

## 10 on the Budget, What it Means for Maine

### Claire Berkowitz (Maine Children's Alliance)

- There is a 7-10% return on dollars spent and invested in early childhood programs. They are critical.
- Four services: Home visiting, childcare, Headstart, pre-k
- Home Visiting-This program serves pregnant women and young families, helping them develop resources and skills to raise children. It served 2400 children in FY 201, and it flat funded in the Governor's budget.
- Childcare-Maine receives \$16 million in federal funds for childcare programs. The state budget only contributes \$300,000. In previous years, the state has contributed as much \$5 million
- Head start-served 4300 children in 2013. The state contributed \$1.3 million from Fund for Healthy Maine, and \$1.2 million from the General Fund
- Their biggest concern is pre-k, the budget takes casino money out pre-k funding and invests in k-12 instead.



### John Kosinski, MEA

- Funding for public schools will be frozen for four years. Really, this means it will be cut because cost continue to go up—transportation, health insurance, rising poverty rate. 1 in five students live in poverty. The school must bear all of these costs.
- The state and federal government are implementing expensive changes that they are not paying for, such as diploma requirements, common core, charter schools, teacher evaluations, all of these are new requirements but are not paid for, and puts new demands on schools who must bear the cost
- 55% is supposed to fund essential education. Budget moves us back to 45%. That is a \$200 million shortfall from merely the essentials of education.
- These cuts will get shifted onto property taxes. However, to build a strong economy we need to make sure every single student gets strong education. Students in rural communities who can't raise the funds to make up for the cuts are going to get the short end of the stick



### Ed Cervone- Educate Maine

- Maine Maritime Academy has been traditionally funded around \$8 million. It is flat funded in this budget.
- Community College System-Flat Funded \$58 Million
- Public education is increasingly being flat funded and is becoming a smaller segment of overall budget spending.



### **Karen Heck- Former Mayor of Waterville**

- Proposing eliminating revenue sharing.
- Waterville, as an example, it consolidated many services and still couldn't balance the budget. As mayor, Governor LePage used surplus to balance it and cut taxes. It's not a simple task to just consolidate different services between towns. It can be quite expensive and not provide the cost saving benefits one would think.
- Taxing non-profits is fine proposal except that hospitals and colleges provide a lot of economic development and stimulus which are economic boosts for towns. In addition, many towns don't have non-profits they can tax.



### **Robyn Merrill-MEJP**

- What makes this budget different?
  - The discussion around this budget isn't being driven by significant budget shortfall. These cuts being proposed are unnecessary and creating false choices.
  - It explicitly pits groups of vulnerable Mainers against each other. For instance it provides funding for waitlists, but it does it at expense of general assistance program. Taking from one vulnerable group and giving to another. It is a false choice and we don't need to be doing it.
- Cuts of Concern
  - Change in eligibility to Medicare savings program: about 14,000 people would lose assistance that they currently receive.
  - Drugs for elderly program eligibility would be reduced from 175 to 135 percent of poverty
  - General assistance: would change state share of reimbursement to basically cut it in half. This will have larger impact on bigger municipal because they are service centers.



### **Becky Smith- American Heart Association**

- This budget pits public health against primary care. This is another false choice.
- The budget dismantles Maine CDC by eliminating 40 positions such as epidemiologists, public health nurses, system to control and prevent HIV, tuberculosis, measles, etc.
- Maine has no local health departments which is very different from many states. Fund for Healthy Maine plays much of this role. The budget butts into this Healthy Maine Fund to pay providers. Takes money away from one to give to another.
- Potential Solution: Raise price of tobacco. Could bring in \$6-9 million a year. Cut low priced tobacco products out of market so they are less appealing to kids.



### **Jess Maurer-Maine Association of Agencies on Aging**

- Three issues to focus on: 1) Concept of moving burden of property tax—hits older adults HARD. 2) Cuts to medicare savings program and drugs for elderly programs 3)What isn't in this budget—really critical investments in infrastructure.



- 17% of population is 65 or older. It will be 25% of the population by 2030. 10% of current individuals who are 65 or older are at or below 100% of federal poverty level. 40% are living at 200% of federal poverty level.
- Increasing property taxes will drive them out of homes.
- When people can't afford to take medication, they have critical health events, which often results in being moved into elderly housing, which is the MOST expensive options.

**Mary Anne Turowski- Maine State Employees Association**



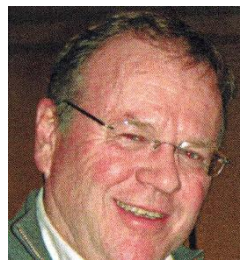
- Finally funds merit and longevity pay, changes tax exemption on pensions-That's good! But bigger picture is not as good.
- One way the governor plans to get to 0 income tax is by increasing and broadening the sales tax. This is regressive. High percentage of income will be spent on sales tax for lower income Mainers.
- Property taxes are also regressive. Eliminates homestead exemption, flat funds education, eliminates revenue funding—All will lead to property tax increases
- The ncome tax is the most progressive way to collect taxes. Broaden ranges; make higher rates at the top.

