

**Summary of
Emergency FY 09 Budget
LD 45 as amended by
Unanimous Report of the
Joint Standing Committee on
Appropriations and Financial Affairs**

**General Fund - Pages 1 to 4
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**Prepared by the
Office of Fiscal & Program Review**

January 26, 2009

AFA Committee - Emergency FY09 Budget Overview - General Fund Balance

\$'s in millions

Changes to General Fund Balance - Additional Resources Less Appropriations	
FY09 Budgeted Ending General Fund Balance - Prior to December RFC	\$0.933 ¹
- December 2008 RFC Revenue Revision	(\$140.341)
FY09 Budgeted Ending General Fund Balance - Prior to LD 45 as amended	(\$139.408) ¹
Net Changes to Resources	
- Net Changes to Transfers/Adjustments to Balance - LD 45 as amended	\$58.077
- Net Changes to Revenue (FY09 Only) - LD 45 as amended	\$6.787
FY09 Shortfall with additional General Fund Resources in LD 45 as amended	(\$74.544)
Net Changes to Appropriations - LD 45 as amended	(\$74.644)
FY09 Budgeted Ending Balance after EFY09 Budget Bill (LD 45 as amended)	\$0.100

Changes to General Fund Balance - "Savings" Initiatives Less "Spending" Initiatives ²	
FY09 Budgeted Ending General Fund Balance - Prior to LD 45 as amended	(\$139.408) ¹
"FY09 Savings" (General Fund Resources Added) by LD 45 as amended	\$170.860
Subtotal - Available FY09 General Fund Resources with LD 45 as amended	\$31.451
"FY09 Spending" (General Fund Resources Decreased) by LD 45 as amended	\$31.351
FY09 Budgeted Ending Balance after EFY09 Budget Bill (LD 45 as amended)	\$0.100

Major Initiatives

- > Transfers \$56.1 million from the Maine Budget Stabilization Fund
- > Recognizes a reduction in General Fund balance of \$11.1 million resulting from a double counting of sales tax revenue in FY 2007 and FY 2008 offset by increase in Budget Stabilization Fund transfer
- > Reduces funding for General Purpose Aid for Local Schools by \$27.0 million
- > Results in net deappropriations to the Department of Health and Human Services of \$37.7 million (see page 4 for more detail)
- > Reduces funding to Maine's public higher education institutions by a total of \$11.8 million
- > Disallows use of election of tax withholding for large unusual income events generating \$5.1 million of additional revenue in FY 2009
- > Transfers \$6.4 million from excess contributions to the Retiree Health Insurance Fund related to the Maine Community College System
- > Transfers \$2.1 million from Capital Construction Reserve Fund
- > Recognizes \$2.0 million in debt service savings from general obligation bonds and Statewide Radio Network debt
- > Establishes a Federal Relief Funds Reserve account to receive projected FY 2009 savings from the anticipated temporary increase in the Federal Medical Assistance Percentage as part of a Federal economic stimulus bill. Funding in the Reserve is to be used for healthcare related expenditures with the priority being the payment of MaineCare settlements for hospital fiscal years 2005 and 2006.

Notes:

