

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

**Before the Joint Standing Committees on  
Appropriations and Financial Affairs  
and Veterans and Legal Affairs**

**“An Act Making Supplemental 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, 2022 and 2023”**

**March 7, 2022**

Good afternoon Senator Breen, Representative Pierce, and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Hickman, Representative Caiazzo and members of the Joint Standing Committee on Veterans and Legal Affairs. I am Kirsten Figueroa, the Commissioner of the Department of Administrative and Financial Services. I am here today to testify in support of LD 1995, the fiscal year 2022-2023 supplemental budget bill, specifically those items on today’s agenda relating to the Department of Administrative and Financial Services.

As Governor Mills said, “Maine people deserve every ounce of hard-won progress that we have achieved despite the pandemic. And Maine people have earned the progress that is yet to come.”

This supplemental provides additional relief to Maine people and ensures the continuity of the programs and services so vital to Maine residents. The Governor has proposed giving back half the surplus to Maine taxpayers to help them confront inflation, and she sets money aside in the Budget Stabilization Fund and other important reserves to ensure we can continue to fully fund public education and revenue sharing, two major accomplishments of this Legislative body and this Administration. The Governor also focuses sharply on addressing Maine’s biggest challenges, including tackling our state’s longstanding workforce shortage to improve our economy, providing an affordable, world-class education for Maine people, and on bolstering a health care system that has been pushed to the brink because of the pandemic.

The Governor seeks to do this in a fiscally responsible manner that provides needed assistance and support to Maine people while heeding the warnings of Maine’s nonpartisan Revenue Forecasting Committee, which has expressed significant concern about shifting economic conditions, calling the fiscal environment “unprecedented” and “variable” and noting that the accuracy of their forecast becomes less reliable in future years, leading them to urge caution in use of the revenues.

The supplemental builds on the investments of the biennial and Maine Jobs Plan – both enacted within the last seven months.

### **Alcoholic Beverages – General Operations**

We will begin on **page A-3** with the Alcoholic Beverages – General Operations program. The Bureau effectively regulates the alcohol beverage industry in Maine by ensuring responsible business practices by agency liquor stores, beer and wine wholesalers, and bars and restaurants within a favorable economic climate. Through the guidance of the State Liquor and Lottery Commission, the Bureau has responsibility for the pricing, listing and delisting of spirits.

There are five initiatives in this program. The first four initiatives fund approved position reclassifications. The Bureau sought a review of proposed job responsibilities by the Bureau of Human Resources. Based on those reviews, BHR confirmed that the positions should be updated. Job responsibilities will be updated when funding is available.

The first initiative funds the approved reclassification of two Office Associate II positions to Liquor Tax Auditor positions. This initiative increases the General Fund Personal Services appropriation by \$4,117 in fiscal year 2022 and by \$7,166 in fiscal year 2023.

The second initiative funds the approved reclassification of one Public Service Coordinator I position to a Public Service Coordinator II position. This initiative increases the Alcoholic Beverage Fund Personal Services allocation by \$5,937 in fiscal year 2022 and by \$10,688 in fiscal year 2023.

The third initiative funds the approved reclassification of one Accounting Associate I position to an Office Associate II position. This initiative increases the General Fund Personal Services appropriation by \$1,518 in fiscal year 2022 and by \$2,713 in fiscal year 2023.

The fourth initiative funds the approved reclassification of one Secretary Associate Supervisor position to an Office Specialist II Supervisor position. This initiative increases the General Fund Personal Services appropriation by \$8,870 in fiscal year 2022 and by \$16,123 in fiscal year 2023.

The fifth initiative establishes two Liquor Licensing Inspector positions to provide investigative and compliance services work inspecting and licensing retail liquor stores, restaurants and clubs throughout the state. This request adds to the five Liquor Licensing Inspectors currently covering the state. With the current staff level, it is extremely difficult to meet the existing demands of Maine's alcohol industry. The number of liquor establishments and other special permits issued and overseen by the Bureau is approximately 6,200, or 1,240 per inspector. By adding the 2 additional inspectors, the count per inspector decreases to 886, allowing the inspectors to conduct more visits with manufacturers and establishments. This requested increase in the number of Liquor Licensing Inspectors will result in each of Maine's inspectors still being responsible for more than twice as many establishments in an area three times the square mileage area of coverage as compared to New Hampshire and Vermont. This initiative increases the Alcoholic Beverage Fund Personal Services allocation by \$175,390 and the All Other allocation by \$75,473 in fiscal year 2023.

## **Lottery Operations**

The last DAFS program scheduled for today is **Lottery Operations** on **page A-7**. The Maine State Lottery offers instant ticket scratch games and draw games to the public generating over \$64 million last year to the General Fund. The operations of this program are supported entirely by the proceeds from the sale of lottery tickets. The budget allocation supports the administration of the state's lottery games, including 22 positions responsible for customer service, marketing, field sales, security and general operations.

There is one initiative in this program establishing one Games Manager position to manage all lottery games in the state. This position will manage all state lottery games including game elements comprised of artwork, prize structure, working papers and game activity timelines. The position will be responsible for managing 40 instant ticket games, 9 draw games and 15 Fast Play games and allowing the lottery deputy director and marketing manager, currently sharing those duties, to focus on their strategic responsibilities.

Since fiscal year 2015-16, annual lottery sales have increased from \$272 million to nearly \$391 million, a more than 43 percent increase. This growth has resulted in a record \$71 million in profits to the General Fund for fiscal year 2020-21. The Maine Lottery must continue to develop and market new and more entertaining games to compete in the marketplace of gaming opportunities.

The Maine Lottery currently has 22 FTEs to support and manage a lottery comprised of 1,100 lottery retailers across the state. For comparison, the following lotteries also have approximately 1,100 retailers supported by a substantially higher number of FTEs: New Hampshire 65, Idaho 40, New Mexico 65, and Rhode Island 80.

This initiative increases the State Lottery Fund Personal Services allocation by \$85,991 and the All Other allocation by \$12,536 in fiscal year 2023.

Finally, there is one language item I will cover today. **Part J** is on **page 19** of the language document. This part authorizes the State Controller to transfer \$6.5 million in 2022 to the Maine Military Reserve Fund established in Title 5, section 1523. This transfer will allow DVEM, in conjunction with the State Controller, to settle outstanding obligations of the Maine Military Authority. There is a negative balance in the Maine Military Authority Enterprise Fund because MMA was unable to earn sufficient revenues to cover their costs. There existed a \$3.5 million deficit prior to embarking on the Massachusetts Bay Transportation Authority (MBTA) bus contract. The MBTA bus contract was not able to address that accumulated deficit and resulted in an additional financial loss, leaving a current deficit balance of \$4.9 million. Additionally, MMA borrowed money from the Maine Department of Transportation for cash flow purposes and was unable to repay the loan due to insufficient funding. The outstanding balance due to MDOT is \$1.3 million. With the exception of MDOT, all known outstanding creditors have been paid, resulting in the fund deficit. The remaining \$300,000 is intended to cover any unknown issues when closing out the fund. It should also be noted that there is currently ongoing an environmental study to determine if there is any liability for clean-up costs as the MMA operation was considered a generator of hazardous waste. It will not be known whether any additional liability exists until that study is completed.

This concludes my testimony. Thank you. I am happy to answer any questions you may have.