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Gov. Mills gives state agencies more time to submit their budget requests

Facing a revenue shortfall of more than \$500 million, Gov. Janet Mills is giving agencies more time to submit proposals for the next two-year budget in hopes Congress delivers more pandemic assistance to states.

BY [SCOTT THISTLE](#) | STAFF WRITER | 9.01.2020 | [CLICK HERE TO VIEW ONLINE.](#)

Gov. Janet Mills is pushing back the deadline for state government agencies to submit their spending requests for the state's next two-year budget.

Mills, a Democrat, issued an executive order Monday moving the deadline from Sept. 1 to Oct. 19, partially in hopes the U.S. Congress will soon deliver additional financial aid to states grappling with sharp revenue losses triggered by a pandemic-induced recession.

Maine is facing an estimated revenue shortfall of more than \$520 million in the current fiscal year, which will end on June 30, 2021 – and a total estimated revenue shortfall of [\\$1.3 billion over the next three years.](#)

Sharp decreases in sales tax receipts, triggered in large part by a truncated tourism season that saw restaurants and hotels shuttered for most of the spring and operations constrained over the summer with restrictions meant to slow the spread of COVID-19 infection, have led to the losses in revenue for the state.

The state's current two-year general fund budget is pegged at just shy of \$8 billion and is about 11 percent more than the previous two-year budget.

Total state spending, including federal funds, in 2020-2021 is set at about \$9.4 billion, with more than \$4.3 billion of that spending coming from general and highway funds revenue.

The forecast also suggests the state will see \$883.2 million in continued revenue shortfalls over the next two-year budget cycle, which will start on July 1, 2021.

And because the state's constitution requires a balanced state budget, Mills and the Maine Legislature soon could be forced to pass a supplemental budget package, whacking at spending, especially if sales and income tax revenues coming into the state continue to tail off in an economy that's the worst the U.S. has seen since the Great Depression.

If the federal government, which is not required by the U.S. Constitution to maintain a balanced budget, does not provide any additional aid to states or does not increase flexibility for the use of some \$1.25 billion in relief aid already sent to Maine, state lawmakers and Mills will have a difficult road in reconciling state spending with incoming revenues.

"The extension is to give the departments and agencies more time to see whether Congress and the Trump Administration act to provide additional financial relief and flexibility in previously awarded funds to state and local governments," Kelsey Goldsmith, communications director for the Maine Department of Administrative and Financial Services, which handles the state's budget, wrote in an email explaining the reasoning for pushing back the deadline. "Without additional financial relief from the federal government, Maine, like other states, will face significant budget reductions."

In early August, Mills also asked all state department and agency leaders [to make suggestions for curtailing spending](#) by 10 percent for the current fiscal year in hopes of making up some of what is expected to be an immediate \$523 million shortfall.

Those spending curtailments were due for submission to Mills early last week but were still being finalized Tuesday, and Goldsmith said additional details on those suggestions would become available sometime next week.