

Excerpts of testimony
related to VLA portions
of Governor's Change Package

**Testimony of Kirsten LC Figueroa, Commissioner
Department of Administrative and Financial Services**

**Before the Joint Standing Committee on
Appropriations and Financial Affairs**

**“An Act Making Unified Appropriations and Allocations for the Expenditures
of State Government, General Fund and Other Funds and Changing Certain
Provisions of the Law Necessary to the Proper Operations of State
Government for the Fiscal Years Ending June 30, 2021,
June 30, 2022 and June 30, 2023”**

May 14, 2021

Good afternoon Senator Breen, Representative Pierce, and members of the Joint Standing Committee on Appropriations and Financial Affairs. My name is Kirsten Figueroa, and I am the Commissioner of the Department of Administrative and Financial Services. I am here today to present the Governor's change package for LD 221, An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2021, June 30, 2022 and June 30, 2023.

Thank you for the opportunity to be here today.

I want to pay tribute to Governor Mills for her leadership and my fellow Commissioners and Department Heads for all the work done to stay at an even keel amid the storm.

We have constrained department spending while staying true to our ideals of ensuring the lives and livelihoods of all Mainers – through our commitment to public health, education, and State infrastructure, including property tax relief and revenue sharing. We have not raised taxes, we have conformed to the federal tax code in support of Maine people, we have strategically lobbied for and transparently and effectively leveraged federal pandemic relief. We have deployed a first in the nation vaccine campaign, and we are jumpstarting the economic recovery for every person and in every corner of this great state.

Keeping in mind the Administration's strong priorities – education, public health, our local communities, climate, our economy and making good on the promises of state government – we have, over the last two weeks or so, carefully crafted three proposals, which, together, chart a path for robust and widespread economic recovery and growth:

First, the Governor unveiled her Maine Jobs & Recovery Plan, this Administration's proposal to invest more than \$1 billion in discretionary Federal relief funds allocated to Maine under the American Rescue Plan Act, meant to make historic investments in unaddressed needs and longstanding challenges to achieve three goals: 1) immediate economic recovery from the pandemic; 2) long-term economic growth for Maine; and 3) infrastructure revitalization. The plan draws heavily on recommendations from the Governor's Economic Recovery Committee and the State's 10-Year Economic Development Strategy, transforming these best-made plans into real action to improve the lives of our people and to strengthen the economy. We look forward to collaboration with the Legislature as we further refine the specifics of these initiatives to meet these goals.

We also presented a bond proposal aimed at rebuilding Maine's transportation system and conserving lands and waters. The proposal dedicates \$100 million to maintain and upgrade Maine's transportation system through the Maine Department of Transportation and also dedicates \$40 million over four years to conserve lands and waters for Maine people through the Land for Maine's Future Program.

And, most recently, Governor Mills unveiled the "Part 2" budget for the FY22-23 biennium, a proposal that makes a historic investment in Maine public schools and meets the State's obligation to pay 55 percent of the cost of K-12 education for the first time in Maine's history. The proposal includes a host of additional bipartisan priorities, such as initiatives to improve the health of Maine people; relief for Maine people most adversely impacted by the pandemic or overburdened by rising property taxes; enhanced revenue sharing with municipalities; PFAS remediation; and infrastructure upgrades; and adds money to the Budget Stabilization Fund. The proposal, which is balanced and does not raise taxes, also leaves approximately \$21 million in funding on the table.

Today's proposal is presented as a change package that builds on the Governor's original proposal for the FY 2022-2023 biennium, LD221. Taken in combination

with the current services budget enacted earlier this year, the Governor's proposals for FY 2022-2023 would result in an \$8.77 billion General Fund budget for the biennium, which is \$390 million lower than the Revenue Forecasting Committee projects in General Fund revenue for FY 2024-2025.

The remaining proposals in LD221, not previously pulled into PL2021 Chapter 29, plus this change package combine to approximately: \$433 million in appropriations, \$315 million in transfers, and \$174 million in tax proposals.

Before we begin reviewing initiatives, I'd like to familiarize everyone with the format of a change package document. At the top the page, there is a header that indicates if we are adding or amending LD 221. If the page indicates that we are amending, it could be that the initiative is being deleted which will be indicated by a sub-heading, or that it is revised. In the case where an initiative is being revised, the document will display what is currently in LD 221 and the revised initiative.

