

**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 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 21, 2022

Good afternoon Senator Breen, Representative Pierce, and members of the Joint Standing Committee on Appropriations and Financial Affairs. I am Kirsten Figueroa, the Commissioner of the Department of Administrative and Financial Services. I am here today to present the Governor’s Change Package for LD 1995, the fiscal year 2022-2023 supplemental budget bill.

The change package was crafted carefully and includes initiatives worked and supported by many of you and your peers. Thank you.

The change package proposes to strengthen Maine’s behavioral health system, bolster housing initiatives to fight homelessness, advance our support of those impacted by PFAS, and increase the amount of direct relief to Maine people in the face of inflation, among other initiatives.

The Governor’s approach is purposefully cautious and fiscally responsible. She has recognized both new revenue projections from the nonpartisan Revenue Forecasting Committee and new warnings from that Committee, whose members noted significant long-term economic volatility and uncertainty in projections, especially in the out years, consistent with the commentary from fiscal experts across the globe.

To that end, including the change package, the Governor’s supplemental budget proposal constrains net appropriations to \$172 million of the \$1.2 billion General Fund surplus, dedicating more than 80 percent of the surplus to onetime initiatives and savings as a hedge against economic uncertainty, rather than ongoing spending.

She has built on her commitment to tackling the State's most pressing problems -- while also investing in solutions that will strengthen the State in the long-term.

The Governor's supplemental proposal aims to tackle the state's most pressing problems, including pandemic-driven inflation that is hurting the pocketbooks of Maine people and the state's longstanding workforce shortage, which is hampering the ability of employers to find employees.

This proposal demonstrates our continued commitment to meeting the needs of Maine people and safeguarding the stability of State finances over the long-term. It builds on the bipartisan budget agreement of last year -- which finally delivers 55 percent education funding, restores full revenue sharing, replenishes the Land for Maine's Future Program, and provides a total of \$371 million in relief to Maine people and business -- by providing relief to Maine people and tackling critical unmet needs across Maine -- and all while increasing savings and protecting against potential economic slowdowns of the future.

It also complements the enacted Maine Jobs & Recovery Plan, Maine's plan to use American Rescue Plan Act funding to improve the lives of Maine people and families, help businesses, create good-paying jobs, and build an economy poised for future prosperity.

Before we begin reviewing initiatives, I'd like to familiarize everyone with the format of a change package document. At the top of the page, there is a header that indicates if we are adding or amending LD 1995. 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 1995 and the revised initiative.

The first initiative can be found on **page 1**. This is a new initiative establishing one Plant Maintenance Engineer I position in the Department of Administrative and Financial Services, Bureau of General Services, **Buildings and Grounds Operations** account and appropriates \$88,822 for the position. I left this out of the Department's supplemental request in error; I thank the Governor for including it in the change package. The work of these positions ensures the operation of the boilers and other heating and cooling equipment in our state-owned facilities. Regulations require that qualified technicians be on site 24 hours, 7 days a week, 365 days a year to ensure appropriate monitoring (some systems require at least every 4 hours).

Based on the size, number, and age and state of our equipment, our small but mighty staff of nine operates at a deficit that requires frequent double shifts and no room for unanticipated or scheduled absences. The current staff are dedicated to their mission, but are struggling with the overload of work. The staffing shortage is a safety issue for our staff and those who work or visit our buildings, and puts our regulatory compliance at risk.

Moving to **page 2**, the change package amends the funding within the COVID Pandemic Relief Payment Program. The program will promote the general welfare of the citizens of the State by providing COVID Pandemic Relief Payments to eligible Maine citizens for reasonable and necessary unreimbursed expenses incurred as a result of the COVID-19 pandemic disaster, including pandemic induced inflation.

Consistent with the Governor's call that half of the additional revenue be returned to Maine people, the change package increases the State's relief checks from \$510 to \$850. The Governor's new proposal would return \$1,700 in relief to the average Maine household, putting money back into their pockets during a time of rising costs due to inflation and rising oil and gas prices.

The Governor's proposal comes as the Office of the Maine State Economist estimates that inflation will cost the average Maine person more than \$560 this year than last, including an extra \$260 at the grocery store and \$300 for gas and home heating oil. This \$682 million equates to 55% of the increased revenue recognized by Maine's Revenue Forecasting Committee in both the December 2021 and March 2022 forecasts. Additionally, we are proposing to allocate funding in both fiscal years 2022 and 2023; \$300 million in fiscal year 2022 and \$382 million in fiscal year 2023. Maine Revenue Services will begin issuing the disaster relief payments as soon as administratively feasible after enactment, and no later than June of 2022. Language **Part L** on **pages 14-16** of the language document amends the amount of funding transferred from unappropriated surplus of the General Fund to the COVID Pandemic Relief Payment Program to support these payments.

Pages 3 and 4 update an initiative in the Information Services program, correcting the request from 3 Public Service Manager III positions and one Public Service Coordinator I position to 3 Public Service Manager II positions and one Public Service Coordinator I position.

The funding for the initiative was correct. Research shows that mature project management provides improvement in projects being completed on time, within budget, and in meeting original goals while avoiding scope creep.

