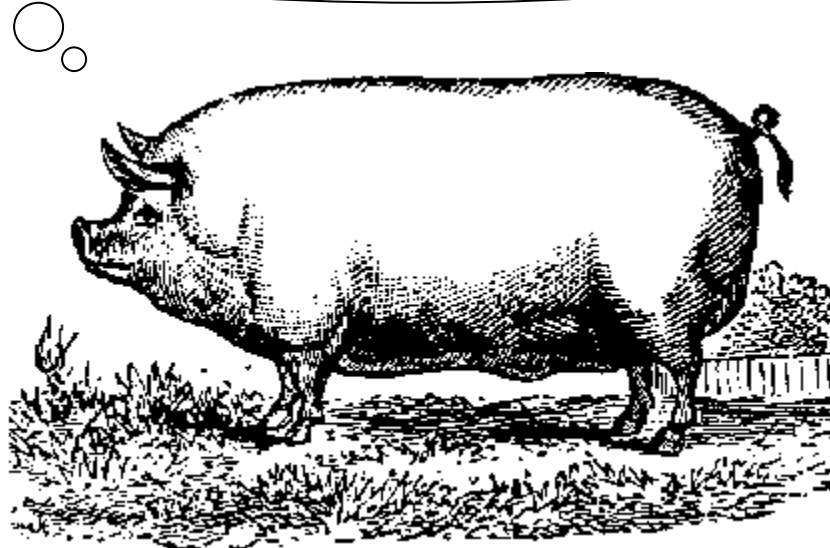


**The Maine Heritage Policy Center  
and  
Citizens Against Government Waste**

Who says that there is no excess  
spending in Maine?



**2007 MAINE  
PIGLET BOOK**

“The Book Augusta Doesn’t Want You to Read”

*We the people of Maine...*

THE MAINE HERITAGE POLICY CENTER

The Maine Heritage Policy Center (MHPC) is a nonprofit, nonpartisan, independent public policy think tank. The Center's mission is to develop and publicize voluntary, market-oriented ideas that strengthen Maine's economy, support personal responsibility, and secure individual freedom and property rights. Through its work, MHPC offers market-based alternatives to governmental overreach in the personal and business affairs of Mainers. The vision is of a Maine with more opportunity for all individuals.

To achieve that end, MHPC researches policy issues, publishes studies, provides testimony, organizes public forums, and furnishes speakers for organizations, and provides expertise to the media, among other activities.

The principles of conservatism guide MHPC's work. Among these principles are: the recognition of individual freedom and property rights; protection of those rights through a limited, constitutional government; advocacy of traditional American values; and the belief in a free enterprise system.

In accordance with its institutional philosophy, and to maintain independence, ***MHPC neither solicits nor accepts government funding.*** The Center relies solely on **voluntary contributions** from individuals, corporations and foundations.

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CITIZENS  
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GOVERNMENT  
WASTE

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government. CAGW has more than one million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers more than \$898 billion.

CAGW's official newsletter is *Government WasteWatch*, and the group produces special reports, and monographs examining government waste and what citizens can do to stop it. CAGW is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954 and is recognized as a publicly-supported organization described in Section 509(a)(1) and 170(b)(A)(vi) of the code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of CAGW through tax-deductible gifts.

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## Introduction

The *2007 Maine Piglet Book*, a joint publication of The Maine Heritage Policy Center and Citizens Against Government Waste, shatters the myth that state spending is cut to the bone and only tax increases and increased spending can help the state out of its fiscal crisis.

Government spending is necessary to fulfill those basic services that government provides. But wise, not wasteful spending, is necessary to maintain and improve these services. While Maine continues to be ranked as the number one state when it comes to its overall tax burden, this spending continues.<sup>1</sup>

Following the property tax cap initiative that voters rejected in November of 2004, the Maine Legislature passed what is commonly known as LD1, An Act To Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels. Governor Baldacci signed this bill into law on January 21, 2005. LD1 established that Maine's goal is to lower its state and local tax burden to the middle one-third of states by 2015.

Where are we two years later? A January, 2007 report by the State Planning Office stated: "...the evidence was mixed. State government and a majority of towns and counties stayed within their growth limits, but the reduction of growth was not as dramatic as it was last year. Taxes raised for a new county jail actually increased the overall growth rate of county assessments, and 81% of school administrative units exceeded their limits."<sup>2</sup>

The state continues to place the blame at the feet of local government, and local government often points to the state. Sadly, neither state nor local government is taking the difficult yet necessary steps to make reducing the tax burden to the middle third of states a reality. Wasteful spending continues, along with the failure to adopt commonsense policy recommendations to reduce the state tax burden without undermining the important role of government or sacrificing necessary services.

In an effort to track government spending, The "Maine Heritage Policy Spend-O-Meter" is a real-time gauge of state spending available at The Maine Heritage Policy Center's website [www.mainepolicy.org](http://www.mainepolicy.org). This is a very effective reflection of the amount of spending in Maine state government every second of every day.

The battle against wasteful spending is gaining momentum. Taxpayers are no longer tolerating wasteful pork projects. Whether it is a "Bridge to Nowhere" in Alaska or the Medicaid Claims Computer System boondoggle in Maine, the voices of the people are sounding loud and clear: "Enough is enough – start cutting out some of the pork!"

