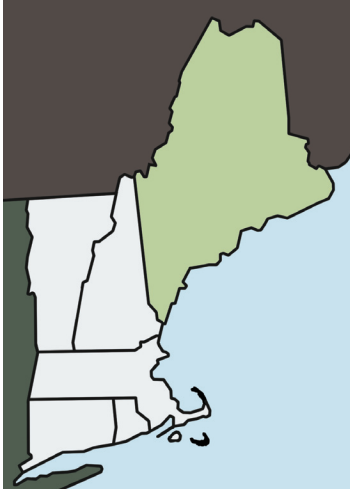


MAINE Budget Report Card



MAINE, THE POOREST OF the New England states based on median household income, was the only state to achieve a B average for fiscal 2016 through 2018 in all five budgetary categories: budget forecasting, budget maneuvers, legacy costs, reserve funds, and transparency.

In reserve funds and transparency, Maine has the same opportunities for improvement that most states have. Though the state has solid policies for disbursing and using money in its Budget Stabilization Fund, it has not linked reserve fund policies to revenue volatility—a practice employed by nineteen states in 2018. The transparency of the state’s finances would benefit from disclosing the costs of deferred infrastructure replacement, a practice that only Alaska, California, Hawaii, and Tennessee followed in 2017 and 2018.

Maine would have scored better in budget maneuvers if it had fully funded its general purpose aid for local schools. But it shortchanged the schools and required local districts to cover some of the costs that ostensibly belonged to the state.

Maine could improve its budget forecasting by disclosing expenditure projections over three years or more. While the state has four-year revenue estimates, the governor’s budget gives spending projections for just two years.


NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	D	D-	A	B
New Hampshire	D	A	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	A	D	B	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


MAINE Budget Report Card

BUDGET FORECASTING					
		2016	2017	2018	
	CATEGORY GRADE	B	B	B	
	Consensus Revenue Forecasts	✓	✓	✓	
	Multiyear Expenditure Forecasts	✗	✗	✗	
	Multiyear Revenue Forecasts	✓	✓	✓	
	Revenue Growth Projections	✓	✓	✓	
3-YEAR AVERAGE B			3-YEAR TREND —		

BUDGET MANEUVERS					
		2016	2017	2018	
	CATEGORY GRADE	B	B	B	
	Deferring Recurring Expenditures	✓	✓	✓	
	Revenue and Cost Shifting	✗	✗	✗	
	Funding Recurring Expenditures with Debt	✓	✓	✓	
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	
3-YEAR AVERAGE B			3-YEAR TREND —		

LEGACY COSTS					
		2016	2017	2018	
	CATEGORY GRADE	C	A	A	
	Public Employee OPEB Funding	✗	✓	✓	
	Public Employee Pension Funding	✓	✓	✓	
	Public Employee Pension Funded Ratio*	77%	82%	82%	
3-YEAR AVERAGE B			3-YEAR TREND ↗		

RESERVE FUNDS					
		2016	2017	2018	
	CATEGORY GRADE	B	B	B	
	Positive Reserve or General Fund Balance	✓	✓	✓	
	Reserve Funds Disbursement Policy	✓	✓	✓	
	Reserve Funds Replenishment Policy	✓	✓	✓	
	Reserves Tied to Revenue Volatility	✗	✗	✗	
3-YEAR AVERAGE B			3-YEAR TREND —		

TRANSPARENCY					
		2016	2017	2018	
	CATEGORY GRADE	B	B	B	
	Consolidated Budget Website	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	
	Discloses Tax Expenditures	✓	✓	✓	
3-YEAR AVERAGE B			3-YEAR TREND —		

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.