

**Summary of
2012-2013
Biennial Budget Bills
As Enacted**

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

June 27, 2011

**Summary of
2012-2013 Biennial Budget Bills
Table of Contents**

	Page
General Fund Status - Fund Balance Summary	1
General Fund Adjustments - "Savings" Initiatives	2
General Fund Adjustments - "Spending" Initiatives	3
Highway Fund Status - Fund Balance Summary and Major Proposals	4
Fund for a Healthy Maine Status - Fund Balance Summary and Major Proposals	5
Summary of Property Tax and Local Government Impacts	6
Summary of Position Changes	7

Appendices

Appendix A - General Fund Appropriations by Major Categories

Appendix B - Tax and Fee Changes

Appendix C - General Fund Appropriations Growth Analysis

Appendix D - Retirement and State Employee Benefit Changes

Appendix E - LD's included in Biennial Budget Bills

Appendix F - Fund for a Healthy Maine Changes

Appendix G - Municipal Revenue Sharing

Appendix H - Year-end Closing Transfers/"Cascade" Provisions

Appendix I - Maine Budget Stabilization Fund Balance

GENERAL FUND STATUS - FUND BALANCE SUMMARY

Based on Biennial Budget Bills as Enacted ¹

	FY 11	FY 12	FY 13
<u>AVAILABLE FUNDS</u>			
Transfers/Adjustments to Balance:			
Through 124th Legislature	(\$56,007,211)	\$0	\$0
EFY11 Budget Bill (LD 100 - PL 2011, c. 1)	\$8,360,329	\$0	\$0
2nd EFY11 Budget Bill (LD 1372 - PL 2011, c. 28)	\$36,206,516	\$0	\$0
2012-2013 Biennial Budget (LD 1043 as Amended)	\$6,800,000	\$74,866,518	(\$37,627,707)
Subtotal - Transfers/Adjustments to Balance	(\$4,640,366)	\$74,866,518	(\$37,627,707)
Undedicated Revenue:			
December 2010 Base Revenue Estimate	\$2,885,475,055	\$2,953,273,850	\$3,096,013,848
May 2011 Revenue Revision	\$12,089,813	(\$4,795,787)	(\$42,204,219)
EFY11 Budget Bill (LD 100 - PL 2011, c. 1)	(\$1,500,344)	(\$7,924,538)	(\$32,351)
Other Legislation 125th Legislature, 1st Regular Session	\$0	\$268,870	\$263,215
Biennial Budget (LD 1043 as Amended)	\$0	\$4,639,844	(\$13,887,875)
Highway Fund Biennial Budget (LD 1348 as Amended)	\$0	\$0	(\$6,306)
Subtotal - Undedicated Revenue	\$2,896,064,524	\$2,945,462,239	\$3,040,146,312
TOTAL PROJECTED RESOURCES	\$2,891,424,158	\$3,020,328,757	\$3,002,518,605
<u>APPROPRIATIONS</u>			
Appropriations through 124th Leg. / 2012-2013 Baseline	\$2,711,570,823	\$3,027,086,219	\$3,046,057,503
EFY11 Budget Bill (LD 100 - PL 2011, c. 1)	\$124,976,833	\$0	\$0
2nd EFY11 Budget Bill (LD 1372 - PL 2011, c. 28)	\$36,206,516	\$0	\$0
2012-2013 Adjustments to Baseline Budget	\$0	\$11,552,303	(\$48,832,707)
TOTAL APPROPRIATIONS	\$2,872,754,172	\$3,038,638,522	\$2,997,224,796
NET CHANGE (Resources less Appropriations)	\$18,669,986	(\$18,309,765)	\$5,293,809
BEGINNING BALANCE ¹	\$349,154	\$19,019,140	\$709,375
NET CHANGE (FROM ABOVE)	\$18,669,986	(\$18,309,765)	\$5,293,809
ENDING BALANCE	\$19,019,140	\$709,375	\$6,003,184

Summary of Major Changes

See separate summary for the Emergency FY 11 Supplemental Budget (LD 100 as enacted as PL 2011, c. 1). The next 2 pages provide a summary of the major initiatives separating out "savings" initiatives (those increasing General Fund balances) from "spending" initiatives (those decreasing General Fund balances). Additional information is provided in the appendices including: a summary of appropriations by major categories and a summary of tax and fee changes.

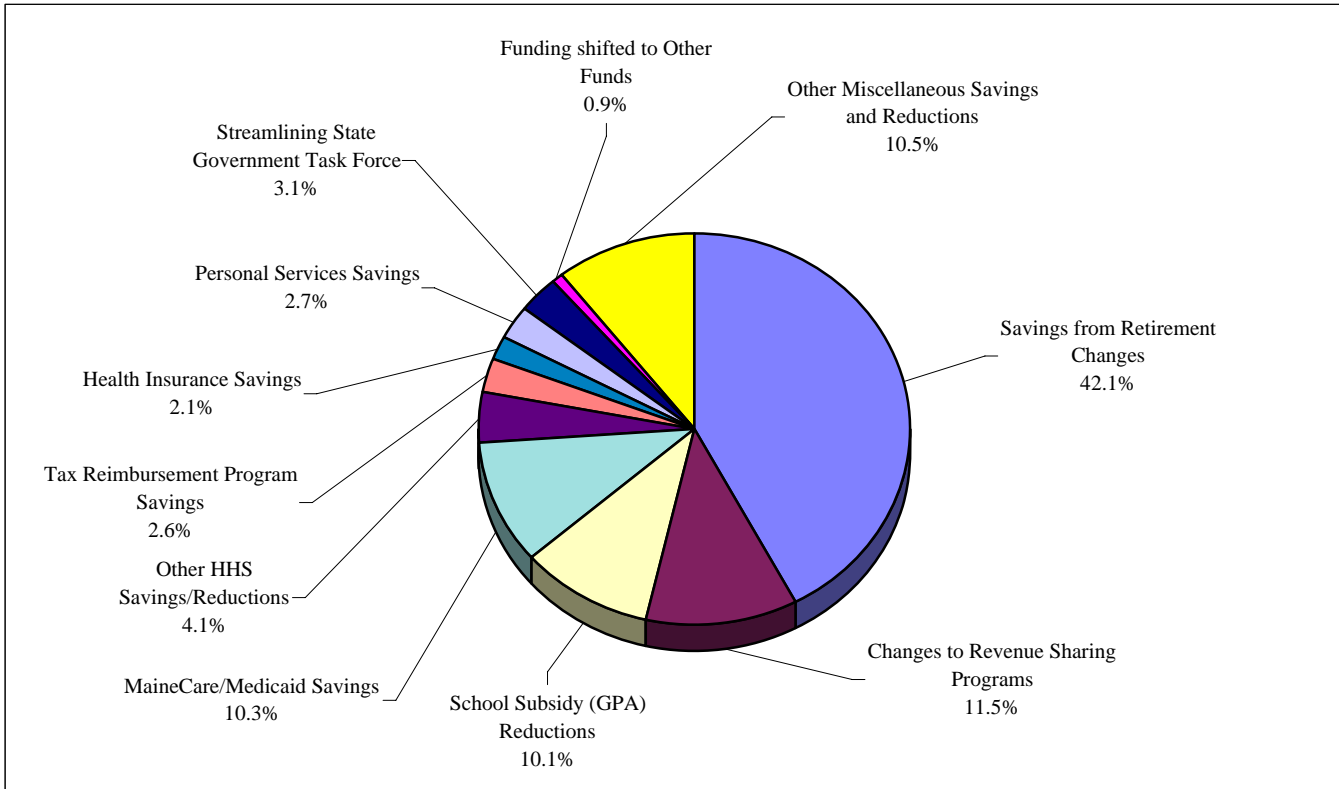
Notes:

¹ Based on all legislative changes through the 124th Legislature, FY10 year-end adjustments, the December 2010 and May 2011 Revenue Forecasts, the Emergency FY 11 Budget Bill (LD 100, PL 2011 c. 1), the 2nd Emergency FY11 Budget Bill (LD 1372, PL 2011 c. 28) and the Governor's 2012-2013 Biennial Budget Bill (LD 1043, PL 2011 c. 380). It also reflects the impact of the 2012-2013 Highway Fund Biennial Budget Bill (LD 1348, PL 2011 c. 392) and other legislation enacted through June 24, 2011.

General Fund Adjustments to Baseline Budget

"Savings" Initiatives Increasing General Fund Balance ¹

	FY 12	FY 13	Biennium	% of Total
Savings from Retirement Changes	\$157.3	\$177.0	\$334.4	42.1%
Changes to Revenue Sharing Programs	\$42.4	\$48.6	\$91.0	11.5%
School Subsidy (GPA) Reductions	\$49.6	\$30.4	\$80.0	10.1%
MaineCare/Medicaid Savings	\$43.6	\$38.4	\$82.0	10.3%
Other HHS Savings/Reductions	\$8.1	\$24.8	\$32.9	4.1%
Tax Reimbursement Program Savings	\$10.3	\$10.6	\$20.9	2.6%
Health Insurance Savings	\$5.4	\$11.1	\$16.5	2.1%
Personal Services Savings	\$8.6	\$12.5	\$21.1	2.7%
Streamlining State Government Task Force	\$0.0	\$25.0	\$25.0	3.1%
Funding shifted to Other Funds	\$3.6	\$3.7	\$7.3	0.9%
Other Miscellaneous Savings and Reductions	\$50.2	\$33.2	\$83.4	10.5%
TOTAL ADJUSTMENTS INCREASING BALANCE	\$379.2	\$415.3	\$794.5	100.0%



Notes:

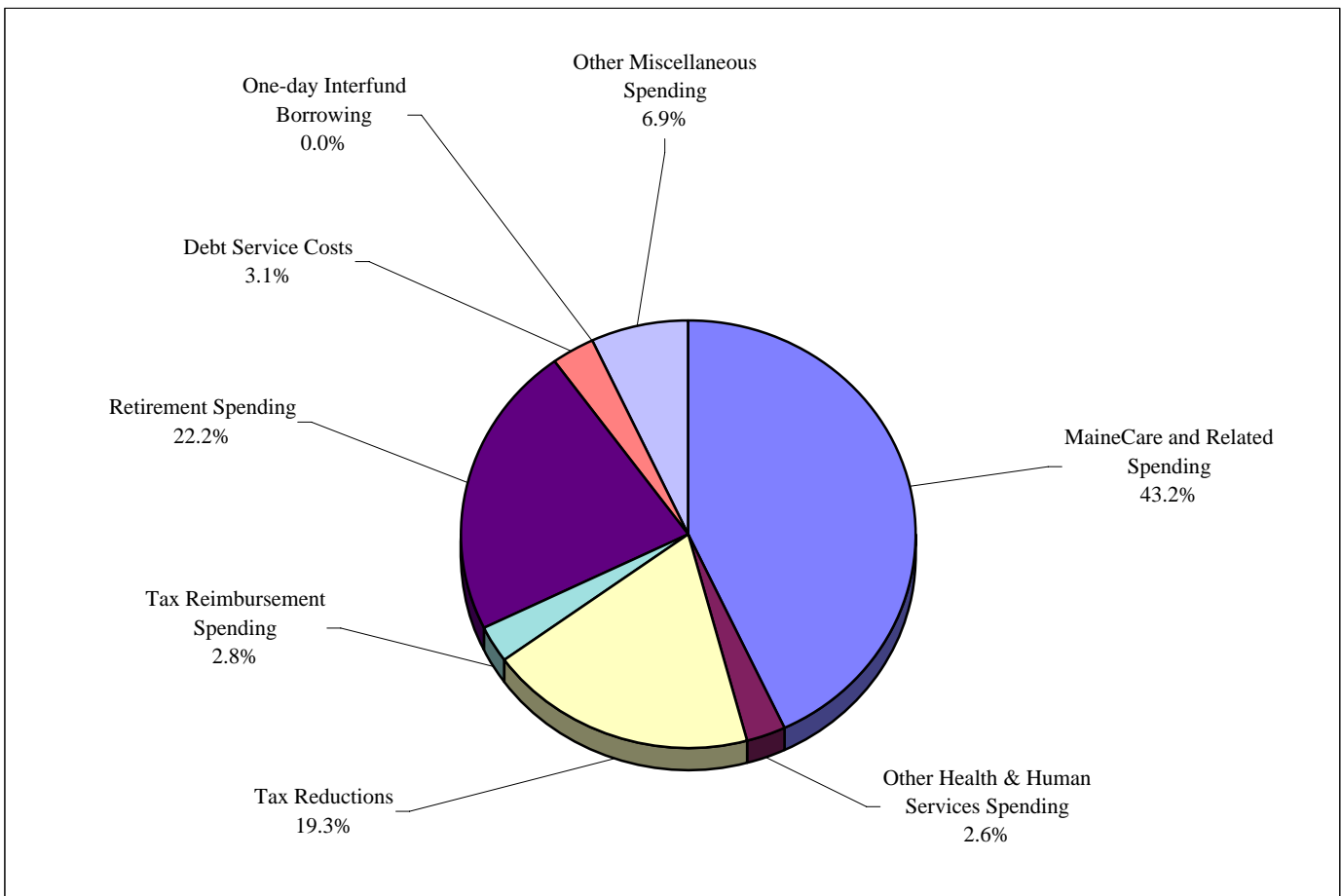
¹ "Savings" initiatives include those items that increase resources from Baseline Budget: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