The next initiative on **page 5** increases the allocation in **the Harness Racing Commission** based on the March 2022 Revenue Forecasting Committee report. The allocation is increased by \$905,035 in fiscal year 2022 and by \$263,120 in fiscal year 2023. Similar initiatives appear on pages 6, 7, 10, 12, 23, 25, 36, 42, 43, 45 and 50. Rather than reading the figures of each of the initiatives to you, we have provided a summary document of all RFC related entries at the end of this testimony.

Page 6 adjusts the allocation in the **Milk Commission** to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

Page 7 adjusts the allocation in the **Off-Road Recreational Vehicles Program** to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

Page 8 includes two initiatives in the Department of Agriculture, Conservation and Forestry, **Office of the Commissioner**. Although it will prove in time to be widespread beyond Maine's borders, Maine is leading the nation in dealing with PFAS contamination. This also means that we are on the front edge of a very complex issue that science and federal policy has not caught up with in terms of guidance and support. At present, we are in the early stages of discovery and the resulting impacts of PFAS contamination on the lives of Maine's people, including understanding personal health exposure, levels of contamination in water, soils, and other mediums, and impacts to farm and business viability. We have heard compelling, and frankly, heart-wrenching testimony from many across the State about the impacts this has had and is having on hardworking farm families and their businesses.

Along with our previous investments into this critical need – the Administration and Legislature have dedicated or proposed \$46.4 million thus far to PFAS including: \$30 million approved in the biennial budget for water systems and farmers assistance; \$5 million approved in the Maine Jobs and Recovery Plan; and \$9.3 million proposed in the supplemental to build in-state lab capacity, including in our CDC HETL, and for additional farmers assistance and wildlife testing – this change package invests an additional \$60M as we acknowledge the need to initiate work in several new areas, including compensation to enable the relocation of farm

businesses when remediation is not possible, monitoring the health of those with high levels of exposure to PFAS and its outcomes over time, and supporting research to better understand PFAS uptake and removal pathways. This funding will be overseen by a rigorous process and advisory board, which will be built out over the next several months.

To assist with this very critical work, the change package adds one Public Service Manager III and one Public Service Coordinator I funded by the General Fund to start the vast and complicated work as outlined above. The positions are established effective May 1, 2022 with \$41,175 appropriated in Personal Services in 2022 and \$257,038 in 2023. All Other funding is provided in the General Fund and the Commissioner's Office Department-wide Indirect Other Special Revenue Funds account.

The second initiative on page 8 allocates \$60 million to the Fund to Address PFAS Contamination to support the above-described activities.

Language **Part XX**, transfers the funding from the unappropriated surplus of the General Fund to the Department of Agriculture, Conservation and Forestry and establishes an advisory committee with representation from the Department of Agriculture, Conservation & Forestry, Department of Environmental Protection, the Department of Health and Human Services, University of Maine, five members of the public representing the agricultural sector, one member from the public representing the financial sector, and one member of the public with expertise in public health. The intent of this committee is to develop and guide the uses of this funding with an open ear to public concern and input along the way. This language also provides the Department with the authority and flexibility to start work while this advisory committee is established.

In total, Maine has dedicated and proposed more than \$106 million to address PFAS contamination. The Administration will sample more than 700 sites where wastewater sludge has been spread, install drinking water treatment for all homes that have tested over Maine's drinking water standard for PFAS, and require manufacturers to report PFAS content in all products sold into Maine beginning in January 2023.

Moving to **page 9**, the next initiative is in the Department of Corrections, **County Jail Operations Program**. This initiative increases annual funding for the County Jail Operations Fund by \$1.9 million in both fiscal years 2022 and 2023.

The County Jail Operations Program has a current annual baseline budget of \$18,442,104.

This initiative provides funding to support the requested and necessary increases to the county jail budgets for operational and community corrections costs.

Page 10 adjusts the allocation in the Department of Defense, Veterans and Emergency Management, **Veterans Services** program to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

There is one new initiative on **Page 11** for the Department of Economic and Community Development. This initiative appropriates \$700,000 in the **Administration** program to supplement other matching funds that will allow Maine to draw economic and workforce development monies from the American Rescue Plan Act.

This funding will provide critical matching funds to help the University of Maine and the Roux Institute at Northeastern University receive transformative and strategic federal investments that will help to spur innovation and resilience in Maine's economy. UMaine and the Roux Institute are two of 60 finalists selected nationwide to advance to the second round – out of more than 520 applicants nationwide.

Each proposal is in direct alignment with the goals established in Maine's 10-Year Economic Development strategy. Each of these proposals will need a 20% match to be eligible and will draw approximately \$127 million of federal funds. The proposal leaders have been active in attracting match funds from a variety of options including the private sector.

The University of Maine initiative, with a federal investment of \$100 million, aims to strengthen our forest economy by promoting growth of forest bioproducts. The investment will take advantage of changing consumer demand through redevelopment of industrial sites, investments in Maine's workforce, strategic investment, and market attraction, and more. This project estimates adding nearly \$4 billion in economic impact to Maine's economy.

