

# The Maine View

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## Where the Money Is, Volume II The Fastest-Growing General Fund Programs in Maine Government, FY 2002—FY 2011

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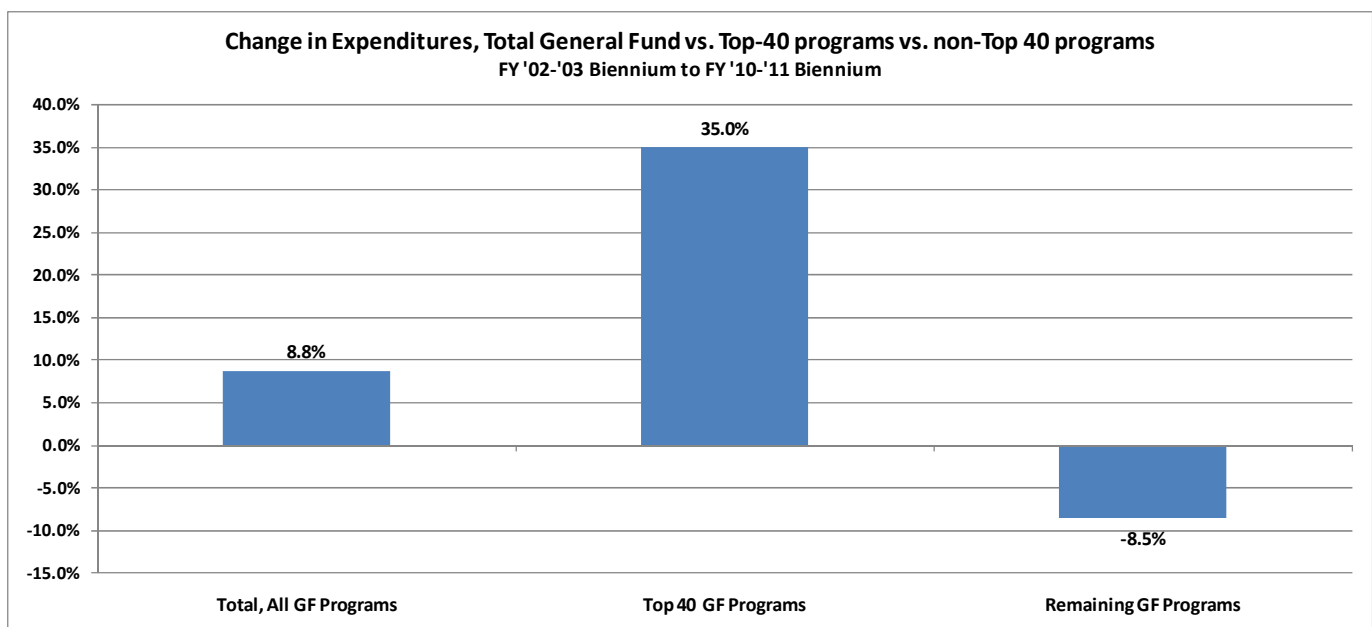
Two years ago, the Maine Heritage Policy Center identified the 40 fastest-growing state programs funded by the state's General Fund. That January 2009 report was developed in response to attempts by legislative budget writers to balance the state budget by making across-the-board cuts to all state programs and funds.

The problem with that fair-sounding approach is that not all state programs are equally responsible for the state's budget woes. Rather, a handful of programs are driving the bulk of state spending growth. A number of state programs, in fact, are actually spending less today than they were ten years ago. Administrative spending by the Maine State Library, for instance, fell 64 percent over the past decade. Spending by the Department of Corrections, by comparison, has risen by more than 33 percent. Simply put, some programs are more responsible for ongoing budget shortfalls than others.

Which state agencies and departments are most responsible for increased state spending? Of the 40 fastest-growing programs in this report, 25 are in either the Department of Health and Human Services or the Department of Corrections. Three other programs are related to law enforcement. Spending on various social and health programs continues to climb rapidly, yet, contrary to the promises of those who advocate for more social services spending, criminal justice costs continue to climb as well.

Just as we found in our 2009 report, average spending growth by the Top 40 programs far outpaces the General Fund average. While General Fund spending grew just 8.8 percent over the past ten years, spending by the Top 40 state programs shot up 35 percent. Spending by General Fund programs not among the Top 40 actually dropped 8.5 percent over the same period.

If they are looking for ways to balance the General Fund budget, lawmakers would do well to carefully scrutinize those programs - and there are a relative few - that have seen the most dramatic spending growth in recent years. Here are 40 of them:



Source: Office of Fiscal and Program Review, MHPC

**Total General Fund spending:** Total General Fund spending for all programs rose and fell during the last ten years, but is up 8.8 percent overall.

