



LePage's finance chief says his boss is doing a good job

Christopher Cousins

October 26, 2016

Good morning from Augusta, where Gov. Paul LePage's Department of Administrative and Financial Services on Tuesday touted a new report by State Budget Officer Melissa Gott that estimates the gap between state spending and revenues will shrink in the next two years.

Finance Commissioner Richard Rosen said the report shows that LePage has reduced what is known as the structural funding gap by \$1 billion since he took office in 2011. The gap, which stood at \$1.2 billion when LePage was elected for his first term, is estimated to have fallen to \$165 million for the 2017-18 biennium. That's the lowest it's been for at least 16 years.

"The LePage administration has executed a multi-year strategy of major structural reforms for state budgeting that have placed Maine on a stronger financial footing," said Rosen in a written statement.

While that progress is undeniable and results partially from some of LePage's greatest achievements, the "structural gap" in Maine's budget is a number that includes items such as funding schools at 55 percent of the total cost of education, which the Legislature has never achieved. That lets politicians inflate how bad the budget situation is on the front end of negotiations and celebrate closing the gap on the back end when really they've addressed only some of it.

Tuesday's release comes amid what appears to be a LePage campaign to highlight his fiscal management skills. The governor carried the conservative Cato Institute's report that recognized him as one of the nation's five best governors for fiscal management into his most recent news conference. He has touted that designation repeatedly in recent weeks.

Also relevant here is some tempering of the contention by Rosen that the reduced structural budget gap is 100 percent due to LePage's reforms, such as restructuring the state's pension system, repaying old Medicaid debt to hospitals and various welfare reform initiatives. Let's not

forget that LePage took office on the heels of the Great Recession, when revenues to state government were decimated by the poor economy that spiked the size of the structural gap. Digging out from the recession and rebounding revenue streams would have happened, to some degree, no matter who Maine's governor was during that time period.

The \$165 million structural gap is also in the context of higher-than-expected state revenues that are on track to produce a \$55 million General Fund surplus at the end of the current fiscal year. Not receiving so much attention is the Highway Fund, which is supported predominantly by federal taxes on fuel. The structural gap there is projected to be some \$385 million. Neither LePage nor any other politician has found a solution for how to maintain roads and bridges when Americans are buying less fuel.