The Roux Institute proposal would invest directly in biomanufacturing in Maine and across New England. There is more opportunity to help solve public health challenges and create economic opportunity in Maine by growing our life sciences sector. Maine would receive \$27 million under the multi-state initiative.

We will now move to the Department of Education on **page 12**. The first initiative in the **General Purpose Aid for Local Schools** increases funding by \$3.2 million in fiscal year 2023 on a one-time basis to support the increased cost of career and technical education materials and supplies. The cost of materials and supplies has increased significantly due to the COVID-19 pandemic, in some cases doubling or tripling. For example, in some cases, the cost of materials in “hard trades” (welding, metalworks, construction, etc) has increased as much as 50% for steel and lumber. CTE schools are also competing with businesses and the general public for these items, as well as auto parts and plumbing and heating supplies, as there is not sufficient supply to meet the demand.

These funds will be used to provide grants to CTE centers and regions to continue to purchase needed program materials and supplies. A revised **Part C** can be found on **pages 1-10** of the language document. Specifically, section C-6 adds language authorizing the Commissioner to expend and disburse funds to support one-time cost increases of instructional supplies for CTE centers and CTE regions.

The second initiative in this account adjusts the allocation to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

The next few initiatives deal with position adjustments. As Commissioner Makin mentioned to you when she testified on March 1st, the Department’s budget reflects a comprehensive organizational restructuring, mostly through reallocation of existing resources. The goal of this work included increasing both the effectiveness and the efficiency of the Department to maximize its capacity for serving Maine schools. There were a few position changes left out of the original supplemental budget document. We have included those here in the change package. The net impact to the General Fund for these changes is an increase of \$31,571 in fiscal year 2022 and \$132,616 in fiscal year 2023.

The initiative on **page 13** is in the **Higher Education and Educator Support Services** program. This initiative provides the funding for the approved reorganization of one Education Specialist II position to a Public Service Manager II position increasing appropriation by \$2,093 in fiscal year 2022 and \$13,623 in fiscal year 2023.

The next initiative on **page 14** is in the **Leadership Team**. This initiative provides funding for the proposed reorganization of one Chief Innovation Officer position to a Public Service Executive II position and transfers the position to the Office of Innovation.

This initiative reduces funding in this program by \$40,676 in fiscal year 2022 and \$163,236 in fiscal year 2023. The corresponding increase in the **Office of Innovation** can be found on **page 18**.

Next there are two initiatives in the **Learning Systems Team Program**. The first, on **page 15**, is a change in funding. This initiative transfers 2 positions from the General Fund of the Learning Systems Team program to the Special Services Team, and splits the position funding 50/50 between the General Fund and Federal Expenditures Fund within that program. The original initiative just transferred the positions within the General Fund. The corresponding initiative is on **page 20**.

Next is a new initiative on **page 16** that continues one limited-period Management Analyst II position through January 20, 2024. This position is funded with Federal Expenditures authorized through the American Rescue Plan. The initiative increases the allocation in fiscal year 2023 by \$94,676. The position was previously continued by financial order and will end on May 23, 2023 if not included in the budget.

Moving on to **page 17**, there is one initiative in the **Maine Commission for Community Service**. This initiative continues one limited-period Senior Planner position through February 20, 2024. This position is funded with Federal Expenditures authorized through the American Rescue Plan. The initiative increases the allocation in fiscal year 2023 by \$98,109. The position was previously continued by financial order and will end on October 18, 2022 if not included in the budget.

The **Office of Innovation** is on **page 18**. The only initiative in this program is the position transfer from the **Leadership Team (page 14)** that I referenced earlier.

There is one initiative in the **School Finance and Operations** program on **page 19**. This initiative provides funding for the approved reclassification of two Education Specialist I positions to two Education Specialist III positions. The initiative reduces allocation in the All Other line category to fund the increases in Personal Services.

The **Special Services Team** program is on **page 20**. This is the other half of the entry referenced earlier in the **Learning Systems Team Program** on **page 15** and reflects the proposed change to position funding from 100% General Fund to 50% General Fund and 50% Federal Expenditures Fund.

On **page 21** there is one initiative in the **Commission on Governmental Ethics and Election Practices**. This initiative reallocates the cost of 6 positions totaling \$171,172 in Personal Services and \$107,821 in All Other to the General Fund from Other Special Revenue Funds.

The current cost allocation resulted in an overcharge to the Maine Clean Election Fund, which was established to finance the campaigns of candidates participating in the Maine Clean Election Act program "and to pay administrative and enforcement costs of the Commission related to [the program]." (per 21-A MRSA, §1124 sub§1). Currently, the Maine Clean Election Fund is subsidizing the general operations of the Commission, which is contrary to the Fund's statutory purpose and is reducing the amount of cash available for that purpose. The proposed reallocation would more appropriately split the agency's overhead costs, such as technology, communications, service center services, and office rent between the General Fund and the Commission's Other Special Revenue. The Governor previously included a similar request as part of the 2020-2021 Supplemental Budget submitted in February of 2020.

