



## **Assessment of the State Fiscal Analysis Initiative**

**Case Study for:  
Maine Center for Economic Policy  
Augusta, Maine**



Prepared for the  
Ford Foundation  
by the OMG Center  
for Collaborative Learning

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# case study

*This case study of Maine Center for Economic Policy in Maine is one of ten individual case descriptions prepared as part of an assessment of the State Fiscal Analysis Initiative (SFAI), conducted by the OMG Center for Collaborative Learning with support from the Ford Foundation. SFAI is a national collaborative effort that began in 1991 to strengthen capacity among state-level non-governmental organizations to undertake credible, timely, and understandable analysis of critical tax and budget questions. The Initiative is funded by several national foundations and receives staffing and technical support from the Center on Budget and Policy Priorities (CBPP), a Washington, DC-based nonprofit that has been conducting national policy research since 1981 and that expanded its role to include analysis of state fiscal policies also in 1992. The entire assessment report, **A Cross-Site Synthesis of Findings, Conclusions and Recommendations**, is available from the Ford Foundation or the OMG Center for Collaborative Learning.<sup>1</sup>*

*This and the other case studies prepared as part of the assessment describe a broad array of activities undertaken by the state-level fiscal policy organizations with support received not only from the Ford Foundation and other SFAI funders, but also from other local and national sources. From the Initiative's inception, the Ford Foundation has required that its funding provided through SFAI be used entirely for the support of research education, organizing, and other non-legislative activities. Although the report covers the full range of strategies employed by SFAI groups to enable a full picture of their work and impact to emerge, the activities detailed here are not a direct by-product of Ford funding.*

*This case provides an overview of how one "veteran" state-level policy organization evolved over a period of several years within its own unique state policy setting. The cases provide much of the empirical basis for the larger assessment report, by bringing to light the different circumstances and approaches that shaped the accomplishments of individual grantees and by documenting the different types of impacts that the SFAI grantees have*

*had within varied local fiscal policy environments.<sup>2</sup>*

*Much of the case study fieldwork was conducted during the last half of 2002, although further telephone follow-up occurred throughout 2003 and into 2004. The fieldwork approach was primarily qualitative and relied mainly on site visits to each of the grantee sites. Site visits were generally made by two or more members of the assessment team and included meetings with representatives of the grantee organizations and a variety of other local actors with knowledge of the grantee organizations and the state-level policy setting in which they operate. Phone and email communications provided an opportunity for rounding out the details of each case. The draft profiles were shared with the grantee organizations two or more times as they were being developed, and each site was given an opportunity to review final versions of their profile before they were finalized. Most of the factual information about the grantee organizations is for the year 2002, although in a few instances fiscal or budget changes and other policy accomplishments that occurred in 2003 are noted if they were the result of efforts in prior years.*

*The case study starts with an account of how the organization began and then offers an account of Maine's social and political context. Next it introduces the particular focus and approach that the SFAI grantee organization has taken to improve knowledge locally about tax and budget issues and contribute to the quality of local fiscal policy debates. Woven into the case are overviews of the grantee organization's size, staff structure and funding base; examples of typical products and activities; and descriptions of its major accomplishments.*

*The SFAI assessment was directed by Tom Burns. The following current and former staff of the OMG Center for Collaborative Learning also participated in the assessment – Bonita Stowell, Kennard Wing, Sheetal Matani, Lee Alford, Amanda Bergson-Shilcock, and Margaret Berkey.*

<sup>1</sup> At OMG, contact Robin Lafty at [robin@omgcenter.org](mailto:robin@omgcenter.org) or 215-732-2200. Or contact the Ford Foundation at [www.fordfound.org](http://www.fordfound.org).

<sup>2</sup> The ten veteran states selected for the case studies include: Alabama, Arizona, California, Illinois, Maine, Massachusetts, Michigan, New York, North Carolina and Texas.

## Maine Center for Economic Policy Augusta, ME

THROUGHOUT NEARLY A DECADE OF WELFARE REFORM, MAINE has worked to maintain its commitment to the economic security of its families. The Maine Center for Economic Policy (MECEP) has played a central role in helping it to do so. To appreciate the constructive influence that MECEP has had on Maine's approach to welfare reform, one may begin in the mid-1990s when Maine and other states around the country were faced with the daunting task of remaking a welfare system that many agreed needed fixing.

In 1994, near the start of SFAI, welfare reform was one of the hottest domestic policy issues. That year, Christine Hastedt from the Maine Equal Justice Project approached MECEP with the idea of conducting a survey of welfare recipients who were trying to move from welfare to work. "I saw this as a great opportunity because it would give us data about the challenges welfare recipients faced in securing a job, getting off welfare, and sustaining their families," says Christopher St. John, MECEP's executive director. "And because respondents agreed to provide their name and address on the survey, the exercise also gave us a list of people willing to tell their stories."