Amounts may not add due to rounding

General Fund Adjustments to Baseline Budget

"Spending" Initiatives Decreasing General Fund Balance ¹

	FY 12	FY 13	Biennium	% of Total
MaineCare and Related Spending	\$173.8	\$141.1	\$314.8	43.2%
Other Health & Human Services Spending	\$12.3	\$6.7	\$19.0	2.6%
Tax Reductions	\$48.0	\$92.5	\$140.5	19.3%
Tax Reimbursement Spending	\$10.1	\$10.1	\$20.2	2.8%
Retirement Spending	\$73.6	\$88.2	\$161.9	22.2%
Debt Service Costs	\$9.6	\$12.9	\$22.4	3.1%
One-day Interfund Borrowing	(\$43.0)	\$43.0	\$0.0	0.0%
Other Miscellaneous Spending	\$26.9	\$23.5	\$50.4	6.9%
TOTAL ADJUSTMENTS DECREASING BALANCE	\$311.3	\$417.9	\$729.2	100.0%



Notes:

¹ "Spending" initiatives include all those items that decrease resources from Baseline Budget: appropriations; revenue decreases; transfers to other funds; and other negative adjustments to fund balance. Does not reflect transfers of appropriations between General Fund programs that net to \$0.

Amounts may not add due to rounding

HIGHWAY FUND STATUS

Based on Highway Fund Biennial Budget (LD 1348, PL 2011 c. 392) ¹

	FY 11	FY 12	FY 13
AVAILABLE FUNDS			
Transfers/Adjustments to Balance:			
Through 124th Legislature	(\$1,644,410)	\$0	\$0
Highway Fund Biennial Budget Bill (LD 1348 as Amended)	\$0	(\$5,300,052)	(\$5,419,451)
Subtotal - Transfers/Adjustments to Balance	(\$1,644,410)	(\$5,300,052)	(\$5,419,451)
Highway Fund Revenue:			
December 2010 Base Revenue Estimate	\$307,728,807	\$315,026,156	\$320,369,844
May 2011 Revenue Revision	\$560,326	\$1,331,284	\$3,264,407
Highway Fund Biennial Budget Bill (LD 1348 as Amended)	\$0	\$0	(\$5,266,227)
Subtotal - Undedicated Revenue	\$308,289,133	\$316,357,440	\$318,368,024
TOTAL PROJECTED RESOURCES	\$306,644,723	\$311,057,388	\$312,948,573
Highway Fund Allocations			
Allocations through 124th Leg. / 2012-2013 Baseline Budget	\$305,225,002	\$296,661,470	\$302,982,834
EFY11 Highway Fund Budget Bill (PL 2011, c. 20)	(\$160,049)		
Highway Fund Biennial Budget Bill (LD 1348 as Amended)	(\$754,870)	\$16,243,543	\$10,039,380
TOTAL Highway Fund Allocations	\$304,310,083	\$312,905,013	\$313,022,214
NET CHANGE (Resources less Allocations)	\$2,334,640	(\$1,847,625)	(\$73,641)
BEGINNING BALANCE	\$150,282	\$2,484,922	\$637,297
NET CHANGE (FROM ABOVE)	\$2,334,640	(\$1,847,625)	(\$73,641)
ENDING BALANCE	\$2,484,922	\$637,297	\$563,656

Major Changes 2012-2013 Biennial Highway Fund Budget (LD 1348 as Amended):

	Net Cost (Savings)	
	FY 12	FY 13
> Transfer from General Fund (Not included in amended budget bills)	\$0	\$0
> Savings from various retirement and retiree health insurance changes	(\$13,094,843)	(\$15,382,498)
> State employee salary-related and health insurance savings	(\$1,489,456)	(\$3,078,896)
> Additional funding for Urban-Rural Initiative Program	\$5,568,581	\$4,968,385
> Elimination of fuel tax indexing in FY 13	\$0	\$5,266,227
> Funding for Highway and Bridge Capital	\$1,000,000	\$1,500,000
> Funding for Highway and Bridge Light Capital	\$19,322,250	\$16,088,362
> Funding for debt services costs above baseline	\$919,824	\$723,297
> Transfer to Transcap Trust Fund based on State Police savings	\$5,300,052	\$5,419,451
> Miscellaneous other net adjustments to Baseline Budget	\$4,017,187	\$5,220,730

Notes:

¹ Based on all legislative changes through the 124th Legislature, the December 2010 and May 2011 Revenue Forecasts, the Emergency FY 11 Highway Fund Supplemental Budget Bill (LD 576, PL 2011, c. 20) and the 2012-2013 Highway Fund Unified Biennial Budget Bill (LD 1348 as amended).

FUND FOR A HEALTHY MAINE (FHM) STATUS
Based on 2012-2013 Biennial Budget (LD 1043, PL 2011 c. 380) ¹

	FY 11	FY 12	FY 13
<u>FHM RESOURCES:</u>			
Revenue:			
December 2010 Base Revenue Estimate	\$52,794,093	\$53,459,128	\$54,592,171
May 2011 Revenue Revision	\$1,592,106	\$2,336	(\$238,344)
2012-2013 Biennial Budget (LD 1043 as Amended)	\$0	\$161,786	(\$685,895)
Subtotal - Revenue	\$54,386,199	\$53,623,250	\$53,667,932
Total FHM Resources	\$54,386,199	\$53,623,250	\$53,667,932
<u>FHM ALLOCATIONS AND OTHER USES:</u> ³			
<u>Transfers</u>			
Transfers through 124th Leg./2012-2013 Biennial Budget	\$1,455,770	\$1,375,000	\$3,240,000
Subtotal - Transfers	\$1,455,770	\$1,375,000	\$3,240,000
<u>Allocations</u>			
Allocations through 124th Leg. / 2012-2013 Baseline	\$59,243,528	\$58,928,332	\$58,997,258
2012-2013 Adjustments to Baseline Budget ²	\$0	(\$8,572,316)	(\$8,570,771)
	\$59,243,528	\$50,356,016	\$50,426,487
Total Allocations and Other Uses	\$60,699,298	\$51,731,016	\$53,666,487
Net Change (Resources minus Allocations and Other Uses)	(\$6,313,099)	\$1,892,234	\$1,445
BEGINNING BALANCE	\$4,421,147	(\$1,891,952)	\$282
NET CHANGE (FROM ABOVE)	(\$6,313,099)	\$1,892,234	\$1,445
ENDING BALANCE ⁴	(\$1,891,952)	\$282	\$1,727

Summary of Major Changes

	FY 12	FY 13
> Reduces funding to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$8,168,936)	(\$8,168,936)
> Eliminates/Transfers 10 positions and related All Other to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$821,532)	(\$849,742)
> Provides funding to reimburse those public schools that are providing breakfast for the cost of providing free breakfast to eligible students.	\$61,652	\$61,652
> Adjusts funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.	\$356,500	\$386,255

Notes:

¹ Based on all legislative changes through the 124th Legislature, the December 2010 and May 2011 Revenue Forecasts, the Emergency FY 11 Supplemental Budget Bills (LD 100, PL 2011, c. 1 and LD 1372, PL 2011, c. 28) and the 2012-2013 Biennial Budget Bill (LD 1043 as amended).

² See **Appendix F** for side-by-side comparison of Governor's proposals and LD 1043 as amended and see separate OFPR document for an overview of the Emergency FY 11 Supplemental Budget, PL 2011, c. 1.

³ For the purposes of this summary, transfers out are treated as an expenditure/use and are positive amounts, while transfers in are negative amounts.

⁴ PL 2011, c. 1, Part G allows the State Controller to transfer up to \$3,500,000 in FY 11 from Other Special Revenue Funds to the Fund for a Healthy Maine to help meet obligations of the Fund for a Healthy Maine for FY 11 and requires the State Controller to transfer the funds advanced to the Fund for a Healthy Maine back to Other Special Revenue Funds as repayment with interest on July 1, 2011.

2012-2013 Biennial Budget Bills as Enacted Property Tax and Local Government Impacts

Department/Program	FY12 Funding Increase (Decrease) Millions of \$'s	FY13 Funding Increase (Decrease) Millions of \$'s
Administrative and Financial Services		
Maine Residents Property Tax		
> Prorated benefits to 80% for additional 2 program years	(\$10.015)	(\$10.269)
Tree Growth Tax Reimbursement		
> Reduced offsets in municipal education costs increased reimbursement requests	\$2.713	\$2.012
Elderly Tax Deferral Program		
> Number of participants is small and declining, reducing funding needs	(\$0.006)	(\$0.006)
Homestead Property Tax Exemption Reimbursement		
> Prior year adjusted municipal mill rates increases number of exemptions	\$7.422	\$8.042
Mandate BETE -- Reimburse Municipalities		
> Funding reduced to reflect lack of extraordinary municipal claims	(\$0.025)	(\$0.025)
Veterans' Organization Tax Reimbursement		
> Funding reduced because new reimbursement claims remain low	(\$0.293)	(\$0.288)
Veterans Tax Reimbursement		
> Funding reduced due to declining mill rates and fewer qualifying veterans	(\$0.020)	\$0.030
Corrections		
Department of Corrections		
> Provides funding for wastewater treatment charges by municipal sanitary districts	\$0.275	\$0.291
State Board of Corrections		
> Provides \$3,500,000 a year to support county jail costs	\$3.500	\$3.500
Education		
General Purpose Aid for Local Schools		
> Reduction from State Share at 55% to Baseline Appropriations	(\$118.393)	(\$136.706)
> Net Reduction below Baseline (see appendix A)	(\$55.276)	(\$36.137)
Transportation		
Urban Rural Initiative Program		
> Adjusts funding at the correct proportioned rate based on Highway Fund allocations to the Department of Transportation	\$5.569	\$4.968
Maintenance and Operations		
> Provides funding to reimburse municipalities for Priority 3 and Priority 4 sand and salt building projects	\$0.833	\$0.000
Island Town Refunds - Highway		
> Repeals the provision of law that required 75% of motor vehicle registration fees from inhabitants of certain island towns be spent on roads within those towns	(\$0.110)	(\$0.110)
Treasurer of State		
Municipal Revenue Sharing		
> Continuation of fixed dollar amount transfers back to General Fund	(\$40.351)	(\$44.267)
> Reductions to revenue sharing transfers from income and sales tax reductions	(\$2.062)	(\$4.356)

2012-2013 Biennial Budget Bills as Enacted

SUMMARY OF POSITION CHANGES

<u>Fund</u>	<u>Total Authorized Positions - Prior to 125th Legislature</u>	<u>Baseline Budget Administrative Adjustments¹</u>	<u>Baseline Budget Changes²</u>	<u>Total Authorized Positions - Governor's Proposals</u>
General Fund	5,915.493	(11.465)	(50.454)	5,853.574
Highway Fund	2,326.919	(4.000)	(52.846)	2,270.073
Federal Expenditures Fund	1,604.273	(12.115)	(85.237)	1,506.921
Fund for a Healthy Maine	19.500	0.000	(10.000)	9.500
Other Special Revenue Fund	2,458.753	(4.156)	(33.317)	2,421.280
Federal Block Grant	124.500	0.000	(4.000)	120.500
Other Funds	1,295.815	(9.614)	(25.382)	1,260.819
Total Change of Authorized Positions	13,745.253	(41.350)	(261.236)	13,442.667

Notes:

¹ Reflects administrative adjustments made pursuant to 5 MRSA §1583-A, sub-§3, which authorizes the Governor and the State Budget Officer to adjust positions when preparing the next budget to reflect the number of limited-period positions that, in their opinion, are necessary to the proper operation of each department, institution or agency.

² Reflects the position adjustments contained in the 2012-2013 Biennial Budget Bill (LD 1043, PL 2011 c. 380) and the 2012-2013 Highway Fund Budget Bill (LD 1348, PL 2011 c. 392).

