

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

**Before the Joint Standing Committee on  
Transportation**

**“An Act Making Unified Allocations from the Highway Fund and Other  
Funds for the Expenditures of State Government and Changing Certain  
Provisions of the Law Necessary to the Proper Operations of State  
Government for the Fiscal Years Ending June 30, 2023, June 30, 2024 and  
June 30, 2025”**

**March 28, 2023**

Good afternoon, Senator Chipman, Representative Williams and members of the Joint Standing Committee on Transportation. I am Kirsten Figueroa, the Commissioner of the Department of Administrative and Financial Services. I am here today to testify in support of the fiscal year 2024-2025 biennial budget bill for the Highway Fund, LD 259.

This budget advances the Governor’s guiding belief that to build a stronger, more prosperous state where opportunity is available to all, we must invest in the infrastructure that supports the people of Maine, our greatest asset.

That is why this budget proposal strengthens the very things that Maine people rely on every day to succeed, building on the strong success of the currently enacted budget and the last legislative session to tackle Maine’s greatest challenges.

We have governed cautiously and in a fiscally prudent way over the past four years, making sure that – even in the hardest of times during the pandemic – we live within our means. This budget proposal continues that practice.

**Department of Administrative and Financial Services**

The Department of Administrative and Financial Services (DAFS) consists of ten bureaus, a handful of boards and commissions, and more than 1,200 employees serving the public and all three branches of state government.

Specific to some of the initiatives you'll hear today, the Department of Administrative and Financial Services develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government.

This allows the other departments to focus their expertise on their Department and statutory priorities – the state's natural resources, education, health and human services, etc. - while we guide, support and innovate within our areas of expertise.

Centralized Services Internal Service Funds include:

Service Centers within DAFS provide centralized accounting, payroll, budgeting and human resources services to departments and agencies.

MaineIT is responsible for the delivery of safe, secure, and high-performing networks and systems to State Agencies for daily performance of their missions for the citizens of Maine. IT enterprise functions benefitting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput.

Central Fleet Management (CFM) within DAFS centrally procures, distributes and disposes of passenger and light truck vehicles. CFM handles many aspects of vehicle service including writing vehicle specifications, ordering vehicles, providing drivers with maintenance schedules, service assistance, fueling resources, insurance protection, and accident information processing.

The Division of Risk Management within DAFS provides high quality insurance, loss control and claims services to all state agencies, the State's higher education institutions and some quasi-state agencies at the lowest possible cost.

Central Services within DAFS provides a wide range of mail services, including interoffice mail, as well as disposition of state surplus materials and equipment no longer needed by the state agency that purchased them. This group also manages federal surplus property.

All components of an internal service fund, including staff, All Other and capital, are included in our Internal Service Fund budgeting. Personal Services increases the result of collective bargaining, or any other Personal Services action, as well as increases to All Other costs for various reasons, including vendor increases or supply chain costs, etc. – just like with any agency – impact these budgets. Internal Service Funds are meant to recover the costs of providing the service. We bill agencies for these services and they pay us with All Other funds.

In this biennial budget, DAFS has adjusted these rates as they hadn't been in a number of years. Agency All Other funds are not increased in the baseline to reflect the increased costs of the ISFs, so statewide we will all include initiatives for additional All Other to cover these services.

### **Budget – Bureau of the (0055)**

The first program on **page A-3** of the budget document is the Bureau of the Budget, which manages all aspects of the state budget on behalf of the Governor.

The Bureau is responsible for carrying out the program initiatives of the Executive Branch within the limits of legislative oversight to achieve the most effective program outcomes and results within available budget resources. The State Budget Officer and her staff are responsible for: supporting the Governor in the submission of budget documents to the Legislature; managing the annual Work Program; and budget and position analysis and control.

The Bureau of the Budget also compiles and issues the Maine State Government Annual Report; is responsible for preparing and submitting the four-year revenue and expenditure forecast for the General Fund and Highway Fund; and the State Budget Officer serves as a member of the Revenue Forecasting Committee and as a member of the State Procurement Review Committee.

There are 13 positions within the Bureau of the Budget: 12 are funded by the General Fund and 1 by the Highway Fund. The Highway Fund allocation for Fiscal Year 2024 is \$134,603 and the allocation for Fiscal Year 2025 is \$135,591. This allocation provides funding for the one Highway Fund position and just under \$9,000 in All Other for operating expenses.

There is one new initiative in this program to increase funding to support statewide technology services provided by the Office of Information Technology. This initiative increases the Highway Fund allocation by \$180 in each fiscal year.

### **Buildings and Grounds Operations (0080)**

The next program on **page A-4** is the Buildings and Grounds Operations program. This program ensures that facilities are safe, sanitary and healthy for those who work and visit them. This program covers both the Division of Property Management and the Division of Leased Space.

The General Fund appropriation and Highway Fund allocation support approximately 100 positions responsible for general maintenance and repairs, groundskeeping, and housekeeping as well as heating and cooling for state-owned facilities in the Augusta area representing nearly 2 million square feet. Funds in this program pay for utilities, fuel and security efforts of the buildings.

The Highway Fund allocation of approximately \$1.9 million in each year provides for the staff that perform the custodial and maintenance duties, as well as for the cost of materials and other repairs to the buildings. This allocation provides funds for maintenance of the Maine Criminal Justice Academy, as well as the Bureau of Motor Vehicles and State Police complex on Hospital Street.