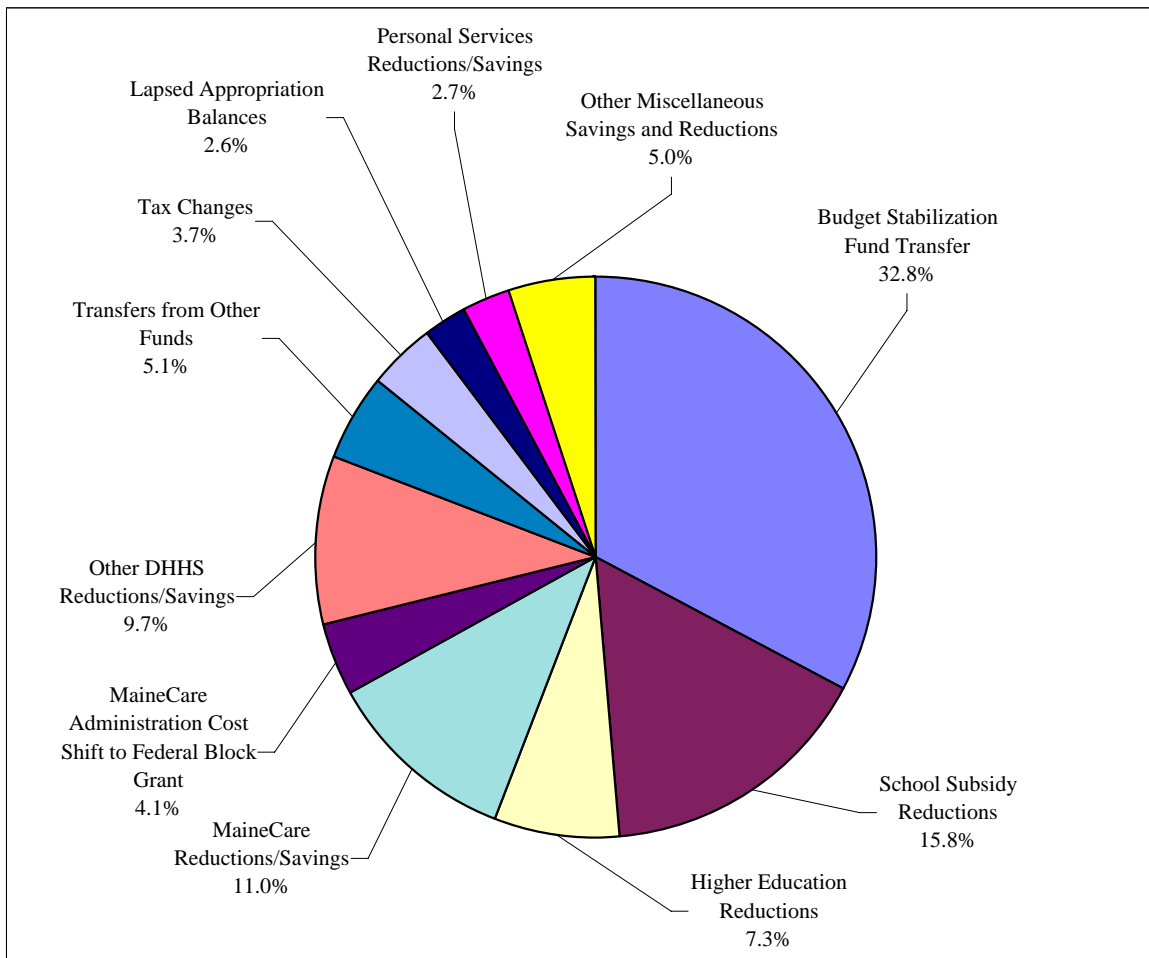
¹ Reflects budgeted ending balance for FY09 including FY08 closing transactions, all legislative changes through the 123rd Legislature and the December 2008 Revenue Forecast.

² "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.

Amounts may not add due to rounding

AFA Committee - Emergency FY09 Budget
General Fund Adjustments - "Savings" Initiatives¹
Initiatives Increasing General Fund FY09 Balance

	\$ in Millions	% of Total
Budget Stabilization Fund Transfer	\$56.1	32.8%
School Subsidy Reductions	\$27.0	15.8%
Higher Education Reductions	\$12.5	7.3%
MaineCare Reductions/Savings	\$18.7	11.0%
MaineCare Administration Cost Shift to Federal Block Grant	\$7.0	4.1%
Other DHHS Reductions/Savings	\$16.6	9.7%
Transfers from Other Funds	\$8.8	5.1%
Tax Changes	\$6.4	3.7%
Lapsed Appropriation Balances	\$4.5	2.6%
Personal Services Reductions/Savings	\$4.6	2.7%
Other Miscellaneous Savings and Reductions	\$8.6	5.0%
TOTAL ADJUSTMENTS INCREASING FY09 BALANCE	\$170.9	100.0%



