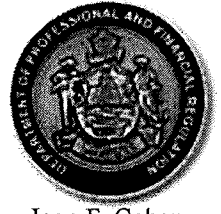




Janet T. Mills
Governor

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION



Joan F. Cohen
Commissioner

**Testimony of Joan F. Cohen, Commissioner
Department of Professional and Financial Regulation
February 26, 2025**

**Before the Joint Standing Committee on Appropriations and Financial Affairs and
the Joint Standing Committee on Health Coverage, Insurance and Financial Services**

LD210 "An Act Making Unified Appropriations and Allocations from the General 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, 2025, June 30, 2026 and June 30, 2027"

Good morning, Senator Rotundo, Representative Gattine, and Members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Bailey, Representative Mathieson and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services. My name is Joan F. Cohen. I am the Commissioner of the Department of Professional and Financial Regulation, and I am here today to testify in support of the Governor's biennial budget bill, LD210.

I am pleased to present information to both committees regarding the Governor's biennial budget request for the Department of Professional and Financial Regulation's Bureau of Consumer Credit Protection, Bureau of Financial Institutions, Bureau of Insurance, Office of Securities, Board of Licensure in Medicine, Board of Nursing, Board of Optometry and Board of Osteopathic Licensure.

Maine – like many states, both blue and red – is facing a tight budget environment. The Mills Administration has spent months carefully developing a balanced budget proposal to preserve the programs lawmakers and Maine people support, including education, revenue sharing, public safety, higher education, and school meals, while also protecting the long-term fiscal health of Maine.

Ultimately, we took a balanced approach: one that makes some investments - including operational needs such as technology efficiencies, health and safety improvements, collective bargaining impacts, etc. - that proposes some spending cuts, and that makes some targeted revenue increases. We know these proposals are difficult and appreciate that you will consider them with an open mind.

We look forward to working with you over the coming months to enact a budget that supports our greatest asset of all: the people of Maine.

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Today I will be discussing four DPFR agencies and four affiliated boards that are within the oversight of HCIFS. In addition to those eight agencies, there is one administrative division and one professional licensing agency (Office of Professional and Occupational Regulation) and one affiliated board (Professional Engineers) under the oversight of the Joint Standing Committee of Labor which were discussed on February 10th.

As a whole, the Department of Professional and Financial Regulation is charged with protecting the health, safety and welfare of citizens of Maine through the regulation of State-chartered financial institutions, the insurance industry, grantors of consumer credit, the securities industry, and numerous professions and occupations. We carry out our public protection mission through licensing, examination, and auditing activities; by conducting programs aimed at increasing voluntary compliance with State laws; by investigating possible violations of law; and by undertaking enforcement actions. The Department fosters a healthy business environment through competent, impartial and efficient regulation.

It is important to note that our budget contains no General Fund appropriations or initiatives. The Department is funded exclusively with dedicated revenue and relies on Other Special Revenue Funds as the sole source of revenue to fund Department operations. Functionally this means that the Department's is requesting permission to use funds collected from regulated entities for the regulation of these professions and industries.

This testimony addresses budget items on pages A-553 through A-567 and includes the baseline budgets for 10 programs and 23 initiatives.

Our budget includes 12 requests for increases to centralized services. These include technology and insurance provided by the Department of Administrative and Financial Services and legal services provided by the Office of the Attorney General. Rates for these services are adjusted as a result of vendor increases, capital needs, supply chain impacts, but the primary factor is the significant collective bargaining efforts approved by the Governor and Legislature. Our Department's centralized service requests are summarized at the end of this testimony as Appendix B. As with the position changes, I won't read the specifics but have the blippie and justification in this testimony on the relevant page in italics for your reference.

Our proposal includes the addition of 3 positions. I will describe the need for each request throughout my testimony.

Of the remaining 8 requests, 5 address operational increases, and 3 requests are related to staffing, including increasing the hours of existing positions and implementing auto-advancement for examiner positions within the Bureau of Financial Institutions. I will discuss these in more detail as we go through the programs I am presenting today.

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American Rescue Act of 2021 – Homeowner’s Assistance Fund – Z301 (page A-553)

I will begin with the Homeowner’s Assistance Fund (HAF) on page A-553. This fund was initially under the purview of the Bureau of Consumer Credit Protection. DPFR contracted with Maine State Housing Authority to administer the program. The Maine Homeowner Assistance Fund (Maine HAF) is a federally funded homeowner relief program established to help Maine homeowners struggling to pay their housing obligations. The American Rescue Plan passed by Congress in March of 2021 provided Maine with funds to help homeowners at risk of default, foreclosure, and displacement as a result of the COVID-19 pandemic.