Next, we will move on to the Executive Department, on **page 22**. There is one initiative within the Governor's Office of Policy Innovation and the Future to establish one Public Service Coordinator II position and associated All Other funding to support the coordination, communication, and activities of the Governor's Cabinet on Aging. This is similar to the structure and support of Maine's Children's Cabinet. Governor Mills is convening a Cabinet on Aging to mobilize State government, eliminate silos, and enhance communication and coordination to ensure that every person in Maine may age safely, affordably, in a way that best serves their needs.

Page 23 adjusts the allocation in the Finance Authority of Maine's **Dairy Improvement Fund** program to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

The next initiative is on **page 24** and has accompanying language in **Part WW** on **pages 25 and 26** of the language document. This initiative and language establishes the Emergency Housing Relief Fund within Maine State Housing Authority and transfers \$22,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, Emergency Housing Relief Fund, Other Special Revenue Funds account. The funds may be used to provide rental assistance, supplement other programs addressing the needs of the homeless or those facing other immediate housing needs, supplement other short-term rental

assistance programs, create additional supportive housing along the housing first model for people with disabilities, mental health challenges, or substance use disorders, and support other uses that will address immediate housing emergency challenges facing the state.

The initiative on **page 25** adjusts the allocation in the Maine State Housing Authority's **State Housing Authority** program to align with projected revenues from the March Revenue Forecasting Committee report.

We will now move to initiatives related to the Department of Health and Human Services.

There are a number of appropriation and allocation adjustments associated with the Medicaid related tax accounts forecast by the March 2022 Revenue Forecasting Committee. We include a summary document at the end of our testimony showing all. The impact is an increase to General Fund appropriations of \$3,222,639 and a corresponding decrease to Other Special Revenue allocations.

The first of these is on **page 26** in the **Developmental Services Waiver – MaineCare** program.

The next initiative is in the **Disproportionate Share – Dorothea Dix Psychiatric Center** program on **pages 27 and 28** and funds the approved reclassification of one Office Specialist I position to a Secretary Specialist position, with some General Fund appropriation (page 27) and some Other Special Revenue allocation (page 28).

Page 29 includes one initiative in the **Drinking Water Enforcement** program. This initiative provides \$1,295,500 in fiscal year 2023 for a state match that would allow the state access to an additional \$12,955,000 in federal dollars available through the Infrastructure Investment Act. Together, these state and federal dollars will fund approximately 15 additional public water system capital projects proposed by municipalities.

Page 30 includes one initiative in the **Medicaid Services – Developmental Services** program related to the March 2022 Revenue Forecasting Committee report.

The next three initiatives propose an additional \$19.7 million in state funding to address immediate needs in Maine's behavioral health system and support ongoing improvements to MaineCare rates for behavioral health providers.

The added funding will leverage \$17.1 million in Federal matching funds for a total of \$36.8 million, which more than doubles the total behavioral health funding proposed (\$28 million) as part of the Governor’s supplemental budget.

The proposal, which was developed in collaboration with legislators and behavioral health providers, supports children’s residential care, assertive community treatment for those with severe and persistent mental illness, targeted case management, and outpatient therapy for children and adults through one-time supplemental payments and ongoing rate adjustments.

There are two of these initiatives on **page 31** in the **Medical Care – Payments to Providers** program. The first provides one-time funding for a COVID-19 supplemental payment to assist Children’s Residential Care Facilities under Section 97, Appendix D. The payments will be distributed in up to two different payments depending on the status of necessary federal approval. This initiative provides \$2,800,000 in General Fund appropriation, \$5,823,693 in Federal Expenditures Fund allocation, and \$547,886 in Other Special Revenue Funds allocation for a total expected amount of \$9,171,579.

The second initiative on this page provides ongoing funding for the estimated cost of implementing behavioral health rate reforms, pending the result of rate studies, and to expand the Opioid Health Home model to serve members with other substance use disorders, effective January 1, 2023. This initiative provides \$4,652,540 in General Fund appropriation, \$10,411,790 in Federal Expenditures Fund allocation, and \$401,495 in Other Special Revenue Funds allocation for a total expected amount of \$15,465,825. Funds will be prioritized to implement rate adjustments recommended from rate studies to Home and Community Treatment and outpatient therapy under Section 65, Assertive Community Treatment, and Targeted Case Management, and eligibility expansion for Section 93 Opioid Health Homes. Appropriated funds that are not needed to implement changes for these specific services will be used to implement other eligibility expansion or rate increases based on rate studies for other services in Sections 17, 28, 65, 92, and behavioral health services delivered in schools, with priority given to crisis services.

The third initiative, found on **page 32** in the **Mental Health Services – Community** program provides one-time funding for COVID-19 payments to Home and Community Treatment under Section 65, Assertive Community Treatment under Section 17, outpatient therapy for children and adults under Section 65, Targeted Case Management under Section 14, and funds administrative

costs. This initiative provides \$12,200,000 in General Fund appropriation in fiscal year 2022.

Page 33 includes one initiative in the **Mental Health Services - Community Medicaid** program related to the March 2022 Revenue Forecasting Committee report.