The Internal Service Fund supports 3 positions and contains the activity of the Division of Leased Space that administers over 250 active leases for office, warehouse, garage, storage, tower, classroom, mixed use, and training purposes in the service of 37 State agencies, across 68 different municipalities and 5 unorganized territories. The Division's leasing portfolio includes 1,882,244 square feet of space with an approximate value of \$27 million. This total includes rent, utilities, custodial services, and all associated costs of the leased space. The Other Special Revenue Fund contains activity associated with the leasing of state property to external agencies.

There are two new initiatives in this program. The first initiative on **page A-4** provides funding for increased utility and fuel costs and for contracted services and repair costs. This increases funding in the General Fund appropriation by \$852,600 and the Highway Fund allocation by \$302,559 in each fiscal year to support cost increases related to the Augusta area.

The second initiative increases the Highway Fund allocation for the program's share of the cost of the financial and human resources service center within the Department. This initiative increases the Highway Fund allocation by \$4,250 in Fiscal Year 2024 and by \$5,000 in Fiscal Year 2025.

### **State Claims Commission (0097)**

On **page A-5** is the baseline budget for the State Claims Commission. The Commission works to assure that the rights of property owners and other interested parties are protected, and that just compensation is awarded for highway condemnations of property by the State. The Commission provides an impartial board to hear cases presented by the property owners, without their having to retain professional counsel.

The Commission is overseen by DAFS, which also provides the Commission's administrative support. The Personal Services allocation supports one part-time staffer for the Commission and the per diem expenses of the Commission members. The All Other allocation provides for the general expenses of the Commission.

There are no proposed changes to this Program.

### **Revenue Services – Bureau of (0002)**

Moving on to **page A-6**, the next program is the Bureau of Revenue Services, also known as Maine Revenue Services or MRS. MRS' baseline budget consists of General Fund appropriation of \$47,287,067 in fiscal year 2024 and \$47,886,227 in fiscal year 2025, Highway Fund allocations of \$610,120 in fiscal year 2024 and \$619,963 in fiscal year 2025, and Other Special Revenue allocations of \$11,463,848 in each fiscal year.

These funds enable the Bureau to serve the citizens of Maine by administering the tax laws of the State effectively and professionally while simultaneously collecting the revenues necessary to support Maine government.

The Bureau of Revenue Services is under a lot of pressure to perform and has been challenged in recent years in meeting its core mission.

The Bureau of Revenue Services is in its third year of a four-year project to modernize its decades-old tax administration technology to better administer the State's taxes, fees, and programs. The State Tax Administration and Revenue System (STARS) project, which officially kicked off in October of 2020, has successfully completed two rollouts and is on schedule and budget to meet the next two rollouts.

To date, twenty-one taxes, fees, and programs have been converted to the new system allowing taxpayers and tax practitioners the convenience of filing and paying online using the Maine Tax Portal. Approximately 25 full-time equivalent staff have been pulled from their regular duties to work on this project.

The Bureau also oversees municipal property tax administration, including the assessment and collection of property and excise taxes for the Unorganized Territory. The Bureau conducts the annual State Valuation process that is used to calculate county taxes, establish municipal and school bond debt limits, and determine education funding and revenue sharing.

To give you some perspective on the volume of work that is accomplished by this staff, these are just a few "by the numbers" statistical highlights covering fiscal year 2022.

- Responsible for the administration of **48** taxes and refund programs
- Collected revenues of more than **\$6 billion**
- Processed more than **2 million** tax returns
- Responded to more than **575,000** requests for assistance from the public
- Issued refunds totaling more than **\$660 million**

In addition to this "regular" work, from November 2021 through November 2022, the Bureau was primarily responsible for the implementation of the COVID Disaster Payment program and the COVID Pandemic Relief Payment program. In November and December of 2021, the Bureau issued \$149.6 million in COVID Disaster Relief payments to nearly 525,000 eligible individuals. From June 2022 through January 2023, the Bureau issued more than \$744 million in COVID Pandemic Relief payments to nearly 876,000 eligible individuals.

And, as you know, with the recently enacted Public Law 2023, Chapter 1, the Bureau issued \$450 Winter Energy Relief payments to approximately 876,000 eligible individuals.

This work was done by the Income/Estate Tax Division within the Bureau during the Individual Income Tax filing season. The first payments were issued the last week of January 2023, and all payments were processed by mid- March.

There is one new initiative in this program that includes an allocation of \$26,481 in fiscal year 2024 and \$26,805 in fiscal year 2025 in the Personal Services line category to expand the current Revenue Agent to Senior Revenue Agent training program to include a second career ladder from Senior Revenue Agent to Principal Revenue Agent. As information, this initiative also includes a General Fund appropriation of \$375,381 in fiscal year 2024 and \$381,481 in fiscal year 2025 in the Personal Services line category. The accompanying statutory language is found in Part L of LD 258, the General Fund 2024-2025 Biennial Budget bill.

This initiative expands on the existing Revenue Agent to Senior Revenue Agent training program by adding a second step on the career ladder from Senior Revenue Agent to Principal Revenue Agent. Employees in the Senior Revenue Agent classification will automatically promote to Principal Revenue Agent upon completion of specified competencies. All affected positions will be fully funded at the Principal Revenue Agent level. This initiative would increase retention of highly trained staff through the expansion of the career ladder training program, promoting growth and advancement based on ability. At the top end of the classification, Principal Revenue Agents, are the most highly skilled audit positions. In addition to conducting the most complex audits, the Principal Revenue Agents are tasked with training and onboarding new Revenue Agents and providing instruction and support throughout the training program.

This concludes my testimony on the DAFS portions of the 2024-2025 Highway Fund budget. Thank you. I'm happy to answer any questions you may have.