That same year an economist named Stephanie Seguino from the University of Maine began studying the labor market prospects of women in the Maine economy. Her research found that Maine women on average do not have access to jobs that pay wages high enough to cover a basic needs budget, especially in the event that they become single parents.<sup>3</sup> "At the time, Stephanie's work on basic needs budgets was quite new to the field," says St. John. "She was one of a handful of people in the country using this method to understand the economic challenges low-income families face. Her research was pretty compelling stuff." So St. John did what he and MECEP often do – they find a way of presenting the important work that academics are doing in politically relevant terms. A group of like-minded organizations, including MECEP, the Maine Equal Justice Project, and the Women's Development Institute created a Women's Economic Security Project. One of the group's first efforts was to ensure that Seguino's groundbreaking academic work was positioned to have the greatest possible impact on the development of Maine's welfare policy. MECEP secured support for the University of Maine Margaret Chase Center for Public Policy to publish Seguino's economic review of wages and basic needs budget work with the AFDC survey in its report, *Living on the Edge: Families Working and Providing for Families in the Maine Economy*.

The following year, the Women's Economic Security Project organized a forum open to all legislators to present what it was learning about the needs of working poor families. "Seguino's basic needs budget work combined with the AFDC survey findings and the recipient testimony helped us to make a strong

<sup>3</sup> "Struggling to Make Ends Meet in the Maine Economy", Seguino, Stephanie, and Sandy Butler, MCEP, March 1998.

### Maine Center for Economic Policy at a Glance

**Year started:** 1994

**Current budget:** \$385,514 (2002)

**Main sources of support:** Ford Foundation, Charles Stewart Mott Foundation

**Total staff:** 3 (2002)

**Main areas of focus:** Budget and tax policy, livable wages and family support, health care, sustainable development.

**Recent products:** Welfare Reform: Lessons from Maine; Higher Education for All Maine People; We Get What We Pay For; State of Working Maine, 2002; States Take the Lead in Green Planning; Slowing Down the Work-and-Consumes Treadmill; Addressing State Revenue Shortfalls; Welfare Reform: The Maine Lesson; Growing Income Inequity; State Tax Reform: Prospects and Pitfalls; Closing the State Budget Gap

case at the forum for the types of welfare reform that would reflect the reality of women's lives," says St. John. "Especially powerful was the process of actually having real people there to tell their own stories directly to legislators. It put a human face on the issue." MECEP's research and this testimony also laid the groundwork for MECEP's later accomplishments on its working poor agenda. As Hastedt recalls, "This work completely changed the welfare reform discussion in Maine to one that was much more thoughtful and informed. Policymakers moved away from focusing on the behaviors of welfare recipients to the economic issues they face."

In January 1997, the Maine legislature was scheduled to address several proposals related to family assistance including welfare reform, an increase in the state minimum wage, a state-level earned income tax credit, and tax reform. In preparation for the session, MECEP issued two key publications. One was *Maine Choices: 1997*, which included articles from MECEP staff and state experts reviewing several areas of state spending. That edition included a review of family assistance policy and Maine's options under welfare reform. The second was a MECEP-supported report titled *Working Hard – Falling Behind* written by John Fitzgerald of Bowdoin College. *Working Hard* provided findings from a survey of about 300 of Maine's low-income families. These findings were presented to the legislature in a public forum during the January 1997 session. The report emphasized the importance of creating quality jobs, promoting efforts to aid the school-to-work transition, and expanding college opportunities.

When MECEP testified before the legislature that year, it drew on the research it had collected over the previous two years on the working poor. "Up to this point, we had done a good job of establishing ourselves as a credible source of information," recalls St. John. "With the *Working Hard* report, our analysis of the budget in *Maine Choices*, the earlier research on basic needs budgets, and results from the welfare recipients survey, it wasn't hard to make a strong case for legislation addressing the needs of these families." By the end of the January legislative session, the legislature adopted one of the most progressive welfare reform packages in the country. Maine spent virtually all of its TANF block grant on increasing TANF benefits, providing child care, transitional Medicaid, transportation assistance, and on other transitional benefits. Maine also instituted the

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*- Christopher St. John  
MECEP Executive Director*

Parents as Scholars program, a state-funded two- and four-year degree program for welfare recipients. “The work we’d done between 1994 and 1997 helped policymakers to understand the real life challenges of the working poor,” St. John asserts.

MECEP’s work in this area did not stop there. Nearly every year since, MECEP has built on work done in previous years. Its most recent product related to this issue is *Welfare Reform: Lessons from Maine*. This report was released in time for the welfare reauthorization debate that is now taking place in that state and throughout the country. It provides results from a survey of 4,000 Maine TANF recipients who received benefits in the first six months of welfare reform. The study looks at how these recipients were faring five years later and what changes could be made in both national policy and the state’s welfare system to better support family success. However, welfare reform is only one of many challenging issues that have affected MECEP’s work.

### The Policy Context

Maine is often considered a small state, but this is not a simple matter. Geographically it is the largest of the New England states, roughly the size of the other five New England states put together. Maine’s population size is a different story. About 1.27 million people live in the state making it the 10th smallest in the country. Racially speaking, Maine’s population is the most homogenous in the nation. According to the 2000 Census, about 97 percent of Maine’s residents are Caucasian.