There are two initiatives in the **Nursing Facilities** program on **page 34**. The first initiative relates to the March 2022 Revenue Forecasting Committee report.

The second initiative provides a one-time supplemental payment to the Maine Veterans' Homes in both fiscal year 2022 and 2023 to offset budget shortfalls. The initiative increases appropriations by \$1,000,00 in fiscal year 2022 and by \$750,000 in fiscal year 2023. The Department anticipates federal approval for the supplemental payment to be received in fiscal year 2023 allowing for the payment to be matched with \$1,545,668 in Federal Expenditures Fund allocations. There is also an increase in Other Special Revenue Funds allocations of \$63,830 in fiscal year 2022 and \$146,532 in fiscal year 2023. As a condition of receiving these funds, the Maine Veterans' Homes commits to continuing to provide the current level of services in the Caribou and Machias homes. There is language related to this request in **Part SS** on **page 23** of the language document.

Page 35 includes one initiative in the **Office of Substance Abuse & Mental Health Services – Medicaid Seed** program related to the March 2022 Revenue Forecasting Committee report.

We can move to **page 36** and the one initiative in the Department of Inland Fisheries & Wildlife. This initiative adjusts the allocation in the **ATV Safety and Educational Program** to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

The **Judicial Branch** has requested that the two initiatives on **page 37** be deleted. This page removes the request for \$50,000 in each year for the Court Alternative Dispute Resolutions Services contract and the one-time funding for increases in psychological and interpreter services in the amount of \$445,000 in each fiscal year.

Transitioning to the Department of Marine Resources.

There is a new initiative on **page 38** that funds the approved reclassification of one Marine Resource Scientist II position to a Marine Resource Scientist III position.

The initiative increases General Fund by \$10,834 in fiscal year 2022 and \$11,211 in fiscal year 2023 and increases Other Special Revenue Funds allocation by \$4,446 in fiscal year 2022 and by \$4,600 in fiscal year 2023.

Pages 39 and 40, in the **Bureau of Policy and Management** program, relate to litigation costs in defense of the state's lobster fishery. **Page 39** deletes the supplemental initiative of a \$980,000 appropriation. Instead, turning to **page 40**, this initiative provides an Other Special Revenue Funds allocation of \$3,000,000, with \$1,000,000 in fiscal year 2022 and \$2,000,000 in fiscal year 2023.

This allocation is supported by the transfer of unappropriated surplus included in **Part UU** on **page 24** of the language document. This Part requires the transfer of \$3,000,000 on or before June 30, 2022, from the unappropriated surplus of the General Fund to the Department of Marine Resources, Bureau of Policy and Management, Lobster Fisheries Litigation Fund, Other Special Revenue Fund account. Maine's lobster fishery, which produces over \$1.5B in annual revenue for the State, is being threatened by ongoing federal litigation. The Department is requesting this one-time transfer to support the increase in legal services related to pending litigation in the Federal Court regarding the protection of right whales and the authorization of the Maine lobster fishery by the National Oceanic and Atmospheric Administration.

The State's continued participation on behalf of the industry as a whole is critical, as these cases constitute an existential threat to the fishery's survival. This funding will support the Department's intervenor status in two active cases as well as involvement in related litigation for the foreseeable future, and to appeal any possible adverse decisions as necessary. Any unused funds would revert to the General Fund on July 1, 2032. It is important to note that there are two separate and distinct requests for funding to support litigation costs related to right whale regulations and the lobster industry. A bill was passed by the Marine Resources Committee that would reimburse the legal fees of two trade associations, the Maine Lobstermen's Association and the Maine Lobstering Union, who represent their members in the same cases DMR is engaged in. The request before you today is for the State's participation. DMR's role in this litigation is unique, as we are the management agency responsible for protection of the resource, acting on behalf of the entire lobster industry and the State's interests as a whole.

On **page 41** of the change package there are two initiatives in the **Bureau of Public Health**.

The first initiative provides General Fund of \$11,217 in fiscal year 2022 and \$8,220 in fiscal year 2023 for the approved reclass of one Laboratory Technician III position to a Microbiologist II position. This is retroactive to January 22, 2021.

The second initiative provides General Fund of \$26,342 in fiscal year 2022 and \$18,178 in fiscal year 2023 for the approved reclass of two Laboratory Technician III positions to Microbiologist II positions. These are retroactive to November 30, 2020.

Page 42 adjusts the allocation in the **Maine Maritime Academy Scholarship Fund - Casino** program to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

Page 43 adjusts the allocation in the Department of Public Safety's **Gambling Control Board** program to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

Moving on to the Secretary of State, **page 44** includes one initiative which provides funding to study, develop and conduct post-election audits. This also provides funding to develop and deploy training for the municipalities. This initiative will establish an Audit and Training Division under the Bureau of Corporations, Elections and Commissions within the Department of the Secretary of State. This Division would build upon our success in Maine and be tasked with analyzing and evaluating our current election processes and systems and developing a post-election audit process, which will incorporate best practices and a review of security protocols related to hardware, software and paper ballots.

