Governor Mills Announces Consensus Economic Forecasting Commission, Revenue Forecasting Committee to Convene Early to Assess Economic Ramifications of COVID-19 on State Revenues

April 27, 2020

Governor also freezes non-emergency spending & hiring by State government and renews calls on Federal government to provide states with flexibility to use Federal funding

Governor Janet Mills today announced that the Consensus Economic Forecasting Commission (CEFC) and the Revenue Forecasting Committee (RFC) will convene off cycle to examine the economic ramifications of COVID-19 on State government's revenues. The committees will meet in July 2020 and August 2020, in advance of and in addition to the statutory dates currently set for November 2020 and December 2020, respectively. The CEFC and RFC are responsible for projecting revenues that the Administration and Legislature then use to determine the State's budget.

Additionally, Governor Mills has instructed all departments of State government to freeze all non-emergency spending and hiring and she is renewing her calls for the federal government to provide flexibility for states to use federal funding for expected revenue shortfalls.

> *"There is no question that the virus is impacting state revenues; the real question ultimately is by how much?" said Governor Mills. "The Legislature and I have taken steps to safeguard Maine's economy, but federal partnership will be important moving forward. As a member of the National Governors Association, I am urging Congress and the Administration to provide additional direct support to states as well as flexibility with funding already authorized. All states are going to face reductions in revenue as a result of this virus. We need flexibility with funding in order to continue to protect the public health and safety and to spearhead an economic recovery."*

Department of Administrative and Financial Services (DAFS) Commissioner Kirsten Figueroa, Maine State Economist Amanda Rector, and DAFS Associate Commissioner for Tax Policy Mike Allen believe that the July and August timeframe will allow for the CEFC and RFC to more accurately understand the economic ramifications of COVID-19 on Maine's economy and the State budget, rather than attempting to gauge it earlier and obtaining a partial and inaccurate picture. Once that information is in hand, the Governor will work with the Legislature to determine the best path forward.

Additionally, Governor Mills instructed all departments to apply an emergency basis scrutiny to spending and hiring. This includes freezing unencumbered balances for Fiscal Year 2019 and certain reserves in Fiscal Year 2020, as well as reviewing contractual obligations through the remainder of the Fiscal Year, which ends June 30th. The Governor has also prohibited state employees from traveling out of state on state business.

> *"Similar to the mid-course adjustment we made in the supplemental, it makes sense to reconsider all expenditures and reserves knowing future revenues will be drastically lower," said DAFS Commissioner Kirsten Figueroa. "Saving now will minimize future disruptions to services Maine citizens rely on from us."*

Governor Mills, through the bipartisan National Governors Association, continues to press Congress and the Trump Administration to provide robust and flexible federal relief to offset expected revenue shortfalls that every state is confronting.

These actions come in the wake of other steps the Mills Administration and the Legislature have taken to prepare the State for the economic ramifications of COVID-19, including working in a bipartisan manner to revise and enact the supplemental budget. The $73 million revised proposal, which was $52 million less than originally proposed, prioritized initiatives related to COVID-19. The current projected balance of unappropriated surplus is $113 million over the biennium. The Budget Stabilization Fund, or Rainy Day Fund, through the enacted supplemental, stands at $257 million, which is an increase of more than $50 million since the Governor took office.

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