TOTAL, ALL GENERAL FUND PROGRAMS						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
Grand Total, General Fund, All Programs	\$ 5,105,728,425	\$ 5,427,472,957	\$ 5,850,237,323	6,147,277,774	\$ 5,553,798,746	8.8%

**The Department of Health and Human Services:** Total General Fund spending by the largest state department is actually lower today than it was ten years ago, but spending by some DHHS programs has risen dramatically. Administrative spending has skyrocketed and state spending on the TANF program alone is up 72 percent.

DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
DISPROPORTIONATE SHARE - RIVERVIEW PSYCHIATRIC CENTER (AUGUSTA MENTAL HEALTH INSTITUTE)	\$ 15,775,764	\$ 18,730,263	\$ 21,147,163	\$ 21,373,617	\$ 20,401,994	29.3%
DRIVER EDUCATION & EVALUATION PROGRAM	\$ 2,014,715	\$ 2,738,152	\$ 2,668,499	\$ 3,721,069	\$ 3,418,524	69.7%
OFFICE OF SUBSTANCE ABUSE - MEDICAID SEED	\$ 1,749,290	\$ 2,701,153	\$ 6,229,433	\$ 5,097,735	\$ 3,659,433	109.2%
BUREAU OF MEDICAL SERVICES (MAINECARE ADMINISTRATION)	\$ 22,428,420	\$ 27,981,226	\$ 38,460,621	\$ 54,080,929	\$ 63,846,473	184.7%
GENERAL ASSISTANCE - REIMBURSEMENT TO CITIES & TOWNS	\$ 9,385,490	\$ 9,776,044	\$ 12,047,923	\$ 12,474,244	\$ 14,283,940	52.2%
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (AID TO FAMILIES WITH DEPENDENT CHILDREN)	\$ 29,223,521	\$ 38,861,750	\$ 46,474,928	\$ 49,876,716	\$ 50,288,156	72.1%
STATE-FUNDED FOSTER CARE/ADOPTION ASSISTANCE (CHILD WELFARE SERVICES)	\$ 59,405,678	\$ 76,821,075	\$ 76,360,558	\$ 79,810,636	\$ 74,698,964	25.7%
OFFICE OF MANAGEMENT AND BUDGET (ADMINISTRATION - HUMAN SERVICES)	\$ 8,426,401	\$ 8,923,804	\$ 16,091,757	\$ 27,397,134	\$ 29,557,830	250.8%
OMB DIVISION OF REGIONAL AND BUSINESS OPERATIONS (OMB OPERATIONS - REGIONAL)	\$ 19,038,470	\$ 19,322,299	\$ 26,168,317	\$ 28,197,857	\$ 25,086,512	31.8%
BUREAU OF CHILD AND FAMILY SERVICES - CENTRAL (ADMINISTRATION - SOCIAL SERVICES)	\$ 3,051,780	\$ 3,426,191	\$ 3,968,441	\$ 4,542,194	\$ 4,605,468	50.9%
BUREAU OF CHILD AND FAMILY SERVICES - REGIONAL (SOCIAL SERVICES - REGIONAL)	\$ 49,439,207	\$ 54,597,557	\$ 59,071,802	\$ 67,014,219	\$ 66,362,619	34.2%
BUREAU OF FAMILY INDEPENDENCE - REGIONAL (INCOME MAINTENANCE - REGIONAL)	\$ 18,120,259	\$ 19,845,498	\$ 20,547,175	\$ 27,064,365	\$ 30,908,430	70.6%
HOMELESS YOUTH PROGRAM (YOUTH IN NEED OF SERVICES PROGRAM)	\$ 210,000	\$ 328,535	\$ 680,628	\$ 646,760	\$ 803,520	282.6%

**The Department of Corrections:** While the General Fund budget for DHHS is actually less than it was ten years ago, the General Fund budget for the Department of Corrections has grown by more than 33 percent. The Department’s administrative costs have risen 90 percent in just ten years, and medical spending has more than doubled.

DEPARTMENT OF CORRECTIONS						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
ADULT COMMUNITY CORRECTIONS (PROBATION & PAROLE)	\$ 13,377,389	\$ 14,177,355	\$ 15,498,880	\$ 17,211,924	\$ 17,301,689	29.3%
ADMINISTRATION - CORRECTIONS	\$ 8,603,685	\$ 7,153,102	\$ 8,019,562	\$ 15,624,417	\$ 16,392,040	90.5%
CORRECTIONAL MEDICAL SERVICES FUND	\$ 15,796,890	\$ 26,518,534	\$ 29,094,467	\$ 34,010,184	\$ 34,419,836	117.9%
STATE PRISON	\$ 57,597,238	\$ 62,532,098	\$ 68,601,059	\$ 77,869,124	\$ 74,690,200	29.7%
CORRECTIONAL CENTER	\$ 29,433,929	\$ 34,755,566	\$ 38,205,750	\$ 43,009,990	\$ 43,243,448	46.9%
CENTRAL MAINE PRE-RELEASE CENTER	\$ 2,393,260	\$ 2,742,666	\$ 3,017,216	\$ 3,288,132	\$ 3,412,845	42.6%
DOWNEAST CORRECTIONAL FACILITY	\$ 8,523,970	\$ 9,661,298	\$ 10,600,666	\$ 11,652,267	\$ 11,584,146	35.9%
CHARLESTON CORRECTIONAL FACILITY	\$ 3,761,976	\$ 4,158,466	\$ 4,747,806	\$ 7,649,876	\$ 7,356,130	95.5%
MOUNTAIN VIEW YOUTH DEVELOPMENT CENTER	\$ 22,778,772	\$ 24,313,058	\$ 26,191,868	\$ 28,539,965	\$ 28,549,386	25.3%