## Maine's Spending Spree

Even though Maine is a relatively small state, with approximately 1.3 million residents, it sure can tax and spend.<sup>3</sup> Before getting into the details of the spending problems, the following numbers illustrate just how much Augusta is spending:

- \$6,988,554,697 per year<sup>4</sup>
- \$582,379,558 per month
- \$19,146,725 per day
- \$797,780 per hour
- \$13,296 per minute
- \$222 per second
- \$5,268 per person<sup>5</sup>
- \$12,660 per household<sup>6</sup>

So, if the state can spend \$222 per second and the median household income is \$39,395, it follows that Maine government can spend what a household makes in an entire year in less than three minutes.<sup>7</sup> If one were to lay dollar bills that the state spends in one minute end to end it would stretch out for well over one mile. If someone drove a car on the turnpike at 60 miles per hour, and in the next lane the dollars being spent by the state were being laid end to end, the dollars being spent by the state would pass the driver.

Not only is current spending out of control, Maine's debt continues to grow, creating an increasing burden for those future generations who would stay in Maine. And in doing so, the interest on that debt will cost the taxpayers of Maine billions of dollars. By delaying the payoff of the unfunded actuarial liability owed to the Maine State Retirement System, from the year 2019 to the year 2028, an additional \$2.4 billion will be unnecessarily spent by the state.<sup>8</sup> That is \$1,850 for each man, woman, and child that lives in the state. That's a lot of lemonade for the kids to have to sell.

The debt service for FY 08 alone for the General Fund and Highway Fund will be more than \$100 million.<sup>9</sup> The following chart, compiled with data from the State Treasurer's Office and the State Controller's Office, outlines the \$12.6 billion debt that the state has taken on.<sup>10</sup>

## An Honest Look at Maine's Debt

Tax-Supported Debt	Description	Totals
General Obligation Bonds (GO's)	Debt secured by state's full faith, credit, and taxing power.	\$439,310,000
Bond Anticipation Notes (BANs)	Short term promissory notes issued and repaid within a fiscal year to provide funds for bond projects. Drawn on the balance of authorized but unissued (\$97.14 million).	\$50,570,000
Certificates of Participation (COP's)	Debt secured by state-issued lease payments.	\$52,660,000
Maine Government Facilities Authority (MGFA)	Debt secured by the tax-supported agency budgets.	\$171,620,000
Capital Leases	State obligations under non-cancelable leasing arrangements.	\$41,690,000
GARVEE	Debt secured by future federal transportation funds.	\$41,330,000
Unfunded Actuarial Liability (UAL) for the Maine State Retirement System	Pension funds for state employees and teachers. Anticipated expenses and revenues must be actuarially balanced by 2028.	\$2,990,000,000
Retiree Healthcare Plan Actuarial Valuation	Retiree healthcare plan for state employees and teachers.	\$4,756,000,000 <sup>11</sup>
Moral Obligation Bonds	Bonds backed by the state's moral (but not legally enforceable) promise of payment. These bonds are issued and repaid by: Maine State Housing Authority, Maine Municipal Bond Bank, Maine Health and Higher Education Facilities Authority, Finance Authority of Maine, and the Maine Educational Loan Authority.	\$4,010,000,000
<b>TOTAL</b>		<b>\$12,553,180,000</b>

*Source: Maine State Treasurer's Office & Maine State Controller's Office*

The chart shows that the state is currently carrying \$4.8 billion in unfunded obligations for health insurance premiums for retired state employees and retired teachers. In 1999, Governor King created a Retiree Health Insurance Fund to start to make a dent into the unfunded liability. But that fund today has no money, as it was spent on the supplemental budget in 2004.

There are also serious questions about the \$171 million in non-voter-approved debt being carried by the state through the Maine Governmental Facilities Authority. This "Authority" was created in 1998 to allow lawmakers to avoid voter approval for bonding. With a simple majority vote, the Legislature can borrow at will and pass the debts on to future generations.

## Medicaid

Medicaid is a major financial burden for many states. The dilemma is how to help those in need while keeping costs down. The biggest challenge facing Maine's Medicaid program is the excessive spending per person.

Maine has the nation's second-largest Medicaid program. In Maine, one in five people under age 65 is on Medicaid. Nationally, just one in seven below 65 are on Medicaid. However, Maine's excessively large \$2.4 billion Medicaid budget is a result of high spending per Medicaid recipient.

Consider these facts:

- Maine has the second most expensive Medicaid program—90 percent more expensive per recipient than the U.S. average.
- Those on Maine Medicaid can earn much more than the U.S. average qualifying income rate.
- Maine's population of low-income residents is about average compared to other states.
- Maine has the second largest Medicaid program—19 percent more Mainers are on Medicaid than the U.S. average.
- Maine Medicaid could save almost \$1 billion (40 percent), if Maine had the national average for spending for everyone currently on Medicaid.
- The nearly \$1 billion in Medicaid savings equals \$346 million in Maine General Fund savings, which could result in a 12 percent reduction in the level of state taxes as a percent of personal income, moving to 6.63 percent from 7.53 percent in fiscal year 2004.