Maine’s economy has long been based on the state’s abundant natural resources. Key industries have included fisheries, farming, forestry, and tourism. However, Maine is transitioning from an agricultural and industrial base toward a service- and information-based economy. The state has a growing biotechnology industry and several of its state universities have expanded their biotechnological research facilities and programs to accommodate and feed this industry. With over 50 biotech firms operating across the state, biotechnology has become a very important component of the Maine economy. Its worth exceeds both the lobstering and potato industries combined.

Maine is known for having a tradition of moderate and consensus-oriented politics. It is one of only two states to have had an Independent Governor. Governor Angus King was elected in 1994 and held office throughout much of the SFAI work in Maine. As a staunch supporter of the state’s economic development, Governor King often took a pro-business stance on many issues such as using corporate tax incentives to attract new businesses or resisting proposals to raise the minimum wage.

When he entered office, MECEP initially saw his election and lack of party affiliation as an opportunity to develop a powerful ally. However, his pro-business stance has put many of his policies at odds with MECEP’s agenda. Term limits prevented Gov. King from seeking reelection in 2002. His successor is Democratic Congressman John Baldacci.

Maine’s legislators work part-time and serve two-year terms. A term limit law that went into effect in 1996 limits state Senators and Representatives to serving four consecutive terms or eight consecutive years in the legislature. Although legislators of one body cannot seek reelection to a fifth consecutive term, they can run for office in the other body or return to the same chamber after a two-year hiatus. The exit of term-limited legislators in the recent 2002 elections allowed the Democrats to achieve a trifecta by capturing the governor’s office and holding a solid majority in the Maine House of Representatives and a slim majority in the Senate.<sup>4</sup>

Maine’s legislature is sparsely staffed and the staff has limited capacity to perform research and analysis. The state planning office does engage in some policy analysis but there are few non-partisan nonprofit groups other than MECEP that conduct tax and budget policy analysis in the state. MECEP has teamed up with the Maine Citizens Leadership Fund to revive the Taxpayers for a Fair Budget Coalition out of which MECEP was first developed in the early 1990s. The coalition is again promoting revenue alternatives to looming program budget cuts.

Throughout the 1990s, Maine faced some especially difficult challenges beyond those of welfare reform mentioned earlier. Economic turbulence, shifting tax policy, demographic changes, corporate accountability issues, social service cuts, rising health care costs, and the recent budget deficit are some of the bigger issues affecting MECEP’s work.

**Economic turbulence.** In the 1980s, high consumer spending, an influx of defense spending, and a real estate boom helped to fuel Maine’s economy. These all but vanished in the 1990s, resulting in the largest job losses in Maine’s history. Starting in the summer of 1990, Maine experienced three years of the state’s worst fiscal crisis since the Depression. “We faced a revenue shortfall in 1990 equaling about 20 percent of the previous year’s total expenditures,” explains St. John. Maine’s budgetary troubles of the early nineties happened so quickly that state government resorted to a host of expedients to squeak by, such as the furlough and shutdown days of virtually all of state government or using the highway fund for general fund expenses. To ensure future prosperity, Maine is moving from a service-

<sup>4</sup> The result of one 2002 Senate race has been contested. The ballots of that race are currently being recounted.

*...With over 50 biotech firms operating across the state, biotechnology has become a very important component of the Maine economy. Some argue that its worth exceeds both the lobstering and potato industries combined...*

based economy toward a knowledge-based economy. Proponents of this transformation hope the new economy creates jobs related to scientific research, innovative engineering, and the development of new processes, substances, and technologies. But many Maine workers do not have the skills necessary to meet the job demands of knowledge-based industries. Only about 22 percent of Maine's population had bachelor's degrees or higher in 2000.<sup>5</sup> The jobs that many workers in the state qualify for don't provide the livable income that once could be earned by working at a paper mill or other manufacturing job. The new economy also has changed the face of many small towns. Places like Falmouth, once sleepy farming and fishing villages, are being transformed into bedroom communities and retirement havens. With these changes, many of these towns are beginning to grapple with familiar urban issues like school overcrowding and overburdened municipal services.

**A tax-cutting mentality.** Throughout the 1990s, MECEP had to counter the argument that taxes must be reduced to attract business. In fact, in the 2001 legislative session, the Maine legislature passed over \$290 million in tax cuts that mostly benefit businesses. MECEP's efforts to combat this type of thinking run counter to a strong current in Maine favoring a less progressive tax structure and further cuts in the size of government. But MECEP is hopeful that the current economic downturn, particularly after having already made such cuts, may force Maine legislators to rethink their fiscal strategy.

**Cuts to services.** The legislature made a number of spending cuts affecting social programs between 1991 and 1994. The services that low- and moderate- income families draw on were hit the hardest, such as AFDC and the property tax relief program, which was reduced by two thirds. "In 1990, we experienced a severe economic contraction," recalls St. John. "There were five different cuts made to AFDC in the course of four years. Needless to say this was not a good time for advocating on behalf of poor people." Federal budget cuts, devolution, and other changes in the nineties added to the Maine's fiscal problems, as they did in many other states.