Additionally, this initiative will make it possible for the Department to develop robust training presentations and materials for municipal clerks. The Secretary of State received feedback from many clerks across the state requesting additional and more frequent training, especially given increasing retirements and turnover of local election officials. Our municipal clerks are on the frontlines of our elections and it is imperative they have the necessary support to administer our elections.

Page 45 adjusts the allocation in the **Maine Community College System Board of Trustees** program to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

Page 46 deletes the request for additional **Debt Service** funding for the Office of the State Treasurer. The Office of the State Treasurer has updated the Debt Service Dashboard based on actual requests for the spring bond sale.

When the budget request was created the Dashboard assumed a sale of \$150 million. This figure is updated to just under \$100 million based on the plans submitted by the Departments.

2022 GO Bond Sale – Expected Programs to be funded:

\$65M for DOT - Highway and Bridge program (Tax-Exempt)

\$5M for DOT - Ports and Harbors (Taxable)

\$9.4M for Connect Maine Authority – High Speed Internet (Tax -Exempt)

\$2M for Maine Community College - Facilities (Tax-Exempt)

\$12.665M for University of Maine System – Facilities (Taxable)

\$.595M for University of Maine System – Facilities (Tax-Exempt)

\$94.66 M – Total

The updated Debt Service Dashboard is attached.

Pages 47 and 48 update the allocations in the Office of the State Treasurer’s **Disproportionate Tax Burden Fund** and **State-Municipal Revenue Sharing** accounts. There was an error in the distribution of funding between the two revenue sharing accounts in the supplemental budget document. There are two steps in calculating the amount of funding available for Revenue Sharing II or the Disproportionate Tax Burden Fund: pursuant to 36 MRSA §700-A there is a transfer each year of \$4 million and pursuant to 30-A MRSA §5681, sub-§5-H the Disproportionate Tax Burden Fund receives 20% of the funding in the Local Government Fund (State Municipal Revenue Sharing).

The revised amounts in the Governor’s change package for LD 1995 correct that error as well as addresses the March 2022 Revenue Forecasting Committee report. The allocation including adjustment for tax proposals in Parts E-H and both December 2021 and March 2022 Revenue Forecast reports results in total Revenue Sharing of approximately \$213 million in fiscal year 2022 and \$235.3 million in fiscal year 2023:

		Through 130th SS1	LD 1995	Final Proposed
FY22 Allocation		FY22	F-A-7001	FY22
01428A002001	State Municipal Revenue Sharing	140,944,399	26,204,041	167,148,440
01428A047201	Disproportionate Tax Burden Fund	39,236,101	6,551,010	45,787,111
	Total Revenue Sharing	180,180,500	32,755,051	212,935,551
FY23 Allocation		FY23	F-A-7001	FY23
01428A002001	State Municipal Revenue Sharing	163,897,132	21,179,684	185,076,816
01428A047201	Disproportionate Tax Burden Fund	44,974,283	5,294,921	50,269,204
	Total Revenue Sharing	208,871,415	26,474,605	235,346,020

There are two initiatives in the University of Maine system. The first initiative is on **page 49** and provides \$3 million to the **Maine Economic Improvement Fund** in fiscal year 2023. This funding will leverage the University of Maine's new R1 Carnegie Classification and expand university research, development and commercialization activity and increase paid student research learning experiences and external investment in support of statewide workforce and economic development needs. Investment in MEIF leverages external grants and contracts at a rate of more than 5:1. Consistent with the 10-year state economic development strategy, MEIF activities help develop needed talent for Maine employers and grow wages; catalyze private sector partnerships and innovation; and attract and retain talent, business, and external investment to the state.

The last initiative on **page 50** adjusts the allocation in the **University of Maine Scholarship Fund** program to align with projected revenues from the March 2022 Revenue Forecasting Committee report.

Finally, there is an adjustment to one entry in Part B. As a reminder, Part B includes self-funded reclassifications. The descriptions do not appear in the budget bill. A correction to the description was updated within the budget system. There is no change to the dollars.

We can now move to the language document. We have touched on a significant portion of the language as we went through the initiatives.

Part C on page 1-10 updates the language to authorize the Commissioner of Education to disburse the \$3.2 million to support one-time cost increases of instructional supplies for career and technical education (CTE) centers and CTE regions.

Part H, on **pages 10-14**, of the language document still replaces the current complicated education opportunity income tax credit with a clear, broader, and simpler credit. The new credit is fully refundable and equal to the amount of loan payments made directly by the taxpayer to the lender during the taxable year plus the amount of any carryover allowed. The change package increases the maximum per year to up to \$2,500; this is an increase over the originally proposed \$2,000. The credit applies to taxable years beginning on or after January 1, 2022. This simpler and broader tax credit is a better approach to assisting taxpayers in paying their student loans and in keeping and attracting workers to the state.

As I noted earlier in my testimony, the Governor proposes to increase the amount of funding available for the COVID Pandemic Relief Payment Program. **Part L**, on **pages 14-16**, updates the proposed transfer from \$411 million to \$682 million, increasing the amount of the checks from \$510 to \$850 for an estimated 800,000 Mainers.