APPENDIX A

GENERAL FUND APPROPRIATIONS BY MAJOR CATEGORIES

General Fund Appropriations - Summary	A-1
General Purpose Aid for Local Schools	A-2
MaineCare/Medicaid	A-3
Higher Education	A-6
Teacher Retirement	A-7
Debt Service	A-8
Personal Services	A-9
Other Non-Personal Services Appropriations	A-10

Appendix A - General Fund Appropriations Summary

Presented below are tables summarizing the General Fund appropriations starting with the Baseline Budget appropriations and FY 11 appropriations prior to the start of the 125th Legislature and concluding with the actual net appropriations as enacted by the General Fund Unified Biennial Budget Bill and the changes enacted in the Emergency FY 11 Supplemental Budget Bills, PL 2011 c. 1 (LD 100) and PL 2011 c. 28 (LD 1372). Additional detail and descriptions are available in the remainder of this Appendix.

General Fund Expenditures/Appropriations - Governor's Baseline Budget Recommendations				
	Expenditures	124th Legislature	Baseline Budget Appropriations	
Major Categories	FY 10	FY 11	FY 12	FY 13
General Purpose Aid for Local Schools	\$889,714,836	\$876,429,765	\$948,053,784	\$948,053,784
Medicaid/MaineCare	\$437,801,757	\$303,827,194	\$510,067,147	\$510,067,147
Higher Education	\$261,774,007	\$268,541,493	\$270,891,493	\$270,891,493
Teachers' Retirement	\$208,993,254	\$219,061,200	\$219,061,200	\$219,061,200
Debt Service	\$116,474,424	\$119,765,618	\$121,535,329	\$121,535,329
Personal Services	\$431,759,184	\$422,288,873	\$463,856,822	\$482,845,007
Other - Non-Personal Services	\$519,916,055	\$501,656,680	\$493,620,444	\$493,603,543
Total General Fund Appropriations	\$2,866,433,517	\$2,711,570,823	\$3,027,086,219	\$3,046,057,503
Annual % Change		-5.4%	11.6%	0.6%

General Fund Appropriations - Adjustments from Baseline Budget			
	EFY 11 Budget Bills	Adjustments from Baseline Budget	
Major Categories	FY 11	FY 12	FY 13
General Purpose Aid for Local Schools	(\$5,713,365)	(\$55,294,833)	(\$36,159,633)
Medicaid/MaineCare	\$178,951,446	\$125,622,871	\$99,393,222
Higher Education	(\$125,445)	(\$150,000)	\$475,445
Teachers' Retirement	\$0	(\$46,468,352)	(\$44,128,308)
Debt Service	(\$5,616,701)	\$352,722	\$7,855,937
Personal Services	(\$2,330,522)	(\$46,957,157)	(\$63,929,331)
Other - Non-Personal Services	(\$3,982,064)	\$34,447,052	(\$12,340,039)
Total General Fund Appropriations	\$161,183,349	\$11,552,303	(\$48,832,707)

General Fund Appropriations - After Adjustments				
	Expenditures	EFY 11 Budget Bills	Net Appropriations	
Major Categories	FY 10	FY 11	FY 12	FY 13
General Purpose Aid for Local Schools	\$889,714,836	\$870,716,400	\$892,758,951	\$911,894,151
Medicaid/MaineCare	\$437,801,757	\$482,778,640	\$635,690,018	\$609,460,369
Higher Education	\$261,774,007	\$268,416,048	\$270,741,493	\$271,366,938
Teachers' Retirement	\$208,993,254	\$219,061,200	\$172,592,848	\$174,932,892
Debt Service	\$116,474,424	\$114,148,917	\$121,888,051	\$129,391,266
Personal Services	\$431,759,184	\$419,958,351	\$416,899,665	\$418,915,676
Other - Non-Personal Services	\$519,916,055	\$497,674,616	\$528,067,496	\$481,263,504
Total General Fund Appropriations	\$2,866,433,517	\$2,872,754,172	\$3,038,638,522	\$2,997,224,796
Annual % Change		0.2%	5.8%	-1.4%

General Purpose Aid for Local Schools

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$889,714,836	\$876,429,765	\$948,053,784	\$948,053,784
EFY 11 Budget Bills (PL 2011 c. 1 and 28)		(\$5,713,365)		
Adjustments to Baseline Budget			(\$55,294,833)	(\$36,159,633)
Total Appropriations	\$889,714,836	\$870,716,400	\$892,758,951	\$911,894,151
Annual % Change		-2.1%	2.5%	2.1%

Biennial Baseline Budget

The Baseline Budget is increased upward to reflect approximately \$71.6 million in one-time savings in FY 11 to the General Purpose Aid for Local Schools program associated with the loss of federal ARRA funds (\$58.8 million) and other one-time reductions in FY 11.

EFY 11 Budget Bills (PL 2011 c. 1 and 28)

Public Law 2011 c. 1, the Emergency FY 11 Supplemental Budget, deappropriated \$5.7 million from the General Purpose Aid for Local Schools program and transferred those funds to the Child Development Services System (CDS) in order to better reflect special education costs for state ward and state agency clients who receive services through the CDS program.

Adjustments to Baseline Budget

The enacted Biennial Budget Bill accepts the Governor's proposed adjustments to reduce baseline appropriations in the All Other line category for General Purpose Aid for Local Schools by approximately \$54.9 million in FY 12 and \$35.9 million in FY 13 and proposes to reduce the State share of funding K-12 public education from 55% of 100% of the total cost of essential programs and services in FY 12 to 46.19% of 97% of the total cost of Essential Programs and Services (EPS). The Committee Amendment also reduced funding the Center of Excellence for At-risk Students within GPA by \$400,000 in fiscal year 2011-12 and \$200,000 in fiscal year 2012-13.

Other Comments/Adjustments

The enacted Biennial Budget Bill includes a provision that, beginning in FY 12, the annual targets for the state share percentage of the total cost of funding public education include the cost components of EPS plus the state contributions to teacher retirement, retired teachers' health insurance and retired teachers' life insurance.

The enacted budget does not appropriate funding for General Purpose Aid for Local Schools in FY 13 at 55% of 100% of the total estimated cost of EPS as required by statute. No amendment is proposed to adjust the annual target for the state share percentage of the statewide adjusted total cost of the components of essential programs and services set forth in 20-A MRSA §15671, sub-§7-B based on the reduced funding levels proposed for FY 13. The additional appropriations required to achieve the "55% state share" funding goal are \$175.1 million in FY 12 and \$174.5 million in FY 13. The FY 13 amount is the shortfall based on revised statutory requirements.

The amounts above exclude Personal Services appropriations of \$1,843,191 in FY 12 and \$1,907,795 in FY 13, see below for total appropriations to General Purpose Aid for Local Schools.

Summary of General Purpose Aid for Local Schools by Line Category

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget				
Personal Services	\$1,673,854	\$1,653,222	\$1,821,943	\$1,883,386
All Other	\$889,714,836	\$876,429,765	948,053,784	948,053,784
Total General Purpose Aid for Local Schools	\$891,388,690	\$878,082,987	\$949,875,727	\$949,937,170
Adjustments to Baseline				
Personal Services		\$13,365	\$21,248	\$24,409
All Other		(\$5,713,365)	(55,294,833)	(36,159,633)
Total Appropriations				
Personal Services	\$1,673,854	\$1,666,587	\$1,843,191	\$1,907,795
All Other	\$889,714,836	\$870,716,400	\$892,758,951	\$911,894,151
Total General Purpose Aid for Local Schools	\$891,388,690	\$872,382,987	\$894,602,142	\$913,801,946

Medicaid/MaineCare ¹

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$437,801,757	\$303,827,194	\$510,067,147	\$510,067,147
EFY 11 Budget Bills (PL 2011 c. 1 and 28)		\$178,951,446		
Adjustments to Baseline Budget			\$125,622,871	\$99,393,222
Total Appropriations	\$437,801,757	\$482,778,640	\$635,690,018	\$609,460,369
Annual % Change		10.3%	31.7%	-4.1%

Biennial Baseline Budget

The Baseline Budget for the 2012-2013 biennium increases appropriations from FY 11 levels by \$206.2 million as a result of various net one-time spending/savings initiatives, primarily the expiration of the enhanced Federal Medical Assistance Percentage (FMAP) provided in the American Recovery and Reinvestment Act (ARRA) of 2009, which accounts for \$196.5 million of these adjustments. PL 2009, c. 213, Part ZZZZ required a reduction to the All Other funding Baseline Budget for the MaineCare seed programs of 2.5% per year based on the final FY 11 ongoing appropriations.

EFY 11 Budget Bills (PL 2011 c. 1 and 28)

The EFY 11 Budget Bill, PL 2011 c. 1, provided appropriations of \$146.8 million for MaineCare programs, including: \$69.5 million to pay overdue hospital MaineCare settlement payments; \$32.4 million to offset the impact of the phase down of the American Recovery and Reinvestment Act (ARRA) of 2009 enhanced Federal Medicaid match rate; and \$39.4 million to offset additional costs attributed to increased MaineCare caseloads. These appropriations were partially offset by \$4.7 million in deappropriations, primarily \$2.8 million from MaineCare provider tax rejections. The EFY 11 Budget Bill, PL 2011 c. 28, provided appropriations of \$29.7 million to restore a deappropriation related to the disallowance of federal financial participation for targeted case management claims in fiscal years 2001-02 and 2002-03, and \$6.9 million for growth in the MaineCare program.

Adjustments to Baseline Budget

The enacted adjustments to the Baseline Budget include additional MaineCare appropriations of \$171.1 million in FY 12 and \$139.7 million in FY 13. Partially offsetting these appropriations are MaineCare deappropriations totaling \$45.5 million in FY 12 and \$40.3 million in FY 13.

Appropriation Increases (\$'s in millions):

	FY 12	FY 13
Provides funding for MaineCare program growth above baseline assumptions .	\$59.2	\$58.2
Provides funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.	\$31.7	\$34.2
Provides funding in the MaineCare program to reflect the conversion of payments to hospitals from a prospective interim payment methodology to payments based on diagnosis-related groupings (DRGs) and ambulatory patient classifications (APCs delayed until July 1, 2012 - see impact below).	\$42.0	\$39.6
Provides funding to offset the loss of supplemental rebates due to the federal Patient Protection and Affordable Care Act.	\$5.8	\$4.9
Provides one-time funding for the federal disallowance related to targeted case management services provided in 2002 and 2003.	\$29.7	\$0.0
Other MaineCare spending initiatives.	\$1.4	\$1.5
Intrafund transfers from other programs	\$1.3	\$1.3
	\$171.1	\$139.7

Appropriation Decreases (\$'s in millions):	FY 12	FY 13
Reduces funding by extending the implementation date of the conversion of hospital prospective interim payments for hospital outpatient services to an ambulatory patient classification (APC) methodology to July 1, 2012.	(\$18.7)	\$0.0
Reduces funding from the implementation of a managed care strategy effective July 1, 2012.	\$0.0	(\$8.1)
Reduces funding by limiting medical assistance benefits to certain legal noncitizens except for benefits for children and pregnant women.	(\$2.6)	(\$2.6)
Reduces funding as a result of establishing 15 limited-period positions to expedite disability determinations and reduce the time period for determination of disability and achieve one-time savings by decreasing payments for benefits with State funds.	(\$4.3)	(\$5.2)
Adjusts funding as a result of increased contributions beginning January 1, 2012 from the Dirigo Health Fund for the Medicaid seed for the MaineCare program for parents of children whose family income levels exceed 133% of the federal poverty level.	(\$1.2)	(\$4.9)
Adjusts funding to recognize the savings from earned federal revenue.	(\$1.8)	(\$1.8)
Reduces funding from savings to be achieved from the review of the future role and structure of the Dorothea Dix Psychiatric Center by the working group established in this Act.	\$0.0	(\$2.5)
Adjusts funding in the various MaineCare accounts to reflect modifications to projections of MaineCare-dedicated tax revenues.	(\$2.8)	(\$2.8)
Reduces funding to reflect the proper application of cost of care under the MaineCare Benefits Manual, Chapters II and III, Section 97, Appendix C and F.	(\$8.4)	(\$4.2)
Reduces funding as a result of recoveries from Maine's recently approved state plan amendment to use a recovery audit contractor to address overpayments to providers.	\$0.0	(\$1.3)
Reduces funding as a result of implementation of medication therapy management to decrease inappropriate utilization of prescription drugs.	(\$0.6)	(\$1.2)
Reduces funding to recognize one-time savings during the 2012-2013 biennium from increased recoveries from third-party payers.	(\$1.0)	(\$1.0)
Reduces funding as a result of savings from pharmaceuticals that are subject to patent expiration and can be replaced with generic drugs.	(\$0.2)	(\$1.6)
Reduces funding from reducing reimbursement for outpatient substance abuse and mental health services to MaineCare Section 65 rates effective July 1, 2012.	\$0.0	(\$1.0)
Reduces funding to recognize savings from unnecessary emergency department utilization.	(\$1.5)	\$0.0
Other MaineCare savings initiatives.	(\$1.0)	(\$0.7)
Intrafund transfers to other programs	(\$1.6)	(\$1.6)
	(\$45.5)	(\$40.3)