There are no new initiatives in this Program. This baseline budget is a \$500 allocation as a place holder for the HAF program account to remain active.

Bureau of Consumer Credit Protection – 0091 (page A-553)

The next program is the Bureau of Consumer Credit Protection also on page A-553. This Bureau encourages healthy competition among creditors while protecting Maine citizens from unfair and deceptive financial practices. The agency administers the Maine Consumer Credit Code (Title 9-A), the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, and other consumer financial protection laws.

There are no new initiatives in this program. This baseline budget continues funding for the protection of consumers through regulation and oversight of various financial service providers.

Bureau Financial Institutions – 0093 (page A-556)

The next program is the Bureau of Financial Institutions on page A-556. The Bureau maintains and promotes safe and sound financial practices; strength, stability, and efficiency of financial institutions; security of deposit and share funds; reasonable and orderly competition; and development and expansion of financial services advantageous to public welfare. The Bureau is divided into two functional units: Examination and Research and Administration.

The budget request for this program includes baseline allocation for continued regulation and oversight of financial institutions to continue funding for administrative operations and 3 new initiatives.

The first initiative provides funding to establish and implement a competency-based promotional process for bank examiner positions to address turnover within the Bureau. This initiative is supported with language part TTT on page 121 of the language document. The Bureau invests considerable resources training examination staff who frequently leave state service for higher pay. This initiative will help the Bureau retain staff by allowing examiners to advance into higher classifications based on achievement of certain benchmark skills rather than waiting for an uncertain vacancy in a higher position. Retaining highly skilled staff is crucial to the Bureau’s public protection mission.

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The first initiative on page A-556 provides Other Special Revenue Personal Services allocation of \$146,182 in FY26 and \$167,700 in FY27 and All Other allocation of \$1,425 in FY26 and \$1,549 in FY27 to establish a career ladder within the Bureau of Financial Institutions Bank Examiner job classification series.

BFI has experienced significant turnover on our examination team. The Bureau hopes to slow this by providing a clear path for career advancement at the Bureau. The Bureau would like to adopt Maine Revenue Services' program that provides new examiners the ability to advance into senior position classifications without waiting for a vacancy at the higher classification level. This would help reduce departures of well-trained staff that frequently leave State service and take their training elsewhere for higher pay. The Bureau invests considerable time training examiners and needs to reward them to stay in State service. Automatic advancement, based on achievement of certain benchmark skills, would help retain staff crucial to the mission of the Bureau.

PART TTT

Sec. TTT-1. *Promotion adjustments in Department of Professional and Financial Regulation, Bureau of Financial institutions. There is created within the Department of Professional and Financial Regulations, Bureau of Financial Institutions a promotion process based on professional benchmark competencies.*

- 1. A person employed by the Bureau as a Bank Examiner may be promoted to a Senior Bank Examiner if that person demonstrates achievement of certain competency benchmarks as determined by the bureau.*
- 2. A person employed by the Bureau as a Senior Bank Examiner may be promoted to a Principal Bank Examiner if that person demonstrates achievement of certain competency benchmarks as determined by the bureau.*

PART TTT SUMMARY

This Part establishes a career ladder for the Bank Examiner job classifications within the Department of Professional and Financial Regulations, Bureau of Financial Institutions. The changes will improve the ability of the Bureau to attract and retain capable examiners in order to respond to the increasing complexities of the work.

The next initiative establishes and provides funding for a part-time Office Specialist I position to assist with administrative support in the Bureau. The Bureau currently has only a single administrative position that currently manages pre-exam materials, exam documents and travel for the exam team as well as other administrative duties. The Bureau needs this additional position to assist with these duties and provide administrative support for the Superintendent.

The second initiative on page A-556 provides Other Special Revenue Personal Services allocation of \$41,965 in FY26 and \$45,819 in FY27 and All Other allocation of \$280 in FY26 and \$306 in FY27 to establish one part-time Office Specialist I position and provides funding for related All Other costs.