If Maine had average Medicaid spending and kept everyone currently on Medicaid covered, the state general fund budget would drop by \$346 million—or about 30 percent of the entire amount collected in the personal income tax

## Maine's \$56 million Medicaid Claims Computer Fiasco: "Shared Tragedy" in Augusta<sup>12</sup>

Another example of wasted taxpayer dollars can be found in the highly publicized failure of a new Medicaid billing system through Maine's Department of Health and Human Services (DHHS). In fact, a headline screamed the bad news: "\$56 million down the drain."<sup>13</sup> How did this happen?

The most succinct analysis of what DHHS Commissioner Brenda Harvey referred to as a "shared tragedy" comes from a February 22 *Ellsworth American* editorial:

This all resulted from awarding a contract several years ago to a small Maryland company called CNSI that had never built such a system before and has since proven to be hopelessly inept. DHHS administrators bought the proverbial pig in a poke. We now are living with the consequences.

Had state officials exercised proper due diligence in the beginning, the “tragedy” need never have happened. The Baldacci administration failed to provide adequate supervision of the project, and the Legislature did not exercise necessary oversight for such an important investment of state and federal resources.

This “shared tragedy” offers compelling evidence that when folks in Augusta make a colossal blunder, it’s all of the people out in the real world who pay the price.<sup>14</sup>

To put this into perspective: The Governor’s school district consolidation plan that recently put the state into such a tizzy was focused on the financial “savings” to the state of \$39 million. This “tragedy” is almost \$20 million more than that, and no one has been held responsible.

## **The Dirigo Health Initiative**

The Dirigo Health Initiative (DHI) is Maine’s official health plan. According to the plan’s website, “Maine’s current health care situation is not sustainable. We spend more of our incomes on health care than 45 other states. More than 130,000 Maine people go without health insurance and most work in small businesses or are self-employed.<sup>15</sup> We can do better. That’s why the Legislature and I created Dirigo Health. It’s not a quick fix, and it’s more than health coverage. It addresses the whole problem. Dirigo Health contains costs, ensures access, and improves the quality of health care. We can make it work, if we all work together.”<sup>16</sup> Instead of being the answer to Maine’s healthcare problems, the DHI has been one of the most costly disappointments in recent history.

When signed into law in June 2003, Dirigo Health was supposed to eliminate the uninsured within five years, reduce health care costs, “and require no new taxes” as the expenses of the program would be offset by “savings” generated to Maine’s health care system. The central component of Dirigo Health was the DirigoChoice insurance product marketed to Maine individuals and small businesses.

Dirigo Health’s actual performance is government boondoggling at its best:

- More than \$33 million spent in just two years (FY 2005 & FY 2006) with \$57 projected to be spent in CY 2007;
- Two million dollars for consultants in 2006, which is twice the amount of Dirigo Health’s total administrative budget;
- Almost \$28 million on taxpayer-financed premium subsidies to produce less than \$5.5 million in reduced bad debt and charity care at Maine hospitals and physician practices;
- Seventy-five percent below sales projections for DirigoChoice;
- The system created \$44 million in added costs on the more than 600,000 Maine people with private health coverage — about \$70 for someone with single coverage or \$200 for a family — through the Dirigo SOP tax (Saving Offset Payment) in 2006 alone; and
- Less than one in four DirigoChoice enrollees were actually uninsured at time of enrollment.

Overall, Dirigo Health has had no positive impact on Maine's uninsured. According to Census Bureau data, in 2004, before DirigoChoice went on the market, there were 130,000 Mainers under 65 years old without health insurance (this is DirigoChoice's target market). By 2005, there were 141,000 Mainers without health insurance.

The lofty goals of Dirigo have not been met. It appears that the entire DHI is on life support. Continuing challenges include its poor sales record, high dropout rate of enrollees, and its excessive cost to the taxpayer.

## Education

Maine's K-12 school system is treading water. Despite substantial increases in spending, particularly in school administration, student performance remains flat. Statewide enrollment figures continue to decline, yet Maine taxpayers are paying more for Maine's school than ever.

Here are some numbers:

- Enrollment: On October 1, 1995, there were 213,569 students in Maine's public schools. By the same day in 2003, enrollment had dropped by 5.4 percent to 202,025.
- Employment trends: Despite enrollment drops, from 1995-1996 and 2002-2003, new positions were created for 12 superintendents, eight assistant superintendents, 20 principals, 58 assistant principals, and 1,317 classroom teachers.
- Maine Educational Assessment (MEA) average scores: From 2000-2001 to 2002-2003, the state average scores on the MEA worsened in four categories and stayed exactly the same in the other three for 11<sup>th</sup> graders; worsened in two categories, stayed the same in four, and improved in one for 8<sup>th</sup> graders; and worsened in two categories; and stayed the same in three and improved in two for 4<sup>th</sup> graders.
- Superintendents: The Maine school system contains 157 superintendents of schools' offices. Out of these 157 offices, 120 superintendents are employed full-time, with an average salary of \$80,543, and pay ranging from \$61,285 to \$116,310. Superintendents' salaries cost \$9.6 million per year.
- School districts: The average school district in the United States contains 3,210 students. Maine's average school district has a student population of 754.
- Administration: There are 1,095 administrative staff, in addition to the 120 full-time superintendents. The staff had an average salary of \$60,101 in the 2002-2003 school year, for total expenditures of \$65.8 million.
- From 1979 to 2003, statewide K-12 student enrollment dropped 14 percent, while the number of school administrators rose 47 percent.<sup>17</sup>
- Enrollment predictions: It is estimated that enrollment in Maine schools will drop by 8.18 percent in the next five years, and 12.5 percent in the next 10 years.<sup>18</sup>