We start in the **Department of Administrative and Financial Services**. On page 1 of the change package, there is a new initiative reducing the allocation in the Accident-Sickness-Health Insurance program's Internal Service Fund. This entry is made to correct the amount included for Cost of Goods Sold (COGS). The same initiative appears on page 4 for the Alcoholic Beverages – General Operation program, page 8 for the Central Services-Purchases program and page 9 for the Information Services program. Title 5, section 1666 specifies that COGS expenditures in Internal Service Funds and Enterprise Funds are not subject to legislative allocation and these entries double-count funds elsewhere.



Page 2 of the change package deletes an initiative to increase the allocation in the Adult Use Marijuana Regulatory Coordination Fund. This allocation adjustment is not necessary.



Page 3 continues with the Adult Use Marijuana Regulatory Coordination Fund. This is a new initiative reducing headcount and Personal Services. The baseline for this program included 3 temporary positions which should have been removed.

Page 4 is the Alcoholic Beverages – General Operation program adjustment for Cost of Goods Sold.




seasonal positions by 1 week to allow sufficient time to clean up the campground before winter. The fourth initiative establishes one seasonal 24 week Baxter Park Campground Ranger position to support flexibility in scheduling campgrounds and gatehouses across Baxter State Park. The fifth initiative continues and makes permanent one seasonal Baxter Park Winter Ranger position previously established by financial order. The position will work in the winter season to steward 3 campgrounds, interact with hundreds of visitors, and respond to emergencies on the west side of Katahdin. The sixth initiative establishes one Planning and Research Associate I position to support and coordinate the Park's natural resources monitoring program. The final initiative provides funding for the approved reorganization of one Public Service Manager I position to a Director of Natural Resources.

Page 32 starts the changes for the **Department of Corrections**. The first initiative in the Administration account requests funding for technology costs associated with the reopening of the Downeast Correctional Facility inadvertently left out of the Downeast reopening operations cost request in LD 221.

The second initiative, on **page 33** in the Correctional Medical Services Fund, requests funding to cover the increased cost of treatments related to Hepatitis C, Medication Assisted Treatment (including methadone medications and other expanded services), and intensive mental health services specific for women (there is already a program for men).

Next, on **page 34**, there is an increase in the Juvenile Community Corrections program. This will fund a new juvenile community-based housing and programming effort as part of the Division of Juvenile Services most recent strategic plan. The funding is available from a reduction in the headcount and Personal Services in the Long Creek Youth Development Center, which is on **page 35** of the document. The second initiative on **page 35** transfers one Juvenile Program Worker position from the Long Creek Youth Development Center program to the Department of Education for the creation of one Restorative Justice Coordinator. The coordinating initiative in DOE is on **page 50**.

We will now move on to the **Department of Defense, Veterans and Emergency Management**. On **page 36**, the first initiative deletes the request for allocation related to the range change of 6 Military Firefighters Supervisor positions and 3 Assistant Military Fire Chief positions. This was funded administratively. 

On **page 37** there is one new initiative for the Military Training and Operations program. This initiative provides a one-time allocation of funds for the State's share of maintenance, repair, capital improvement, modernization and energy efficiency projects for Maine Army and Air National Guard readiness centers and support facilities. The Federal Expenditures match is estimated at \$7.6 million in federal funding. **Part RRR** transfers \$6.8 million to support this initiative. The Maine National Guard (MENG) has over 150 buildings across the state where they organize, train, and equip their units. These 150 buildings total over 2 million square feet and have an average age of 39 years, with the oldest building built in 1933. This budget will fund projects to correct non-compliant code, health, and life safety deficiencies; replace failing systems to prevent further facility deterioration; update facilities to current standards and authorizations; and correct energy inefficiencies. This investment in our Maine National Guard infrastructure will provide for better training, increase unit readiness, provide safer working environments for our service members, improve morale, and display attractive and efficient buildings within our communities.

I will now move on to the Veterans Services program. On **page 38**, there are three initiatives from LD 221 that we are proposing to uninclude: the elimination of one part-time Office Associate II; a reduction of All Other for temporary office staff and temporary groundskeeping staff; and a one-time reduction in the Veterans Services program.

On **page 39**, there are 3 new initiatives for the program. This initiative continues and makes permanent one full-time Public Service Coordinator I position and one Office Specialist I position, authorized for 60 hours biweekly, which were established when the Veterans Administration's GI Bill State Approving Agency (SAA) office transferred from the University of Maine System. The initiative also provides for related All Other costs. Federal Public Law 116-315, Veterans Health Care and Benefits Improvement Act 2020 enacted on January 5, 2021 stipulated a SAA could not be "administered at or co-located within a university or university system whose courses or programs of education would be subject to approval under this chapter by the State Approving Agency in that State". To avoid losing federal recognition and be disbanded, the program was transferred from the University of Maine System to the Department of Defense, Veterans and Emergency Management, Veterans Services program, Federal Expenditures Fund through a cooperative agreement with the Veterans Administration.

