

Where the Money Is:

The Top 40 Fastest-Growing General Fund Programs in Maine Government, FY 2000—FY 2009

by Stephen Bowen

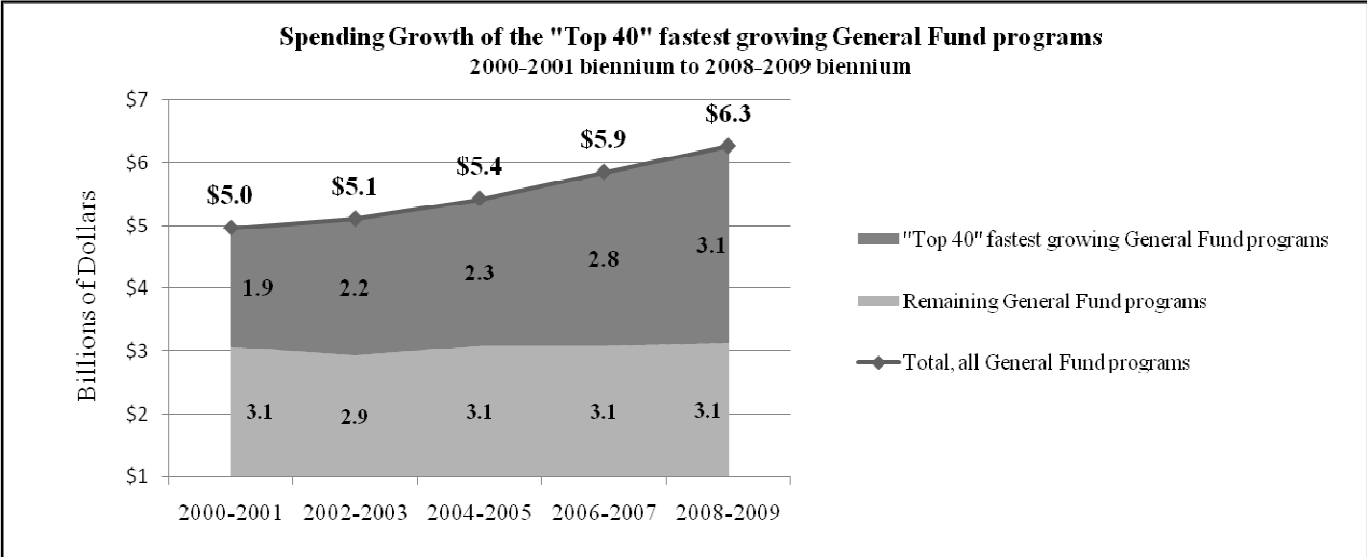
As legislators begin dealing with a state biennial budget deficit reported to be more than \$840 million, they would do well to learn from the famous bank robber Willie Sutton, who, when asked why he robbed banks, is reported to have said “*because that’s where the money is.*”

For lawmakers to focus on the chief causes of Maine’s overspending, the obvious place to start looking would be a list of the programs with the fastest-growing budgets. In order to identify those programs, we undertook an analysis of the *10-year History of Appropriations by Program* report authored by the Legislature’s Office of Fiscal and Program Review and available on the Legislature’s website.¹ This 50-page report tracks General Fund spending by each state government program, from Fiscal Year 2000 to Fiscal Year 2009, organized by department and General Fund account number.

To find the fastest-growing programs in state government, we simply tracked spending increases over the five biennial budget periods from 2000-2001 to 2008-2009 and ranked programs by rate of increase. Combined, the “Top-40” fastest growing programs are budgeted to spend \$1,244,060,646 more during the 2008-2009 biennium than they spent during the 2000-2001 biennium, an increase of 66 percent. The remaining 551 General Fund programs listed in the state’s *10-year history of Appropriations by Program* report grew by an average of only 2 percent over this same time period.

These Top 40 programs have such a high degree of responsibility for overall General Fund budget growth, that had they simply grown at the same 26 percent rate that was the average for all state programs in the *10-year History of Appropriations by Program* report, spending for the 2008-2009 biennial would have been \$753 million less than it is budgeted to be, which would largely solve the budget crisis now confronting policymakers in Augusta.