Summary of MaineCare Programs - Appropriations Baseline Budget

	FY 10	FY 11	Baseline Budget	
	Expenditures	Appropriations	FY 12	FY 13
Medical Care - Payments to Providers 0147	\$263,752,480	\$149,020,905	\$279,781,173	\$279,781,173
Nursing Facilities 0148	\$32,126,771	\$42,072,304	\$69,509,265	\$69,509,265
Medicaid Services - Developmental Services 0705	\$17,384,610	\$5,240,293	\$15,224,135	\$15,224,135
Developmental Services Waiver - MaineCare 0987	\$57,740,520	\$57,990,262	\$78,644,569	\$78,644,569
Developmental Services Waiver - Supports Z006	\$5,186,869	\$4,702,896	\$4,768,976	\$4,768,976
Traumatic Brain Injury Seed (Z042)	\$0	\$95,302	\$111,160	\$111,160
Mental Health Services - Child Medicaid 0731	\$31,996,303	\$15,543,097	\$21,368,634	\$21,368,634
Mental Health Services - Community Medicaid 0732	\$23,773,089	\$24,119,925	\$35,242,859	\$35,242,859
Office of Substance Abuse - Medicaid Seed 0844	\$2,118,498	\$1,802,537	\$2,171,370	\$2,171,370
Disproportionate Share Hospitals (RPC and DDPC) ¹	\$3,722,617	\$3,239,673	\$3,245,006	\$3,245,006
Subtotal	\$437,801,757	\$303,827,194	\$510,067,147	\$510,067,147

Summary of MaineCare Programs - Adjustments - FY 11 through FY 13

	PL 2011 c. 1, c. 28	Committee Amendment	Adjustments
	FY 11	FY 12	FY 13
Medical Care - Payments to Providers 0147	\$147,552,290	\$95,365,520	\$70,194,968
Nursing Facilities 0148	\$3,176,170	\$2,359,831	\$2,743,800
Medicaid Services - Developmental Services 0705	\$10,428,569	\$7,809,348	\$7,881,456
Developmental Services Waiver - MaineCare 0987	\$2,599,105	\$4,298,131	\$4,656,873
Developmental Services Waiver - Supports Z006	\$643,179	\$1,491,592	\$1,514,786
Traumatic Brain Injury Seed Z042	\$7,147	\$5,170	\$5,601
Mental Health Services - Child Medicaid 0731	\$11,652,791	\$11,483,231	\$11,566,177
Mental Health Services - Community Medicaid 0732	\$2,432,129	\$2,156,777	\$2,313,495
Office of Substance Abuse - Medicaid Seed 0844	\$460,066	\$961,869	\$974,639
Disproportionate Share Hospitals (RPC and DDPC) ¹	\$0	(\$308,598)	(\$2,458,573)
Subtotal	\$178,951,446	\$125,622,871	\$99,393,222

Summary of MaineCare Programs - Appropriations with Committee Amendment 2012-2013 Adjustments

	FY 10	FY 11	Committee Amendment	
	Expenditures	Appropriations	FY 12	FY 13
Medical Care - Payments to Providers 0147	\$263,752,480	\$296,573,195	\$375,146,693	\$349,976,141
Nursing Facilities 0148	\$32,126,771	\$45,248,474	\$71,869,096	\$72,253,065
Medicaid Services - Developmental Services 0705	\$17,384,610	\$15,668,862	\$23,033,483	\$23,105,591
Developmental Services Waiver - MaineCare 0987	\$57,740,520	\$60,589,367	\$82,942,700	\$83,301,442
Developmental Services Waiver - Supports Z006	\$5,186,869	\$5,346,075	\$6,260,568	\$6,283,762
Traumatic Brain Injury Seed (Z042)	\$0	\$102,449	\$116,330	\$116,761
Mental Health Services - Child Medicaid 0731	\$31,996,303	\$27,195,888	\$32,851,865	\$32,934,811
Mental Health Services - Community Medicaid 0732	\$23,773,089	\$26,552,054	\$37,399,636	\$37,556,354
Office of Substance Abuse - Medicaid Seed 0844	\$2,118,498	\$2,262,603	\$3,133,239	\$3,146,009
Disproportionate Share Hospitals (RPC and DDPC) ¹	\$3,722,617	\$3,239,673	\$2,936,408	\$786,433
Total	\$437,801,757	\$482,778,640	\$635,690,018	\$609,460,369
Annual % Change		10.3%	31.7%	-4.1%

¹ Does not include Personal Services expenditures/appropriations that are included in the Personal Services summary.

Higher Education

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$261,774,007	\$268,541,493	\$270,891,493	\$270,891,493
EFY 11 Budget Bills (PL 2011 c. 1 and 28)		(\$125,445)		
Adjustments to Baseline Budget			(\$150,000)	\$475,445
Total Appropriations	\$261,774,007	\$268,416,048	\$270,741,493	\$271,366,938
Annual % Change		2.5%	0.9%	0.2%

Biennial Baseline Budget

The Baseline Budget includes a \$2.35 million increase from FY 11 to adjust for one-time initiatives for the higher education programs. These include reductions to the University of Maine System, Maine Maritime Academy and the Maine Community College System (\$3.85 million) and one-time appropriation to the Doctors for Maine's Future Scholarship Fund within the Finance Authority of Maine (\$1.5 million). The Governor did not include adjustments to several one-time FY 11 deappropriations of approximately \$6.6 million associated with federal stimulus funds.

EFY 11 Budget Bills (PL 2011 c. 1 and 28)

Public Law 2011 c. 1, the Governor's Emergency Supplemental Budget, reduced FY 11 appropriations to the Doctors for Maine's Future Scholarship Fund program within FAME by \$125,445 and included language that the funding be restored no later than June 30, 2013.

Adjustments to Baseline Budget

The enacted Biennial Budget Bill includes the Governor's proposed adjustments to the 2012-2013 Biennial Budget and increases the baseline funding for Higher Education by \$100,000 in FY 12 and \$225,445 million in FY 13, which includes the restoration of the reduction made in the EFY 11 Budget Bill. The enacted budget also reduces funding to the Maine Community College System by \$250,000 in FY 2011-12 and increased funding to the System by \$250,000 in FY 2012-13. The table below details the funding for each of the State's higher education institutions.

Summary of Higher Education by Institution

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
University of Maine System				
Biennial Budget - Baseline Budget	\$188,356,626	\$193,695,388	\$196,615,506	\$196,615,506
Adjustments		\$0	\$0	\$0
Total Expenditures/Appropriations	\$188,356,626	\$193,695,388	\$196,615,506	\$196,615,506
Annual % Change		2.8%	1.5%	0.0%
Maine Community College System				
Biennial Budget - Baseline Budget	\$52,228,351	\$53,905,224	\$54,690,828	\$54,690,828
Adjustments		\$0	(\$250,000)	\$250,000
Total Expenditures/Appropriations	\$52,228,351	\$53,905,224	\$54,440,828	\$54,940,828
Annual % Change		3.2%	1.0%	0.9%
Maine Maritime Academy				
Biennial Budget - Baseline Budget	\$8,204,025	\$8,467,428	\$8,611,706	\$8,611,706
Adjustments		\$0	\$0	\$0
Total Expenditures/Appropriations	\$8,204,025	\$8,467,428	\$8,611,706	\$8,611,706
Annual % Change		3.2%	1.7%	0.0%
Other Higher Education Spending				
Biennial Budget - Baseline Budget	\$12,985,005	\$12,473,453	\$10,973,453	\$10,973,453
Adjustments		(\$125,445)	\$100,000	\$225,445
Total Expenditures/Appropriations	\$12,985,005	\$12,348,008	\$11,073,453	\$11,198,898
Annual % Change		-4.9%	-10.3%	1.1%

Teacher Retirement

(Including Retired Teachers' Health Insurance and Group Life Insurance)

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$208,993,254	\$219,061,200	\$219,061,200	\$219,061,200
EFY 11 Budget Bills (PL 2011 c. 1 and 28)		\$0		
Adjustments to Baseline Budget			(\$46,468,352)	(\$44,128,308)
Total Appropriations	\$208,993,254	\$219,061,200	\$172,592,848	\$174,932,892
Annual % Change		4.8%	-21.2%	1.4%

Biennial Baseline Budget

The Baseline Budget maintains baseline General Fund appropriations for FY 12 and FY 13 for the Teacher Retirement, Retired Teachers' Health Insurance and Retired Teachers' Group Health Insurance programs at FY 11 levels with no adjustments for any one-time initiatives.

EFY 11 Budget Bills (PL 2011 c. 1 and 28)

Public Law 2011 c. 1, the Governor's Emergency FY 11 Supplemental Budget, made no adjustments to the Teacher Retirement program, the Retired Teachers' Health Insurance program or the Retired Teachers' Group Life Insurance program.

Adjustments to Baseline Budget

The enacted Biennial Budget Bill includes the Governor's proposal to increase total General Fund appropriations for Teacher Retirement by 33.4%, or \$73.1 million, in FY 12 and an additional 5.0%, or \$87.7 million, in FY 13. The table at the bottom of this page details each of the programs included in the total funding for Teacher Retirement. The enacted budget also amends the Governor's proposed changes to the pensions and health insurance benefits for retired teachers and state employees (see Appendix D for a more detailed description of changes). The initiatives below reflect the adjustments in the funding to teachers' retirement and retired teachers health insurance as a result of the changes.

Major Statewide Retirement Savings Initiatives:

	FY 12	FY 13
> Changes to future pension obligations	(\$101,827,271)	(\$103,459,761)
> Changes resulting from updated actuarial assumptions	(\$19,386,505)	(\$28,277,286)
> Changes to future retiree health obligations	\$1,615,261	(\$95,518)
Total	(\$119,598,515)	(\$131,832,565)

Summary of Teacher Retirement by Program

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Teacher Retirement				
Biennial Budget - Baseline Budget	\$187,807,696	\$196,728,565	\$196,728,565	\$196,728,565
Adjustments		\$0	(\$50,094,241)	(\$47,894,727)
Total Expenditures/Appropriations	\$187,807,696	\$196,728,565	\$146,634,324	\$148,833,838
Annual % Change		4.8%	-25.5%	1.5%
Retired Teachers' Health Insurance				
Biennial Budget - Baseline Budget	\$18,768,421	\$19,800,684	\$19,800,684	\$19,800,684
Adjustments		\$0	\$3,199,316	\$3,199,316
Total Expenditures/Appropriations	\$18,768,421	\$19,800,684	\$23,000,000	\$23,000,000
Annual % Change		5.5%	16.2%	0.0%
Retired Teachers' Group Life Insurance				
Biennial Budget - Baseline Budget	\$2,417,137	\$2,531,951	\$2,531,951	\$2,531,951
Adjustments		\$0	\$426,573	\$567,103
Total Expenditures/Appropriations	\$2,417,137	\$2,531,951	\$2,958,524	\$3,099,054
Annual % Change		4.7%	16.8%	4.8%

Debt Service

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$116,474,424	\$119,765,618	\$121,535,329	\$121,535,329
EFY 11 Budget Bills (PL 2011 c. 1 and 28)		(\$5,616,701)		
Adjustments to Baseline Budget			\$352,722	\$7,855,937
Total Appropriations	\$116,474,424	\$114,148,917	\$121,888,051	\$129,391,266
Annual % Change		-2.0%	6.8%	6.2%

Biennial Baseline Budget

Baseline Budget appropriations for debt service are increased to offset some one-time savings recognized in FY 11 from Maine Governmental Facilities Authority debt service costs that totaled \$868,711. The Treasurer's debt service appropriations are increased by \$901,000, the amount of earnings on cash balances in bond accounts assumed to be available in FY 11 to offset General Fund appropriations for debt service.