- Per-pupil expenditures: In 1995-1996, per-pupil spending in the state of Maine was \$4,738.41.<sup>19</sup> From 1995-1996 to 2002-2003, this number increased by 48 percent to \$7,018.79.<sup>20</sup> In the two-year period from 2000-2001 to 2002-2003, per-pupil spending increased by 13 percent.<sup>21</sup>

In 2004-2005, the Department of Education received \$1.89 billion of the \$5.35 billion in General Fund expenditures. This is 35.45 percent of total General Fund expenditures, the largest percentage of any expense. The largest chunk of that money is returned to the communities as General Purpose Aid to Local Schools (27.1 percent), as well as the contributions to the Teacher's Retirement fund (6.6 percent).<sup>22</sup>

Adding the total of \$9.6 million for the 120 full-time Maine superintendents to the \$65.8 million for 1,095 administrative staff, the total annual expense comes to \$75.5 million.<sup>23</sup> That figure is prior to any health and retirement benefits, which usually adds 30 percent to salaries. Therefore, the administration of Maine's decreasing K-12 school system is costing Maine taxpayers approximately \$100 million annually.

Maine can generate savings in school administration in several ways. In a January 2007 report, The Maine Heritage Policy Center outlined a school administrative reform concept known as Education Service Districts (ESDs). Under this model, existing school administrative units create collaborative associations in order to share administrative costs on such services as transportation, food service, media and library services, payroll and back office operations, and maintenance. ESDs are used today in other states, where they have generated impressive savings, while maintaining the accountability which comes from local control. School districts in Maine already use a number of local agreements to improve services and cut costs.

A 2005 report on ESDs by Deloitte concluded that a good estimate of savings generated through shared services using ESDs is 20 percent.<sup>24</sup> Applying that formula, a savings of 20 percent on only one-quarter of the approximately \$627 million that Maine spends annually on non-instructional services statewide (one-third of all K-12 spending) would net savings of more than \$30 million. Studies in other states have found even higher savings.<sup>25</sup>

## **Consolidation**

Over the years, a myriad of commissions and boards has been created to address specific needs in Maine, but they are rarely, if ever, evaluated to ensure that a need for them still exists or that similar services are not provided by other agencies. There are currently more than 250 such entities in Maine. Not only does this create extensive overhead costs, it also waters down accountability.

All independent boards and commissions in the executive branch of state government should be rigorously reviewed. Such a review should have a specific focus of consolidating overlapping entities and eliminating those that do not serve a pressing need of government.

Governor Schwarzenegger's California Performance Review, which recommended eliminating or consolidating 119 boards and commissions, included a guide to board consolidation:

The line between the Governor and the performance of executive branch functions should be as straight as possible... When state goals are pursued through un-elected boards and commissions, government is less accountable than if the tasks had been performed directly. If a program is failing...good government demands that blame be easy to affix and hard to deflect. The current structure of boards and commissions creates the opposite situation. For this reason we pursued a comprehensive review of all boards and commissions within the executive branch.<sup>26</sup>

Maine should pursue a similar review of its boards and commissions. "Advisory" commissions and boards should be eliminated and "policy-making" boards placed under the appropriate executive department. In many cases, the functions of these boards should be handled directly by the relevant executive branch agency or department. Where a board structure is necessary, political independence of boards and commissions can be preserved, even if the entity is situated within a state agency.

In addition to the elimination or consolidation of boards and commissions, Maine should identify opportunities for functional consolidation across agency lines. Every agency in the state has certain "fixed costs" and "overhead" necessary to operate. Each agency has to have public affairs, legal counsel, human resource management, information technology, and administrative support. But there are methods to consolidate these functions.

For example, the Department of Administration and Financial Services has consolidated some of its functions. However, there is more that can be done. It is difficult to determine savings that could be achieved from such consolidation given available data. However, experience from other states suggests that savings between 10 and 15 percent typically are achieved.

## **Asset Divestiture**

Governments with budgetary shortfalls are increasingly tapping their portfolios of real property assets as a part of the solution to enhance revenues, reduce expenditures on maintenance, and increase the tax base.

In the effort to confront the Maine state deficit, lawmakers should draw upon the experience of other governments and leverage the value of its portfolio of state-owned assets. Of all the areas where potential revenues can be generated, divestiture of unneeded assets is attractive for a variety of reasons.

First, divesting an unneeded property does not impact the delivery of a service. When a property does not directly support programmatic goals, this dead wood can be eliminated without undermining service quality.

Second, divesting state-owned real estate increases the tax base. State-owned lands do not pay property taxes (which in Maine would benefit schools and local governments) nor do they typically produce sales and income taxes. Moreover, in constrained real estate markets with limited developable land, state-owned property represents a desperately needed source of capital for private economic activity.

Finally, systematically reviewing the state's assets portfolio—and divesting surplus assets—will result in lower maintenance and operations costs and free money up for other priorities.

The California Performance Review identified high-value urban property owned by the state that warranted disposal.<sup>27</sup> The report identified as much as \$4.3 billion in potentially underutilized state-owned real property.

