

Janet T. Mills
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Sara Gagné-Holmes
Acting Commissioner



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March 28, 2025

Senator Henry Ingwersen, Chair
Representative Michele Meyer, Chair
Members, Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333-0100

Re: LD 978 - *An Act to Increase General Assistance Reimbursement for Municipalities and Indian Tribes*

Senator Ingwersen, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services:

Thank you for the opportunity to provide information in opposition to LD 978, *An Act to Increase General Assistance Reimbursement for Municipalities and Indian Tribes*. Given the general fund impact of this bill, the Department is opposed to its passage. Below is additional information for your consideration.

Under current law, municipalities and Tribes have a 30% share in the direct costs of assistance to eligible General Assistance recipients. The Department reimburses municipalities for 70% of eligible expenditures. The current reimbursement rate has been in effect since 2015 and it ensures shared financial responsibility for General Assistance expenses. It also reflects the significant decision-making and control that municipalities have over the operation of the program, consistent with guidance and oversight from the Department.

This bill would increase the State reimbursement rate from 70% to 90% beginning on July 1, 2026 except for the six municipalities receiving the highest amount of state reimbursement between July 1, 2021 and June 30, 2025. The State reimbursement rate for these six municipalities would increase incrementally as follows: 75% on July 1, 2026; 80% on July 1, 2028; and 90% on July 1, 2030.

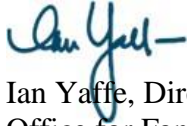
Based on expenditures between FY21 and FY24, the six municipalities receiving the highest amount of state reimbursement are: Portland, Bangor, Lewiston, South Portland, Westbrook, and Sanford. Combined, these municipalities represent 87% of GA expenditures during that same time period.

The Department opposes this bill due to the significant fiscal impact which the bill proposes. Based on SFY24 expenditures, an increase in the reimbursement rate from 70% to 90% would require an additional \$7.2 million in General Fund appropriations per year.

In the 2026-27 biennium, the increase would be \$5.4 million (due to the phased-in approach) and in the 2028-29 biennium, the increase would be \$8.5 million, reaching the full fiscal impact of \$14.4 million in the 2030-31 biennium, not including any other changes in utilization or benefits during those time periods which could increase or decrease expenditures.

We wanted you to be aware of the above information as you consider this bill going forward. If you have any further questions during your deliberation of this bill, please feel free to contact me or the Department's Government Relations Director, Abby Stivers.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ian Yaffe", with a horizontal line extending from the end of the signature.

Ian Yaffe, Director
Office for Family Independence
Maine Department of Health and Human Services