The Legislature and the Governor could take a giant step toward sustainably solving the state’s perennial budget woes by dealing in a meaningful way with the rapidly rising costs of the 40 programs outlined here. All the “across-the-board” cuts in the world won’t solve the budget crisis unless these major cost drivers are addressed. They are where the money is.



Source: Office of Fiscal and Program Review, MHPC

The Department of Health and Human Services (DHHS). Though now one, this department was once split into two separate departments, the Department of Human Services (DHS) and the Department of Behavioral and Developmental Services (BDS). The rising costs of health care have driven up DHHS budgets, including budgets for mental health, but there have been rising administrative costs as well. Two “Office of Management and Budget” programs within the former DHS have shown dramatic spending increases, and a “Medical Care Administration” program within the former DHS has grown by almost 200%.

Department of Health and Human Services - Formerly Department of Behavioral and Developmental Services						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Mental Health Services - Community Medicaid	\$ 52,390,688	\$ 58,974,670	\$ 69,590,629	\$ 76,853,445	\$ 88,246,321	68%
Mental Health Services - Child Medicaid	\$ 22,549,901	\$ 39,169,766	\$ 61,496,509	\$ 62,287,029	\$ 66,712,929	196%
Disproportionate Share - Riverview Center	\$ 13,460,089	\$ 15,775,764	\$ 18,730,263	\$ 21,147,163	\$ 21,395,323	59%
Office of Substance Abuse - Medicaid Seed	\$ 300,000	\$ 1,749,290	\$ 2,701,153	\$ 6,229,433	\$ 5,463,721	1721%
Dorothea Dix Psychiatric Center	\$ 490,674	\$ -	\$ 5,264,064	\$ 4,216,037	\$ 7,363,573	1401%
Driver Education and Evaluation Program	\$ 1,838,173	\$ 2,014,715	\$ 2,738,152	\$ 2,668,499	\$ 4,000,443	118%

Department of Health and Human Services - Formerly Department of Human Services						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Child Welfare Services	\$ 52,550,522	\$ 59,405,678	\$ 76,821,075	\$ 76,360,558	\$ 82,860,636	58%
Bureau of Child and Family Services - Regional Social Services	\$ 41,694,068	\$ 49,439,207	\$ 54,597,557	\$ 59,071,802	\$ 67,121,233	61%
Bureau of Medical Services - Medical Care Administration	\$ 20,753,062	\$ 22,428,420	\$ 27,981,226	\$ 38,460,621	\$ 61,455,516	196%
Office of Management and Budget - Regional Administration, Human Services	\$ 17,105,472	\$ 19,038,470	\$ 19,322,299	\$ 26,168,317	\$ 28,628,003	67%
Office of Management and Budget - Administration, Human Services	\$ 6,780,973	\$ 8,426,401	\$ 8,923,804	\$ 16,091,757	\$ 27,573,268	307%
Bureau of Family Independence - Regional Income Maintenance	\$ 16,561,040	\$ 18,120,259	\$ 19,845,498	\$ 20,547,175	\$ 27,539,142	66%

The Department of Public Safety. Spending on the State Police is up by more than 50 percent, but Drug Enforcement Agency spending rose dramatically—by more than 200 percent. Office of Substance abuse spending is up as well, signaling that it may be time for policymakers to undertake a careful review of Maine’s drug enforcement and drug treatment efforts.

Department of Public Safety						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
State Police	\$ 24,452,039	\$ 25,028,157	\$ 29,161,249	\$ 32,247,154	\$ 37,128,983	52%
Drug Enforcement Agency	\$ 1,583,617	\$ 1,740,371	\$ 1,708,787	\$ 4,069,562	\$ 4,771,263	201%

The Office of Attorney General and the Department of the Judiciary. The costs of prosecuting the lawbreakers apprehended by the public safety community has increased. Spending on District Attorney’s salaries is up more than \$6 million—65%—in just ten years, while spending on Maine’s court system rose by 46%. Almost \$40 million more was spent on Maine’s court system in the 2008-2009 biennium than was spent in the 2000-2001 biennium.