The second initiative provides \$100,000 in each year for veterans' cemetery mowing contracts, gravestone placement services, and facility and infrastructure sustainment. Workload at the Southern Maine Veterans' Cemetery is increasing significantly. The 3-person crew, which is often short-staffed, cannot keep up with the groundskeeping, gravestone setting and burials. This initiative funds a groundskeeping contract. Additionally, the bureau anticipates a 25% increase to the gravestone setting contract in the Augusta cemeteries. Finally, this initiative will fund on-going facility and infrastructure sustainment activities. The most urgent of which is the engineering investigation of structural integrity issues at four vacant columbarium walls in the Augusta Veterans' Cemetery.

The final initiative on page 39 deappropriates \$100,000 from the Veterans Services program and appropriates it to the Veterans' Homelessness Prevention Partnership Fund, **on page 40**, as intended by Public Law 2019, c.504. These funds may not lapse and must be carried forward from year to year.

Moving on to the **Department of Economic and Community Development on page 41**. There is one initiative in the Department to increase the allocation in the Office of Tourism's Other Special Revenue Funds account to align with revenue changes in the May 2021 Revenue Forecasting Committee report.

We will begin with the **Department of Education** in the Child Development Services (CDS) account. **On page 42**, we propose to delete the original initiative included in LD 221 to eliminate a Public Service Coordinator II position and increase All Other in the Special Services Team account for services to be provided by CDS. (See also **page 53**.) The new proposal, **on page 43**, requests to transfer the position, which will focus on CDS financial transactions and management, to the Special Services Team. The corresponding transfer initiative is **on page 54**.

Next, we move to the General Purpose Aid for Local Schools program **on page 44**. The first initiative increases the allocation in the Other Special Revenue Funds account to reflect the increase in casino revenue designated to support the K-12 program as projected by the May 2021 Revenue Forecasting Committee report.

The second initiative increases the General Purpose Aid for Local Schools General Fund appropriation by \$74.3 million in FY22 and \$109.3 million in FY23. This increase will enable the state to achieve the 55% state funding level. Governor

are being established in response to the increased investigative demands placed on the Maine State Police Computer Crimes Unit. The number of complaints or referrals of suspected Internet Crimes Against Children (ICAC) cases received from the National Center for Missing and Exploited Children (NCMEC) has increased steadily over the last 5 years. In 2016, the unit received 374 complaints; in 2020, nearly 1,100; and this year the pace is more like 1,300. At current staffing levels, only 200 cases per year can be investigated. The increase in ICAC cases and limited staff has created a backlog of cases that the unit is unable to investigate in a timely manner. These positions will be ongoing as the need for computer-based crime investigation is increasing every day. The Maine State Police Computer Crimes Unit assists all of Maine's law enforcement partners to provide a safe environment for our citizens and these positions will help keep Maine one of the safest states in the country.

Page 184 reflects an increase in the allocation for the Gambling Control Board based on the May 2021 Revenue Forecasting Committee report.

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The last initiative for DPS is in the Highway Safety program and can be found on **page 185**. This initiative establishes 2 Highway Safety Coordinator positions. The Federal funds from the National Highway Traffic Safety Administration will support the cost of these positions. The positions will utilize, coordinate and monitor Highway Safety program grants used to fund local law enforcement high visibility enforcement efforts and marketing through the State to increase highway safety awareness.

There are three initiatives for the **Public Utilities Commission** on pages 186 and 187. The first, on **page 186**, is in the Emergency Services Communication Bureau and provides funding for the increased cost of the Director of the Emergency Services Communications Bureau to be consistent with other PUC directors. There is corresponding language in **Part UUU**.

The first initiative in the Public Utilities – Administrative Division, on **page 187**, is a reduction in the Other Special Revenue Funds allocation to align with projected revenues. The PUC anticipates lower prepaid wireless fees. The final initiative is a technical correction to the baseline headcount for this account. The funding included this position but headcount was missing.



Next is the **Secretary of State**, Bureau of Administrative Services and Corrections. The first two initiatives on **page 188** provides funding for the approved reorganization of two positions.