**Public Safety and Criminal Justice costs:** Corrections costs are up, but so are other costs related to public safety and criminal justice. Among the Top 40 fastest-growing state programs are the following three, which include spending by the Department of Public Safety and the Attorney General’s Office:

JUSTICE AND PUBLIC SAFETY PROGRAMS						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
STATE POLICE	\$ 25,028,157	\$ 29,161,249	\$ 32,247,154	\$ 37,149,171	\$ 46,148,177	84.4%
DRUG ENFORCEMENT AGENCY	\$ 1,740,371	\$ 1,708,787	\$ 4,069,562	\$ 4,773,363	\$ 4,889,451	180.9%
DISTRICT ATTORNEYS SALARIES	\$ 11,831,048	\$ 12,430,274	\$ 14,535,700	\$ 16,397,440	\$ 15,949,339	34.8%

**Department of Education:** General Purpose Aid for Local Schools, the largest single General Fund account, rose 25 percent over the last ten years, but spending on Retired Teachers’ Health Insurance shot up nearly 140 percent.

DEPARTMENT OF EDUCATION						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
GENERAL PURPOSE AID FOR LOCAL SCHOOLS	\$ 1,422,156,760	\$ 1,436,624,166	\$ 1,750,214,188	\$ 1,928,439,876	\$ 1,787,191,329	25.7%
RETIRED TEACHERS' HEALTH INSURANCE	\$ 16,111,958	\$ 23,193,685	\$ 31,274,375	\$ 35,119,196	\$ 38,569,105	139.4%

**Defense and Veterans Services:** Though few would dispute the need to provide these services, General Fund spending for veterans’ services and disaster assistance has risen dramatically.

DEPARTMENT OF DEFENSE, VETERANS AND EMERGENCY MANAGEMENT						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
VETERANS SERVICES	\$ 3,400,330	\$ 3,269,194	\$ 3,486,128	\$ 4,422,521	\$ 4,705,888	38.4%
DISASTER ASSISTANCE	\$ 694,225	\$ 55,118	\$ 2,715,000	\$ 3,960,532	\$ 3,503,063	404.6%

**Department of Administrative and Financial Services:** Some of this department’s programs have seen large spending increases. Debt service spending by the Government Facilities Authority has more than doubled.

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
PUBLIC IMPROVEMENTS/ PLANNING/ CONSTRUCTION - ADMINISTRATION	\$ 1,499,482	\$ 1,781,741	\$ 2,486,143	\$ 2,402,634	\$ 2,512,771	67.6%
BUILDINGS & GROUNDS OPERATIONS	\$ 18,715,838	\$ 19,890,364	\$ 21,979,389	\$ 28,207,506	\$ 24,275,036	29.7%
BUREAU OF REVENUE SERVICES (BUREAU OF TAXATION)	\$ 52,760,366	\$ 59,426,067	\$ 59,140,856	\$ 70,243,513	\$ 70,597,906	33.8%
DEBT SERVICE - GOVERNMENTAL FACILITIES AUTHORITY	\$ 16,587,760	\$ 33,205,289	\$ 36,939,799	\$ 37,820,787	\$ 38,439,073	131.7%

**Natural Resources:** Though they make up a small part of the overall budget, the state’s natural resources agencies have seen significant spending growth in some areas. Four of the Top 40 programs are in these departments.

NATURAL RESOURCES AGENCIES						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
DIVISION OF ANIMAL HEALTH AND INDUSTRY (AGRICULTURAL PRODUCTION)	\$ 1,445,156	\$ 1,431,612	\$ 2,179,240	\$ 2,973,302	\$ 2,205,264	52.6%
DIVISION OF FOREST POLICY AND MANAGEMENT	\$ 2,266,437	\$ 3,634,121	\$ 3,689,845	\$ 3,547,516	\$ 3,422,171	51.0%
ADMINISTRATIVE SERVICES - IF&W	\$ 3,212,054	\$ 3,058,434	\$ 4,075,761	\$ 5,326,162	\$ 5,527,177	72.1%
FISHERIES AND HATCHERIES OPERATIONS	\$ 5,606,009	\$ 5,608,867	\$ 6,868,526	\$ 6,605,540	\$ 7,343,163	31.0%

**Miscellaneous programs:** While the budget for the Governor’s office rose and then fell over the past ten years, the Legislature’s budget has steadily increased. The administrative budget for the Treasurer’s office has risen as well.