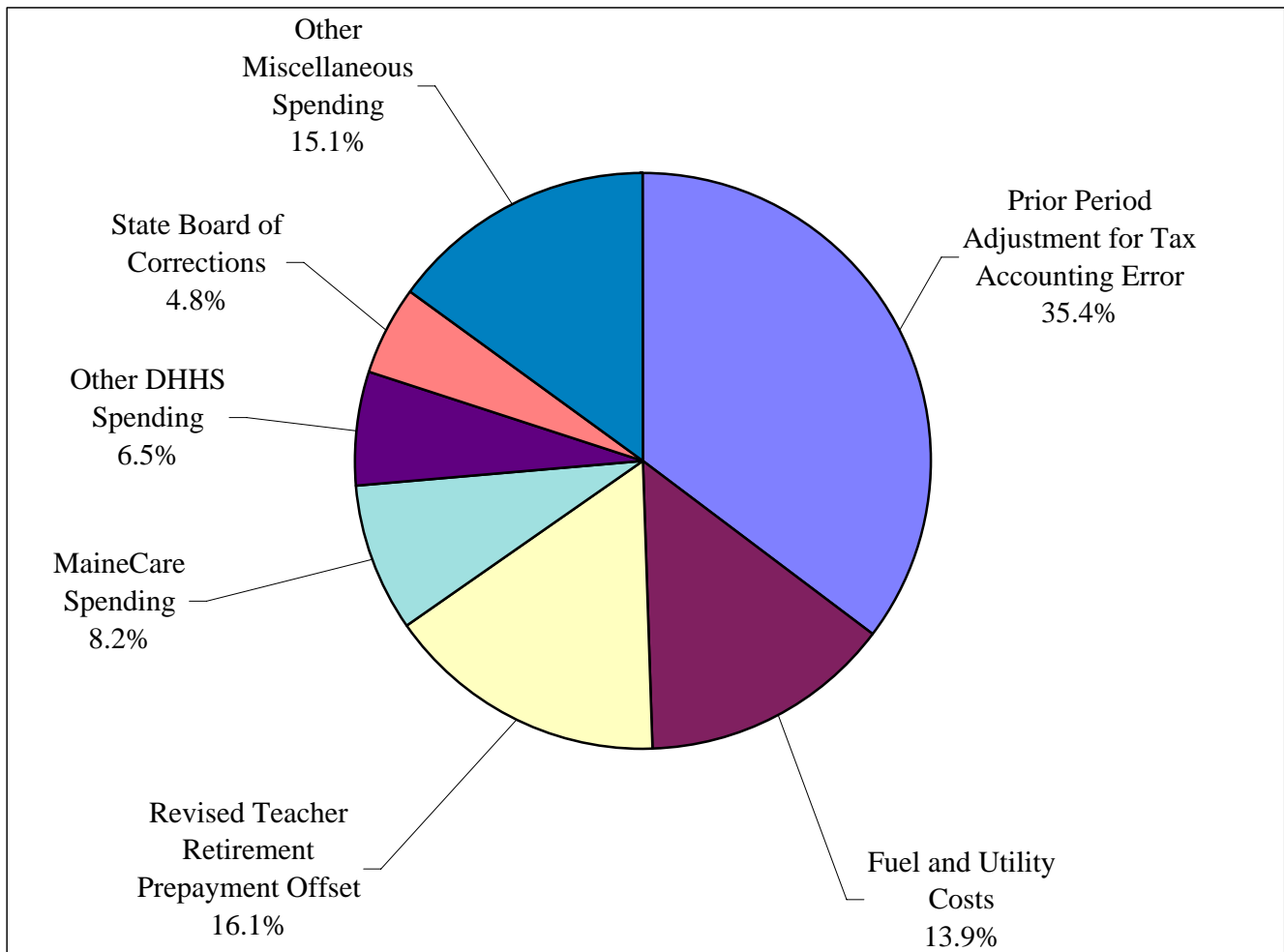
Notes:

- ¹ "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances.
- ² See page 4 for additional detail on MaineCare and other DHHS initiatives.