The third initiative establishes one Elections Coordinator position. This position is necessary to ensure that the Secretary of State continues to meet its statutory deadlines. In order to comply with federal laws and ensure uniformity of process, the Elections Division has centralized several areas of election management, including procurement and distribution of election supplies; leasing and deployment of a uniform system of voting tabulators, including creation and testing of election media; processing of applications and issuance of ballots for uniformed service and overseas voters; management of the central voter registration system, including oversight for data integrity of voter records maintained at the municipal level; and development and implementation of new voting programs, including implementation of Ranked-choice Voting in 2018, the Presidential Primary introduced in 2020, accessible electronic absentee ballots and automatic voter registration. There has also been an increase in the number of people's veto petitions, challenges and lawsuits. This position is needed to help manage and carry out new programs, conduct data gathering and analysis to inform program decisions and activities, and to develop and provide guidance and training of municipal officials in about 500 voting jurisdictions.

The final initiative provides one-time funding to promote, carry out, and coordinate programs designed to improve opportunities for women in the state. This allocation is supported by a transfer included in **Part TTT**.

Turning to **page 189** there are 2 initiatives for the **Maine Community College System**. The first initiative provides a 3% increase in funding over the approved baseline amount of \$71,584,958 bringing the new FY22 number to \$73,732,507, and a 3% increase to that number for FY23 bringing the FY23 number to \$75,944,482. The second initiative increases the allocation in the System's Other Special Revenue Funds account based on the May 2021 Revenue Forecasting Committee report.

Page 190 includes a revision within the **Office of the State Treasurer**. This amendment changes the allocation for the Loan Guarantee Program from \$250,000 in each year to \$500,000 in FY22 only. The program will sunset in FY22.

commensurate with the increasing complexity of federal and state tax laws. Section 2 authorizes the transfer of funding from the salary plan to support costs in the 2022-2023 biennium only.

The change package for Part Q, on **page 16**, deletes the language associated with the voluntary employee incentive program which was included in chapter 29. The new **Part Q** transfers \$15 million into a new Other Special Revenue Funds account within the Department of Agriculture. This funding will support the necessary work of abating, cleaning up or mitigating the threats or hazards posed or potentially posed by perfluoroalkyl and polyfluoroalkyl substances (PFAS) contamination impacting agricultural producers in the state and the food supply, to provide support to impacted farms, to support critical PFAS research necessary for farm viability, and to otherwise allow for the Department to strategically and effectively respond to PFAS concerns and issues as they arise. An initiative to establish allocation in this account is included on **page 16** of the change package.

Part R is on **page 17** of the language document. The change package deletes the original Part R, the authorization to continue tax expenditures, as it was included in Public Law 2021, chapter 29. The new **Part R** transfers \$25 million to the uncontrolled Sites Fund within the Department of Environmental Protection to support the treatment of drinking water, environmental testing and management of contaminated wastes caused by per- and polyfluoroalkyl substances. For areas of the state impacted by per- and polyfluoroalkyl substances (PFAS), this would provide \$15 million to provide drinking water treatment, \$5 million for environmental testing and \$5 million for managing PFAS-contaminated wastes. PFAS contamination has hurt farmers' livelihoods, property values, and the public's trust in the safety of their drinking water. DEP will distribute funds directly into Maine's economy through contracts and grants, while using some to mitigate the burgeoning cost of PFAS contamination to Maine's citizens. An initiative to establish allocation in this account is included on **page 58** of the change package.

Part S, on **page 18** of the language document, reflects the deletion of the original Part S, the transfer of balances from the liquor revenues at the Maine Municipal Bond Bank and adds a new Part S. This **Part S** transfers \$5 million to the Maine Environmental Protection Fund for a competitive grant program to upgrade municipal culverts at stream crossings in order to improve fish and wildlife



habitats and increase community safety. These projects allow communities to more effectively prepare for storm and flood events and advances the goals of restoring habitat for fish, including sea-run fish and native brook trout, and wildlife. This funding will leverage additional federal funding. An initiative to establish allocation in this account is included on **page 57** of the change package.

Page 19 of the language change package deletes the original **Part T**, the transfers to the Budget Stabilization fund of \$10 million in both 2022 and 2023, and updates the language to transfer \$52 million of the General Fund surplus to the Budget Stabilization Fund in fiscal year 2021. If approved, this budget would grow the Budget Stabilization Fund to more than \$319.9 million, a record amount of savings, and an increase of more than \$111 million under Governor Mills' tenure.

Part EE, on **page 20** of the language document, deletes the original proposal to change the title of the Director of Legislative Affairs. This new **Part EE** transfers \$582,051 by June 30, 2021 and \$411,529 by June 30, 2022 to the Department of Education's National Board Certification Salary Supplement Fund in order to support the salary supplement payments for teachers with national board certification in accordance with Title 20-A, section 13013-A.

Page 21 of the language document deletes the original proposal to add the Chief of Operations at the Department of Education to the list of major policy-influencing positions. The new **Part GG** transfers \$50 million from the General Fund surplus to the Maine Municipal Bond Bank for the School Revolving Renovation Fund.