In June of 2003, the Arizona Land Department generated \$51.2 million through the sale of two parcels of land, even though the properties appraised for \$27.9 million.<sup>28</sup> The additional profit was \$23.3 million or 84 percent. While Maine is not like California or Arizona, the results are instructive and demonstrate the need for a formal review of disposable property.

Based on the success that other government entities have had in generating revenue through the sale and realignment (sale-leaseback, for instance) of state-owned real property assets, Maine estimates asset sales of \$25 million in FY 2008-09.

The state should also examine its current buildings and facilities. These assets can also be leveraged through a variety of approaches. For instance, state office buildings, particularly older building in higher cost regions, can be sold and replaced with build-to-suit lease facilities in other regions where commercial real estate costs are lower. Additionally, this may enable the state to acquire better, more modern facilities at lower cost. Commercial office space holders will compete for big tenants like government agencies. Additionally, Governor Baldacci should convene a rent-reduction task force whose sole purpose is to negotiate lower lease rates for state-occupied buildings. A similar effort in California has resulted in 233 leases being amended at a savings of \$76.5 million since 2001.<sup>29</sup>

## State Employee Compensation

Excessive compensation for state employees is a little-known perk that is completely out of whack with pay for other workers. For example, the governor of Maine is the chief executive officer of the state and receives \$70,000 per year. With a U.S. Census stated average three-year (2002-2004) median income for a Maine household of \$39,395, the governor's salary is not exorbitant.

Taxpayers would probably expect the governor to be the highest-paid state employee, or at least near the top of the list. But, according to the State of Maine, in response to Freedom of Information requests dated May 8, 2006 and June 21, 2006, there were 388 executive branch employees who made in excess of \$70,000 per year in 2005, including:

- The state Medical Examiner, Margaret Greenwald, who raked in a cold \$168,216.72;
- The top 12 employees of Department of Health and Human Services (DHHS), who each received in excess of \$143,000 in salary for 2005, with the highest paycheck going to Marjorie Snyder, who tallied \$160,115.20;
- Dennis Shubert of Dirigo Health, who pulled down \$128,316.72, and Dirigo Health Executive Director Karynlee Harrington, who walked out with more than \$101,000, while the governor's point person at Dirigo, Trish Riley, who is listed as a "Governor's Special Assistant," took home in excess of \$101,000 in 2005;

- Thirty-three executive branch employees who made in excess of \$100,000 in 2005; and
- The top three hearings officers with the Workers Compensation Commission, who averaged more than \$97,000 in compensation in 2005.<sup>30</sup>

The legislative branch has 38 employees who earn compensation in excess of the governor's. According to the Office of the Executive Director, the top three big hitters are:

- \$116,344.27 for D.E. Boulter in the Office of the Executive Director of the Legislative Council;
- \$105,668.85 for L.E. Randall of the Law and Legislative Reference Library; and
- \$105,614.85 for M.M. MacFarland in the Office of the Clerk of the House.

These positions are being funded by households whose median incomes are less than \$40,000 and these two branches of government alone account for 426 state employees who make more than the governor of the state.

Excluding the Judiciary does not mean that the third branch of government is more fiscally responsible. Unfortunately, judges' and staff salaries are hidden from public view.

## **State Employee Benefits**

Maine state employees enjoy an extraordinarily generous health insurance benefit, including 100 percent coverage for active employees and pre-Medicare retirees, and generally 60 percent coverage for dependents. As of the fall of 2004, 52 percent of active employees and 80 percent of retirees take advantage of this 100 percent coverage, and thus pay no premiums at all for their health insurance coverage, effectively insulating themselves from the rising costs of health care.

As a consequence, state employees and retirees have a very high rate of utilization of health care services. A 2004 report by the Legislative Fiscal Officers Association compared the state employee health plan to the health plans of other large regional insurers who are members the Maine Health Management Coalition. The report found that Maine State employees and retirees used 22 percent more MRI services than the insured of other large regional employers, 19 percent more cardiac services, 10 percent more hospital visits, 17 percent more emergency room visits, and 26 percent more visits to specialists.

This high utilization of health care services is not resulting in better health. According to the same report, Maine state employees and retirees had a 22 percent greater prevalence of diabetes than the insured of other large regional employers, a 6 percent greater prevalence of heart disease, a 7 percent greater incidence of back disorders, a 5 percent greater prevalence of smoking-related disorders and a 12 percent greater incidence of depression-related issues.<sup>31</sup>

State employees should not have a more generous health benefit than those provided by the average large private Maine company. Maine taxpayers struggle to afford health insurance for themselves and at the same time struggle with high taxes to support an excessively rich state employee health plan.

## Have a Nice Trip

The taxpayers of Maine have been footing the bill for quite a bit of out-of-state travel by government officials. The governor has made trips under the auspices of “economic development” with business groups to countries including Ireland and Cuba.

But the governor isn’t the only one with a passion to travel. Members of Maine’s legislature also like to travel, and at the expense of the Maine taxpayer. The National Conference of State Legislatures is a favorite destination. Consider the past few years and the costs:

- Eighteen persons attended a conference in San Francisco in 2003 at a cost of more than \$35,000;
- Eleven persons attended a conference in Salt Lake City in 2004: at a cost of more than \$16,000; and
- Thirty-two persons attended a conference in Seattle in 2005 at a cost of more than \$58,000.<sup>32</sup>

Former House Speaker John Richardson, who is currently the Commissioner of the Department of Economic and Community Development, told the *Portland Press Herald* that “I’d like to send more.”<sup>33</sup> In fiscal year 2006, the legislature spent \$99,000 on travel. Since the legislature has a budget of \$27 million, this must seem like a drop in the bucket to those in Augusta.

