

OFPR Summary Documents
Governor's Proposed 2018-2019 Biennial Budget
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GENERAL FUND STATUS - FUND BALANCE SUMMARY

2018-2019 Governor's Proposed Budget ¹

	FY 17	FY 18	FY 19
AVAILABLE FUNDS			
Transfers/Adjustments to Balance:			
Through 127th Legislature	\$5,626,098	\$0	\$0
Proposed EFY 17 Supplemental Budget Bill (LR 2174)	(\$28,009,404)	\$0	\$0
Governor's Proposed Adjustments to Baseline Budget ²	\$0	(\$5,948,921)	(\$8,650,000)
Subtotal - Transfers/Adjustments to Balance	(\$22,383,306)	(\$5,948,921)	(\$8,650,000)
Undedicated Revenue:			
December 2016 Base Revenue Estimate	\$3,386,450,054	\$3,471,885,423	\$3,590,704,376
IB 2015 c. 4 - LD 1660 (Education Fund w/Surtax)	\$43,800,000	\$70,900,000	(\$2,200,000)
IB 2015 c. 5 - LD 1701 (Marijuana Legalization)	\$0	\$2,744,000	\$10,486,000
Proposed EFY 17 Supplemental Budget Bill (LR 2174)	\$0	\$0	\$0
Governor's Proposed Adjustments to Baseline Budget ²	\$0	(\$174,384,366)	(\$132,542,162)
Subtotal - Undedicated Revenue	\$3,430,250,054	\$3,371,145,057	\$3,466,448,214
TOTAL PROJECTED RESOURCES	\$3,407,866,748	\$3,365,196,136	\$3,457,798,214
APPROPRIATIONS			
Appropriations through 127th Leg. / 2018-2019 Baseline Budget ³	\$3,373,180,222	\$3,429,273,601	\$3,451,793,050
Governor's Proposed Adjustments to Baseline Budget ²	\$0	(\$17,938,873)	(\$21,405,301)
Proposed EFY 17 Supplemental Budget Bill (LR 2174)	\$27,686,074	\$0	\$0
TOTAL APPROPRIATIONS	\$3,400,866,296	\$3,411,334,728	\$3,430,387,749
NET CHANGE (Resources less Appropriations)	\$7,000,452	(\$46,138,592)	\$27,410,465
BEGINNING BALANCE	\$70,860,603	\$77,861,055	\$31,722,463
NET CHANGE (FROM ABOVE)	\$7,000,452	(\$46,138,592)	\$27,410,465
ENDING BALANCE	\$77,861,055	\$31,722,463	\$59,132,928

Notes:

- ¹ Reflects all actions through the end of the 127th Legislature; FY 16 Closing Transfers; December 2016 Revenue Forecast, the Approved November 8, 2016 Citizen Initiatives, the Governor's Proposed Emergency FY17 Supplemental Budget (LD 302) and the Governor's Proposed 2018-2019 Biennial Budget (LD 390)
- ² See attached summary of Governor's Proposed Adjustments to 2018-2019 Baseline Budget.
- ³ The 2018-2019 Baseline Budget assumes increased funding for the Homestead Property Tax Exemption Reimbursement program of \$25,211,000 in FY 18 and \$33,686,000 in FY 19 above the FY 16 appropriation of \$38,673,000 to reflect the increase in the amount of the exemption and the percentage reimbursed to municipalities under current law.

Attachment - Summary of Governor's Proposed Adjustments to 2018-2019 Baseline Budget

Transfers/Adjustments to Balance:

Part UUU. Transfer from General Fund unappropriated surplus to the Fund for Efficient Delivery of Educational Services.	(\$5,000,000)	(\$5,000,000)
Part U. Transfer from General Fund unappropriated surplus to the DAFS Fund for Efficient Delivery of Local & Regional Services. Other Special Revenue Funds account.	(\$5,000,000)	(\$5,000,000)
Part OOOOO. Transfer from the Gambling Control Board program, Other Special Revenue Funds account in the Department of Public Safety to the General Fund unappropriated surplus.	\$0	\$1,000,000
Part ZZ. Lapses unencumbered balance forward in the Personal Services line category in the Department of Agriculture, Conservation and Forestry, Division of Forest Protection program.	\$1,000,000	\$0
Part MMM. Lapses funds from the Department of Corrections, Prisoner Boarding - Carrying Account program to the Unappropriated Surplus of the General Fund in fiscal year 2017-18.	\$1,644,985	\$0
Other Transfers/Adjustments to Balance:	\$1,406,094	\$350,000
Total Transfers/Adjustments to Balance:	(\$5,948,921)	(\$8,650,000)