**Legislative term limits.** Over the course of Governor King's eight years in office, he worked with four different Senate Presidents and the same number of Speakers of the House. In 2002, 10 of Maine's 34 committee chairs were unable to run for reelection due to term limits. Advocacy groups in the state have mixed reactions about how the term limit law has affected their work. Some feel that term limits have strengthened the influence of lobbyists because they are now more permanent than the legislators they work with and have become the holders of institutional memory. There is concern that inexperienced legislators will tend to lean more on lobbyists for knowledge and advice. Others in the state disagree. They believe that term limits have interrupted the personal relationships between lobbyists and key legislators. As the legislature continuously turns over, it has forced lobbyists to constantly scramble to establish new relationships. Whichever view is taken, term limits are now a key factor in Maine's policy environment.

<sup>5</sup> 2000 Census.

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MCEP Executive Director*

**Budget deficit.** Like other states dealing with the nation's current economic downturn, Maine's fiscal picture these days is not good. In early 2002, the state budget shortfall was projected to be about 17 percent (\$1 billion out of a total projected expenditures of \$6 billion for the two-year budget).

**A call for more corporate accountability.** On another front, the public outcry has steadily increased over the numerous and substantial corporate tax breaks given by state government. A multimillion dollar tax gift to General Dynamics was particularly controversial. The company is a multibillion dollar aerospace, combat systems, and information technology company. Although General Dynamics is one of Maine's largest single employers, many in the state oppose the idea of taxpayers subsidizing such a large corporation. The public's concern led the legislature to pass a bill requiring disclosure of all corporate receipts from seven tax and training subsidy programs and the jobs and wages at the recipient companies. Both houses of the legislature passed a "living wage" requirement for companies receiving such subsidies but it was vetoed by Governor King. This issue is one of several that MECEP is watching in its work to establish fair budget and tax policies in Maine.

**Demographic changes and challenges.** An issue of particular concern to many in the state is the out-migration of Maine's younger population. Between 1990 and 2000, the state experienced a drop in the number of people between the ages of 20 to 34.<sup>2</sup> Meanwhile, all other age groups increased over the 10-year period. Some worry that young families are leaving the state to look for better job opportunities elsewhere. As Maine's school-age, college-age, and young-working-age populations decline, its senior population is steadily growing. The state currently has the fourth oldest population in the nation. In fact, MECEP's research shows that the 85+ age group represents one of the fastest growing demographic segments.<sup>6</sup> These demographic shifts obviously have fiscal policy implications because the infrastructure and service needs of its aging population will stretch the state's limited resources even further.

**Rising health care costs.** Maine's employers are finding it harder to afford the ever-increasing cost of health insurance for their employees. More and more employers are dropping coverage.<sup>7</sup> This is especially true for smaller employers who pay lower wages. Today, about one out of seven people has no health

<sup>6</sup> 1990 Census and 2000 Census.

<sup>7</sup> "Medicaid and Long Term Care", Eleanor J. Goldberg, Julie Fralich, and Kathryn Pears, *Maine Choices*, Maine Center for Economic Policy, 1997.

### MECEP's Mission and Focus

The Maine Center for Economic Policy is an independent, nonpartisan research organization. Its mission is to analyze and publicize solutions to Maine's fiscal challenges in order to achieve a prosperous, fair and sustainable economy.

insurance coverage,<sup>8</sup> and this problem is sure to be exacerbated by the recent economic downturn. Policymakers are debating how to address this problem. One solution under consideration is to expand the Medicaid program and pay for this expansion by increasing the state's tobacco tax by 50 cents.

Many of these issues along with others affecting Maine's working poor have been the focus of MECEP's research agenda throughout SFAI. The following section looks more closely at the approach developed by MECEP to engage these issues and inform the policy debate.

### MECEP's Origins and Approach

The Maine Center for Economic Policy (MECEP) was founded in 1994 in direct response to the State Fiscal Analysis Initiative by members of Taxpayers for a Fair Budget, an existing coalition of thirty organizations dedicated to bringing greater focus to the issues of tax adequacy and fairness in essential state programs. Six months prior to being invited to apply to SFAI, the coalition applied for and subsequently received a Haymarket Foundation grant. With this money, the coalition was able to hire an organizer to help increase its productivity and improve its communication with policymakers and the public. "Before SFAI, we were essentially a coalition working out of other people's pockets," says St. John. "Some in the coalition contributed space, some gave equipment, and some a little staff time." After seeing the progress made from having a full-time staff person, the coalition began to think more about what else could be achieved by establishing a permanent organization with a longer-term capacity for analytical work.

In 1993, Taxpayers for a Fair Budget joined 28 other groups at an SFAI planning meeting in Washington, D.C., to learn about the RFP. Betsy Sweet and George Christie from the coalition returned excited about SFAI and the group submitted a proposal, as did groups from the other 28 states attending. After the group won the planning grant, several things happened to turn the group into the organization it is today. First, it established a fiscal sponsorship and incorporated the new organization, the Maine Center for Economic Policy. "We decided not to make the organization a child of a coalition," says St. John. "This was a conscious decision because we wanted to create something that was new and independent with no formal ties to any advocacy organization."