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The Bureau has only one administrative staff person. This person performs important office functions managing pre-exam materials, exam documents and travel for the exam team as well as other administrative duties. The Bureau needs to add a part-time position to assist this busy function, and to assist with the duties of the Superintendent. The new part-time position would also be available in the event of absence of the current Office Specialist I. The Bureau would be at significant disadvantage should the current Office Specialist need extended leave.

The final initiative for the Bureau is to increase the hours of one Bank Examiner position from 47 hours bi-weekly to 80. The Bureau will be better able to attract and retain an examiner with a full-time position.

The 3rd initiative on page A-556 provides Other Special Revenue Personal Services allocation of \$27,511 in FY26 and \$28,635 in FY27 and All Other allocation of \$184 in FY26 and \$191 in FY27 to increase the hours of one Bank Examiner position from 57 hours to 80 hours biweekly.

The Bureau needs to increase its part-time Bank Examiner position to full-time. Recruitment and training of a part-time examiner position is not workable. The position was reduced to part-time in order to fund the reclassification of another position as part of an examiner retention effort. The position was vacant at time of reduction to part-time status.

Bureau of Insurance – 0092 (page A-557)

The next program I will be discussing is the Bureau of Insurance on page A-557. The Bureau of Insurance is responsible for the regulation and oversight of the insurance industry in Maine. Duties and responsibilities include the examination of domestic insurers and limited oversight of foreign and alien insurers, the approval of all policies and contract forms used by insurers in the State, and the authorization of individual and group workers' compensation self-insurers. The Bureau ensures that all licensed companies are financially solvent and that all licensed entities and individuals comply with Maine law.

The Other Special Revenue budget request for this program includes baseline allocation to continue funding for the regulation and oversight of the insurance industry through licensing, registration, examination, complaint investigation, outreach, and education and one initiative, requesting increased allocation for legal services provided by the OAG included in Appendix B.

The single initiative on page A-557 provides Other Special Revenue All Other allocation of \$48,032 in FY26 and \$84,759 in FY27 for cost increases for services provided by the Office of the Attorney General.

The cost of legal services is higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs.

The Bureau also has a \$10,000 Federal Expenditures Fund allocation as a place holder to enable the program to receive and expend federal funds.

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Board of Licensure in Medicine – 0376 (page A-558)

The next program on page A-558, the Board of Licensure in Medicine (BOLIM). It safeguards the lives and health of Maine citizens by licensing qualified applicants and the regulation of the medical practice of those licensees. The Board consists of 11 members appointed by the Governor and employs an executive director and administrative staff.

Dr. Maroulla S. Gleaton, M.D., is the current Board Chair.

The Other Special Revenue budget request for this program includes baseline allocation to continue funding for administrative operations such as staff, complaint investigation, board member travel and compensation, and contracting for professional services, and 5 new initiatives. The first three initiatives increase funding for the centralized services provided by DAFS and legal services provided by the Office of the Attorney General and are included in Appendix B.

The first initiative on page A-558 provides Other Special Revenue All Other allocation of \$19,934 in FY26 and \$19,586 in FY27 for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

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 benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput. MaineIT is established as an internal service fund intended to recoup their costs through billings to departments and agencies for services provided. MaineIT expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs, including vendor increases, supply chain costs, and network and systems modernization and upgrades. This recoupment process results in increased billing rates to departments and agencies.

The second initiative on page A-558 provides Other Special Revenue All Other allocation of \$32,061 in FY26 and \$54,661 in FY27 for increased cost for services provided by the Office of the Attorney General.

The cost of legal services is higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs.

The third initiative on page A-558 provides Other Special Revenue All Other allocation of \$4,615 in FY26 and FY27 for statewide insurance coverage provided through the Department of Administrative and Financial Services, Division of Risk Management based on claims experience, coverage increases, attorney fees on claims, and actuarially recommended reserves.

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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. The rates are applicable to various insurance lines provided by the State's self-insurance program and have been calculated in accordance with Title 5 §1733. The 2026-2027 budget includes rate increases in the Tort Policy based on claims experience, coverage increases, attorney fees on claims, and actuarially recommended reserves.

The fourth initiative for the Board increases allocation for contracts with expert witnesses. As the number and complexity of complaints increases, so has the need to rely on expert witnesses for administrative hearings.

The fourth initiative on page A-558 provides Other Special Revenue All Other allocation of \$75,838 in FY26 and \$85,949 in FY27 to increase funding for contracts with expert witnesses.