**Lisa Pohlmann- Natural Resources Council of Maine**



- Natural resources contribute millions to economy. Agencies are already stretched to cover their responsibilities.
- The government is stepping back from role of environment education such as recycling, which have long term benefits.
- Two issues in budget
  - 1) The budget breaks apart (organization I didn't catch name of!) and wants to move it into Public Forestry. There is great concern that environment and wildlife will take a backseat. Another issue is the elimination of 22 forsest rangers and replacing them with 7. These rangers conduct compliance surveys, and their decreased ability to do this would result in poor/illegal forest practices, degradation of water and wildlife
  - 2) Non-profit tax exemption is BAD for land trusts. Usually the land is donated, but they still must raise funds every year to provide services to preserve these lands.

**Greg Dore-Skowhegan Road Commissioner**



- Highway fund is struggling because of more efficient vehicles
- Our transportation budget is a maintenance budget-it keeps the worst roads in okay shape
- \*\*\* Grant has been included as part of budget to cover basic transportation costs in the budget instead of being used for special purposes as was the original intention.

- Solutions: Robust bond. We need more revenues. By not funding transportation as we should, roads get worse every day. We could pay what we need to now, or pay more later down the road.

## **Panel Q&A**

### **Is there a current bill to raise tobacco tax?**

No, they did not think they would have an opportunity because of the make-up of legislature. But the Governor 's broadening of the sales tax might create space for that. They will be speaking about it at hearings.

### **Can county government help? More regional approach?**

Counties get money from municipalities so it's difficult. County government is not very robust. Can be very turf driven and towns get pitted against each other

### **Can't environmental fees be increased to make up loss of funding-such as hunting licenses.**

The prospects of that are not very good because there are certain groups (especially groups that are close with governor) that are very opposed to it. This would be a good place to export tax-out of states hunting in Maine for example.

### **How will budget impact small businesses?**

If workforce is not healthy, they will use more sick day; we lose a healthy workforce. The income tax reduction will not help small businesses. Small business earnings tend to be lower than median average earners, so it doesn't help them come out ahead. As property taxes get shifted for small business owners, who have multiple locations, it will swamp any benefit from reduced income tax.

### **Funding for Maine Community College systems, why not fund the positive and total economic driver?**

We should! They comprise a key piece of workforce development in our state. However, the question is somewhat put on hold until they figure out how University system and Community College system will interface.

### **Why not add tolls from Augusta to Bangor to increase funds for Highway fund?**

We could, but it would not raise funds to cover how much highway fund needs. Gas tax is good alternative.

### **Taxing Legal Services? What will the impact on MEJP be?**

MEJP already struggles to meet the legal needs in state. We can't come close as legal service community to meet all the needs of Mainers. The tax would be a step in wrong direction.

**What does the budget do to promote access to quality childcare?**

Not much. A lot of money got diverted to hiring inspectors instead of improving quality of childcare. Children of Maine are 20% of population but 100% of future. We need to be investing in them now.

**How to get better long-term results from Headstart programs?**

Many programs present in head-start programs are dropped when kids enter public schools, for example family involvement. One suggestion is community schooling, involve the entire community in the education of its children. We can't just blame the schools for bad results; we must involve community programs, doctors, childcare providers, so that everyone is owning the education results, and everyone is participating.

**Does this budget impact access to healthcare in rural areas? In what ways?**

As far as public health is concerned, absolutely. Eliminating Healthy Maine Partnerships decreases access to the prevention side of healthcare. There are two positive aspects however 1) federal funding for enhanced primary care feed payment ended in 2014. General Fund will continue funding it. 2) Maine Care health homes initiative-provides better medical home type care for disabilities and chronic care. There is enhanced general fund money for this program as well. These will help with access to underserved areas.

**Aging people won't be able to drive. Where are investments in public transportation?**

We need it! We have problematic roads and bridges, but 90 years old driving on them because there is no public transportation. There is a plan for new public transit coming out that will recommend spending up to \$14 million to meet the needs of communities and the elderly. One idea is to build volunteer drive networks around Maine.

**Is it time to consider merging University of Maine with Community College system?**

I don't know. The discussion of reorganization is front and center. It's on the table.

**Is there anything good in this budget?**

Ed Cervone: For the university system, there are some good measure. Through the last few administrations, they've gotten the short end of the stick. Any uptick in spending is good. It's not adequate, but it's a move in the right direction.

Robyn Merrill: protecting reimbursement rates, funding waitlists.

Lisa Pohlman: broadening sales tax base.

It funds recruitment and retention.

Yes there are some good aspects, but they are coming at expense of other great, necessary programs. So it's hard to say they are "good."