In addition, instead of establishing a board consisting of just the coalition partners, the founders decided to form one with just

<sup>8</sup> Year 2000 Blue Ribbon Commission on Health Care, Appendix A, p. 58.

ten of their most active coalition members. To this they added ten people from academia and other sectors that were not well represented on their board (including people from the business and political communities). The principal goal for the board was to create an organization that could study budget and tax issues in a comprehensive analytical manner, but that would also be able to present its findings to a broad audience.

To achieve this goal, MECEP's strategy has several key components:

**Using credible data analysis to explode myths.** MECEP uses data to make cases or recommendations that would result in better conditions for poor people living in Maine. "First and foremost our recommendations are grounded in data," says St. John. "Of course we start with a hypothesis, but then we look to see whether or not the data supports our point of view. People may not always agree with our recommendations but they have to respect our data analysis. That's what our credibility is built on." One example of this was in 2000 when the State Planning Office took issue with several of the findings in *The State of Working Maine, 2000*. This report caused a stir in the administration primarily because its conclusions were at odds with the governor's traditional economic boom analyses. "The edition got plenty of criticism from the State Planning Director who was sensitive to the fact that we said incomes have been quite sluggish in Maine over the past decade," explains St. John. "He felt we were ignoring all of the economic development work that the administration has done. But the report had nothing to do with that. This was just what the data showed."

**Contracting with consultants and policy experts.** At times, MECEP staff contract with consultants who can offer additional expertise on issues or policy areas that MECEP is researching. "Early on, I needed help with learning the whole state budget," recalls St. John. "I had known something about Maine's tax system and I knew a lot about pieces of the budget, especially Medicaid and AFDC. But I did not know enough about K-12

### MECEP's Research Agenda

MECEP's primary issue areas include:

**Fair Budget and Taxes:** MECEP's budget and tax work focuses on monitoring tax policy and proposing alternative solutions. A continuing effort associated with this part of MECEP's work is its push for a refundable earned income tax credit.

**Livable Wages/Family Support:** This area of MECEP's work focuses on researching and analyzing issues affecting low-income workers. Research projects on welfare reform, basic needs budget, and working poor issues all fall under this category.

**Affordable Health Care:** MECEP also conducts research and analysis on a variety of health policy issues such as Medicaid expansion.

**Sustainable Development:** Environmental policy and advocacy is an important issue in Maine. MECEP work in this area often looks at the relationship between the environment, economic development, and social welfare.

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MECEP Executive Director*

and higher education, mental health, prisons, and the other big chunks of the budget.”

For its first publication, *Maine Choices: A Preview of State Budget Issues*, MECEP contracted with thirteen scholars and analysts to write papers on each area of the state budget. It sought academics who were knowledgeable and already writing about different budget areas. This approach was both a means of gaining credibility and a way to make the document interesting and useful to a wide audience. Moreover, it was a cost effective means to produce quality work in the early years. “In our first year of SFAI, MECEP was a staff of one,” says St. John. “So contracting with outside consultants, many of whom were in academia, was a way for us to get a lot of work done for very little money.” However, there were some drawbacks to using this strategy. “In this first round, we had a real struggle with getting the papers up to the quality that we wanted to publish,” says St. John. With its growing sophistication and analytical capacity, MECEP no longer depends as much on consultants as it did early on. These days, St. John and his colleague Lisa Pohlmann produce much of MECEP’s reports in-house.

**Offering alternative solutions.** MECEP offers recommendations on specific issues but chooses not to produce an alternative budget as some other SFAI sites have done. “We have never done this because to work out a budget requires you to say no to some of your coalition partners,” explains St. John. Instead MECEP uses other venues and opportunities to share alternative policy solutions. For example, in the first year of SFAI, MECEP organized three workshops for prominent statewide conferences: one on applying private sector approaches of accountability to the public sector,<sup>9</sup> and two at the governor’s economic development conference – one focusing on high-performance workplaces and the other on examples of Canadian sustainable economic development. Each focused on positive models of alternative economic development by showcasing methods other than reducing taxes and government.

**Producing timely analysis.** Every year, MECEP publishes reports shortly before the beginning of the state’s legislative sessions to inform issues on the policy agenda. This plan was first carried out in 1995 when *Maine Choices: 1995* came out in December 1994, adeptly timed to arrive just a few weeks after the election of Governor King, and two months before his administration had to make its recommendations to the legislature. No other organization at that time attempted to produce

<sup>9</sup> Specifically the Annual Conference of Maine Businesses for Social Responsibility.

a comprehensive analysis of the budget during the transition period between administrations. This helped to position the organization and set it apart with respect to policy development and analysis.

**Generating clear, accessible analysis for its publications.**

“When you think about the nuts and bolts of what we do, essentially we’re a publishing house,” explains Lisa Pohlmann, MECEP associate director. “We’re constantly putting words on paper and sending them out the door.” In 2000, a marketing consultant helped MECEP improve the visual appearance of its publications to make them more accessible to a broader audience. There is now a logo, a tagline, and a new format for reports, the newsletter, and issue briefs.