MISCELLANEOUS PROGRAMS						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
ADMINISTRATION - EXECUTIVE - GOVERNOR'S OFFICE	\$ 3,585,923	\$ 4,967,176	\$ 5,273,823	\$ 5,524,972	\$ 4,793,339	33.7%
LEGISLATURE	\$ 40,062,552	\$ 42,070,029	\$ 45,474,457	\$ 48,672,997	\$ 50,663,826	26.5%
ADMINISTRATION - TREASURY	\$ 2,402,997	\$ 2,352,701	\$ 2,330,866	\$ 2,912,733	\$ 3,946,863	64.2%

**New programs:** Despite ongoing budget shortfalls, new programs have been created and funded. Examples of what appear to be new programs (which are not included among the Top 40), are the following:

NEW PROGRAMS						
Program	FY02-03	FY 04-05	FY 06-07	FY 08-09	FY 10-11	% Change
OFFICE OF INNOVATION	\$ -	\$ 5,967,946	\$ 12,031,030	\$ 14,571,666	\$ 13,876,478	N/A
GAMBLING CONTROL BOARD	\$ -	\$ 654,468	\$ 2,034,274	\$ 2,141,602	\$ 2,050,789	N/A
FARMS FOR THE FUTURE PROGRAM	\$ -	\$ -	\$ 250,000	\$ 680,000	\$ 505,000	N/A
MAINE COMMISSION ON INDIGENT LEGAL SERVICES	\$ -	\$ -	\$ -	\$ -	\$ 10,083,063	N/A
DOCTORS FOR MAINE'S FUTURE	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000	N/A

**The changing composition of the General Fund.** The 40 fastest-growing General Fund programs are consuming an ever larger share of the overall General Fund budget. As indicated in the chart below, during the 2002-2003 biennium, the 40 fastest-growing programs made up 40 percent of all General Fund spending. By the 2010-2011 biennium, those same 40 programs made up nearly half of the General fund budget. If the massive spending increases of these 40 programs are not dealt with in a responsible and sustainable manner, this handful of programs will ultimately consume all General Fund spending.

Growth of the Top 40 share of total General Fund spending				
	FY02-03	Top 40 Share of General Fund, FY 02-03	FY 10-11	Top 40 Share of General Fund, FY 10-11
Top 40 GF Programs	\$ 2,029,643,527	39.8%	\$ 2,739,554,524	49.3%
Remaining GF Programs	\$ 3,076,084,898	60.2%	\$ 2,814,244,222	50.7%
Total, All GF Programs	\$ 5,105,728,425	100.0%	\$ 5,553,798,746	100.0%

**Departmental Budgets.** Not only is there variation in spending growth from one program to another, but from one department to another. A number of state departments have seen major spending cuts over the past decade. The biennial budget for the Department of Economic and Community Development, for instance, has been cut by 41.4 percent. Spending by the Department of Public Safety, by contrast, is up 57.8 percent over the same period.

General Fund Spending Changes by Major Department, FY 2002-2003 biennium to FY 2010-2011 biennium			
Departments with spending DECREASES	Percent Decrease	Departments with spending INCREASES	Percent Increase
Administrative and Financial Services	-27.8%	Attorney General	5.7%
Agriculture, Food and Rural Resources	-25.7%	Corrections	33.2%
Audit	-15.7%	Executive (Governor's office)	2.7%
Conservation	-0.1%	Defense, Veterans, and Emergency Management	34.3%
Economic and Community Development	-41.4%	Education	23.4%
Environmental Protection	-11.2%	Inland Fisheries and Wildlife	17.5%
Health and Human Services	-6.8%	Judicial	24.6%
Labor	-31.2%	Legislature	23.8%
Marine Resources	-0.8%	Public Safety	57.8%
Secretary of State	-10.1%	Treasurer	17.6%
Transportation	-7.5%		

**Conclusion.** As this simple analysis shows, dealing in a meaningful way with the rapidly rising costs of the 40 programs outlined here would do far more to sustainably solve the state's budget woes than implementing yet another round of across-the-board cuts. A relative handful of state programs are driving most state spending increases. State budget writers should therefore devote a good deal of their time and energy to reviewing them.

**Sources:** The Legislature's Office of Fiscal and Programs Review is the source for all budgetary data in this report.

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