Undedicated Revenue:

Part D. Income Tax Changes

Net reduction in revenue from reducing the tax rate over 4 years to 2.75% plus 3% surcharge on all tax payers, delaying the surtax until 1/1/18, and eliminating the transfer of the surcharge to the Fund to Advance Public Kindergarten to Grade 12 Education.	(\$184,544,192)	(\$138,321,120)
Revenue reduction from changes to the sales tax fairness and property tax fairness credits.	(\$2,896,880)	(\$28,879,620)
Reduction in revenue from increasing the retirement deduction by \$5,000 per year until it reaches \$35,000.	(\$4,161,472)	(\$14,866,600)
Decrease in revenue from changes to the corporate income tax.	(\$2,510,698)	(\$12,685,184)
Subtotal Part D	(\$194,113,242)	(\$194,752,524)

Part E. Sales and Provider Tax Changes

Increase in revenue from expanding the sales and service provider tax bases and amending certain exemptions to non-profits.	\$16,635,022	\$68,136,952
Increase in revenue from increasing the sales tax on lodging from 9% to 10%.	\$3,335,332	\$10,035,033
Subtotal Part E	\$19,970,354	\$78,171,985

Part F. Repeal the estate tax effective 1-1-18.

	\$0	(\$9,539,837)
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Part H. Repeal the excise tax on telecommunications equipment.

	(\$6,500,000)	(\$6,500,000)
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Part I. Eliminates the BETR program and transitions eligible property as of April 1, 2018 to BETE.

	\$3,500,000	(\$3,180,308)
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Part BB. Increase in revenue from expanding lotteries to include draw games such as keno.

	\$2,500,000	\$3,000,000
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Other Undedicated Revenue Changes	\$258,522	\$258,522
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Total Undedicated Revenue Changes	(\$174,384,366)	(\$132,542,162)
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Appropriation Initiatives:

Savings/ Reductions Initiatives

Limits on the Homestead Exemption	(\$39,400,000)	(\$53,800,000)
Personal Services Savings	(\$25,335,069)	(\$29,725,932)
MaineCare Savings / Reductions	(\$31,039,447)	(\$69,147,604)
Other HHS Savings / Reductions	(\$15,661,491)	(\$16,276,509)
Closing of the Downeast Correctional Facility	(\$5,729,471)	(\$6,488,373)
Other Savings/ Reductions	(\$11,621,420)	(\$13,010,079)
Subtotal Savings/ Reductions	(\$128,786,898)	(\$188,448,497)

Spending Initiatives

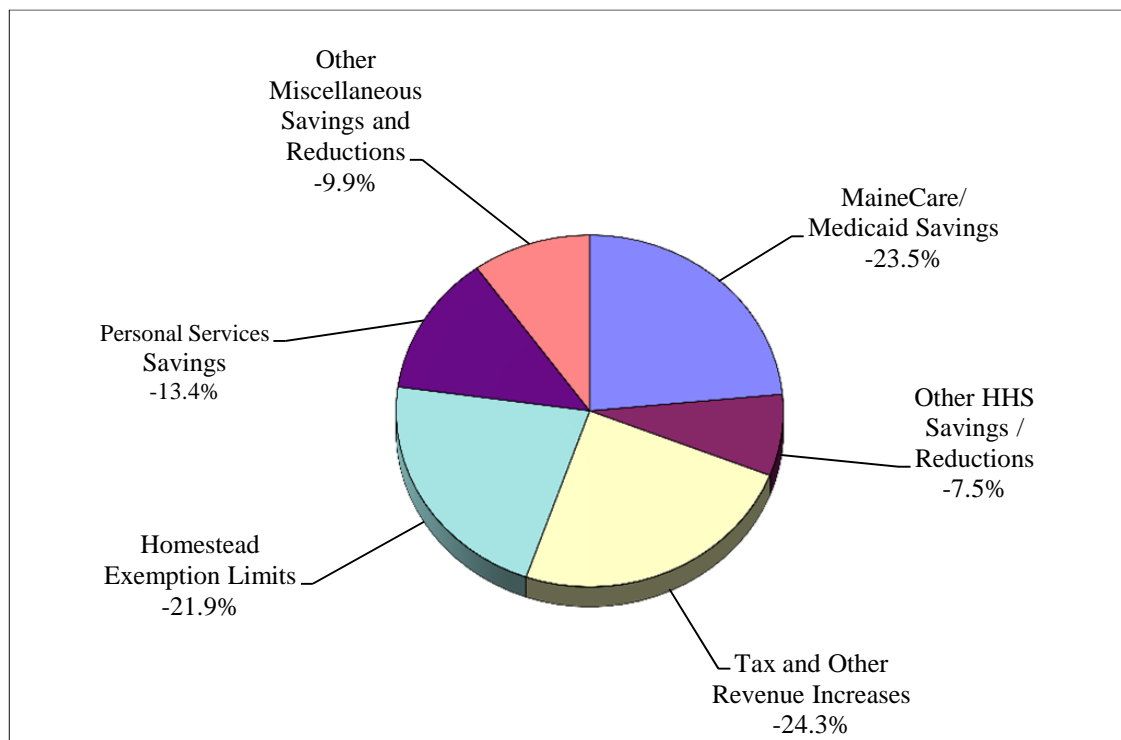
Retirement Spending	\$15,893,928	\$24,544,342
Debt Service Costs	\$17,066,537	\$49,644,689
Higher Educations Spending	\$12,067,497	\$9,852,164
MaineCare Spending	\$5,439,992	\$7,255,959
Education/GPA Spending	\$5,223,626	\$16,116,609
Personal Services Costs	\$2,842,322	\$3,127,701
Provides funding for the General Fund Reserve and Fixed Transfer Fund.	\$9,500,000	\$9,500,000
Reallocates the State Police program from 35% Highway Fund and 65% General Fund to 100%	\$19,781,869	\$20,016,769
Other Spending Initiatives	\$23,032,254	\$26,984,963
Subtotal Spending Initiatives	\$110,848,025	\$167,043,196