**Convening public forums.** Another key component of MECEP’s work involves convening and facilitating networks around different issues. “We try to provide people around the state with credible and accessible information about different policies affecting poor people,” says Pohlmann. “The next step is to get those people to work together toward positive solutions. This is where our convenings come in.” Sometimes this means enabling a constituency group to testify on its own behalf in front of the legislature. Other times this means facilitating a conference, workshop, or other forum to get different groups talking to each other.

**Acting as a technical resource to the legislature.** MECEP quickly took advantage of the opportunity presented when terms limits were passed in 1993. To establish itself as a resource for policymakers, part of MECEP’s strategy is to host or convene open forums on policy issues prior to the beginning of the session to educate lawmakers and to focus attention on certain issues. MECEP also provides legislators with research assistance on the specific issues they care about. Over the years, MECEP has become an information source of both data and potential new fiscal strategies; its ideas are shared with lawmakers as well as the media. “The state is faced with having more responsibility but less long-term presence and knowledge,” explains Representative Michael Saxl, Speaker of the House and a strong voice in the legislature for matters affecting lower-income citizens. “More than anything, legislators need objective, non-affiliated sources of analysis. This is the role MECEP has played.”

**Organizational Structure, Staff, and Funding**

After MECEP was founded in January 1994, St. John left the board to apply for and take the position of executive director. “Early on in my career, I became interested in how government intervenes in social problems and the extraordinary differences that happened in people’s lives as a result of changes in government policy,” says St. John. “When my colleagues from Taxpayers told me about SFAI, I immediately knew that this was what I wanted to do.”

Currently, MECEP’s staff consists of the executive director, an associate director, and one administrative assistant. The organization draws from its relationships with state universities and

### MECEP's Staff in 2002

**Christopher St. John, Executive Director.** Became executive director in 1994. Prior to joining MECEP, St. John, a lawyer by training, worked with the Pine Tree Legal Assistance in Augusta, Maine, for 17 years. There he represented low-income families on issues associated with health care, welfare, unemployment insurance, utility regulation, and taxation. During this time, St. John spent most of his time working on appropriations. Before his work with Pine Tree Legal Assistance, St. John founded and directed the Prisoner Community Center, a project confronting issues of prisoners and their families in the Vermont State Prison in Windsor, Vermont.

**Lisa Pohlmann, Associate Director.** Joined MECEP in 1995. At MECEP, Pohlmann is primarily responsible for writing and editing analyses. Prior to joining MECEP, Pohlmann directed a domestic violence project in Midcoast Maine for 10 years and did rural economic development work with BRAC in Bangladesh.

**Judy Ward, Administrative Assistant.** Joined MECEP in 1998. Previously, Ward was a municipal clerk for Winthrop and Wayne and worked for 9 years at the State of Maine Department of Inland Fisheries and Wildlife in several positions ending with Supervisor of Licensing.

- Source: MECEP Website

makes use of several interns. MECEP also utilizes the help of volunteer board members, contract authors, and editors.

MECEP's primary support comes from SFAI. Over the years, MECEP also received funding from the Betterment Fund, Coastal Enterprises, Maine Community Foundation, Maine Women's Foundation, the Bingham Program, the Libra Foundation, the W. Alton Jones Foundation, the Robert Wood Johnson Foundation, and the Davis Family Fund. Additional contributions have come from over 500 individual donors and subscriptions to the organization.

### MECEP's Activities and Products

Each day, MECEP's small staff divide their time among numerous tasks – conducting research and analysis, editing analytical reports submitted by contributing authors, attending coalition meetings, testifying on legislative committees, or conducting a forum on a policy issue. The work plan evolves depending on the time of year and the flow of issues before the legislature.

**Research and analysis.** Year round, MECEP is continually engaged in research and analysis. When the legislature is in session, the focus is often on being responsive. During this time, MECEP staff are consumed with analyzing legislative decisions as they are being made. Other times of the year, staff are freer to focus on conducting or commissioning research that documents the needs of Maine's lower-income and working families.

**Coalition building.** Similar to other SFAI states, coalition building has become an important component of MECEP's efforts to improve Maine's fiscal policies. In 1999, for example, when MECEP saw the need to build a coalition to look at sustainable development policy, MECEP staff convened various economic

development practitioners, community action agencies, and academics to discuss relevant issues. The result of this two-year process was the formation of the Maine Sustainable Development Group. To promote this group's work, MECEP organized a public forum on building sustainable communities aimed at educating legislators on sustainable development issues.

MECEP has been committed to supporting the efforts of that group to advance its agenda. The group sponsored several forums, published a number of papers, and gave support to legislative initiatives that included a successful bond for affordable housing funding and a clean car rebate program. This work also strengthened other aspects of MECEP's SFAI work by helping it to sharpen its analysis of the state's tax structure and establish alliances with powerful groups in the state.

**Publications.** MECEP's research is distributed in a variety of publications including *Changes*, the organization's newsletter published twice each year, and Choices, issue briefs published throughout the year. It also produces major studies or research reports. MECEP's publications are distributed to a variety of audiences including policymakers, community groups, members of the business community, and academia.

**Press releases.** MECEP has published numerous op-ed pieces in five newspapers<sup>10</sup> on issues including Medicaid cuts, welfare reform, hospital taxes, and national trends in income distribution. In the past, an important dissemination strategy for MECEP has been to write op-ed length pieces for a rotating group of Maine papers. These pieces were reprinted in its own newsletters, gaining two hits from a single work product.