Page 22 of the language document deletes the original **Part HH**, removing Education in the Unorganized Territory from the list of accounts authorized to carry unspent Personal Services. That language was included in Public Law 2021, chapter 29. The new **Part HH** establishes the Maine School Safety Center in statute.

Part LL, on **pages 23-24** of the language document amends the accounts and programs listed in the 'Application of revenues' sections related to the Service Provider Taxes and health care related taxes. This corresponds to the MaineCare account consolidation initiative included in Part A. This replaces the original **Part LL** which identified the specific Consumer Price Index to be used when calculating nursing facilities cost of living adjustments.

Part LLL, on **page 44-45** of the language document, is amended to more clearly identify the positions eligible to participate in the 1998 Special Plan of the Maine Public Employees Retirement System. This is not adding any positions to the eligible positions but is clarifying the titles.

Part MMM is on **page 46** of the language document. This deletes the original proposal to carrying unexpended balances at the Secretary of State Elections and Commissions account as that change was included in Public Law 2021, chapter 29. The new **Part MMM** repeals Part S from Public Law 2021, chapter 29. This Part was the one day transfer of \$32,000,000 from Other Special Revenue Funds to the General Fund unappropriated surplus on June 30, 2022 and back to the Other Special Revenue Funds on July 1, 2022. Based on the May revenue forecast, this one day transfer is no longer necessary.

Page 47 removes the original Part NNN that included carrying language for Debt Service in the Office of the State Treasurer and was included in Public Law 2021, chapter 29. The new **Part NNN** amends Title 5 to identify that the Education Advisory Committee on School Psychologists is eligible for Expenses Only compensation.

The original Part OOO updated items included in the definition of targeted technologies for research and development. The University System has advised that this Part is not needed. The new **Part OOO** is on **pages 48 through 51** of the language document. This Part amends the existing authority of the Department of Health and Human Services to establish fee schedules for MaineCare Services to require review on a regular schedule, to clarify that rulemaking is not required for the adoption of fee schedules except where specifically provided in Title 22, Chapter 855, and to require that rate schedules and cost of living increases be posted on the department's website.

We are now moving into new Parts for language. **Part QQQ**, on **page 52** of the language document, transfers \$6.7 million to the Department of Agriculture, Conservation, and Forestry, Division of Forest Protection Aerial Fire Suppression Fund. These funds will be used to modernize the Department's fleet by purchasing two used but modern Bell 407 helicopters and modify them for fire use; dismantle the two Hueys that have not been overhauled for parts, storing the engines, transmissions and rotor systems for later use; modify the three overhauled Hueys;



~~purchase two used but modern Cessna 206s to replace the C-180 and C-185. The C-180 will be returned to the US Forest Service and the C-185 will be sold.~~



~~**Part RRR** is on **page 55** of the language document. This Part transfers \$6.8 million to the Department of Defense, Veterans and Emergency Management for the State's share of maintenance, repair, capital improvement, modernization and energy efficiency projects for Maine Army and Air National Guard readiness centers and support facilities. This investment in our Maine National Guard infrastructure will provide for better training, increase unit readiness, provide safer working environments for our service members, improve morale, and display attractive and efficient buildings within our communities. There is an initiative on **page 37** of the change package allocating these funds.~~

~~On **page 55**, **Part SSS** transfers \$87 million to the Bureau of General Services. This proposal to transfer \$87 million into the Capital Construction and Improvement Reserve Fund provides a unique opportunity to catch up on years of unfunded repairs to every greater Augusta-area state-owned building. **Page 7** of the change package identifies allocation in both 2022 and 2023.~~

~~On **page 55**, **Part TTT** transfers \$100,000 to the Secretary of State's Permanent Commission on the Status of Women. The funding will be used for the examination of health care, childcare and work force challenges facing women in Maine today.~~

~~**Part UUU**, **pages 56-57**, adds the Director of Emergency Services Communication to the applicable statutes for the Public Utilities Commission. This is an existing position within the PUC.~~

~~On **page 58**, **Part VVV** authorizes the transfer of \$2.9 million from the Reserve for General Fund Operating Capital to a COVID-19 response fund. These funds may be allotted by financial order. This, basically, extends the authority provided in Public Law 2021, chapter 1, Part AA. To date, those funds have not been utilized. Having access to these funds provides needed flexibility to respond to COVID-19 related needs.~~

~~**Part WWW** is on **pages 59 and 60**. This Part prohibits the sale and distribution of flavored tobacco products, including flavored cigars and flavored electronic smoking devices. This Part takes effect on January 1, 2022.~~