services program (deallocation of \$30,000)
- > Provides funding to fully fund one Human Services Aide III position and related All Other funding in the FHM - Bureau of Family Independence - Central program (allocation of \$4,470).

Notes:

¹ Reflects budgeted ending balance for FY07 including FY06 closing transactions, all legislative changes through the 122nd Legislature and the December 2006 Revenue Forecast.

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