The higher anticipated expenses will enable the board to maintain and improve the quality of services provided. These increased costs cannot be offset with reductions in other expense categories.

The final initiative for the Board is for a one-time allocation to update boardroom furniture, which is over 20 years old and needs to be replaced.

The last initiative on page A-558 provides one-time Other Special Revenue All Other allocation of \$20,223 in FY26 to update equipment.

Board of Nursing – 0372 (page A-560)

The next program on page A-560 is the Maine State Board of Nursing. The Board protects the public through the regulation of nursing practice. The Board consists of nine members appointed by the Governor and employs an executive director and administrative staff.

Kathleen McManus, MSN, RN, CNE, is the current Board Chair.

The Other Special Revenue budget request for this program includes baseline allocation to continue funding for administrative operations such as staff, complaint investigation, board member travel and compensation, and contracting for professional services, and 4 new initiatives. The first two initiatives increase funding for the centralized services provided by DAFS and legal services provided by the Office of the Attorney General and are included in Appendix B.

The first initiative on page A-560 provides Other Special Revenue All Other allocation of \$13,568 in FY26 and \$13,752 in FY27 for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

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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 benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput. MaineIT is established as an internal service fund intended to recoup their costs through billings to departments and agencies for services provided. MaineIT expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs, including vendor increases, supply chain costs, and network and systems modernization and upgrades. This recoupment process results in increased billing rates to departments and agencies.

The second initiative on page A-558 provides Other Special Revenue All Other allocation of \$53,372 in FY26 and \$69,250 in FY27 for increased cost for services provided by the Office of the Attorney General.

The cost of legal services is higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs.

The third initiative increases allocation for professional services contracts for the Medical Professional Health Program and hearing related services. There is an increased need for these services and increased cost for these services as labor costs increase.

The third initiative on page A-560 provides Other Special Revenue All Other allocation of \$22,848 in FY26 and FY27 to increase funding for professional services contracts.

The higher anticipated expenses will enable the board to maintain and improve the quality of services provided. These increased costs cannot be offset with reductions in other expense categories.

The final initiative establishes and provides funding for one Office Specialist I position to provide administrative support to assist the board with meeting operational needs. Additional support is needed to carry out work in support of the statutory mission of the board.

The fourth initiative on page A-560 provides Other Special Revenue Personal Services allocation of \$83,465 in FY26 and \$90,097 in FY27 and All Other allocation of \$7,333 in FY26 and \$5,594 in FY27 to establish one Office Specialist I position and provide funding for related All Other costs.

This request establishes one Office Specialist I position to provide office and administrative support to assist with meeting operational needs in the Board of Nursing and provides associated All Other funding.

The Board also has a \$10,144 Federal Expenditures Fund allocation as a place holder to enable the program to receive and expend federal funds should the opportunity or need arise.

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Office of Securities – 0943 (page A-563)

The next program I will present is the Office of Securities on pages A-563. The Office protects Maine investors through the administration and enforcement of the Maine Uniform Securities Act. The Office reviews applications to register securities for sale in Maine and filings for exemptions from registration; licenses broker-dealers, agents, investment advisers, and investment adviser representatives doing business in Maine; conducts on-site examinations of the operations of licensees; administers an investor education program; responds to consumer complaints; investigates; and, when warranted by the circumstances, issues cease and desist and other administrative orders. The Office enforces the State Commodity Code and the Regulations of the Sale of Business Opportunities. The Office also manages the Securities Restitution Assistance Fund program.

There are no new initiatives in this Program. This Other Special Revenue baseline budget provides funding to continue to protect Maine citizens against fraud and other abusive practices in connection with the sale of securities, through licensing, registration, and investigation as well as outreach and education, and the program has a \$10,113 Federal Expenditures Fund allocation as a placeholder.

Board of Optometry – 0385 (page A-564)

The next program, on page A-564, is the Board of Optometry. The Board protects the public through the regulation of the practice of optometry, including examination and licensing of qualified applicants and investigation of complaints and cases of non-compliance. The Board consists of six members appointed by the Governor for terms of five years and employs a single administrative employee.

The Board elects a President from its members. Thomas Nadeau, O.D. is the current Board President.

The Other Special Revenue budget request for this program includes a baseline allocation to continue funding for administrative operations such as staff, complaint investigation, board member travel and compensation, printing and rulemaking and 5 new initiatives. The first three initiatives increase funding for the centralized services provided by DAFS and legal services provided by the Office of the Attorney General and are included in Appendix B.