Office of Attorney General						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
District Attorney's Salaries	\$ 9,925,726	\$ 11,831,048	\$ 12,430,274	\$ 14,535,700	\$ 16,397,440	65%
Department of the Judiciary						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Courts - Supreme, Superior, District & Administrative	\$ 85,758,297	\$ 98,486,150	\$ 105,878,566	\$ 112,568,240	\$ 125,414,157	46%

The Department of Corrections. The 69% rise in department-wide spending at the Department of Corrections dwarfs spending growth percentages at any other state department, including DHHS and Education. Spending at actual corrections facilities has been rising, but administrative spending has risen as well. The “Administration” line in the Corrections budget has nearly doubled in ten years. Combined, increased spending by Public Safety, the Attorney General’s office, the Judiciary, and the Department of Corrections make Maine’s criminal justice system a major driver of state budget growth.

Department of Corrections						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Maine State Prison	\$ 49,556,605	\$ 57,597,238	\$ 62,532,098	\$ 68,601,059	\$ 76,859,252	55%
Correctional Center	\$ 28,395,481	\$ 29,433,929	\$ 34,755,566	\$ 38,205,750	\$ 42,468,500	50%
Correctional Medical Services Fund	\$ 1,464,018	\$ 15,796,890	\$ 26,518,534	\$ 29,094,467	\$ 34,084,474	2228%
Mountain View Youth Development Center	\$ 6,621,706	\$ 22,778,772	\$ 24,313,058	\$ 26,191,868	\$ 28,211,267	326%
Juvenile Community Corrections	\$ 12,727,655	\$ 18,476,532	\$ 18,210,623	\$ 19,138,895	\$ 21,477,226	69%
Adult Community Corrections - Probation & Parole	\$ 11,013,732	\$ 13,377,389	\$ 14,177,355	\$ 15,498,880	\$ 17,077,360	55%
Administration-Corrections	\$ 8,290,833	\$ 8,603,685	\$ 7,153,102	\$ 8,019,562	\$ 15,839,828	91%

The Department of Education. In response to a Citizen's Initiative, state policymakers have been increasing state funding to local schools under the General Purpose Aid program, which has grown 52 percent in the last decade. Lawmakers also increased the state's share of costs for retired teachers' health insurance, which has led to dramatic increases in that budget line. Other spending drivers at the Department of Education include Adult Education and Management Information Systems.

Department of Education						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
General Purpose Aid for Local Schools	\$ 1,286,133,438	\$ 1,422,156,760	\$ 1,436,624,166	\$ 1,750,214,188	\$ 1,955,486,525	52%
Retired Teachers' Health Insurance	\$ 7,773,792	\$ 16,111,958	\$ 23,193,685	\$ 31,274,375	\$ 35,119,196	352%
Adult Education	\$ 4,540,160	\$ 9,604,790	\$ 9,955,068	\$ 11,044,076	\$ 12,164,779	168%
Management Information Systems	\$ 2,591,041	\$ 3,854,202	\$ 4,057,386	\$ 4,509,643	\$ 6,107,387	136%

The Department of Economic and Community Development (DECD). The budget for DECD has remained more or less flat for years. For FY 2009, DECD was budgeted to spend only \$100,000 more than it had spent in FY 2000. There have been areas of spending growth however, including the new Office of Innovation, and the "International Commerce" program.

Department of Economic and Community Development						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Office of Innovation	\$ -	\$ -	\$ 5,967,946	\$ 12,031,030	\$ 15,031,854	N/A
International Commerce	\$ 247,479	\$ 1,342,316	\$ 1,361,008	\$ 1,278,191	\$ 1,399,128	465%

The Office of Program Evaluation and Government Accountability (OPEGA). This new legislative office began operation in 2005 and was tasked by lawmakers with "improving the accountability, oversight and performance" of state government. The program now spends just under \$1 million per year, but has identified areas for potential cost savings across state government that total well in excess of that amount.² OPEGA survived an attempt last legislative session to slash its budget dramatically, and may become a target of budget cuts again.