Amounts may not add due to rounding

AFA Committee - Emergency FY09 Budget
General Fund Adjustments - "Spending" Initiatives¹
Initiatives Decreasing General Fund FY09 Balance

	\$ in Millions	% of Total
Prior Period Adjustment for Tax Accounting Error	\$11.1	35.4%
Fuel and Utility Costs	\$4.4	13.9%
Revised Teacher Retirement Prepayment Offset	\$5.0	16.1%
MaineCare Spending	\$2.6	8.2% ²
Other DHHS Spending	\$2.0	6.5% ²
State Board of Corrections	\$1.5	4.8%
Other Miscellaneous Spending	\$4.7	15.1%
TOTAL ADJUSTMENTS DECREASING FY09 BALANCE	\$31.4	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.
- ² See page 4 for additional detail on MaineCare and other DHHS initiatives.

Amounts may not add due to rounding

AFA Committee - Emergency FY09 Budget
MaineCare and Other DHHS Proposals

FY 09
\$'s in Millions

MaineCare Savings/Reductions

- > **MaineCare Accounting Adjustment.** Accepts the proposal to reduce funding for the proper accounting of Medicare Part B premium payments for the qualified individual (QI) population. (\$4.3)
- > **MaineCare Provider Payment Changes.** Delays the proposal to convert nursing and residential care facility payments from weekly or biweekly reimbursements to monthly reimbursements and includes a one-time delay of up to three weeks of FY 09 payments until the first week in FY 10. (\$7.0)
- > **MaineCare Hospital Payments.** Rejects the proposed change to reimbursement for critical access hospitals and modifies the hospital-based physician initiative by reducing hospital-based physician reimbursement to approximately 70% of the Medicare rate effective 2/1/2009 and instructing the department to equalize the non hospital-based physician rate to the hospital-based physician rate effective 7/1/2009. The Committee Amendment also includes a delay of one hospital MaineCare prospective interim payment (PIP) cycle from FY 09 until the first week of FY 10. (\$4.5)
- > **MaineCare Provider Taxes.** Accepts the proposal to adjust funding in the various MaineCare accounts to reflect modifications to projections of Medicaid-dedicated tax revenues, to comport with Revenue Forecasting Committee (\$1.8)
- > **Other MaineCare Savings/Reductions.** Accepts the proposals to: adjust funding to account for rebates for durable medical equipment (-\$0.4 million); reduce funding on a one-time basis in the nursing facility MaineCare funding pool (-\$0.3 million); and to adjust funding by amending the Home and Community Based Benefits for the Physically Disabled Waiver to receive federal match on personal care assistance services (-\$0.2 million). The proposal to reduce funding by limiting optional services provided to the parents expansion group was removed in the Change Package. (\$1.1)

MaineCare Administration - Cost Shift to Other Funds.

- > Accepts the proposal to reduce General Fund funding as a result of available funding in the Bureau of Medical Services Federal Block Grant Fund account. (\$7.0)

MaineCare Spending

- > **Medicaid Services - Mental Retardation.** Accepts the proposal to provide funding needed as a result of delaying the privatization of the Elizabeth Levinson Center. \$0.9
- > **MaineCare Administration.** Accepts the proposed increase in General Fund funding for the fiscal agent project. \$0.7
- > **MaineCare Provider Taxes.** Accepts the proposal to adjust funding in the various MaineCare accounts to reflect modifications to projections of Medicaid-dedicated tax revenues, to comport with Revenue Forecasting Committee \$0.8
- > **MaineCare - Substance Abuse.** Accepts the proposal to provide funding to continue services at private nonmedical \$0.3