The first initiative on page A-564 provides Other Special Revenue All Other allocation of \$917 in FY26 and FY27 for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

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 benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput. MaineIT is established as an internal service fund intended to recoup their costs through billings to departments and agencies for services provided. MaineIT expenses are higher due to negotiated and benefit changes to Personal Services as well as

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increases in operational costs, including vendor increases, supply chain costs, and network and systems modernization and upgrades. This recoupment process results in increased billing rates to departments and agencies.

The second initiative on page A-564 provides Other Special Revenue All Other allocation of \$663 in FY27 for increased cost for services provided by the Office of the Attorney General.

The cost of legal services is higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs.

The third initiative on page A-564 provides Other Special Revenue All Other allocation of \$1,559 in FY26 and FY27 for statewide insurance coverage provided through the Department of Administrative and Financial Services, Division of Risk Management based on claims experience, coverage increases, attorney fees on claims, and actuarially recommended reserves.

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. The rates are applicable to various insurance lines provided by the State's self-insurance program and have been calculated in accordance with Title 5 §1733. The 2026-2027 budget includes rate increases in the Tort Policy based on claims experience, coverage increases, attorney fees on claims, and actuarially recommended reserves.

The fourth initiative for the Board increases funding for professional services contracts and out-of-state travel and supplies. There is an increased need for professional services contracts related to administrative hearings. Allocation for out-of-state travel is needed to continue and expand their participation in national meetings.

The fourth initiative on page A-564 provides Other Special Revenue All Other allocation of \$6,170 in FY26 and FY27 to increase funding for professional services contracts and out-of-state travel.

The higher anticipated expenses will enable the board to maintain and improve the quality of services provided. These increased costs cannot be offset with reductions in other expense categories.

The final initiative for Optometry increases the hours of one Office Specialist II Supervisor position from 60 hours bi-weekly to 80. As the volume of licensees and complaints grows, increasing the sole position that supports the board to full-time is needed to meet the needs of the program.

The fourth initiative on page A-564 provides Other Special Revenue Personal Services allocation of \$23,723 in FY26 and \$24,269 in FY27 and All Other allocation of \$931 in FY26 and \$953 in FY27 to increase the hours of one Office Specialist II position from 60 hours to 80 hours biweekly.

The number of hours needed in this position has increased due to both the higher number of licensees and volume of complaints.

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Board of Osteopathic Licensure – 0383 (page A-566)

The next program on page A-566 is the Board of Osteopathic Licensure. The Board protects the public through the regulation of osteopathic medicine. The Board consists of 11 members appointed by the Governor and employs a single administrative employee.

The Board elects a Chair from its members. Christine Munroe, D.O., is the current Board Chair.

The Other Special Revenue budget request for this program includes baseline allocation to continue funding for administrative operations such as staff, complaint investigation, board member travel and compensation, and professional services contracts and 5 new initiatives. The first three initiatives increase funding for the centralized services provided by DAFS and legal services provided by the Office of the Attorney General and are included in Appendix B.

The first initiative on page A-566 provides Other Special Revenue All Other allocation of \$2,121 in FY26 and FY27 for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

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 benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput. MaineIT is established as an internal service fund intended to recoup their costs through billings to departments and agencies for services provided. MaineIT expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs, including vendor increases, supply chain costs, and network and systems modernization and upgrades. This recoupment process results in increased billing rates to departments and agencies.

The second initiative on page A-566 provides Other Special Revenue All Other allocation of \$15,462 in FY26 and \$26,185 in FY27 for increased cost for services provided by the Office of the Attorney General.

The cost of legal services is higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs.

The third initiative on page A-566 provides Other Special Revenue All Other allocation of \$2,393 in FY26 and FY27 for statewide insurance coverage provided through the Department of Administrative and Financial Services, Division of Risk Management based on claims experience, coverage increases, attorney fees on claims, and actuarially recommended reserves.

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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. The rates are applicable to various insurance lines provided by the State's self-insurance program and have been calculated in accordance with Title 5 §1733. The 2026-2027 budget includes rate increases in the Tort Policy based on claims experience, coverage increases, attorney fees on claims, and actuarially recommended reserves.

The fourth initiative for the Board increases allocation for higher costs due to an increase in the Board's statewide cost allocation plan¹ (STACAP) rate.