**Website.** MECEP maintains a well-organized, informational website containing background information on the organization and its staff, all of its publications, and links to other web resources related to MECEP's four research areas. The website

<sup>10</sup> Papers include *The Portland Press Herald*, *The Bangor Daily News*, *The Brunswick Times Record*, *Waterville Morning Sentinel*, and *The Kennebec Journal*.

### MECEP's Publications and Products

MECEP staff in collaboration with other authors and organizations produce three types of publications. These include:

**Reports/Studies:** Major research reports published several times throughout the year. Reports are the result of in-house projects as well as collaborations with other authors and organizations. Recent reports include: *Welfare Reform: Lessons from Maine and Higher Education for All Maine People*.

**Changes:** MECEP's organizational newsletter published twice a year. It highlights the organization's activities and serves as its annual report.

**Choices:** Issue briefs discussing a wide range of timely issues. These issue briefs are published ten times throughout the year. Recent issues of *Choices* have included briefs: "We Get What We Pay For" and "State of Working Maine 2002."

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*- Chris Hastedt  
Maine Equal Justice Project*

also provides subscription applications for those interested in receiving MECEP’s publications on a regular basis.

**Community education.** MECEP staff often receive requests to provide community education on state tax and fiscal matters to a variety of groups including a number of health associations, college classes, church groups, public television-sponsored events, and the Chamber of Commerce. It conducts workshops and hosts forums. “MECEP constantly reminds and brings groups together around tax issues,” says Chris Hastedt from the Maine Equal Justice Project. “But more than this, [MECEP’s] data analysis provides groups around the state with a strong factual framework on which to build a case. I don’t think there is any other group in the state that provides this education.”

MECEP’s community education work also includes participatory research projects. For example, in 1998 it began a joint project with Consumers for Affordable Health Care to survey small businesses on their experiences trying to provide health care. MECEP wanted to engage small businesses directly in crafting realistic and effective health care policy. It also sought to use the project as an opportunity to inform those working poor employed by small businesses of their potential eligibility for new public health benefits.

**Legislative briefings and testimony.** Throughout its history, MECEP has been invited to make presentations to number of legislative committees, including the Business and Economic Development Committee, the Banking and Insurance Committee, the Education Committee, the Appropriations Committee, the Health and Human Resources Committee, and the Taxation Committee. MECEP also makes offers its resources to legislators new to office and fields requests by legislators for research on particular issue areas.

### **Building and Leveraging Key Relationships**

MECEP’s success is directly tied to the reputation it has established with policymakers, the media, academic institutions, and the human service and business communities.

**Elected officials.** “MECEP does tend to have stronger relationships with the more moderate and progressive members of the legislature,” says Pohlmann. “But even the more conservative legislators have to respect what we say even if they don’t agree with our recommendations.” Strengthening and building on its relationships with Maine policymakers – no matter their political stance – has grown more and more complicated. MECEP has experienced both the positive and negative consequences of

term limits. Legislators see MECEP as a credible resource for research and analysis. But MECEP is also put in the position of constantly having to reestablish its ties with new members.

**Academic institutions.** Over the years, academics and other experts in the state have contributed to the body of research that MECEP has produced. Although it has relied less and less on outside consultants for its publications, consultants have certainly helped to establish MECEP as a timely and credible source of policy analysis. Some of the academic institutions in the state that MECEP has worked closely with include Bowdoin College, the University of Southern Maine Muskie School for Public Service, and the University of Maine Margaret Chase Smith Center for Public Policy.

**Media.** “We have a great relationship with the media,” says Pohlmann. “When we do a press release it usually shows up on the first, second, or third page of the paper.” St. John is often asked by the media to respond to issues and proposals articulated during the governor’s annual budget address to the legislature. St. John also receives opportunities for television time on the public broadcasting station. He has been a frequent guest on *Maine Watch*, the Maine Public Broadcasting Station’s weekly state policy review. As far as the print media is concerned, MECEP’s work on state budget and economic issues is frequently featured in a variety of daily newspapers, a biweekly, the *Maine Lawyer’s Review*, and two journals, *The Dissident* and the *Maine Policy Review*.

**Human service, advocacy, and policy research organizations.** In addition to academic institutions, MECEP has partnered with other advocacy and research organizations. For example, it engaged in a joint venture with the Maine Children’s Alliance (MCA) KIDS COUNT project and the Center on Budget and Policy Priorities (CBPP) to publish a report on working families, *Maine Families: Poverty Despite Work*, which came out in 1996. MECEP also worked with MCA to develop a children’s budget that reviewed the particular accounts of state government associated with services to children and recommended alternatives.