Other Department of Health and Human Services (DHHS) Reductions/Savings

- > **Federal TCM Rules.** Accepts the proposal to reduce funding provided in Public Law 2007, chapter 539 for community programs that were to be impacted by federal changes to targeted case management (TCM). (\$6.6)
- > **State-Funded Foster Care/Adoption Assistance.** Accepts the proposal to reduce funding due to projected savings in (\$2.9)
- > **State Supplement to Federal SSI.** Accepts the Change Package proposal to reduce funding no longer necessary to meet FY 09 expenditure requirements. (\$0.7)
- > **Departmentwide - Room and Board Program Savings.** Accepts the proposal to reduce funding for room and board due to a Social Security income cost-of-living increase. (\$2.0)
- > **Departmentwide - Managing Vacancies.** Accepts the proposal to reduce funding from savings achieved by managing vacancies. (\$1.7)
- > **Other Curtailment Order Reductions/Savings.** Restores the \$10,000 curtailment reduction for NAMI Maine and the \$30,000 reduction for the Bone Marrow Screening Fund program; includes reductions in contract funding for the Muskie School (-\$10,034) and for HIV prevention (-\$19,600); and accepts all other initiatives related to the curtailments ordered in Financial Order 004576 F9. (\$2.2)
- > **Other DHHS Reductions/Savings.** Accepts the proposal to reduce funding provided for Florence House due to a delay in the program's opening (-\$0.4 million). (\$0.4)

Other DHHS Spending

- > **Independent Housing with Services.** Accepts the proposal to provide funding to ensure financially sustainable assisted living facilities beginning July 1, 2008. \$1.5
- > **Mental Retardation Services - Community** - Includes the Change Package proposal to provide funding for a contracted services shortfall. \$0.4
- > **Other DHHS Spending.** Includes proposed funding for the receivership of the Essex Street brain injury private nonmedical institution and funding to increase staffing of the Maine Warm Line on the 1:30 a.m. to 8:00 a.m. shift. \$0.1

Total Net Changes to MaineCare/DHHS Programs (Same net total as Governor's Proposals) (\$37.7)

AFA Committee - Emergency FY09 Budget Overview - Fund for a Healthy Maine (FHM)

\$'s in millions

Changes to Fund for a Healthy Maine Balance	
FY09 Budgeted Ending Fund for a Healthy Maine Balance	\$7.803¹
- December 2008 RFC Revenue Revision	(\$1.228)
FY09 Budgeted Ending General Fund Balance - Prior to LD 45	\$6.574¹
FHM Adjustments to Allocations in LD 45:	
- Eliminate Fund-wide Deallocation	\$5.000
- Pilot Program for Unused Prescription Drugs	\$0.150
- Funding for Personal Services shortfalls	\$0.061
- Additional Information Technology Costs	\$0.011
- Funding for Reclassifications	\$0.031
Net Changes to FHM Allocations - EFY09 Budget Bill	\$5.252
FY09 Budgeted Ending Balance after EFY09 Budget Bill	\$1.322

Notes:

¹ Reflects budgeted ending balance for FY09 including FY08 closing transactions, all legislative changes through the 123rd Legislature. The effect of the December 2008 Revenue Forecast listed separately.

Amounts may not add due to rounding

**AFA Committee - Emergency FY09 Budget
Summary of Position Count Changes
All Funds**

<u>Fund</u>	<u>Total Authorized Positions - Through 123rd Legislature</u>	<u>Position Changes in EFY09 Budget, LD 45 as amended¹</u>	<u>Total Authorized FY09 Positions - With EFY09 Budget, LD 45 as amended</u>
General Fund	6,031.470	(13.347)	6,018.123
Highway Fund	2,486.832	0.000	2,486.832
Federal Expenditures Fund	1,667.626	(28.528)	1,639.098
Fund for a Healthy Maine	22.500	0.000	22.500
Other Special Revenue Fund	2,429.754	(30.559)	2,399.195
Federal Block Grant	137.500	(1.000)	136.500
Other Funds	1,313.116	(9.162)	1,303.954
Total Change of Authorized Positions	14,088.798	(82.596)	14,006.202

Notes:

¹ Reflects position count changes LD 45 as amended by the Appropriations Committee. No position count changes were proposed in the Highway Fund EFY09 Budget Bill.