EFY 11 Budget Bills (PL 2011 c. 1 and 28)

Public Law 2011 c. 1, the Emergency Supplemental Budget (LD 100) deappropriated \$5,422,951 for reduced interest costs in FY 11 in the State Treasury from eliminating the Tax Anticipation Note and reducing Bond Anticipation Note borrowing. Maine Governmental Facilities Authority debt service was also reduced in FY 11 by \$150,000. PL 2011 c. 28 recognized \$43,750 in additional savings from assumptions regarding interest on notes.

Adjustments to Baseline Budget

The Debt Service - Treasury program within the Office of the Treasurer of State is increased by \$2,114,722 in FY 12 and by \$8,860,173 in FY 13 based on updated revised assumptions and the information from the June 2011 bond issue. Debt service in the Maine Governmental Facilities Authority is reduced in FY 12 by \$1,455,000 and by \$2,078,000 in FY 13 for refinancing efforts made in FY 11. It also includes an additional \$1,073,764 in FY 13 for the additional debt service costs for the Augusta and Machias courthouse projects, but recognizes additional FY 12 savings of \$307,000 from the Augusta courthouse project.

Summary of Debt Service by Program

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Debt Service - Governmental Facilities Authority 0893				
Biennial Budget - Baseline Budget	\$19,177,483	\$19,094,010	\$19,745,063	\$19,745,063
Adjustments		(\$150,000)	(\$1,455,000)	(\$2,078,000)
Total Expenditures/Appropriations	\$19,177,483	\$18,944,010	\$18,290,063	\$17,667,063
Annual % Change		-1.2%	-3.5%	-3.4%
Judicial - Debt Service Z097				
Biennial Budget - Baseline Budget	\$6,721,155	\$6,843,788	\$7,061,446	\$7,061,446
Adjustments		\$0	(\$307,000)	\$1,073,764
Total Expenditures/Appropriations	\$6,721,155	\$6,843,788	\$6,754,446	\$8,135,210
Annual % Change		1.8%	-1.3%	20.4%
Debt Service - Treasury 0021				
Biennial Budget - Baseline Budget	\$90,575,786	\$93,827,820	\$94,728,820	\$94,728,820
Adjustments		(\$5,466,701)	\$2,114,722	\$8,860,173
Total Expenditures/Appropriations	\$90,575,786	\$88,361,119	\$96,843,542	\$103,588,993
Annual % Change		-2.4%	9.6%	7.0%

Personal Services

	FY 10	FY 11	FY 12	FY 13
	Expenditures	Appropriations	Appropriations	Appropriations
Biennial Budget - Baseline Budget	\$431,759,184	\$422,288,873	\$463,856,822	\$482,845,007
EFY 11 Budget Bills (PL 2011 c. 1 and 28)		(\$2,330,522)		
Adjustments to Baseline Budget			(\$46,957,157)	(\$63,929,331)
Total Appropriations	\$431,759,184	\$419,958,351	\$416,899,665	\$418,915,676
Annual % Change		-2.7%	-0.7%	0.5%

Biennial Budget - Baseline

The Personal Services amounts in the Baseline Budget reflect the salary and benefits costs for authorized positions including the restoration of various one-time reductions during the 2010-2011 biennium, such as shutdown days, and other retirement and health insurance cost increases at currently approved levels. These Personal Services amounts in the Baseline Budget initially increase by more than \$41.5 million (roughly 10%) from FY 11 to FY 12 and then again by roughly 4% in FY 13. The baseline amounts assume an attrition factor of 5%, which is continued in Part F of the Biennial Budget Bill.

EFY 11 Budget Bills (PL 2011 c. 1 and 28)

Public Law 2011 c. 1, the Governor's Emergency Supplemental Budget, reduced personal services costs by \$2.3 million in FY 11 primarily by managing vacant positions.

Adjustments to Baseline Budget

The adjustments to the Baseline Budget reduce Personal Services by 10.1% or approximately \$47.0 million in FY 12 and 13.2% or \$63.9 million in FY 13. The primary statewide initiatives included in the enacted Biennial Budget Bill to achieve these savings include:

	FY 12	FY 13
Major Statewide Personal Services Savings Initiatives:		
> Changes to future pension obligations *	(\$23,822,365)	(\$25,022,281)
> Changes resulting from updated actuarial assumptions	(\$2,774,473)	(\$4,506,851)
> Changes to future retiree health obligations	(\$6,144,599)	(\$10,152,200)
> Savings from retirement incentive	(\$5,000,000)	(\$5,500,000)
> Maintaining health insurance costs at FY 11 levels	(\$4,591,812)	(\$9,552,949)
> Eliminating merit increases in FY 12 and FY 13	(\$3,361,062)	(\$7,163,919)
> Eliminating new longevity payments in FY 12 and FY 13	(\$83,040)	(\$166,079)
Total	(\$45,777,351)	(\$62,064,279)
Other Miscellaneous Net Adjustments to Personal Services	(\$1,179,806)	(\$1,865,052)

* The adjustments to the Baseline Budget reflect the savings associated with the initiatives in the Governor's Budget proposal that make changes to both pension and retiree health insurance benefits for teachers. The portion for the teachers is distributed to the Teacher Retirement program within the Department of Education as an All Other line category reduction. See Appendix D for more information on the pension and other state employee benefit changes.

"Other" Non-Personal Services Appropriations

	FY 10 Expenditures	FY 11 Appropriations	FY 12 Appropriations	FY 13 Appropriations
Biennial Budget - Baseline Budget	\$519,916,055	\$501,656,680	\$493,620,444	\$493,603,543
EFY 11 Budget Bills (PL 2011 c. 1 and 28)		(\$3,982,064)		
Adjustments to Baseline Budget			\$34,447,052	(\$12,340,039)
Total Appropriations	\$519,916,055	\$497,674,616	\$528,067,496	\$481,263,504
Annual % Change		-4.3%	6.1%	-8.9%

Biennial Baseline Budget

The Baseline Budget is decreased by \$8,036,236 from FY 11. The major one-time adjustments include appropriations totaling \$14,000,000 for the Railroad Assistance Program, \$7,000,000 of these appropriations represented an unintended duplicate appropriation from FY 10 year-end General Fund surplus.

EFY 11 Budget Bills (PL 2011 c. 1 and 28)

Total appropriations for this category were reduced by a net amount of \$3,551,988 in the Emergency FY 11 Budget Bill, PL 2011 c. 1. Some of the most significant adjustments included a \$7,000,000 deappropriation to eliminate the duplicate appropriation to the Railroad Assistance Program and a \$4,000,000 deappropriation to the IV-E Foster Care/Adoption Assistance program in DHHS based on available balance carried forward. This bill also included appropriations of \$7,700,000 for Child Development Services (\$5,700,000 offset by a deappropriation in General Purpose Aid for Local Schools), \$934,864 for Disaster Assistance and \$1,877,710 for the Riverview Psychiatric Center.

The 2nd Emergency FY 11 Budget Bill, PL 2011 c. 28, recognized \$2,000,000 in statewide savings from improvements in the procurement process, also continued in the 2012-2013 biennium (see below), and deappropriates \$224,895 from the Governor's Training Initiative program. It also appropriated \$1,272,319 for Child Development Services and \$550,000 for Indigent Legal Services.

Adjustments to Baseline Budget

The major adjustments to Baseline Budget are presented below:

	FY 12	FY 13
ALL DEPARTMENTS STATEWIDE		
Exec. Branch Departments and Independent Agencies - Statewide 0017 (Streamlining Task Force)		
Savings booked from the results of the task force effort to streamline state government.	\$0	(\$25,000,000)
Departments and Agencies - Statewide 0016 (Procurement Savings)		
Savings booked from the efforts to improve procurement methods.	(\$2,000,000)	(\$2,000,000)
Departments and Agencies - Statewide 0016 (Adopted Rule Notices)		
Savings booked by requiring the Secretary of State to publish adopted rule notices only on the publicly accessible website.	(\$116,000)	(\$116,000)
Exec. Branch Departments and Independent Agencies - Statewide 0017 (OIT Rate Savings)		
Savings from rates charged by Office of Information Technology related to Personal Services savings.	(\$220,938)	(\$346,148)
ADMINISTRATIVE AND FINANCIAL SERVICES		
Information Services 0155		
Additional cost of technology expenditures that are necessary to provide ongoing state central services to departments and agencies statewide.	\$3,457,446	\$3,534,341
Tree Growth Tax Reimbursement 0261		
Additional funding for tree growth tax reimbursement.	\$2,712,500	\$2,011,500
Homestead Property Tax Exemption Reimbursement 0886		
Funding for anticipated level of reimbursements.	\$7,442,407	\$8,042,407
CORRECTIONS, DEPARTMENT OF		
Several Programs		
Various net costs increases including food, fuel, and risk insurance.	\$1,504,510	\$1,546,088

CORRECTIONS, STATE BOARD OF**State Board of Corrections Z087**

Provides funding to support county jail costs.

\$3,500,000 \$3,500,000

EDUCATION**Child Development Services 0449**

Provides funding for services to children from birth to 5 years of age as a result of MaineCare rule changes effective September 1, 2010.

\$4,000,000 \$4,000,000

Child Development Services 0449

Transfers funds from General Purpose Aid for Local Schools.

\$5,700,000 \$5,700,000

ENVIRONMENTAL PROTECTION**Land and Water Quality 0248**

Provides funding for a state match for federal funds allocated to the state revolving loan fund for wastewater treatment facilities.

\$850,000 \$0

Remediation and Waste Management 0247

Provides one-time funding for essential remediation activities that pose an immediate

\$500,000 \$0

HEALTH AND HUMAN SERVICES (formerly BDS)**Riverview Psychiatric Center 0105**

Adjusts funding to reflect correct reimbursements from Medicare and other third-party payers and to provide the appropriate level of General Fund match.

\$1,500,000 \$1,500,000

Dorothea Dix Psychiatric Center 0120

Adjusts funding to reflect correct reimbursements from Medicare and other third-party payers and to provide the appropriate level of General Fund match.

\$1,400,000 \$0

Mental Health Services - Community 0121

Provides funding for mental health services for individuals not eligible for MaineCare and for housing services in order to conform with the consent decree.

\$5,659,250 \$995,000

Developmental Services - Community 0122

Reduces funding for legal services.

(\$199,673) (\$199,673)

Office of Substance Abuse 0679

Provides funding for grants as a partial restoration of Fund for a Healthy Maine reductions.

\$2,500,000 \$2,500,000

HEALTH AND HUMAN SERVICES (formerly DHS)**Bureau of Medical Services 0129**

Provides funding for new standards that regulate the electronic transmission of specific health care transactions and for health information technology incentive payments.

\$918,764 \$510,576

Recognizes the estimated savings from the retroactive federal certification of the Maine Integrated Health Management Solution (MIHMS) system. General Fund savings are contingent upon a certification date retroactive to July 1, 2011 and that the certification occurs within FY 13.

\$0 (\$12,600,000)

Adjusts funding as a result of the federal certification of the Maine Integrated Health Management Solution (MIHMS) system.

\$0 (\$4,200,000)

Bureau of Family Independence - Regional 0453

Establishes 15 limited-period positions to expedite disability determinations and reduce the time period for determination of disability by an average of 15 days and achieve one-time savings by decreasing payments for benefits with state funds.

\$289,001 \$340,001

IV-E Foster Care/Adoption Assistance 0137

Adjusts funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.

\$514,928 \$558,082

Reduces funding based on prior year expenditure trends.

(\$2,500,000) (\$2,500,000)

Food Supplement Administration Z019

Reduces funding by freezing enrollment for legal noncitizens for the state-funded food supplement program except for aged and disabled persons, victims of domestic violence and Department defined hardship cases.