Office of Program Evaluation and Government Accountability						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Program Evaluation and Government Accountability	\$ -	\$ 17,244	\$ 585,593	\$ 1,852,545	\$ 1,933,939	N/A

Maine Legislature. The budget for the Maine Legislature had grown 47 percent since the 2000-2001 biennium. In a 2008 report on legislative spending, The Maine Heritage Policy Center found that despite the "seasonal" nature of legislative work, "a review of state staffing data found 170 year-round legislative staff positions. The average salary and benefit compensation for each of those 170 positions is more than \$83,000. Among these, there are 45 legislative staff positions with pay and benefits in excess of \$100,000 a year."³

Maine Legislature						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Legislature	\$ 33,131,055	\$ 40,062,552	\$ 42,070,029	\$ 45,474,457	\$ 48,672,997	47%

The Departments of Agriculture, Conservation, and Inland Fisheries and Wildlife. There have been proposals in the past to merge some or all of the so-called “natural resources” departments, and while budget growth at these departments has been moderate, they too have had substantial budget increases in some areas.

Department of Agriculture						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Division of Animal Health and Industry	\$ 1,211,885	\$ 1,445,156	\$ 1,431,612	\$ 2,179,240	\$ 3,026,498	150%
Maine Farms for the Future Program	\$ 200,000	\$ -	\$ -	\$ 250,000	\$ 680,000	240%
Department of Conservation						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Division of Forest Policy and Management	\$ 2,114,178	\$ 2,266,437	\$ 3,634,121	\$ 3,689,845	\$ 3,601,651	70%
Department of Inland Fisheries and Wildlife						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Administrative Services	\$ 2,987,339	\$ 3,212,054	\$ 3,058,434	\$ 4,075,761	\$ 5,444,399	82%

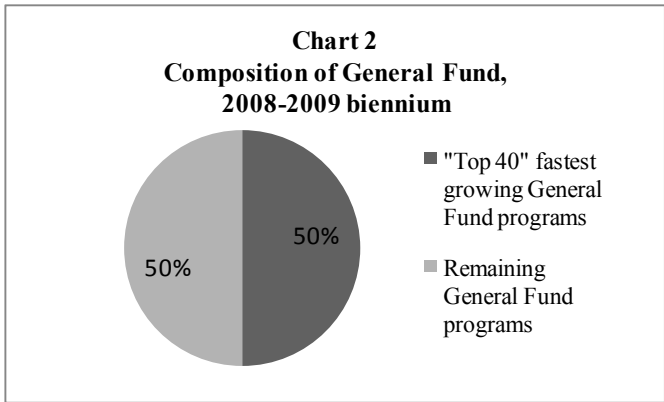
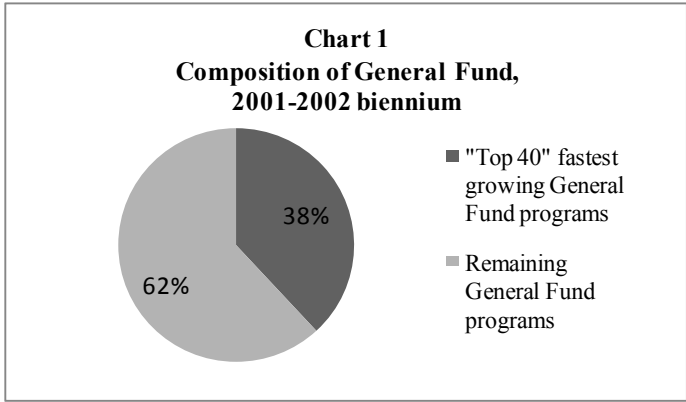
Department of Administrative and Financial Services. Several restructuring efforts over recent years have helped to cut this department’s overall budget by more than 30% from the 2000-2001 biennium, though one or two budget lines are up as a result of these efforts. Some of those savings were also generated by a change in the way a number of tax relief programs were accounted for in the budget. One area of real concern is Governmental Facilities Authority, the vehicle by which the state borrows money for capital projects without voter approval. Its debt service costs have risen dramatically. Maine Revenue Services spending has also risen, as additional tax examiners have been hired in an attempt to increase state revenue collections.