AFA Committee - Emergency FY09 Budget

Differences between Original Bill and Committee Amendment by Committee

Agriculture, Conservation and Forestry

- > **Agriculture, Food and Rural Resources, Division of Quality Assurance and Regulation** - Amendment reduces funding for fuel and utilities by \$5,893.
- > **Department of Conservation, Administrative Services** - Amendment transfers \$60,454 in costs from General Fund to Other Special Revenue Funds.
- > **Department of Conservation, various programs** - Amendment restores \$41,000 in funding for Central Fleet Management and reduces funding for field expenses, staff travel, uniform replacements, and programmed maintenance and repairs at state parks by \$17,000.
- > **Land Use Regulation Commission** - Amendment restores \$5,500 in funding for monthly Commission meetings and related administrative costs and restores a Secretary position and full-time status of a Senior Planner position, resulting in costs of \$30,954.

Criminal Justice and Public Safety

- > **Charleston Correctional Facility** - Amendment does not close one of the housing units at Charleston Correctional Facility. It retains the 15 limited-period positions until June 2009 and substitutes the savings with a number of other reductions throughout the Department of Corrections and the Stream Gaging Cooperative program.
- > **Department of Corrections** - Amendment removes the proposal to limit the boarding rates changed to the Department of Corrections for housing state prisoners in county jails during the 2010-2011 biennium.
- > **Defense, Veterans and Emergency Management, Stream Gaging Cooperative Program** - Amendment restores \$32,984 in funding to this program, and transfers \$100,000 in costs from General Fund to Federal Expenditures Fund (net savings of \$67,016).

Education and Cultural Affairs

- > **Adult Education** - Amendment restores \$195,296 in funding for local program state subsidy and \$33,933 in funding for literacy volunteers and the college transition program.

Health and Human Services

- > **Federal Relief Reserve** - Amendment establishes a Federal Relief Funds Reserve account to receive projected FY 09 savings from the anticipated temporary increase in the Federal Medical Assistance Percentage as part of a Federal economic stimulus bill. Funding in the Reserve is to be used for healthcare related expenditures with the priority being the payment of MaineCare settlements for hospital fiscal years 2005 and 2006.
- > **See Page 4 for summary of other HHS proposals and differences.**

Labor

- > **Division of the Blind and Visually Impaired** - Amendment restores \$40,850 in funding for rehabilitation services to people who are blind or visually impaired.
- > **Maine Centers for Women, Work and Community** - Amendment restores \$24,928 in funding for the Women, Work and Community program.
- > **Rehabilitation Services** - Amendment restores \$77,603 in funding for vocational rehabilitation services.
- > **Governor's Training Initiative Program** - Amendment reduces funding for the Governor's Training Initiative Program by an additional \$143,381 to offset the restorations.

State and Local Government

- > **Budget Stabilization Fund** - Amendment increases the Budget Stabilization Fund transfer by \$11.1 million to \$56.1 million.
- > **Secretary of State, Election Costs** - Amendment provides \$72,945 in funding for election postage and printing costs.

Taxation

- > **Sales and Use Tax Accounting Error** - Amendment recognizes the \$11.1 million reduction in General Fund balance resulting from the Sales and Use Tax accounting error for FY 2007 and FY 2008.
- > **Tax Reimbursement Program Savings** - Amendment recognized additional one-time savings based on revised projections in several tax reimbursement programs totaling \$278,729.