**Business community.** MECEP has been able to establish a good relationship with some members of the business community, particularly the Maine Chamber of Commerce. Early in SFAI, MECEP was asked to serve as a stakeholder on an advisory panel of the Maine Business Alliance Foundation’s Tax Policy Initiative, which was dedicated to constraining the state’s supposedly high taxes to keep business opportunities competitive. St. John agreed to serve on the panel, in part to promote MECEP’s concerns about these types of tax breaks because they shift greater amounts of the tax burden to people of low and

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*- Lisa Pohlmann  
MECEP Associate Director*

moderate income. In 1998, MECEP sponsored a one-day forum that was based on the report *Tourism and Maine's Future: Toward Economic and Community Stability* by David Vail, Mark Lapping, Wilfred Richard, and Michael Cole. The forum drew 127 attendees, including many representatives of the tourism industry, and produced buzz for ideas such as using the lodging tax to generate revenue for studying tourism's environmental impact, and limiting the use of fragile landscapes.

### Accomplishments

Over the years, MECEP's research has led to some significant policy changes. Some of its contributions to the welfare reform discussion were described earlier. Its work has been influential in other key legislative victories such as a significant expansion of eligibility for health programs, finding new sources of support for health care programs, passage of a modest earned income tax credit, several increases in the state's minimum wage, and a major jump in the state's income tax threshold.

### Changing the Poverty Threshold

In 1995, a commission was created to study poverty among working parents. The commission represented business interests and legislators as well as MECEP allies. At the same time that this commission was established, MECEP and CBPP conducted a study called *Maine's Families: Poverty Despite Work*. MECEP intended to use this study to shift the welfare reform debate away from recipients' behavior to their work circumstances. CBPP wrote the study and MECEP helped to focus the report on those key legislative issues of biggest concern in Maine. The report came out the week before the commission had its first meeting. "The study was waiting on their desk when they convened for their first meeting," says St. John. The study got front-page coverage from print media and received attention from television media as well. Among the ideas adopted from the study was that 185 percent of poverty was a more appropriate threshold for identifying need than using the federal government's more restrictive poverty standard. A legislatively created Economic Growth Council has since adopted this measure as a "living wage" standard, and it has been used on several occasions to establish eligibility levels, such as for expanded health coverage.

### Identifying Viable Funding Solutions for Health Care

The state legislature allotted a portion of the state's tobacco settlement money to several health-related programs such as the expansion of medical coverage for parents in 1999. It is likely that MECEP's research on funding options for health care and its recommendation to use funds from the tobacco settlement in its *Within Reach* report helped inform and influence policymakers' ultimate decision to approve the measure.

### Progress toward Establishing an Earned Income Tax Credit

In additional favorable measure that was passed was a new state earned income tax credit, but it came in the form of a non-refundable state EITC at 5 percent of the federal EITC. This is seen as a positive step by MECEP and is something it has advocated for since its founding. In the upcoming legislative ses-

sion, MECEP is planning to push for increasing the state EITC and converting it to a refundable tax credit.

### Increasing the Minimum Wage

MECEP has written repeatedly on the difficulty that workers have sustaining their families on minimum wage earnings. Over the years, increases in the minimum wage were passed three times by the Maine legislature but vetoed by the governor. Ultimately, the governor yielded. "I'd like to think that our continued education on this issue was a piece of the governor's ultimate decision," says St. John. Despite the governor's past refusals to raise the minimum wage, MECEP worked with others around the state to keep the issue alive.

### Raising the Income Tax Threshold

One of the policy changes enacted as a result of the Commission on Working Parents was an increase to the income level at which people begin paying income taxes. Previously, people began to pay income tax once their earnings were around \$10,000. Through a change in the tax law, people now begin paying income taxes only when their earnings total about \$20,000. "So while we had gotten a small earned income tax credit, we at least got the basic income tax threshold raised," says St. John.

### Challenges and Issues

MECEP faces ongoing and future challenges in its work.

**Broadening its audience.** Although MECEP is a nonpartisan group, some feel that its work still attracts the attention only of policymakers who agree with its recommendations. Taking MECEP to the next level may mean finding ways to broaden its audience to include policymakers from both sides of the aisle. "I'd like to see MECEP market its work to a broader base because its approach, the issues it tackles and the solutions it produces appeal to a broader group, not just the progressives," explains Eleanor Goldberg, MECEP board chair. Maine's current fiscal issues and the frequent turnover of the legislature may mean finding ways to form unlikely alliances with the more conservative policymakers and groups in the state.

### Maintaining progress despite significant legislative turnover.

Changing fiscal policy is usually a very slow process that requires a "long-haul" mentality, one built on strong personal relationships with policymakers, and a reputation for sound analysis. Term limits have been disruptive to this process, particularly in Maine's policy arena. Almost the moment MECEP staff establish their reputations as a reliable resource for legislators, they have to leave office due to term limits. MECEP is then faced with having to undergo the relationship building process all over again with new, often inexperienced legislators. "In this world of term-limits, continuity is a thing of the past," says St. John. "We're constantly reeducating legislators on the issues, reestablishing our credibility, and rebuilding trust. This obviously slows down the already sluggish process that is policy change."

**Sustainability.** Similar to many of the other SFAI states, Maine receives most of its funding from the initiative. Replacing this source and level of support might prove difficult. Fortunately, MECEP has received funding (albeit modest) from other groups in the state over the years. But these funds were supporting specific areas of its work. Finding general support funds will be much more difficult to achieve.