As noted during my public testimony on February 28th, we have revised **Part BB**, on **pages 16-19**, to incorporate the amendment developed with the HHS Committee relating to the child welfare ombudsman program. The revised Part BB adds the ombudsman or their designee as a member of the child death and serious injury review panel and requires that panel to submit a report every 2 years to the joint standing committee of the Legislature having jurisdiction over health and human services matters beginning January of 2023. All other components of the language remain the same.

Part II adjusts the timing of the transfer from the Inland Fisheries and Wildlife Carrying Balance to the Resource Management Services – Inland Fisheries and Wildlife program to provide matching funds for the construction of the Fryeburg shooting range. The transfer is changed from on or before June 1, 2022 to on or after July 1, 2022 but no later than August 1, 2022.

Part NN, on **pages 20 and 21** of the language document, is updated to provide additional specificity on:

Who is covered: – retirees from State sponsored retirement plans who were eligible for a cost-of-living adjustment in September 2021

How the payment will be calculated: – the payment is based on the difference between the Consumer Price Index for all Urban Consumers (CPI-U) for the year ending June 30, 2021, 5.4%, and the maximum cost-of-living adjustment permitted under current law, 3.0%.

The difference of 2.4% is multiplied by the retirement benefit payments, up to a maximum of \$22,947.11, for the one-year period ending August 31, 2021.

Now we will move into new Parts beginning on **page 21, Part QQ** adds the Director of Operations to the list of major policy-influencing positions within the Department of Administrative and Financial Services. The position request can be found on page A-7 in the budget document.

During the public hearing on February 28th, the Department of Health and Human Services noted that language was necessary to establish and implement a program to provide salary supplements for childcare and early childhood educators providing services directly to children in licensed childcare settings. **Part RR on page 22** directs the Department of Health and Human Services to establish and implement a program to provide salary supplements for child care and early childhood educators providing services directly to children served in licensed child care settings. The department shall implement a tiered system for the amount of individual salary supplements by July 1, 2023 and promulgate rules within two years after implementation. This language was erroneously omitted from the Governor's FY22 Supplemental Budget and corresponds to the \$12 million childcare stipend initiative included on page A-75 of the supplemental budget document.

Part SS on page 23 of the language document directs the Department of Health and Human Services to make supplemental payments to the Maine Veterans' Homes in fiscal years 2022 and 2023 to offset budget shortfalls.

As a condition of receiving the supplemental payments, Maine Veterans' Homes must commit to continue providing services in Caribou and Machias. This Part aligns with the budget initiative on **page 34**.

Part TT on page 23 of the language document authorizes the Judicial Branch to use funds from issuing securities to replace and upgrade ventilation systems in Presque Isle, Lewiston, Rockland, Skowhegan and West Bath facilities.

We discussed **Part UU on page 24** earlier. As a reminder this part requires the transfer of \$3,000,000 on or before June 30, 2022 from the unappropriated surplus of the General Fund to the Department of Marine Resources, Bureau of Policy and Management Lobster Fisheries Litigation Fund, Other Special Revenue Fund account to support litigation costs in defense of the State's lobster fishery.

Part VV, on page 25, allows the State Treasurer and State Controller to establish non-immediate payment procedures through routine technical rules rather than major substantive rules, enabling the departments to make these changes more quickly and efficiently. The purpose of this initiative is to create an efficient process by which departments within state government may utilize specialized, third-party, payment services. Examples of this include the Bureau of General Services, seeking to utilize E-Bay for the purpose of selling surplus state property, or the Division of Support Enforcement seeking to collect cash child support payments through major retailers like Walmart, CVS and Dollar General. Since these payment processes have delays of up to three days between payment from the customer and receipt of funds by the state, current statute requires major substantive rulemaking, whereas the language presented before you would change to routine technical rulemaking.

Rules were developed via the major substantive process jointly by the Office of the State Treasurer and the Office of the State Controller in 2019 and 2020, but ultimately went unapproved by the legislature due to the COVID-shortened legislative session. In 2021 and 2022, the process was done again, with approval by the legislature, but missed a publishing date. No comments were ever received during either process. Routine technical will also allow the Treasurer and Controller to adapt to any changes in payment processing.

The delay in adoption has kept agencies from pursuing new and innovative payment processes and has kept us from modernizing our systems to keep up with new options.

These rules are not controversial, they promote administrative efficiency, and I hope the committee sees the wisdom in allowing them to be implemented in the near term – and not subject to further delay.

Part WW, on page 26, establishes the Emergency Housing Relief Fund within the Maine State Housing Authority and directs the State Controller to transfer \$22 million to the fund. The funds may be used to provide rental assistance, supplement other programs addressing the needs of the homeless or those facing other immediate housing needs, supplement other short-term rental assistance programs, create additional supportive housing along the housing first model for people with disabilities, mental health challenges, or substance use disorders, and support other uses that will address the immediate housing emergency facing the state.

The last piece of language is **Part XX**. We covered this language earlier when discussing the allocation to the Fund to Address PFAS Contamination on page 8 of the change package.

