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## THE BRIEF

### WHAT YOU NEED TO KNOW ABOUT REVENUE SHARING & GOVERNOR LEPAGE'S BUDGET PROPOSAL

- Governor LePage's budget proposal on revenue sharing and the ensuing public debate is sure to be contentious. We need to let the Democratic tax-and-spend majority know that we won't stand for **their causing our taxes to increase and our families to suffer because of their irresponsible and reckless spending habits.**
- **The revenue sharing dollars are typically a small percentage of town budgets**, on average about 3 to 4% of the town budget. The towns need to cut their budget, or consolidate services with other towns, to make up this shortfall. Or - they can raise taxes – either state income tax or property tax. The Democrats seem to want to roll back the tax cut that the Governor has enacted. **It will not close the gap.** So they still have to cut spending, or raise property taxes.
- The worst thing about rolling back the small tax cut is that it **sends the message to businesses that Maine is not welcoming to them** – that we are punishing and taxing success, and that we cannot live within our means.
- Media reports to the contrary - **the tax cut that the Governor enacted benefited 77,000 of our poorest families (those earning under \$19,000) who now pay no income tax.** They have more money in their pocket (which they can spend more effectively than Augusta).
- The conversation about revenue sharing must be turned into a conversation about the **size and cost of local government** rather than a discussion about the best way to "enhance revenues" (i.e. raise taxes) and the "damaging" impact of proposed cuts.
- The conversation that the tax-and-spend liberals have made about "tax shifts" and "tax hikes" must be turned into a conversation about spending and **protecting us, the hardworking taxpayers of Maine.**
- For instance:

If Portland rolled back spending to 2011 levels, they could lose revenue sharing completely and still have approximately \$4 million in surplus. **Portland has increased spending by \$10 million in the last two years, but now says they can't cut \$6 million.**

Portland just gave out \$150K in pay raises to city council, mayor, city manager and select employees. (How much of a raise did you get this year?)

Portland spends \$31 million per year on debt service payments.

Portland spends \$327,000 per year for "miscellaneous memberships."

Portland spends \$69,000 per year for "open spaces management."

Portland spends \$4.9 million per year in salaries for school administrators. (All people not directly teaching kids and a big opportunity for consolidation of positions.)

Portland recently gave all Portland school principals a 3% increase. (How much of a raise did you get this year?)

Portland's budget shows \$315,000 for overtime "jetport security."

**Portland has yet to renegotiate the school employee health insurance plan** after the Republican majority broke the MEA (Maine Education Association) benefits trust monopoly last year, which could save millions.

**Portland is OVERSPENDING!!! Like many cities and towns, they have a SPENDING PROBLEM!!!**

**When things are tight at home, we find ways to adjust our budget and spend less. Why can't politicians do the same with our hard earned tax dollars?**

- For instance:

After listening to their respective mayors moan and groan about their budgetary woes, the Biddeford and Saco taxpayers are paying for the Maine Mayor's Coalition (Feb. 28 at the University of New England in Biddeford) and invited state legislators to dine on bacon-wrapped scallops and beef tenderloin - **to the tune of \$2000**. What will they be discussing at this conference? **Ways to expand Maine's sales tax.**

Saco Mayor Mark D. Johnston said members of the Maine Mayors Coalition and several state legislators have been invited to the event which will focus on ways to **raise revenue** without cutting revenue-sharing including **expanding the State's sales tax and eliminating exemptions**. (This is your hard earned money they are playing with!!!)

The event will feature guest speakers Dr. Charles Colgan, a professor at the Muskie Institute, and John F. Piotti, executive director of Maine Farmland Trust and former Democratic representative of Unity. Mr. Piotti sponsored a **2009 bill to expand the sales tax**, so his presence at the meeting as a guest speaker signals that the group will be retreading an idea voters already **rejected by a 60-40 margin via a 2010 people's veto**.

Mayor Johnston said the cost of the banquet will be covered by the mayors' "discretionary spending" accounts. (To spend on luxury items like this?) Biddeford Mayor Alan Casavant could not be reached for comment. (Who would want to go on record for this egregious behavior?!)

- No governor wants to be forced to issue all of these proposals. However, unlike Washington DC, where they print money, in Maine **the budget must be balanced**. Now is the time to right-size government. Every governor would like to enjoy robust state revenues. However, Maine is still suffering from decades of policies that put us at a disadvantage for economic growth and lower state tax revenues.

- As former Governor, now Senator, Angus King noted, he was fortunate to be governor during booming economic times. King says governors get too much credit when times are good and too much blame when times are bad. Governor LePage was elected during difficult times in Maine. He has been forced into finding a solution that balances the budget. **It would be great for money to grow on trees but it doesn't.**

- Senate Majority Leader Seth Goodall and other Democrat leaders have said that Governor LePage's budget proposals will "hurt the economy" and solutions to create jobs. They say there should be "cuts" – offering no specifics – while they also advocate **for more spending**. Some of the same policies the Governor's opponents have championed over the last several years are the policies that led **Maine to be last in the nation for business - last in line for opportunity for hard working taxpayers**. We can't go back.

- Unlike many past governors, Paul LePage successfully created jobs and helped grow Maine's economy while he was in the private sector. Government revenues will grow when the economy grows. That is why we need to **continue tax cuts, regulatory reforms** and other changes that are showing signs of success in growing Maine's economy. Maine's unemployment rate has dropped during Governor LePage's term as governor. His #1 goal is growing the economy.

