

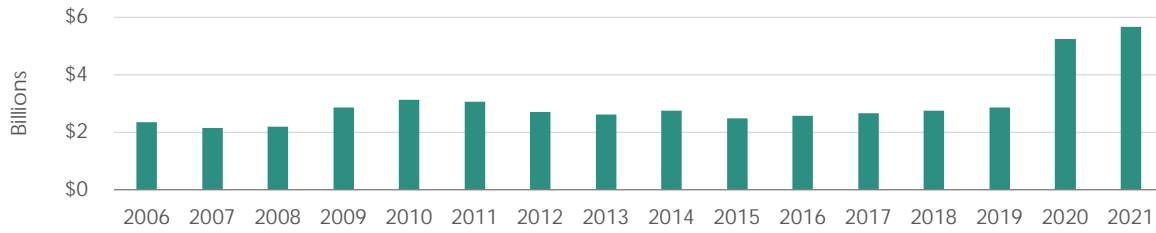
## Maine State Budget Primer | 2022 Supplement

The 2021 *Maine State Budget Primer* shows the most recent data available in January 2021. In most cases, this is the 2019-2020 fiscal year. Since then, the relative size of most spending and revenue categories has not changed significantly, with one important exception. The federal government has sent Maine and other states billions in COVID relief and recovery funds. Similarly, the process by which Maine passes a budget and allocates funds is also unchanged except for one adjustment to the treatment of surplus General Fund revenue. This supplement describes these two changes.

### Federal Funds

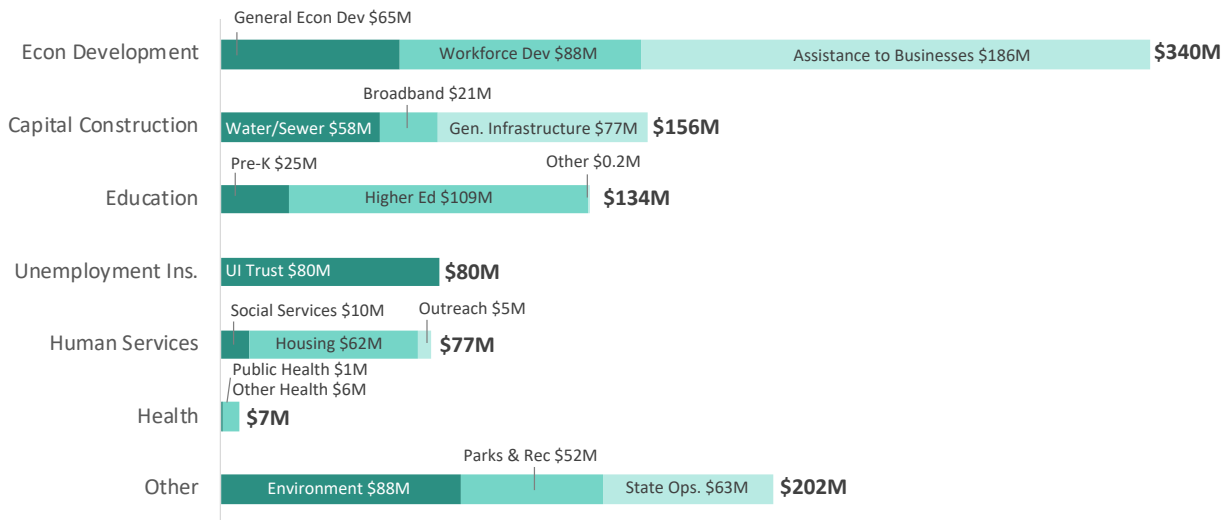
Page 15 shows Maine's federal revenue jumping from 2019 to 2020. It remained high in 2021, as the nation continued to address the COVID-19 pandemic.

**Maine's federal revenues nearly doubled, from \$2.9 billion in 2019 to \$5.7 billion in 2021.<sup>1</sup>**



The largest category of federal fund expenditures has been economic and community development, followed by capital construction and education.<sup>2</sup> The chart below shows Maine's allocation through August 2022, based on reports submitted to the federal government and compiled by the Center on Budget and Policy Priorities.

**Maine's allocation of federal COVID funds as of August 2022<sup>2</sup>**



<sup>1</sup> Maine State Legislature, Office of Fiscal and Program Review, *Compendium of State Fiscal Information: Through Fiscal Year Ending June 30, 2021, 2022.*

<sup>2</sup> Ed Lazere and Iris Hinh, "How States Can Best Use Federal Fiscal Recovery Funds: Lessons from State Choices So Far," Center on Budget and Policy Priorities, September 15, 2022.

## Surplus Funds: "The Cascade"

Page 21 shows what happens if the State ends the year with a General Fund surplus. In 2021, the Legislature changed this process slightly. In the final step ("5<sup>th</sup> Priority"), 20% of remaining funds now go to the Highway and Bridge Capital program, rather than the Tax Relief Fund for Maine Residents.

**1<sup>st</sup> Priority:** State Contingent Account (up to \$350,000)



**2<sup>nd</sup> Priority:** FAME's Loan Insurance Reserve (up to \$1,000,000)



**3<sup>rd</sup> Priority:** Reserve for General Fund Operating Capital (\$2,500,000)



**4<sup>th</sup> Priority:** Retiree Health Insurance Fund (up to \$2,000,000)



**5<sup>th</sup> Priority:** Budget Stabilization Fund (80% of remaining funds)\* and **Highway and Bridge Capital Program** (20% of remaining funds)

**NEW**

\*If the Budget Stabilization Fund reaches 18% of General Fund revenue, then 100% of remaining funds go to the Highway and Bridge Capital Program.