(\$80,000) (\$80,000)

State Supplement to Federal Supplemental Security Income 0131

Reduces funding no longer required to meet expenditure requirements of the 2012-2013 biennium.	(\$700,000)	(\$480,000)
--	-------------	-------------

Drinking Water Enforcement 0728

Provides funding for a state match for federal funds allocated to the safe drinking water revolving loan fund.	\$570,000	\$0
--	-----------	-----

Temporary Assistance for Needy Families 0138

Freezes enrollment for legal noncitizens for state-funded TANF except for aged and disabled persons, victims of domestic violence and department-defined hardship cases.	(\$100,000)	(\$100,000)
--	-------------	-------------

Reduces funding for TANF assistance by requiring convicted felons to submit to drug testing with a positive test resulting in the loss of benefits. Individuals participating in authorized drug treatment will remain eligible.	(\$50,000)	(\$50,000)
--	------------	------------

Reduces funding by requiring TANF recipients to comply with family contracts as a condition of eligibility. A full family case closure will result upon the second infraction.	(\$1,250,000)	(\$2,000,000)
--	---------------	---------------

Reduces funding by implementing a 60-month lifetime limit for recipients of assistance under the TANF program with the department authorized to approve hardship cases past 60 months.	(\$1,250,000)	(\$500,000)
--	---------------	-------------

Low-cost Drugs To Maine's Elderly 0202

Provides funding to the Medical Care - Payments to Providers program for Medicare Part B payments, which is offset by reducing funding for the Low-cost Drugs To Maine's Elderly program.	(\$500,000)	(\$500,000)
---	-------------	-------------

Maine Rx Plus Program 0927

Adjusts funding to reflect the establishment of a fee to fund the administrative and other operating costs of the Maine Rx Plus Program.	(\$105,815)	(\$105,815)
--	-------------	-------------

Purchased Social Services 0228

Appropriates funds in compliance with the federally approved Child Care Development Fund state plan, for the home visiting program that has demonstrated experience meeting state-established home visiting standards of practice.	\$1,000,000	\$1,000,000
--	-------------	-------------

Reduces funding from available funds.	(\$1,000,000)	(\$1,000,000)
---------------------------------------	---------------	---------------

Maternal and Child Health Block Grant Match Z008

Appropriates funds for the home visiting network that has demonstrated experience meeting state-established home visiting standards of practice for evidence-based services delivery.	\$1,000,000	\$1,000,000
---	-------------	-------------

MR/Elderly PNMI Room and Board Z009

Reduces funding from savings by imposing a penalty for certain transfers of assets to qualify for state support for boarding home services.	(\$216,000)	(\$216,000)
---	-------------	-------------

INLAND FISHERIES AND WILDLIFE**All Programs**

Net increase in General Fund appropriations to the department, primarily from appropriations for increased vehicle lease costs from Central Fleet Management and funding for dispatch services.	\$446,959	\$547,512
---	-----------	-----------

INDIGENT LEGAL SERVICES**Maine Commission on Indigent Legal Services Z112**

Provides funding for indigent legal services.	(\$954,602)	(\$957,508)
---	-------------	-------------

LABOR**Governor's Training Initiative Program 0842**

Eliminates funding for the program.	\$441,164	\$441,164
-------------------------------------	-----------	-----------

LEGISLATURE**Legislature 0081 and Interstate Cooperation - Commission on 0053**

Various reductions including savings from efficiencies and printing costs and reductions for out-of-state travel and for dues paid to national organizations.	(\$621,616)	(\$233,781)
---	-------------	-------------

Legislative Apportionment Commission 0722

All Other expenses of the commission reduced by \$120,000 from original funding request.	\$0	\$256,000
--	-----	-----------

PUBLIC BROADCASTING CORPORATION

Maine Public Broadcasting Corporation 0033

Reduces funding in conjunction with search for other funding sources. \$0 (\$200,000)

PUBLIC SAFETY

State Police 0291

Various net costs increases including rents, vehicles, fuel, central communication and risk insurance. \$797,917 \$825,120

Drug Enforcement Agency 03881

Continue contracting for approximately 17 drug enforcement agents. \$747,129 \$747,129

RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES

Retirement System - Retirement Allowance Fund 0085

Provides funding for additional costs of retirement benefits to retired Governors and pre-1984 retired judges and their surviving spouses. \$489,405 \$529,482

Miscellaneous Other Net Changes (\$1,629,684) \$960,484

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Revenue Effects of 2012-2013 Biennial Budget Bills (LD 1043 and LD 1348 as Amended)

General Fund Revenue Summary

Revenue Projections - Based on May 2011 Revenue Forecast

	FY09 Actual	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Revised Forecast	\$2,811,368,295	\$2,755,682,500	\$2,896,064,524	\$2,940,553,525	\$3,053,777,278	\$3,203,915,829	\$3,341,880,689
Annual % Growth	-9.0%	-2.0%	5.1%	1.5%	3.9%	4.9%	4.3%

Impact of Revenue Changes in Biennial Budget Bills

Net Revenue Change - Gross Tax Changes		\$0	(\$47,779,562)	(\$92,400,985)	(\$189,791,075)	(\$208,812,534)
General Fund Revenue - Impact of Gross Tax and Fee Changes		\$2,896,064,524	\$2,892,773,963	\$2,961,376,293	\$3,014,124,754	\$3,133,068,155
Annual % Growth			-0.1%	2.4%	1.8%	3.9%

Net Revenue Change - General Fund Impact of Revenue Sharing Changes		\$0	\$42,412,863	\$48,623,474	\$7,851,383	\$8,974,746
General Fund Revenue - Gross Tax and Fee and Revenue Sharing		\$2,896,064,524	\$2,935,186,826	\$3,009,999,767	\$3,021,976,137	\$3,142,042,901
Annual % Growth			1.4%	2.5%	0.4%	4.0%

Net Revenue Change - Other Revenue Changes		\$0	\$10,206,543	\$30,083,330	(\$1,112,863)	(\$1,150,952)
General Fund Revenue with Biennial Budget Bills as Amended		\$2,896,064,524	\$2,945,393,369	\$3,040,083,097	\$3,020,863,274	\$3,140,891,949
Annual % Growth			1.7%	3.2%	-0.6%	4.0%

Highway Fund Revenue Summary

Revenue Projections - Based on May 2011 Revenue Forecast

	FY09 Actual	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Revised Forecast	\$324,242,149	\$311,190,374	\$308,289,133	\$316,357,440	\$323,634,251	\$329,192,734	\$333,862,362
Annual % Growth	-9.0%	-4.0%	-0.9%	2.6%	2.3%	1.7%	1.4%

Impact of Revenue Changes in Biennial Budget Bills

Net Highway Fund Revenue Change		\$0	\$0	(\$5,266,227)	(\$9,741,350)	(\$14,253,011)
Highway Fund Revenue with Biennial Budget Bills as Amended		\$308,289,133	\$316,357,440	\$318,368,024	\$319,451,384	\$319,609,351
Annual % Growth			2.6%	0.6%	0.3%	0.0%

Fund for a Healthy Maine (FHM) Revenue Summary

Revenue Projections - Based on May 2011 Revenue Forecast

	FY09 Actual	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Revised Forecast	\$68,409,736	\$57,560,142	\$54,386,199	\$53,461,464	\$54,353,827	\$60,215,642	\$59,881,472
Annual % Growth	-9.0%	-15.9%	-5.5%	-1.7%	1.7%	10.8%	-0.6%

Impact of Revenue Changes in Biennial Budget Bills

Net Fund for a Healthy Maine Revenue Changes		\$0	\$161,786	(\$685,895)	\$167,956	\$171,315
Tota FHM Revenue with Biennial Budget Bills as Amended		\$54,386,199	\$53,623,250	\$53,667,932	\$60,383,598	\$60,052,787
Annual % Growth			-1.4%	0.1%	12.5%	-0.5%

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Description of Tax or Fee Change	Law/Bill Reference	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Sales and Use Tax					
Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. This Part takes effect October 1, 2011 and applies to penalties accruing on or after October 1, 2011.	LD 1043, Part K	(\$7,875)	(\$10,500)	(\$10,500)	(\$10,500)
Exempts from the sales tax certain meals provided to residents of full-service retirement facilities and applies the exemption retroactively to tax periods beginning on or after January 1, 2010.	LD 1043, Part DDDD	(\$1,368,000)	(\$566,500)	(\$583,495)	(\$601,000)
Requires the refund of sales tax on purchases of fuel for use in a commercial fishing vessel and permits the issuance of a certificate permitting the purchases of such fuel without paying sales tax if the purchaser obtains a certificate verifying eligibility from the State Tax Assessor, effective October 1, 2011.	LD 1043, Part EEEE	(\$385,000)	(\$561,000)	(\$572,220)	(\$583,664)
Exempts from sales tax plastic bags used by redemption centers to sort, store or transport returnable beverage containers retroactive to January 1, 2004.	LD 1043, Part FFFF	(\$236,900)	(\$28,738)	(\$30,031)	(\$31,382)
Expands the current exemption from sales and use tax for aircraft to apply to all aircraft, regardless of weight or the state of residency of the purchaser. It also expands the exemption to include sales of repair and replacement parts used exclusively in aircraft and in the overhauling and rebuilding of aircraft. The expansion of the exemptions applies from July 1, 2011 to June 30, 2015.	LD 1043, Part GGGG	(\$608,400)	(\$608,400)	(\$626,652)	(\$650,465)
Individual Income Tax					
> Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. This Part takes effect October 1, 2011 and applies to penalties accruing on or after October 1, 2011.	LD 1043, Part K	(\$101,250)	(\$135,000)	(\$135,000)	(\$135,000)
> Establishes new individual income tax rate schedules that contain a 6.5% rate bracket for tax years beginning on or after January 1, 2013 and reduce the 8.5% rate bracket to 7.95% for tax years beginning on or after January 1, 2013, conform personal exemptions to federal law starting January 1, 2013, conform standard deductions to federal law and eliminate tax additions starting January 1, 2012, reduce the applicable percentage for calculating additional Maine taxes for lump-sum retirement distributions and early distributions from retirement plans from 15% to 7.5% for tax years beginning in 2012 and repeal the tax for tax years beginning after 2012, and repeal the exclusion of mortgage premiums from Maine itemized deductions and eliminate the alternative tax on individuals.	LD 1043, Part N	(\$9,750,000)	(\$78,788,000)	(\$166,378,000)	(\$175,944,000)
> Repeals the income tax addition modifications related to the federal Section 179 business expensing thresholds for tax years beginning on or after January 1, 2011.	LD 1043, Part O	(\$6,061,440)	(\$1,739,372)	\$1,433,675	\$1,212,206

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Individual Income Tax (continued)

Provides a credit equal to 10% of the federal bonus depreciation on property placed in service in Maine during tax years beginning in 2011 and 2012, excluding certain utility and telecommunications property. The credit is limited to the tax liability of the taxpayer and any unused portion may be carried forward up to 20 years. The credit is recaptured if the underlying property is not utilized in Maine for the 12-month period following the date the property is placed in service.	LD 1043, Part O	(\$9,118,232)	(\$1,245,360)	\$1,934,179	\$1,388,899
Enacts the Maine New Markets Capital Investment Program.	LD 1043, Part Q	\$0	\$0	\$0	(\$5,040,000)
Provides new minimum taxability thresholds for nonresidents to permit greater income-earning activity by nonresidents in the State before Maine income tax liability is triggered. Also excludes from the determination of taxability in the State up to 24 days of personal services related to certain training, management functions, equipment upgrades and new investment.	LD 1043, Part CCCC	(\$3,098,000)	(\$2,503,000)	(\$2,692,000)	(\$2,841,000)
Provides an income tax credit for investment in or contributions to eligible public fishery infrastructure projects in the State. Eligible projects must be certified by the Department of Inland Fisheries and Wildlife, which is required to adopt rules for determination of eligibility. Tax certificates may be issued for up to \$5,000,000 per project. Credits must be taken in increments of 25% over 4 years and may not exceed 50% of the total tax imposed on the investor for the taxable year before application of the credit. Unused credits may be carried forward for up to 15 years. The credit applies to both freshwater and saltwater fisheries. The provisions require the Department of Inland Fisheries and Wildlife to coordinate with the Department of Marine Resources in the certification of eligible projects.	LD 1043, Part HHHH	(\$11,250)	(\$55,000)	(\$95,000)	(\$135,000)

Corporate Income Tax

Reduces the amount of penalties imposed for failure to file a tax return after the taxpayer receives a formal demand that the return be filed. This Part takes effect October 1, 2011 and applies to penalties accruing on or after October 1, 2011.	LD 1043, Part K	(\$3,375)	(\$4,500)	(\$4,500)	(\$4,500)
> Repeals the income tax addition modifications related to the federal Section 179 business expensing thresholds for tax years beginning on or after January 1, 2011.	LD 1043, Part O	(\$1,515,360)	(\$434,843)	\$358,419	\$303,052
Provides a credit equal to 10% of the federal bonus depreciation on property placed in service in Maine during tax years beginning in 2011 and 2012, excluding certain utility and telecommunications property. The credit is limited to the tax liability of the taxpayer and any unused portion may be carried forward up to 20 years. The credit is recaptured if the underlying property is not utilized in Maine for the 12-month period following the date the property is placed in service.	LD 1043, Part O	(\$15,576,980)	(\$5,770,772)	\$1,329,265	\$2,074,400
Enacts the Maine New Markets Capital Investment Program.	LD 1043, Part Q	\$0	\$0	\$0	(\$560,000)