## The Maine Arts Commission

The stated mission of the Maine Arts Commission is that it “shall encourage and stimulate public interest and participation in the cultural heritage and programs of our state; shall expand the state’s cultural resources; and shall encourage and assist freedom of artistic expression for the well being of the arts, to meet the legitimate needs and aspirations of persons in all parts of the state.”<sup>34</sup> Of course, this is being funded by state tax dollars.

According to Maine Arts Commission Director Alden C. Wilson, things are still going pretty well for art in Maine. His letter in the commission’s 2005 Annual Report notes the following: “State funding remains challenging and we will advocate for ongoing support of Maine Arts Commission Programs. Even with state government reductions, the Maine Arts Commission to date has received fewer budget cuts than other agencies.”<sup>35</sup>

Wilson went on to state that the commission is currently seeking funding from federal agencies. “For example, we are currently assisting the St. John Valley with a major cultural proposal for the US Department of Agriculture.”<sup>36</sup> Unbelievably, that department funds the arts in a significant manner.

In 2005, the Maine Arts Commission gave out more than \$500,000 in grants for projects, including:

- \$7,250, for the Bangor Folk Festival for a textile program featuring Maine's immigrants;
- \$6,450 for the Winter Harbor Theater in Portland to produce Othello for incarcerated boys;
- \$3,000 for the Arts Center at Kingdom Falls for a contemporary dance residency;
- \$1,500 for Northern Maine General Eagle Lake to support an oral history residency;
- \$1,000 for Nancy Romines Walters Wilton to purchase a direct vent heating unit for her studio;
- \$500 for Lucy Barber in Brunswick for support to pay for artist models; and
- \$500 for Kenneth Cole Monroe for support of *Operation 21 Prayer Salute*.<sup>37</sup>

Some of the "Categorical" grants for 2005 were:

- \$160,846 for Partners in Arts and Learning;
- \$115,418 for Artist in Maine Communities;
- \$70,000 for Special Projects;
- \$65,000 for Arts Service Partners;
- \$45,885 for Community Arts and Humanities;
- \$39,000 for Individual Artists Fellowship
- \$21,500 for Great Ideas Grants;
- \$20,500 for Organizational Development;
- \$16,000 for Governor's Awards for Arts Accessibility; and
- \$5,000 for Discover Research.<sup>38</sup>

The Maine Arts Commission awards one artist \$13,000 from "each field" an Individual Artist Fellowship. The sole criterion for the fellowship is "artistic excellence." Good luck trying to measure that.

But those with creative talents may be struggling to get by and could use the \$13,000 to help them survive. Recent applicants ranged from mime performers to New Media for the Performing Art Fellowship. The prizes went to such starving artists as:

- Lance Edmonds, a filmmaker, of Kennebunk, who has the 2004 Warner Bros. Film Production Award, and has worked on feature films starring Bill Murray and Sharon Stone;
- Meredith Powell, an assistant director of writing at the University of New Hampshire who is a high honors graduate of Bowdoin College; and
- Andrea Sulzer of Brunswick, who was awarded the 2005 Visual Arts Fellow. Ms. Sulzer was educated in Glasgow, Scotland where she received her Masters Of Fine Arts; she also majored in fine arts at Smith College; has a BA in French from New York University, an MA in English as a Second Language from Columbia University, an MS in Forest Biology from the University of Maine; and has attended the Skowhegan School of Painting and Sculpture.

When legislators need a tangible view of wasted tax dollars, they need only look out the window. They just spent \$990,000 on landscaping the grounds around the state office building (ironically known as the SOB).

### **Lights, Camera, Waste!**

The Maine Film Office consists of two persons, but has a budget of almost \$200,000. Their stated mission is to “help bring film, television, and other media projects... to Maine.”<sup>39</sup> For the \$191,619 that is budgeted for the office, each of the employees of the Maine Film Office could attend 11,976 first-run movies at his or her local theatre if each ticket cost \$8.00.

### **Time is not on the Taxpayers’ Side**

The city of Portland spent an initial \$1.6 million to replace the copper dome and fix the parapets and the clock atop city hall. Sadly, the city found that it needed an extra \$1.6 million for building repairs. So, for \$3.2 million in repairs to the building, each citizen of Portland could have a Timex Ironman™ watch, which could be used to tell time in any location, not just Congress Street in Portland.<sup>40</sup> Oh, and a neighbor down the street is the Time and Temperature Building, which also tells residents what time it is.