Total Appropriation Initiatives	(\$17,938,873)	(\$21,405,301)
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General Fund Adjustments - "Savings" Initiatives ¹

Initiatives Increasing General Fund Balance

	FY 18	FY 19	Biennium	% of Total
MaineCare/ Medicaid Savings	(\$31.0)	(\$69.1)	(\$100.2)	23.5%
Other HHS Savings / Reductions	(\$15.7)	(\$16.3)	(\$31.9)	7.5%
Tax and Other Revenue Increases	(\$22.6)	(\$81.3)	(\$103.8)	24.3%
Homestead Exemption Limits	(\$39.4)	(\$53.8)	(\$93.2)	21.9%
Personal Services Savings	(\$25.3)	(\$29.7)	(\$55.1)	12.9%
Other Miscellaneous Savings and Reductions	(\$24.7)	(\$17.5)	(\$42.3)	9.9%
TOTAL ADJUSTMENTS INCREASING BALANCE	(\$158.7)	(\$267.7)	(\$426.5)	100.0%



Notes:

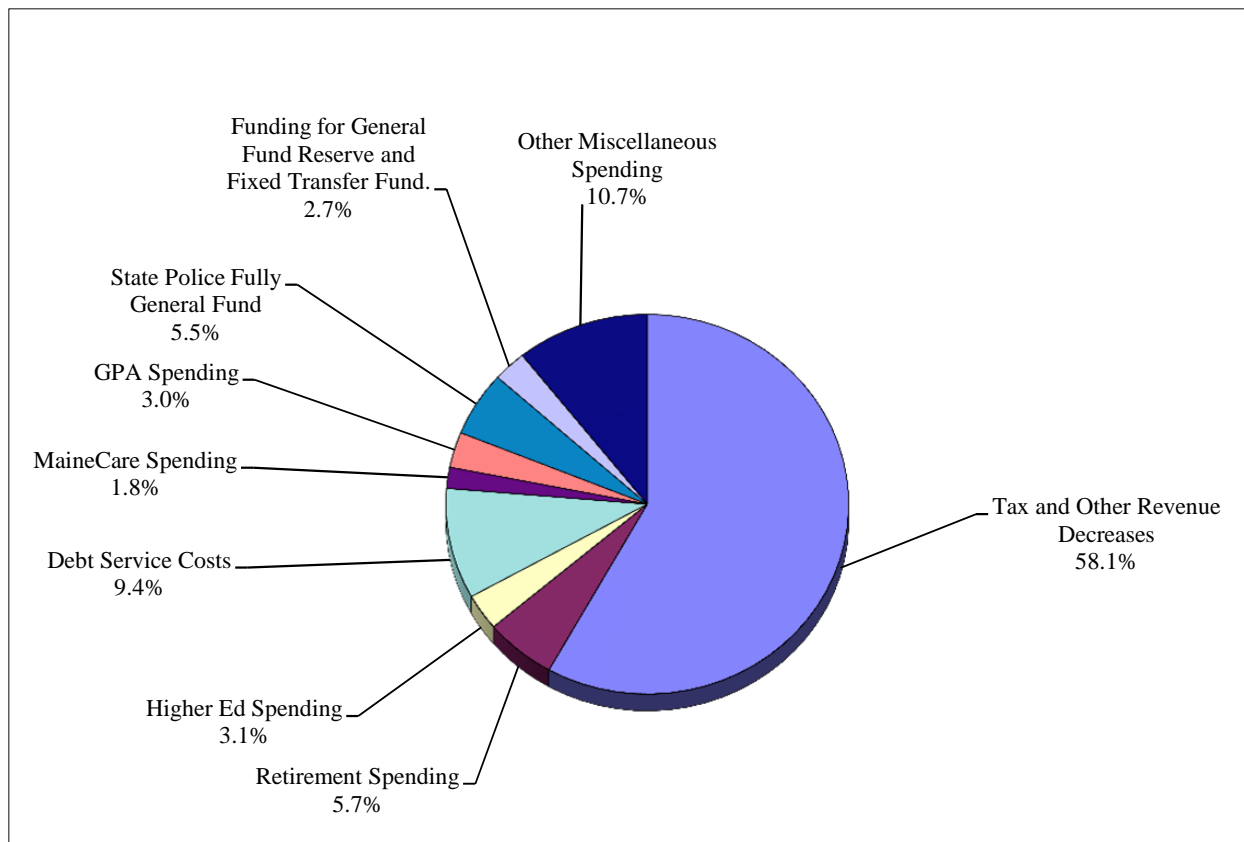
¹ "Savings" initiatives include those items that increase resources: deappropriations; revenue increases; transfers from other funds; and other positive adjustments to balances. Does not reflect transfers of appropriations between General Fund programs with no net impact.

Amounts may not add due to rounding

General Fund Adjustments - "Spending" Initiatives ¹

Initiatives Decreasing General Fund Balance

	FY 18	FY 19	Biennium	% of Total
Tax and Other Revenue Decreases	\$200.8	\$211.0	\$411.8	58.1%
Retirement Spending	\$15.9	\$24.5	\$40.4	5.7%
Higher Ed Spending	\$12.1	\$9.9	\$21.9	3.1%
Debt Service Costs	\$17.1	\$49.6	\$66.7	9.4%
MaineCare Spending	\$5.4	\$7.3	\$12.7	1.8%
GPA Spending	\$5.2	\$16.1	\$21.3	3.0%
State Police Fully General Fund	\$19.4	\$19.7	\$39.1	5.5%
Funding for General Fund Reserve and Fixed Transfer Fund.	\$9.5	\$9.5	\$19.0	2.7%