Appendix B - Tax and Fee Changes Affecting State and Local Tax Burden

Estate Tax

> For estates of decedents dying after December 31, 2012, change the exemption from \$1 million to \$2 million and establish a progressive rate structure of 8% for the taxable estate between \$2 million and \$5 million, 10% for the taxable estate between \$5 million and \$8 million, and 12% for the taxable estate exceeding \$8 million. For estates of decedents dying on or after January 1, 2011, provide conformance with federal law with respect to the treatment of qualified terminable interest property. Also clarifies provisions related to the estates of nonresidents.	LD 1043, Part M	(\$137,500)	(\$150,000)	(\$23,919,215)	(\$27,454,580)
---	--------------------	-------------	-------------	----------------	----------------

Fuel Taxes

Eliminating annual indexing of fuel tax rates effective January 1, 2012. (Special Fuel Tax - Gross Tax Effect, All Funds)	LD 1348, Part C	\$0	(\$1,140,000)	(\$2,000,000)	(\$2,880,000)
Eliminating annual indexing of fuel tax rates effective January 1, 2012. (Gasoline Tax - Gross Tax Effect, All Funds)	LD 1348, Part C	\$0	(\$4,670,000)	(\$8,750,000)	(\$12,850,000)

Dirigo Health - Access Payments

> Reduces the access payments made to support the cost of the Dirigo Health Agency from 2.14% to 1.87% on July 1, 2011, to 1.64% on July 1, 2012, to 1.14% on July 1, 2013 and eliminates the access payment effective January 1, 2014.	LD 1043, Part BBB	(\$5,496,637)	(\$10,529,590)	(\$34,201,823)	(\$45,058,246)
---	----------------------	---------------	----------------	----------------	----------------

Other Taxes and Fees - Department of Health and Human Services

Revenue from the establishment of a fee to fund the administrative and other operating costs of the Maine Rx Plus Program	LD 1043, Part SS	\$135,315	\$135,315	\$135,315	\$135,315
---	---------------------	-----------	-----------	-----------	-----------

Total Impact of Tax and Fee Changes

(\$53,340,884)	(\$114,615,261)	(\$245,557,584)	(\$285,395,466)
-----------------------	------------------------	------------------------	------------------------

Items affecting local property tax incidence, but not included in State and Local Tax Burden calculations:

Maine Residents Property Tax Program (Circuitbreaker or Tax and Rent Refund program)

> Amends the Circuitbreaker program to limit the amount of the benefit to 80% of the amount that would otherwise be available in 2012 and 2013.	LD 1043, Part P	\$10,015,329	\$10,268,761	\$0	\$0
---	--------------------	--------------	--------------	-----	-----

Appendix C - Analysis of General Fund Appropriation Growth

General Fund Appropriations without Adjustments

	FY10	FY11	FY12	FY13
Appropriations (124th Final / 125th Baseline)	\$2,849,227,923	\$2,711,570,823	\$3,027,086,219	\$3,046,057,503
125th Legislature Adjustments *		\$161,183,349	\$11,552,303	(\$48,832,707)
Final Appropriations	\$2,849,227,923	\$2,872,754,172	\$3,038,638,522	\$2,997,224,796
Annual Growth Rate		0.8%	5.8%	-1.4%
Biennial Totals	\$5,721,982,095		\$6,035,863,318	
Biennial Growth Rate			5.5%	

General Fund Appropriations Adjusting for One-time Federal Stimulus Savings

Equalizing Adjustments:	FY10	FY11	FY12	FY13
Deappropriations related to one-time Federal Stimulus **	\$197,942,023	\$182,853,726	\$0	\$0
125th Legislature's FMAP Appropriation Adjustment **	\$0	(\$32,431,379)	\$0	\$0
Final Adjusted Appropriations	\$3,047,169,946	\$3,023,176,519	\$3,038,638,522	\$2,997,224,796
Annual Growth Rate		-0.8%	0.5%	-1.4%
Biennial Totals	\$6,070,346,465		\$6,035,863,318	
Biennial Growth Rate			-0.6%	

* Reflects the 2 Emergency FY 11 Supplemental Budgets (PL 2011, c. 1 and c. 28) and the Biennial Budget Bill (LD 1043 as amended)

** Additional detail on Federal Stimulus Savings on next page

American Recovery and Reinvestment Act of 2009 (ARRA)
One-time General Fund Savings from Federal Stimulus/ARRA Funds

	FY 09	FY 10	FY 11
State Fiscal Stabilization Funds			
Department of Education			
General Purpose Aid for Local Schools	\$27,046,649	\$42,996,116	\$58,759,112
Higher Educational Institutions			
Maine Maritime Academy	\$586,323	\$414,964	\$414,964
Maine Community College System	\$4,129,530	\$1,791,041	\$1,791,041
University of Maine System	\$8,407,434	\$5,956,578	\$5,956,578
Other			
MaineCare	\$22,240,700	\$9,794,031	\$0
Deappropriations - State Fiscal Stabilization Funds	\$62,410,636	\$60,952,730	\$66,921,695
Federal Medical Assistance Percentage (FMAP) Increase			
Deappropriations (124th Leg. Biennial Budget)	\$124,971,221	\$189,264,048	\$95,555,272
Deappropriations from FHM Savings (124th Leg. Biennial Budget)	\$1,560,738	\$2,627,063	\$1,328,360
Deappropriations (124th Leg. Supplemental)	\$0	\$6,050,912	\$85,970,094
Appropriations (125th Leg. Emergency FY11 Supplemental)	\$0	\$0	(\$32,431,379)
Total FMAP Net Deappropriations	\$126,531,959	\$197,942,023	\$150,422,347
Total Deappropriations from Federal Stimulus	\$188,942,595	\$258,894,753	\$217,344,042

Appendix D - Retiree and Employee Benefit Changes

Retirement/Pension Initiatives

Normal Retirement Age (Part T)

Accepts Governor's proposal to change the normal retirement age for participants who have not vested by July 1, 2011 to age 65. This provision does not apply to special plan members.

Retirement Incentive (Part Z)

Accepts Governor's proposal to provide a one-time "retirement incentive" for Executive Branch employees, except those on special plans, who meet age and service time requirements.

Return to Work (Part MMM)

Accepts Governor's proposal regarding retirees who have reached normal retirement age returning to State service on or after July 1, 2011. The proposal provides that retirees who have reached normal retirement age may not return to service for at least 30 calendar days after retiring, may work for a maximum of 5 years and must be paid 75% of the salary of the position that the retiree is hired to fill.

Cost-of-Living Adjustment (Part T)

Amends Governor's proposal to cap cost-of living-adjustment (COLA) for all retirees @ 2% after a 3-year freeze, instead caps the cost-of-living adjustment at 3% of first \$20K of retirement pension (indexed), after 3 year freeze. The remaining portion of the pension that is greater than \$20K is not eligible for a COLA.

Potential non-cumulative cost-of-living benefit (Part X)

Provides for a potential non-cumulative cost-of-living adjustment over 3-year period on first \$20K of retirement pension if resources available from year-end "cascade".

Work group to design new benefit plan for future employees (Part U)

Establishes a working group to develop an implementation plan designed to close the current defined benefit retirement plan for all state employees and teachers and replace it with a retirement benefit plan, supplemental to Social Security, that applies to all state employees and teachers who are first hired after June 30, 2015 with no prior creditable service.

Employee retirement contribution

Rejects Governor's proposal to increase normal cost contribution of State employees and teachers by 2%.

Solemn contractual commitment

Rejects Governor's proposal to repeal solemn contractual commitment language.

Appendix D - Retiree and Employee Benefit Changes

Health Insurance

10-year vesting period for retiree health benefits (Parts V and W)

Accepts Governor's proposal that requires state employees and teachers first hired after July 1, 2011 have at least 10 years of participation in the State's group health plan to qualify for a retiree health benefit. Does not apply to individuals receiving disability retirement benefits.

Cap on health insurance premiums (Part V and W)

Accepts the Governor's proposal to cap the State's cost for health insurance premiums for active and retired state employees and retired teachers for the biennium at FY 11 levels, but rejects the cap on increases in subsequent years to 4%. Also, adds language requiring Executive Director of Employee Health and Benefits to develop a plan to constrain health insurance premium growth in the future.

Contribution to health insurance if employee retires early (Part V and W)

Accepts the Governor's proposal that requires State employees who retire after January 1, 2012 and teachers who retire after July 1, 2012 to pay 100% of health insurance premiums until the member reaches normal retirement age. Does not apply to individuals receiving disability retirement benefits.

Irrevocable Trust for teachers and first responders (Part Y)

Establishes Other Post Employment Benefits irrevocable trust language for teachers and first responders.

Medicare eligible teachers to state health insurance plan (Part W)

Removes provision in Governor's proposed budget that requires Medicare eligible teachers to be put on State's health insurance plan and instead requires the Executive Director of Employee Health and Benefits to develop an implementation plan to bring Medicare-eligible teachers into the state retiree group health plan.

Retiree contribution to health insurance premiums

Rejects the requirement in the Governor's budget to have retirees pay a portion of their health insurance premiums.

Other State Employee Benefit Changes

Merit Increases

Accepts the Governor's proposal to suspend merit increases for state employees through the end of fiscal year 2012-13.

Longevity Payments

Amends the Governor's proposal, which suspended longevity payments for the 2012-2013 biennium, with a suspension of any new longevity payments. Payments are fixed at fiscal year 2010-11 amounts with no newly eligible employees receiving payments and no increases in the level of longevity payments.

Appendix E
LD's Related to Initiatives Included in Budget Bills
125th Legislature, 1st Regular Session

LD #	Committee	Bill Title	Budget Bill Reference
6	TAX	An Act To Provide a Sales Tax Exemption for Bags Provided by Redemption Centers for Returnable Containers	LD 1043 , FFFF
21	TAX	An Act To Exempt from the Sales Tax Meals Provided at Retirement Facilities	LD 1043 , DDDD
141	AFA	An Act To Increase the Retirement Age for New State Employees to 65 Years of Age	LD 1043, T
185	TAX	An Act To Refund the Sales Tax Paid on Fuel Used in Commercial Fishing Vessels	LD 1043 , EEEE
383	TRA	An Act To Eliminate the Annual Indexing of Fuel Tax Rates	LD 1348, Part C
421	TAX	An Act To Create the Maine Fishery Infrastructure Tax Credit Program	LD 1043, HHHH
460	SLG	An Act To Require Executive Orders To Be Published Online	LD 1043, III
474	TAX	An Act To Reduce the Property Tax Burden and Improve the Circuitbreaker Program	LD 1043, Part P
597	TRA	An Act To Provide Funding for the State Transit, Aviation and Rail Transportation Fund	LD 1043, G
836	TAX	An Act To Repeal the Alternative Minimum Tax	LD 1043, Part N Sections 12, 13 & 14
849	TAX	An Act To Provide Tax Relief for Maine's Citizens by Reducing Income Taxes	LD 1043, Part N Sections 1-6 & 17-18
898	TAX	An Act To Reform the Maine Estate Tax	LD 1043, M
940	SLG	An Act To Increase Access to State Rule-making Notices	LD 1043, NNN
946	TAX	An Act To Amend the Sales and Use Tax Exemption for an Aircraft Purchased Outside of Maine by Nonresidents	LD 1043, GGGG
991	TAX	An Act To Establish the Maine New Markets Capital Investment Program	LD 1043, Q
1133	AFA	An Act To Reform the Maine Public Employees Retirement System	LD 1043, T
1137	TAX	An Act To Conform Business Expense Deductions to Federal Law	LD 1043, Part O Section 1 and 9
1147	TAX	An Act To Conform Maine's Estate Tax to the Federal Estate Tax	LD 1043, M
1440	TAX	An Act To Amend the Nonresident Income Tax Filing Requirements	LD 1043, CCCC
1511	HHS	An Act To Impose a Lifetime Maximum on the Receipt of Welfare Benefits	LD 1043, PP

Appendix F - Fund for a Healthy Maine Details

Major Changes Proposed in 2012-2013 Biennial Budget:

	<u>Governor's Proposal</u>		<u>AFA Committee Amendment</u>	
	<u>FY 12</u>	<u>FY 13</u>	<u>FY 12</u>	<u>FY 13</u>
> Provides funding to reflect a redistribution of funding within the Fund for a Healthy Maine to the FHM - Medical Care, MaineCare seed	\$17,702,706	\$17,666,348	\$0	\$0
> Reduces funding to reflect a redistribution of funding and the reduction of resources in the FHM - Drugs for the Elderly And Disabled program.	(\$7,434,230)	(\$7,434,230)	\$0	\$0
> Reduces funding to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$15,172,514)	(\$15,172,514)	(\$8,168,936)	(\$8,168,936)
<i>Details:</i>				
<i>FHM - Dirigo Health Z070</i>	(\$4,291,311)	(\$4,291,311)	(\$3,129,664)	(\$3,129,664)
<i>FHM - Substance Abuse 0948</i>	(\$4,348,306)	(\$4,348,306)	(\$2,500,000)	(\$2,500,000)
<i>FHM - Bureau of Health - Oral Health 0953</i>	(\$878,652)	(\$878,652)	(\$278,652)	(\$278,652)
<i>FHM - Bureau of Health - Home Visitation 0953</i>	(\$4,653,383)	(\$4,653,383)	(\$2,000,000)	(\$2,000,000)
<i>FHM - Family Planning 0956</i>	(\$401,430)	(\$401,430)	\$0	\$0
<i>FHM - Donated Dental</i>	(\$36,463)	(\$36,463)	\$0	\$0
<i>FHM - Health Education Centers 0950</i>	(\$100,353)	(\$100,353)	\$0	\$0
<i>FHM - Dental Education 0951</i>	(\$237,740)	(\$237,740)	\$0	\$0
<i>FHM - Quality Child Care 0952</i>	(\$143,629)	(\$143,629)	(\$143,629)	(\$143,629)
<i>FHM - Bone Marrow Screening 0962</i>	(\$80,218)	(\$80,218)	(\$80,218)	(\$80,218)
<i>FHM - Bureau of Medical Services 0955</i>	(\$1,029)	(\$1,029)	(\$1,029)	(\$1,029)
<i>FHM - Attorney General 0947</i>	\$0	\$0	(\$35,744)	(\$35,744)
> Eliminates/Transfers 10 positions and related All Other to reflect a redistribution of funding and the reduction of revenue available in the Fund for a Healthy Maine.	(\$821,532)	(\$849,742)	(\$821,532)	(\$849,742)
> Provides funding to reimburse those public schools that are providing breakfast for the cost of providing free breakfast to eligible students.	\$61,652	\$61,652	\$61,652	\$61,652
> Adjusts funding for Medicaid services as the result of a decrease of the Federal Medical Assistance Percentage.	\$356,500	\$386,255	\$356,500	\$386,255
Total Adjustments to Allocations	(\$5,307,418)	(\$5,342,231)	(\$8,572,316)	(\$8,570,771)
Transfers to the General Fund	\$0	\$0	\$1,375,000	\$3,240,000

Appendix G - Municipal Revenue Sharing

Municipal Revenue Sharing Based on Current Law with May 2011 Revenue Revisions

	FY11	FY12	FY13	FY14	FY15
2702 INDIVIDUAL INCOME TAX TRANSFER	(\$69,189,665)	(\$73,196,075)	(\$76,216,955)	(\$80,104,610)	(\$84,594,677)
2703 CORPORATE INCOME TAX TRANSFER	(\$9,815,210)	(\$9,842,414)	(\$10,342,824)	(\$11,796,158)	(\$12,667,974)
2704 SALES TAX TRANS/REV SHARING TRANSFER	(\$45,747,747)	(\$47,544,452)	(\$49,628,981)	(\$51,689,023)	(\$53,597,126)
2738 SERVICE PROVIDER TAX TRANSFER	(\$2,823,046)	(\$2,829,922)	(\$2,934,714)	(\$3,071,007)	(\$3,180,170)
LGF Total 5% of Prior Months Sales and Income Tax Collections	(\$127,575,668)	(\$133,412,863)	(\$139,123,474)	(\$146,660,798)	(\$154,039,947)
2727 FIXED TRANSFER FROM LOCAL GOVERNMENT FUND	\$38,145,323	\$0	\$0	\$0	\$0
2744 FIXED TRANSFER TO DISPRO TAX BURDEN FUND	(\$2,500,000)	(\$3,000,000)	(\$3,500,000)	(\$4,000,000)	(\$4,000,000)
Net General Fund Transfers for Revenue Sharing	<u>(\$91,930,345)</u>	<u>(\$136,412,863)</u>	<u>(\$142,623,474)</u>	<u>(\$150,660,798)</u>	<u>(\$158,039,947)</u>
Disproportionate Tax Burden Fund (Revenue Sharing II) % Share	16.0%	17.0%	18.0%	19.0%	20.0%
Disproportionate Tax Burden Fund (Revenue Sharing II) \$ Share	\$16,808,855	\$25,680,187	\$28,542,225	\$31,865,552	\$34,807,989
Local Government Fund (LGF) - Revenue Sharing I Share	\$75,121,490	\$110,732,676	\$114,081,249	\$118,795,246	\$123,231,958

Municipal Revenue Sharing Based on 2012-2013 Biennial Budget Bill (LD 1043 as Amended)

	FY11	FY12	FY13	FY14	FY15
2702 INDIVIDUAL INCOME TAX TRANSFER	(\$69,189,665)	(\$71,967,345)	(\$72,348,173)	(\$72,318,029)	(\$75,622,868)
2703 CORPORATE INCOME TAX TRANSFER	(\$9,815,210)	(\$9,115,540)	(\$9,951,181)	(\$11,821,548)	(\$12,757,877)
2704 SALES TAX TRANS/REV SHARING TRANSFER	(\$45,747,747)	(\$47,437,831)	(\$49,533,275)	(\$51,598,831)	(\$53,504,286)
2738 SERVICE PROVIDER TAX TRANSFER	(\$2,823,046)	(\$2,829,922)	(\$2,934,714)	(\$3,071,007)	(\$3,180,170)
LGF Total 5% of Prior Months Sales and Income Tax Collections	(\$127,575,668)	(\$131,350,638)	(\$134,767,343)	(\$138,809,415)	(\$145,065,201)
2727 FIXED TRANSFER FROM LOCAL GOVERNMENT FUND	\$38,145,323	\$40,350,638	\$44,267,343	\$0	\$0
2744 FIXED TRANSFER TO DISPRO TAX BURDEN FUND	(\$2,500,000)	(\$3,000,000)	(\$3,500,000)	(\$4,000,000)	(\$4,000,000)
Net General Fund Transfers for Revenue Sharing	<u>(\$91,930,345)</u>	<u>(\$94,000,000)</u>	<u>(\$94,000,000)</u>	<u>(\$142,809,415)</u>	<u>(\$149,065,201)</u>
Disproportionate Tax Burden Fund (Revenue Sharing II) % Share	16.0%	17.0%	18.0%	19.0%	20.0%
Disproportionate Tax Burden Fund (Revenue Sharing II) \$ Share	\$16,808,855	\$18,470,000	\$19,790,000	\$30,373,789	\$33,013,040
Local Government Fund (LGF) - Revenue Sharing I Share	\$75,121,490	\$75,530,000	\$74,210,000	\$112,435,626	\$116,052,161
Net Change to Revenue Sharing Distributions:					
Net Increase (Decrease) Dispro. Tax Burden Fund (Rev. Sharing II)	\$0	(\$7,210,187)	(\$8,752,225)	(\$1,491,763)	(\$1,794,949)
Net Increase (Decrease) Local Government Fund (Revenue Sharing I)	\$0	(\$35,202,676)	(\$39,871,249)	(\$6,359,620)	(\$7,179,797)
Total Increase (Decrease) in Revenue Sharing Distributions	<u>\$0</u>	<u>(\$42,412,863)</u>	<u>(\$48,623,474)</u>	<u>(\$7,851,383)</u>	<u>(\$8,974,746)</u>
Governor's Proposal for Revenue Sharing Excluding Sales and Income Tax Changes					
Elimination of 5% transfer - Revised for May 2011 Rev. Forecast		\$136,412,863	\$142,623,474	\$150,660,798	\$158,039,947
Tourism Marketing Fund Effect			(\$508,500)	(\$533,000)	(\$559,525)
STAR Transportation Fund Effect			(\$164,737)	(\$166,316)	(\$167,895)
- Net General Fund Revenue Increase		\$136,412,863	\$141,950,237	\$149,961,482	\$157,312,527
Less General Fund Appropriation for Revenue Sharing		\$94,000,000	\$94,000,000	\$94,000,000	\$94,000,000
Net General Fund Cost (Savings) - Governor's Proposals		<u>(\$42,412,863)</u>	<u>(\$47,950,237)</u>	<u>(\$55,961,482)</u>	<u>(\$63,312,527)</u>
Net General Fund Cost (Savings)		\$0	(\$673,237)	\$48,110,099	\$54,337,781

Appendix H - Year-end Closing Transfers/"Cascade" Provisions

At the close of each fiscal year, the amount of the available General Fund balance in the unappropriated surplus account is distributed based on statutory provisions. Those provisions for the current and upcoming fiscal years are summarized below. The balance "available" for distribution is only the amount above the budgeted General Fund ending balance for the fiscal year being closed. That budgeted balance is considered "committed" because it is a budgeted resource that was considered by the Legislature when making its budget decisions. The primary sources of the "available" amounts for the "Cascade" distributions are actual revenue above the budgeted amounts and any unexpended General Fund appropriation balances that lapse to the unappropriated surplus that are unbudgeted.

Fiscal Year 2010-11 Closing Transfers/"Cascade"

Fixed Dollar Transfers

- Replenish Contingent Account up to \$350,000 (5 MRSA §1507)
- Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)
- Budget Stabilization Fund transfer up to \$25,000,000 (PL 2011, c. 28, I-1)
- Health and Human Services, Bureau of Medical Services up to \$5,000,000 (PL 2011, c. 28, I-2)
- Health Insurance Internal Services Fund up to \$2,500,488 (PL 2001, c. 28, I-3)

% Transfers After Fixed Dollar Transfers (5 MRSA §1536)

Maine Budget Stabilization Fund	35%
Retirement Allowance Fund	20%
Reserve for General Fund Operating Capital	20%
Retiree Health Internal Service Fund	15%
Capital Construction & Improvements Reserve Fund	10%

Fiscal Year 2011-12 Closing Transfers/"Cascade"

Fixed Dollar Transfers

- Replenish Contingent Account up to \$350,000 (5 MRSA §1507)
- Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)
- Reserve for Retirement Costs up to \$15,000,000 (5 MRSA §1522 added by LD 1043, Part X)
- Health and Human Services, MaineCare for hospitals up to \$25,000,000 (LD 1043, Part QQ)

% Transfers After Fixed Dollar Transfers (5 MRSA §1536)

Maine Budget Stabilization Fund	35%
Retirement Allowance Fund	20%
Reserve for General Fund Operating Capital	20%
Retiree Health Internal Service Fund	15%
Capital Construction & Improvements Reserve Fund	10%

Fiscal Year 2012-13 Closing Transfers/"Cascade"

Fixed Dollar Transfers

- Replenish Contingent Account up to \$350,000 (5 MRSA §1507)
- Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA §1511)
- Reserve for Retirement Costs up to \$15,000,000 (5 MRSA §1522 added by LD 1043, Part X)

% Transfers After Fixed Dollar Transfers (5 MRSA §1536)

Maine Budget Stabilization Fund	35%
Retirement Allowance Fund	20%
Reserve for General Fund Operating Capital	20%
Retiree Health Internal Service Fund	15%
Capital Construction & Improvements Reserve Fund	10%

Appendix I - Maine Budget Stabilization Fund Balances

Budgeted Transfers:

Current Cash Balance in MBSF	\$25,427,310
Additional Budgeted FY11 Transfers	\$3,188,702
One month of additional cash pool earnings	\$2,700
Projected Balance at Close of FY11	<u><u>\$28,618,712</u></u>

Proposed Budgeted Transfers in LD 1043 as Amended:

LD 1043, Part RRR, Section 1 Budgeted FY 12 Transfer from General Fund	\$4,000,000
Part JJJJ	<u>(\$29,700,000)</u>
Ending Balance at the close of FY12 (Budgeted Transfers)	<u><u>\$2,918,712</u></u>

Unbudgeted Potential "FY12 "Cascade" Transfers:

LD 1043, Part RRR, Section 2, Unbudgeted FY 11 Transfer from Unclaimed Property	\$5,000,000
FY11 Cascade 3rd Priority (Up to \$25 million)	<u>\$25,000,000</u>
Potential FY12 Balance in MBSF if unbudgeted transfers occur fully*	<u><u>\$32,918,712</u></u>

* Does not reflect any unbudgeted transfers pursuant to 5 MRSA §1536