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**Testimony of Brigadier General Diane L. Dunn, Adjutant General &  
Commissioner, Department of Defense, Veterans and Emergency Management**

**BEFORE THE JOINT STANDING COMMITTEE ON APPROPRIATIONS AND  
FINANCIAL AFFAIRS WITH THE JOINT STANDING COMMITTEE ON CRIMINAL  
JUSTICE AND PUBLIC SAFETY**

**LD 2214, "An Act to Make Supplemental Appropriations and Allocations for the  
Expenditures of State Government, General Fund and Other Funds and to Change  
Certain Provisions of the Law Necessary to the Proper Operations of State  
Government for the Fiscal Years Ending June 30, 2024, and June 30, 2025"**

**February 29, 2024**

Good afternoon, Senator Rotundo, Representative Sachs and honorable members of the Joint Standing Committee on Appropriations and Financial Affairs, also, Senator Beebe-Center, Representative Salisbury and honorable members of the Joint Standing Committee on Criminal Justice and Public Safety. I am Diane Dunn, Commissioner for the Department of Defense, Veterans and Emergency Management. I am here today to testify in support of the supplemental budget bill, LD 2214.

The Department of Defense, Veterans and Emergency Management (DVEM) coordinates and administers the discharge of Maine State Government's responsibility for all military, veterans and emergency management activities through the authorization, planning, provision of resources, administration, operation, and audit of each. In addition to our Federal mission, the National Guard is immediately available to respond to the Governor and citizens of Maine in times of crisis. The Maine Bureau of Veterans' Services provides numerous support services to Maine's 108,000 veterans and manages Maine's four Veterans' Memorial Cemeteries across the State. The Maine Emergency Management Agency is charged with all disaster mitigation, preparedness, response, and recovery and Homeland Security operations within the State of Maine.

My testimony today will focus on the Maine Emergency Management Agency.

## **GENERAL FUND SUPPLEMENTAL PART A**

I will address our budget initiatives in the order listed in the Public Hearing Testimony agenda. I will begin with DVEM initiatives on page A-30 of the proposed General Fund Part-A supplemental budget.

### **Administration 0214 (Pg. A-30)**

The second initiative on this page provides one-time funding in the amount of \$15,000,000 for the Disaster Recovery Fund, Other Special Revenue Funds account, to meet state funding requirements for disaster declarations. Please note this is a transfer from the General Fund unappropriated surplus as outlined in Part Q, Section Q-2 on page 41 of the General Fund Bill Language document.

Between December 18th, 2023, and January 13th, 2024, Maine experienced three devastating storms. Looking back over the last twelve months, Maine has had at least three other disasters and a hurricane that narrowly missed the state. Maine's Disaster Recovery Fund is a critical tool for the State to help communities rebuild following disasters.

As of January 20, 2024, the Disaster Recovery Fund has a balance of approximately \$3.3 million, however, at a minimum, the State of Maine is projected to spend \$3.2 million on existing State cost share obligations (15% of disaster costs) by early 2025. This projection does not include the storms from this past December or January. The \$15 million proposed in this initiative would be applied to the projected costs associated with the recently declared December Storm, other, previously declared disasters, and potentially for costs associated with recovery from the January storms, if the Governor's request for federal assistance is approved by the President. The back-to-back storms in December and January impacted 15 counties and resulted in \$60 million in reported damages. This is a conservative figure; as projects are developed, costs tend to rise due to increased market costs, expanded scopes of work and added mitigation measures. If these damages prove eligible, that obligates the State to a cost share totaling over \$9 million.

To meet the State's cost share obligations and avoid delays in reimbursements to Maine's municipalities and other eligible applicants, the Disaster Recovery Fund requires sufficient funding. If not funded, State cost share reimbursement to applicants would be delayed until such a time as the State is able to allocate the necessary funding. Prior to the establishment of the Disaster Recovery Fund, eligible municipalities would receive the 75% federal cost share reimbursement long before receiving the State's 15% cost share reimbursement. When State funds are available at the same time as federal funds, the Maine Emergency Management Agency can send one, consolidated payment to the applicant. For small communities and non-profits, delays in reimbursement can cause significant cash flow issues, particularly in communities affected by multiple storms over a short period of time, like the storms in May and June of 2023 or the storms in December of 2023 and January of 2024.

In the mid-2010's, State budget constraints required applicants to wait a significant period, some up to four years, before receiving the State's 15% cost share. Small communities are on very tight budgets and even the loss of a few thousand dollars can be detrimental to their operations and planning. Additionally, it reduces their confidence in the State to manage disaster and recovery funds effectively and may make them hesitant to participate in emergency preparedness in the future.

## **GENERAL FUND SUPPLEMENTAL LANGUAGE**

Next, I will address DVEM's initiatives in the General Fund Bill Language document. I will address Part Q beginning on page 39.

### **Part Q**

Part Q, Section Q-1 increases the funding threshold for the Disaster Recovery Fund, Other Special Revenue Fund to \$15,000,000. 37-B MRSA §745, sub-§4 limits the threshold to \$3,000,000 which has proven to be insufficient to handle existing obligations or plan for the increased frequency of disaster declarations. This Part also removes the Consumer Price Index factor from the statute.

Part Q, Section Q-2 transfers \$15,000,000 from the unappropriated surplus of the General Fund to the Disaster Recovery Fund, Other Special Revenue Funds account to fund the State's share of estimated disaster recovery costs which I previously spoke about relative to the General Fund Supplemental Part A, Administration-Maine Emergency Management Agency 0214 initiative on page A-30.

Per 37-B MRSA §745, sub-§3, the Disaster Recovery Fund must be the first resource used when an Emergency Proclamation or a Presidential Major Disaster is declared. Based on the increased frequency and intensity of disasters over the last several years, it is prudent and our recommendation the funding threshold be raised, and funds be provided in the inevitable event they are needed.

This concludes my testimony. Thank you and I would be happy to address any questions you may have.