Other Miscellaneous Spending	\$35.7	\$39.9	\$75.6	10.7%
TOTAL ADJUSTMENTS DECREASING BALANCE	\$321.1	\$387.5	\$708.7	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. Does not reflect transfers of appropriations between General Fund programs with no net impact.

Amounts may not add due to rounding

HIGHWAY FUND STATUS - FUND BALANCE SUMMARY

2018-2019 Governor's Proposed Budget ¹

	FY 17	FY 18	FY 19
AVAILABLE FUNDS			
Transfers/Adjustments to Balance:			
Through 127th Legislature	\$5,958,011	\$0	\$0
Governor's Proposed Adjustments to Baseline Budget	\$0	(\$6,253,259)	(\$6,328,638)
Subtotal - Transfers/Adjustments to Balance	\$5,958,011	(\$6,253,259)	(\$6,328,638)
Highway Fund Revenue:			
December 2016 Base Revenue Estimate	\$325,641,124	\$327,851,512	\$331,000,328
Governor's Proposed Adjustments to Baseline Budget	\$0	(\$346,350)	(\$346,350)
Subtotal - Undedicated Revenue	\$325,641,124	\$327,505,162	\$330,653,978
TOTAL PROJECTED RESOURCES	\$331,599,135	\$321,251,903	\$324,325,340
Highway Fund Allocations			
Allocations through 127th Leg. / 2018-2019 Baseline Budget	\$330,784,914	\$314,755,100	\$312,032,247
Governor's Proposed Adjustments to Baseline Budget	\$0	\$12,176,696	\$12,306,559
Proposed EFY 17 Supplemental Budget Bill (LR 2176)	\$259,438	\$0	\$0
TOTAL Highway Fund Allocations	\$331,044,352	\$326,931,796	\$324,338,806
NET CHANGE (Resources less Allocations)	\$554,783	(\$5,679,893)	(\$13,466)
BEGINNING BALANCE	\$5,236,768	\$5,791,551	\$111,658
NET CHANGE (FROM ABOVE)	\$554,783	(\$5,679,893)	(\$13,466)
ENDING BALANCE	\$5,791,551	\$111,658	\$98,192