Department of Administrative Services and Financial Services						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Bureau of Revenue Services - Taxation	\$ 46,888,181	\$ 52,760,366	\$ 59,426,067	\$ 59,140,856	\$ 71,280,216	52%
Debt Service - Governmental Facilities Authority	\$ 7,271,250	\$ 16,587,760	\$ 33,205,289	\$ 36,939,799	\$ 37,821,014	420%
Office of the State Controller	\$ 3,256,491	\$ 3,558,889	\$ 3,896,232	\$ 10,177,796	\$ 19,832,964	509%
Office of the Commissioner	\$ 653,698	\$ 572,901	\$ 666,912	\$ 746,423	\$ 1,019,786	56%

The Governor’s Office. The budget for the Governor’s office has grown 83% from 2001-2002 to 2008-2009. There were 30 people working in the Governor’s office in FY 2005, up from 20 in FY 2002. The Governor has since cut 4 staff positions, but spending on his office personnel has remained the same, about \$2.4 million for the biennium. A May, 2008, OPEGA study of administrative staffing found that the number of highly-paid “Special Assistant to the Governor” positions in the Governor’s office had grown by 48 percent from 2002 to 2007.⁴

Office of the Governor						
	2000-2001	2002-2003	2004-2005	2006-2007	2008-2009	Percent Increase
Administration - Governor’s Office	\$ 3,147,777	\$ 3,585,923	\$ 4,967,176	\$ 5,273,823	\$ 5,760,590	83%

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 Chart 1, during the 2000-2001 biennium, the 40 fastest-growing programs made up 38 percent of all General Fund spending. By the 2008-2009 biennium, as indicated in Chart 2, the same 40 programs made up 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 relative handful of state programs will ultimately come to consume all General Fund spending.



Growth of General Fund Components, 2000-2001 to 2008-2009						
	2000-2001 Spending	Percent of total General Fund Budget	2008-2009 Spending	Percent of total General Fund Budget	Dollar Increase, 2000-2001 to 2008-2009	Percent increase, 2000-2001 to 2008-2009
Total, all General Fund programs	\$4,961,751,190	100%	\$6,265,977,599	100%	\$1,304,226,409	26%
"Top 40" fastest growing General Fund programs	\$1,888,412,135	38%	\$3,132,472,781	50%	\$1,244,060,646	66%
Remaining General Fund programs	\$3,073,339,055	62%	\$3,133,504,818	50%	\$ 60,165,763	2%

Sources:

1. http://www.maine.gov/legis/ofpr/general_fund/approps_expend/10yr_history.pdf
2. *Governor and Legislature, Heal Thyself: Why the State House is a good place to look for budget savings*, Maine Heritage Policy Center, MaineView, Vol. 6. No. 3, March 25, 2008
3. IBID
4. *State Administration Staffing*, Office of Program Evaluation and Government Accountability, May, 2008

Stephen Bowen directs education policy at The Maine Heritage Policy Center. He can be reached at sbowen@mainepolicy.org.

Fiscal Sanity is a special series of publications by The Maine Heritage Policy Center which focus on Maine’s overspending crisis and long-term solutions to create a more prosperous state with lower taxes and great economic freedom. All information is from sources considered reliable, but may be subject to inaccuracies, omissions, and modifications.

The Maine Heritage Policy Center is a 501 (c) 3 nonprofit, nonpartisan research and educational organization based in Portland, Maine. The Maine Heritage Policy Center formulates and promotes free market, conservative public policies in the areas of economic growth, fiscal matters, health care, education and transparency— providing solutions that will benefit all the people of Maine. Contributions to MHPC are tax deductible to the extent allowed by law.

© 2009 The Maine Heritage Policy Center. Material from this document may be copied and distributed with proper citation.

P.O. Box 7829, Portland, ME 04112, Phone: 207.321.2550 Fax: 207.773.4385
<http://www.mainepolicy.org> http://mainepolicy.org/mhpc_blog info@mainepolicy.org