The fourth initiative on page A-566 provides Other Special Revenue All Other allocation of \$2,863 in FY26 and \$3,040 in FY27 to increase funding for stacap.

The final initiative for this board establishes and provides funding for one Office Specialist II position to provide administrative support to assist the board with meeting operational needs. The board is currently supported by a single Office Specialist II position.

The fifth initiative on page A-566 provides Other Special Revenue Personal Services allocation of \$87,844 in FY26 and \$94,815 in FY27 and All Other allocation of \$8,742 in FY26 and \$7,071 in FY27 to establish one Office Specialist II position and provide funding for related All Other costs.

This request establishes one Office Specialist II position to provide office and administrative support to assist with meeting operational needs in the Board of Osteopathic Licensure and provides associated All Other funding.

Securities Restitution Assistance Fund – Z352 (page A-567)

The final program I will be presenting on pages A-567 is the Securities Restitution Assistance Fund program. The Fund was established by PL2021, Chapter 576 to provide financial assistance to victims of securities violations that have been awarded restitution in a final order issued by the Securities Administrator or were awarded restitution in a final order in a legal action initiated by the administrator and that have not received the full amount of restitution ordered before the application for restitution assistance is due. There are no new initiatives for this program. The Other Special Revenue baseline budget provides allocation for assistance payments to victims. The administrative duties associated with managing the fund are handled by the Office of Securities.

That concludes my testimony on these portions of the Governor's Biennial Budget Request. I thank you for your time and consideration, and I will be happy to answer any questions.

¹ *The statewide cost allocation plan is used to develop indirect cost rates, which are used to bill the Federal and special revenue fund units, their "fair share" of the indirect costs.*

APPENDIX A: Reclasses/Reorgs/Range Changes

Civil Service Rules require the Director of the Bureau of Human Resources to maintain the classification plan and establish the processes and procedures with which to do so. There is a long-standing process in place to evaluate proper classification of positions and determine through a functional job analysis whether a position meets the requirements for reclassification, including any pay adjustment. The State's collective bargaining unit agreements include negotiated language related to this process. Actions may include changing classification or keeping the same classification but changing pay range (usually referenced in blippie as range change). Requests may be employee initiated (usually referred to as reclass) or management initiated (usually referred to as reorganization). Approved employee-initiated actions include a retroactive pay component back to the date the request was signed. Reclass/reorg/range change initiatives in Part A of the budget are necessary to fund these approved actions, which is required before the action can be processed and paid. Reclass initiatives in Part B are self-funded.

Page	Program	Fund	FY26 Amount	FY27 Amount
NONE				

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APPENDIX B: Centralized Services

The Department of Administrative and Financial Services (DAFS) develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government. The services are billed to agencies through Internal Service Funds.

All components of an internal service fund, including staff, All Other and capital, are included in 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. impact these budgets. Internal Service Funds are meant to recover the costs of providing the service. DAFS bills agencies for these services and the agencies pay the bills with All Other funds.

In this biennial budget, DAFS has adjusted these rates for all the reasons outlined above, but primarily the result of significant collective bargaining efforts approved by the Governor and Legislature. Agency All Other funds are not increased in the baseline to reflect the increased costs of the Internal Service Funds, so statewide all agencies will include initiatives for additional All Other to cover these services.

DAFS Centralized Services Internal Service Funds include:

- 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 benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput.
- 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.

Page	Program	Service	Fund	FY26 Amt	FY27 Amt
A-558	0376	MaineIT	OSR	\$ 19,394	\$ 19,586
A-558	0376	RM	OSR	\$ 4,615	\$ 4,615
A-560	0372	MaineIT	OSR	\$ 13,568	\$ 13,752
A-564	0385	MaineIT	OSR	\$ 917	\$ 917
A-564	0385	RM	OSR	\$ 1,559	\$ 1,559
A-566	0383	MaineIT	OSR	\$ 2,121	\$ 2,121
A-566	0383	RM	OSR	\$ 2,393	\$ 2,393

Office of the Attorney General: Legal Services

Page	Program	Fund	FY26 Amt	FY27 Amt
A-557	0092	OSR	\$ 48,032	\$ 84,759
A-558	0376	OSR	\$ 32,061	\$ 54,661
A-560	0372	OSR	\$ 53,372	\$ 69,250
A-564	0385	OSR	\$ 0	\$ 663
A-556	0383	OSR	\$ 15,462	\$ 26,185

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