- **Left-leaning think tanks and opponents falsely claim this is a "tax increase" budget or a "tax shift."** As the mayor of Waterville, Governor LePage helped cut property taxes repeatedly, knowing that lower taxes fuel growth, and advocated for streamlining city services. He led the effort to reduce the size and scope of city government, cutting back on spending. **He brought accountability back to government**. As a result, Waterville's bond rating improved, the rainy day fund increased and services improved.

- To assume that local officials will automatically increase taxes ignores the ability of local officials to make sound, creative decisions which are best for their communities. **To say government officials should always increase taxes when there is a budget problem is to advocate poor governing. Businesses do not automatically increase prices when faced with declining revenue. Businesses look for savings first.** State government is forced to cut back with declining revenues and that impacts government up and down the state. As the Governor stated, this particular proposal is intended to be temporary.

If budget opponents do not like this solution, they can and should produce a detailed – and very specific – spending cut alternative that balances the state budget without imperiling the private sector economic growth incentives the state has put in place.

- **Governor LePage has been a leader on working to improve education.** Governor LePage has repeatedly acknowledged that education helped lift him from poverty. He wants a good education to be available to every Maine student so they can

succeed. In a recent press conference he noted Maine teachers are not paid well. He wants to improve teaching, improve the experience of teachers and improve student performance. That is why, while at the same time other Democratic and Republican governors were cutting K-12 education, Governor LePage proposed and received an increase in education funding in his first budget. His current biennial budget maintains funding for education. The media may not report it, but these are the facts.

**• Opponents are using extremist language to describe these proposals: “slashing, axing, shearing, shafting, and damaging.” But would these people and organizations use this language to describe the proposed Democrat party cuts below?**

Specific proposals from Democrat governors over the last few years:

→Massachusetts Democrat Governor Deval Patrick proposed just last month a cut in municipal revenue sharing. This is in addition to cuts ranging from special education to school transportation proposed by the *Democratic* governor.

→California Democrat Governor Jerry Brown cut local aid and salaries according to NBC News. And he fought for additional welfare cuts. Brown is known as one of the most *liberal* governors in the nation.

• A press release from Governor LePage's office:

*Supplemental Budget to go into Law without Governor's Signature*

*Governor LePage explains what must be done to solve Maine's budget crisis for the long-term*

AUGUSTA – The Office of the Governor announced Friday that the State's supplemental budget bill will go into effect without the Governor's signature.

Governor Paul R. LePage sent a letter to members of the 126<sup>th</sup> Legislature Friday explaining why he will not sign LD 250, “An Act To Make Supplemental Appropriations and Allocations for the Expenditures of State Government and To Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2013.”

In the letter, the Governor expressed his concern over rejected funding for the Department of Health and Human Services (DHHS). In order to balance the budget for the remainder of the fiscal year, Appropriations and Financial Affairs Committee members last week decided to delay Medicaid payment to providers, cut \$600,000 to foster care assistance, and ignored structural changes to General Assistance.

“The committees that worked on those bills arbitrarily decided to not fully fund our requirements because they wanted to fund other programs. That is not a responsible way to budget, and I am concerned the Legislature may have forced us to return with another request before the year ends,” wrote Governor LePage.

**“Taking money from various other programs to pay for one we cannot afford is irresponsible. Instead of dialing for dollars or robbing Peter to pay Paul, it is time to summon the courage to make real, structural changes,” the Governor wrote. “We can no**

**longer promise everything to everyone – hardworking Maine families cannot afford it.”**

Governor LePage concluded his letter by encouraging legislators to recognize the dire financial situation Maine faces and be willing to say ‘no’ during the next round of budget debates.

**“It may not be easy and it may not be popular, but it is time to stop hiding from tough choices.** It is time we get spending under control,” said the Governor.

It is unclear when Committee members will take up the biennial budget.

- Former Washington State Democratic Governor Christine Gregoire proposed the following cuts over the last several years:
  - Eliminate Basic Health Plan, which provides subsidized health care to 35,000 people: \$48.1 million
  - Eliminate long-term-care services for 5,000 elderly clients and 800 people with developmental disabilities: \$35 million
  - Reduce subsidized child care for 4,000 children: \$50 million
  - Reduce public-assistance grants and the amount of time people can receive aid: \$26 million
  - Eliminate state food-assistance program: \$14.5 million
  - Reduce to 12 months supervision for all released offenders except sex offenders: \$27 million
  - Early release: Release 150 days early those offenders with low to moderate risk of reoffending, including sex offenders: \$18 million
  - Reduce or eliminate some chemical-dependency programs: \$30.9 million
  - End medical services for 21,000 people enrolled in Disability Lifeline and alcoholism and drug-treatment programs: \$110 million
  - Cut grants to hospitals that provide free care to poor and uninsured: \$27.8 million
  - Eliminate routine dental care for 38,000 people (emergency dental services continue): \$11.7 million
  - Cut state support to colleges and universities by 15 percent: \$166 million
  - Cut levy-equalization payments to property-poor districts by half: \$150 million
  - Increase class size by two students in grades 4-12: \$137 million
  - Reduce state's contribution to state employee and K-12 employee health benefits: \$36 million
- See more on Gregoire's cuts here: <http://ow.ly/gKw7Z>
- Oregon Democratic Governor John Kitzhaber offered cuts for the state's public pension system. <http://t.co/ws7Q4WM1>

□ Connecticut Democratic Governor Dannel Malloy proposed a major cut in aid to municipalities and then moved to more state employee layoffs. Article here: <http://ow.ly/gKv19> Then, in December, the Governor and lawmakers in Connecticut cut "hospitals, social services and education." More from those New Englanders here: <http://ow.ly/gKvGN>

In summary, the opponents of the Governor should apply their attacks to these Democratic Governors who had significant cut proposals in their budget