### **Might as Well Spend It**

The Governor’s Budget for the 123rd Maine Legislature for FY 2008 and 2009 continues the trend of spending on many items that may well not be necessary for the security and well-being of the citizens of the state as outlined in the State’s Constitution. They include:<sup>41</sup>

**Draft of the Governor’s Budget 123 Maine Legislature 1<sup>st</sup> Regular Session, 2007**

Arts Administration	\$814,045.00
Arts General Grants	\$357,051.00
Arts Sponsored Programs	\$420,648.00
Atlantic Salmon Commission	\$741,288.00
Blueberry Commission*	\$1,595,000.00
Boating Facilities Fund	\$1,746,408.00
Building and Grounds Operations	\$10,707,107.00
Certified Seed Fund	\$1,069,789.00
Farms for the Future Program	\$250,000.00
Lobster Promotion Council*	\$436,000.00
Lottery Operations	\$4,749,705.00
Maine Public Broadcasting Corporation	\$2,250,700.00
Milk Commission	\$1,921,839.00
Mining Operations	\$321,244.00
New Century Program Fund	\$95,000.00
Office of Tourism	\$7,321,984.00
Off-Road Recreational Vehicle Program	\$4,511,978.00
Outdoor Heritage Fund	\$1,144,926.00
Personnel Services at the Blaine House	\$557,958.00
Potato Board*	\$1,417,526.00
Potato Quality Council*	\$200,418.00
Seed Potato Board*	\$811,752.00
Snow Grooming Property Tax Exemption Reimbursement	\$18,565.00
 Total	 \$42,289,835.00

\*Denotes self-taxed industry for whom government serves as a pass-through. These industries should de-couple from such state administration.

**Thanks to our alumni...**

Bowdoin College is a well-supported liberal arts college in Brunswick, Maine. In 2003, its endowment was valued at \$452 million. Surely, this would be enough to help take care of its infrastructure. But 1<sup>st</sup> District Congressman Tom Allen (D), Bowdoin '67, felt that the taxpayers should also chip in. So he helped steer \$99,000 in taxpayers' money to his old college for a feasibility study in restoring a house for which the college had already paid \$1.3 million. Part of the \$99,000 will be used for “paint and wallpaper analysis.”<sup>42</sup>

## Conclusion

As the examples of wasteful spending in this report demonstrate, the state of Maine does not have a spending problem; it has an addiction. For far too long, policymakers have viewed government programs with their concentrated benefits and diffused costs as one way to help their own interests by appeasing donors and lobbyists and buying votes in their districts.

As a result of the continued efforts of organizations such as The Maine Heritage Policy Center to shine a light on government and to demand accountability of the tax dollar, a new day is dawning in Maine. The people of Vacationland are becoming less impressed by what lawmakers say they will do, and more impressed by what they say they won't do—namely increase spending and raise taxes.

The first step policymakers should take is to cut the waste identified in this report—from inflated salaries and excessive administrative costs to subsidizing theatre projects for incarcerated boys.

By cutting such wasteful and ineffective spending, the heavy tax burden felt by all Mainers could be reduced. Lawmakers should also establish a Maine version of the Grace Commission. This group would dig through every nook and cranny of the state budget to find waste, fraud, abuse, and mismanagement.

The recent revelation of the lack of oversight of the Maine Turnpike Authority (MTA) is one example. No one was watching as a few members of the MTA board had dinner with a contractor and their dinner bill was more than one thousand dollars, which included filet mignon and a \$295 bottle of wine.<sup>43</sup>

With private-sector expertise and the help of independent and nonpartisan organizations like The Maine Heritage Policy Center, a “mini-Grace commission” would scrutinize expenditures, account for every tax dollar and ensure the elimination of wasteful spending.

Maine should also enact a Funding Accountability and Transparency Act—legislation that would create a Google-like search engine and database to track state grants, contracts, and earmarks. This would be similar to the federal legislation Sens. Tom Coburn (R-Okla.) and Barack Obama (D-Ill.) were able to push through in 2006. With respect to that proposal, the *Oklahoman* reported on July 5, 2006 that “putting federal contracting and subcontracting information on the Internet in a searchable format would instantly create thousands, perhaps millions, of watchdogs. ... The database Coburn is pushing would let individuals set their own search parameters. That kind of sunshine, as Coburn puts it, could be a significant brake on the traditional way money gets ladled out in Washington. ... Coburn’s proposal won’t solve Washington’s spending problems. But bringing contracts and grants into the open for all to see will help foster greater accountability.” Certainly the same principles apply at the state capitol in Augusta.

Legislators owe it to Mainers to spend each dollar carefully. Every member of Maine’s legislature should make it a top priority to trim every ounce of pork and waste from the Maine state budget. Doing so would demonstrate a new commitment on the part of the government to the people of this state—the commitment to spend their hard-earned tax dollars well.

Maine’s fiscal problems are not insurmountable. The *2007 Maine Piglet Book* is not intended to be comprehensive, but it is a first step to identify particular problems. It will take the bold leadership of elected officials, bureaucrats and the people of Maine to demand accountability from their government.

