



**MCEDV.**

The Maine Coalition  
to End Domestic Violence

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**Testimony of Francine Garland Stark,  
on behalf of the Maine Coalition to End Domestic Violence  
In Support: LD 2082, “An Act to Ensure the Financial Stability of Behavioral Health Services  
Providers and Housing Assistance Providers”  
Before the Joint Standing Committee on Health and Human Services  
Wednesday, January 24, 2024**

Senator Baldacci, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services, I am writing on behalf of the Maine Coalition to End Domestic Violence (MCEDV)<sup>1</sup> in Support of LD 2082, “An Act to Ensure the Financial Stability of Behavioral Health Services Providers and Housing Assistance Providers.

The bill before you highlights what has become a serious and ongoing problem for service providers who have contracts with the Department of Health and Human Services. We hope the Committee will take an expansive look at the variety of service providers who have been negatively affected by DHHS’ practice of being egregiously delayed in making payments towards their contractual obligations. In the last half of 2023, DHHS’ failure to make timely payments under their contract with MCEDV and Maine’s domestic violence resource centers (DVRCs) cost our network more than \$50,000 of non-reimbursable expenses. We are just one of many different types of service providers who have experienced this practice.

Briefly, DHHS contracts with MCEDV, and through us with Maine’s eight regional Domestic Violence Resource Centers, each year to provide services statewide for victims of domestic abuse and violence. Most of the funds that make up our contract involve encumbered federal formula dollars for which DHHS is the state administrator. This past December, DHHS was so behind in its repayment obligations that Maine’s domestic violence resource centers started putting together plans for laying off staff members and closing program areas for the next quarter. As of December 20<sup>th</sup>, DHHS had not provided the funds due under our contracts since July 2023. Given that DHHS was more than three months late in making any payments under our contracts, DVRCs had expended their limited cash reserves, used up the lines of credit they had obtained (at cost to them, to ensure they could

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<sup>1</sup> MCEDV serves a membership of the eight regional domestic violence resource centers (DVRCs) across the state, as well as two culturally specific service providers. Last year, these programs together served more than 12,000 Maine survivors of domestic abuse and violence and their children.

meet their operating expenses and payroll obligations), and were at a point where there was no other solution but to start closing off parts of their agencies.

When the Department is months overdue in paying their contractual obligations, there is a real and non-reimbursable financial cost to service providers. Service providers must then take out lines of credit to meet payroll obligations to their staff who continue to provide essential, contracted services, and general operating costs. **From August through December, Maine's domestic violence services providers incurred more than \$22,000 of interest costs on lines of credit while awaiting reimbursement from the Department;** and the sole reason for needing to obtain these lines of credit was the Department's failure to meet their contractual reimbursement obligations. And our real, non-reimbursable costs go beyond the cost of obtaining credit, to also include interest income lost on their cash reserves and endowment accounts as a result of having to draw unanticipated funds from those accounts, as well as hours and hours of staff time to constantly be trying to renegotiate accounts payable deadlines, monitor cash flow, manage late payments, and creating contingency plans.

Whether or not the approach outlined in LD 2082 is determined to be the right one to address this pervasive problem, we encourage you to take some sort of action to ensure an appropriate level of oversight over the extent to which DHHS struggles across the board to meet its contractual payment obligations to service providers. It's causing harm to providers' ability to meet the needs of Maine's most vulnerable citizens in communities across our state.

Thank you for the opportunity to be heard. If there is other information we can provide that would be helpful to the Committee that would help inform your work on this issue, please don't hesitate to let me know.

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