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

Summary of Other Special Revenue Allocation Adjustments
 March 2022 Revenue Forecasting Committee

Page	Department	Program	FY22	FY23
5	Agriculture, Conservation and Forestry	Harness Racing Commission 0320	905,034	263,120
6	Agriculture, Conservation and Forestry	Milk Commission 0188	(4,692,368)	(7,299,888)
7	Agriculture, Conservation and Forestry	Off-Road Recreational Vehicles Program Z224	(33,677)	33,736
10	Defense, Veterans and Emergency Management	Veterans Services 0110	(8,711)	(8,834)
12	Education	General Purpose Aid for Local Schools 0308	1,396,696	1,206,324
23	Finance Authority of Maine	Dairy Improvement Fund Z143	26,155	24,313
25	Maine State Housing Authority	State Housing Authority 0442	2,572,944	2,945,047
36	Inland Fisheries and Wildlife	ATV Safety & Educational Program 0559	2,561	6,713
42	Maine Maritime Academy	Maine Maritime Academy Scholarship Fund - Casino Z167	11,742	8,713
43	Public Safety	Gambling Control Board Z002	(766,321)	(1,294,719)
45	Maine Community College System	Maine Community College System - Bd of Trustees	192,553	151,462
50	University of Maine System	University of Maine Scholarship Fund Z011	268,745	196,958

Summary of Revenue Forecasting Medicaid Related Adjustments
 March 2022 Revenue Forecasting Committee

Page	Department	Program	FY22	FY23
26	Developmental Services Waiver - MaineCare Z211	General Fund	(96,436)	
30	Medicaid Services - Developmental Services Z210	General Fund	175,869	
30	Medicaid Services - Developmental Services Z210	Other Special Revenue Funds	(79,433)	
33	Mental Health Services - Community Medicaid Z201	General Fund	1,094,859	
33	Mental Health Services - Community Medicaid Z201	Other Special Revenue Funds	(1,094,859)	
34	Nursing Facilities 0148	General Fund	2,000,000	
34	Nursing Facilities 0148	Other Special Revenue Funds	(2,000,000)	
35	OSAHMS - Medicaid Seed Z202	General Fund	48,347	
35	OSAHMS - Medicaid Seed Z202	Other Special Revenue Funds	(48,347)	
	Total GF increase in Medicaid Accounts due to March 2022 RFC		\$3,222,639	
	Total OSR decrease in Medicaid Accounts due to March 2022 RFC		(\$3,222,639)	

Updated Debt Service Dashboard from the Office of the State Treasurer
FY22 Bond Issuance amount updated based on Department plans.

												03/07/22	
Office of the State Treasurer - Debt Service Dashboard													
	FY20-Actual	Rate	FY21-Actual	Rate	FY22	Rate	FY23	Rate	FY24	Rate	FY25	Rate	
1	Bond Issue assumes \$150M new authorizations per FY	114,905,000	0.91%	96,875,000	0.86%	100,000,000	4.00%	150,000,000	4.00%	150,000,000	4.00%	150,000,000	4.00%
2	Current Debt Service Principal already authorized, already issued	77,995,000		77,700,000		83,845,000		89,875,000		89,870,000		78,575,000	
3	Current Debt Service Interest already authorized, already issued	23,938,054		26,221,997		26,683,908		23,483,050		19,597,275		15,625,625	
6	New Principal (from FY22 bond issue)	-				-		10,000,000		10,000,000		10,000,000	
	New Interest (from FY22 bond issue)	-				-		4,000,000		3,600,000		3,200,000	
7	New Principal (from FY23 bond issue)	-								15,000,000		15,000,000	
	New Interest (from FY23 bond issue)	-								6,000,000		5,400,000	
7	New Principal (from FY24 bond issue)	-								-		15,000,000	
	New Interest (from FY24 bond issue)	-								-		6,000,000	
8	BAN Interest (cash pool IB) FY20-23 assumes 1/2 of the bond issue amount via BAN/IB for 1/2 the year	499,477		338,698		100,000	5.00%	1,875,000	5.00%	1,875,000	5.00%	1,875,000	5.00%
9	Line of Credit (TAN) Interest FY19-23: no TAN			-		-	5.00%	-	5.00%	-	5.00%	-	5.00%
	Total Debt Service Budget	102,432,531		104,260,694		110,628,908		129,233,050		145,942,275		150,675,625	
				-				-		-		-	
	Current Appropriation	96,749,206		113,314,784		113,314,784		113,314,784		113,314,784		113,314,784	
	Over/Short	(5,683,325)		9,054,090		2,685,877		(15,918,266)		(32,627,491)		(37,360,841)	
	Carry Forward - Used	5,740,323											
	Carry Forward Balance			10,671,378		19,725,468		22,411,344					
	Savings/Appropriation Needed	56,998		19,725,468		22,411,344		6,493,078		(32,627,491)		(37,360,841)	
				FY20-21 Biennial Savings ->									
								FY22-23 Short by->				FY24-25 Short by->	
													(69,988,332)
	Assumptions for FY22-25:												
	\$150M issuance per FY @ 4% rate												
	FY22-25 Full 10-year principal payments												
	1/2 of the bond issue amount via BAN/IB for 1/2 the year (@ 5% rate)												