## End Notes

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- <sup>2</sup> <http://www.maine.gov/spo/economics/ld1/index.php> (LD1 Progress Report - 2006; Freeman, Reilly)
- <sup>3</sup> “Maine Quick Facts from the U.S. Census Bureau,” June 8, 2006, <<http://quickfacts.census.gov/qfd/states/23000.html>> (January 8, 2007).
- <sup>4</sup> “Maine Spend-O-Meter Methodology,” July 1, 2006, <<http://www.maineheritage.com/Default.aspx?tabid=98>> (January 8, 2007).
- <sup>5</sup> “Maine Quick Facts from the U.S. Census Bureau,” June 8, 2006, <<http://quickfacts.census.gov/qfd/states/23000.html>> (January 8, 2007).
- <sup>6</sup> Ibid.
- <sup>7</sup> “Maine Spend-O-Meter Methodology,” July 1, 2006, <<http://www.maineheritage.com/Default.aspx?tabid=98>> (January 8, 2007).
- <sup>8</sup> Office of Fiscal and Program Review, 7/21/05.
- <sup>9</sup> [http://www.maine.gov/treasurer/debts\\_bonds/debt\\_summary.html](http://www.maine.gov/treasurer/debts_bonds/debt_summary.html).
- <sup>10</sup> Based upon data collected from Maine State Treasurer and Maine State Controller.
- <sup>11</sup> Retiree Healthcare Plan Actuarial Valuation, June 30, 2006, <http://www.maine.gov/osc/pdf/admin/BA%20GASB%2045%206-30-06%20valuation%20report%2007-01-10.pdf>.
- <sup>12</sup> *Ellsworth American*, Editorial, 2/22/07, [http://ellsworthmaine.com/site/index.php?option=com\\_content&task=view&id=6625&Itemid=46](http://ellsworthmaine.com/site/index.php?option=com_content&task=view&id=6625&Itemid=46).
- <sup>13</sup> Victoria Wallack: “\$56 Million Down the Drain,” *Ellsworth American*, 2/15/07, [http://ellsworthmaine.com/site/index.php?option=com\\_content&task=view&id=6568&Itemid=127](http://ellsworthmaine.com/site/index.php?option=com_content&task=view&id=6568&Itemid=127).
- <sup>14</sup> *Ellsworth American*, Editorial, 2/22/07, [http://ellsworthmaine.com/site/index.php?option=com\\_content&task=view&id=6625&Itemid=46](http://ellsworthmaine.com/site/index.php?option=com_content&task=view&id=6625&Itemid=46)
- <sup>15</sup> Kaiser Family Foundation, [www.statehealthfacts.org](http://www.statehealthfacts.org).
- <sup>16</sup> This section is based upon Dirigo Health Online, <<http://www.dirigohealth.maine.gov/>> (January 8, 2007).
- <sup>17</sup> Maine Department of Education, Testimony before Regionalization Select Committee, 2003.
- <sup>18</sup> “2002-03 Maine Resident Students : Per Pupil Operating Costs,” <[www.maine.gov/education/data/ppcosts/2003/WPPCTS03.htm](http://www.maine.gov/education/data/ppcosts/2003/WPPCTS03.htm)> (August 22, 2006).
- <sup>19</sup> Ibid.
- <sup>20</sup> Ibid.
- <sup>21</sup> Ibid.
- <sup>22</sup> Tarren Bragon, Geoffrey Segal, et. al, “Priority Maine Crafting a Budget Maine People Can Afford,” Maine Heritage Policy Center, March 2005, <<http://www.maineconomy.org/Portals/0/Priority%20Maine%20FINAL.pdf>> (January 9, 2007).
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- <sup>24</sup> Deloitte Research/Reason Foundation, “Driving More Money into the Classroom, the Promise of Shared Services” (2005).
- <sup>25</sup> Stanley, M. Craig, “Massachusetts Collaboratives – Making the Most of Education Dollars,” White Paper No. 23, <http://www.pioneerinstitute.org/pdf/wp23.pdf>, (June, 2005).
- <sup>26</sup> California Performance Review, Form Follows Function, <<http://cpr.ca.gov/report/cprprt/frmfunc/index.htm>> p. 123, (January 8, 2007).
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- <sup>28</sup> Mike Padgett, “Land Auction Exceeds State’s Expectations,” *Phoenix Business Journal*, June 25, 2003, <<http://phoenix.bizjournals.com/phoenix/stories/2003/06/23/daily26.html>> (January 8, 2007).
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- <sup>31</sup> Legislative Fiscal Officers Association, State of Maine Employee Health Plan Report, September 22, 2004.
- <sup>32</sup> Paul Carrier, *Portland Press Herald*, August 19, 2006
- <sup>33</sup> Ibid.
- <sup>34</sup> Maine Arts Commission, <<http://mainearts.maine.gov/about/mission.shtml>> (September 19, 2006).
- <sup>35</sup> 2005 Maine Arts Commission Annual Report, Letter from the Director.
- <sup>36</sup> Ibid.

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<sup>37</sup> Annual Report Issue, Maine Arts Commission magazine, Fall 2005,  
<[http://mainearts.maine.gov/Grants/2005\\_GrantList.shtml](http://mainearts.maine.gov/Grants/2005_GrantList.shtml)>

<sup>38</sup> Ibid.

<sup>39</sup> Draft of the Governor's Budget, 122<sup>nd</sup> Maine Legislature, First Regular Session, 2005.

<sup>40</sup> Kelly Bouchard, *Portland Press Herald*, September 23, 2006, and  
<http://www.timex.com/bin/detail.tmx?item=048148629622> (October 12, 2006).

<sup>41</sup> Draft of the Governor's Budget, 123<sup>rd</sup> Maine Legislature, First Regular Session, 2007.

<sup>42</sup> <http://tomallen.house.gov/article.asp?id=352> (September 11, 2006).

<sup>43</sup> <http://pressherald.maintoday.com/news/state/060902turnpike.shtml> (October 12, 2006).