Notes:

¹ Reflects all actions through the end of the 127th Legislature; FY 16 Closing Transfers; December 2016 Revenue Forecast, the Governor's Proposed Emergency FY17 Supplemental Budget (LR 2176) and the Governor's Proposed 2018-2019 Biennial Budget (LR 2177)

Major Changes Proposed in Governor's 2018-2019 Biennial Highway Fund Budget:

	Net Cost (Savings)	
	FY 18	FY 19
> Transfer from Highway Fund to Transcap Trust Fund.	\$6,253,259	\$6,328,638
> State Police funding change from 35% Highway Fund/65% General Fund to 100% General Fund.	(\$19,775,541)	(\$20,014,796)
> Funding for Highway and Bridge Light Capital paving at 600 miles/year.	\$21,150,000	\$22,050,992
> Provides funding for the purchase of approximately 50 vehicles in each fiscal year of the biennium in accordance with the long-term equipment purchasing plan.	\$6,400,000	\$6,450,000
> Adjusts funding in the Local Road Assistance Program at the correct proportioned rate per Maine Revised Statutes, Title 23, section 1803-B.	\$2,066,396	\$1,837,488
> Reduces funding to reflect projected savings from an increase in the attrition rate from 1.6% to 5% for fiscal years 2017-18 and 2018-19.	(\$2,164,199)	(\$2,192,083)
> Adjusts funding for technology costs based on the rate schedules provided by the Department of Administrative and Financial Services, Office of Information Technology.	\$2,911,340	\$2,986,293
> Miscellaneous other net adjustments to Baseline Budget	\$1,935,050	\$1,535,015
Net Proposed Highway Fund Costs (Savings)	\$18,776,305	\$18,981,547

FUND FOR A HEALTHY MAINE (FHM) STATUS

Based on Governor's Budget Proposals ¹

	FY 17	FY 18	FY 19
<u>FHM RESOURCES:</u>			
Revenue:			
December 2016 Revenue Estimate ²	\$52,357,838	\$48,044,403	\$47,158,943
Governor's Budget Proposals	\$0	\$0	\$0
Subtotal - Revenue	\$52,357,838	\$48,044,403	\$47,158,943
<u>Other Resources and Adjustments</u>			
Governor's Proposed Adjustment to Unallocated Fund Balance ²	\$0	(\$3,000)	(\$3,100)
Subtotal - Other Resources and Adjustments	\$0	(\$3,000)	(\$3,100)
Total FHM Resources	\$52,357,838	\$48,041,403	\$47,155,843
<u>FHM ALLOCATIONS AND OTHER USES:</u> ³			
<u>Transfers</u>			
Transfers through 127th Legislature	\$0	\$0	\$0
Subtotal - Transfers	\$0	\$0	\$0
<u>Allocations</u>			
Allocations through 127th Legislature / Proposed Baseline	\$57,185,307	\$52,348,831	\$52,383,074
EFY17 Governor's Proposed Budget Bills	\$0	\$0	\$0
Governor's Proposed Adjustments to Baseline Budget	\$0	\$166,808	(\$217,727)
Subtotal - Allocations	\$57,185,307	\$52,515,639	\$52,165,347
Total Allocations and Other Uses	\$57,185,307	\$52,515,639	\$52,165,347
Net Change (Resources minus Allocations and Uses)	(\$4,827,469)	(\$4,474,236)	(\$5,009,504)
BEGINNING BALANCE	\$14,317,214	\$9,489,745	\$5,015,509
NET CHANGE (FROM ABOVE)	(\$4,827,469)	(\$4,474,236)	(\$5,009,504)
ENDING BALANCE	\$9,489,745	\$5,015,509	\$6,005

Major Changes Proposed in Governor's 2014-2015 Biennial Budget:
Major Changes Proposed in Governor's 2018-2019 Biennial Budget:

	Net Cost (Savings)	
	FY 18	FY 19
> Multiple initiatives transferring funds out of Program within same fund.	(\$11,160,301)	(\$11,160,301)
> Multiple initiatives transferring funds into Program within same fund.	\$11,160,301	\$11,160,301
> Continues 5 limited-period Environmental Specialist III positions established in Public Law 2015, chapter 267 funded 100% in the Fund for Healthy Maine Public Health Infrastructure	\$374,988	\$0
> Eliminates 2 positions within Maine CDC funded by FHM	(\$208,180)	(\$217,727)
Net Proposed Fund for a Healthy Maine Costs (Savings)	\$166,808	(\$217,727)

Notes:

¹ Based on all legislative changes through the 127th Legislature, FY16 year-end adjustments, the December 2016 Revenue Forecast, the Governor's Proposed EFY17 Budget Bills and the Governor's draft 2018-2019 Biennial Budget Bill.

² Department Indirect Cost Allocation Plan (DiCAP) Transfers within the Attorney General's Office

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.

Tax and Fee Changes Affecting State and Local Tax Burden

Governor Proposed 2018-2019 Biennial Budget (LD 390)

Description of Tax or Fee Change	LD 390	FY 2017-18	FY 2018-19
Sales and Use Tax			
Increase in revenue from expanding the sales and service provider tax bases and amending certain exemptions to non-profits.	Part E	\$16,635,022	\$68,136,952
Increase in revenue from increasing the sales tax on lodging from 9% to 10%.	Part E	\$3,335,332	\$10,035,033
Individual Income Tax			
Net reduction in revenue from reducing the tax rate over 4 years to 2.75% plus 3% surcharge on all tax payers, delaying the surtax until 1/1/18, and eliminating the transfer of the surcharge to the Fund to Advance Public Kindergarten to Grade 12 Education.	Part D	(\$184,544,192)	(\$138,321,120)
Revenue reduction from changes to the sales tax fairness and property tax fairness credits.	Part D	(\$2,896,880)	(\$28,879,620)
Reduction in revenue from increasing the retirement deduction by \$5,000 per year until it reaches \$35,000.	Part D	(\$4,161,472)	(\$14,866,600)
Corporate Income Tax			
Decrease in revenue from changes to the corporate income tax including repealing the AMT and reducing the top marginal tax rate to 8.33% effective 1/1/18.	Part D	(\$2,510,698)	(\$12,685,184)
Other Taxes and Fees			
Repeal of the estate tax effective 1-1-18.	Part F	\$0	(\$9,539,837)
Repeal of the excise tax on telecommunications equipment.	Part H	(\$6,500,000)	(\$6,500,000)
Increase in metrology fees related to measurements and calibration	Part A	\$100,000	\$100,000
Total Impact of Tax and Fee Changes		(\$180,542,888)	(\$132,520,376)

Summary of Position Changes
Governor Proposed 2018-2019 Biennial Budget (LD 390)

<u>Fund</u>	<u>Total Authorized Positions - Prior to 128th Legislature</u>	<u>Baseline Budget Administrative Adjustments¹</u>	<u>Baseline Budget</u>	<u>Proposed Changes²</u>	<u>Total Authorized Positions - Governor Proposed</u>
General Fund	5,873.287	(32.325)	5,840.962	0.562	5,841.524
Highway Fund	2,249.251	(1.000)	2,248.251	0.000	2,248.251
Federal Expenditures Fund	1,419.611	(9.692)	1,409.919	(264.058)	1,145.861
Fund for a Healthy Maine	8.000	0.000	8.000	(1.000)	7.000
Other Special Revenue Fund	2,398.815	(8.125)	2,390.690	(29.424)	2,361.266
Federal Block Grant	142.500	(0.500)	142.000	(66.500)	75.500
Other Funds	1,195.532	(10.000)	1,185.532	(3.500)	1,182.032
Total Change of Authorized Positions	13,286.996	(61.642)	13,225.354	(363.920)	12,861.434

Notes:

¹ Reflects administrative adjustments made pursuant to 5 MRSA §1582 and §1583, which authorize the Governor and the State Budget Officer to make adjustments to positions that, after a determination is made by the Bureau of Human Resources in coordination with the specific department, are necessary for the proper operation of each department, institution or agency.

² Reflects the Governor's proposed position adjustments contained in the 2018-2019 Biennial Budget Bill and the 2018-2019 Highway Fund Budget Bill.