

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

**Before the Joint Standing Committees on
Appropriations and Financial Affairs
and State & Local Government**

**“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”**

February 28, 2025

Good morning, Senator Rotundo, Representative Gattine, and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Baldacci, Representative Salisbury and members of the Joint Standing Committee on State and Local Government. 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 2026-2027 biennial budget bill, LD 210, specifically those items on today’s agenda relating to the Governor’s Office and the Blaine House.

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.

Administration – Executive – Governor’s Office (0165)

We start on **page A-271** of the budget bill with the **Administration – Executive – Governor’s Office** Program.

This program provides funding for support staff and related All Other to the Governor as she carries out the responsibilities of the Chief Executive. This support includes correspondence, policy development, legislative relations, national and regional Governor’s associations scheduling, preparation of reports and addresses, public information, executive appointments, case work, department coordination, and managing the operating budget of the Governor. The office has a General Fund budget of approximately \$5 million each year supporting 24.5 positions.

There are two new initiatives in this Program to provide funding to support the centralized services provided by the Department of Administrative and Financial Services, specifically technology and the financial and human resources service centers, as outlined in **Appendix B**.

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 of 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.

The first initiative provides General Funds of \$25,119 in fiscal years 2026 and 2027 for statewide technology services provided by Maine IT.

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 provides General Funds of \$3,350 in fiscal year 2026 and \$6,128 in fiscal year 2027 to support the Governor's Office share of the cost for the financial and human resources service center within the Department of Administrative and Financial Services.

Service Centers within DAFS provide centralized accounting, payroll, budgeting and human resources services to departments and agencies. Service Centers are established as an internal service fund intended to recoup their costs through billings to departments and agencies for services provided. The Service Centers expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs. This recoupment process results in increased billing rates to departments and agencies.

Blaine House (0072)

Next is **page A-273**. The **Blaine House**, a National Historic Landmark, is the official residence of the Governor. The Blaine House staff provides services for the Governor, the Governor's family and guests, maintains House offices for the Governor, displays the mansion during public visiting hours, and assists at official receptions and other gatherings. The Governor is responsible for the operation of the building and general maintenance of its interior. The Bureau of General Services maintains the grounds, service buildings and exterior of the mansion. The Blaine House has a General Fund budget of approximately \$1 million in each fiscal year. This includes funding for 6.5 positions.

There are three new initiatives in this Program.

The first and third initiatives provide funding for the increased costs of the Service Center and MaineIT within DAFS, specifically technology and the financial and human resources service centers, as outlined in **Appendix B**.

The first initiative, on page A-273, provides General Funds of \$2,871 in each fiscal year for statewide technology services provided by MaineIT.

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 third initiative on page A-273 provides General Funds of \$7,087 in fiscal year 2026 and \$8,681 in fiscal year 2027 to support the Blaine House's share of the cost for the financial and human resources service center within the Department of Administrative and Financial Services.

Service Centers within DAFS provide centralized accounting, payroll, budgeting and human resources services to departments and agencies. Service Centers are established as an internal service fund intended to recoup their costs through billings to departments and agencies for services provided. The Service Centers expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs. This recoupment process results in increased billing rates to departments and agencies.

The second initiative, also on **Page A-273**, increases the General Fund by \$30,000 in fiscal year 2027 for the operational needs of the Blaine House. The baseline All Other budget for the Blaine House has been \$72,055 since 2019. We are proposing this increase to address the increased costs experienced in the last six years.

This concludes my testimony. Thank you.

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 of 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:

- 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 benefiting 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.
- The Division of Leased Space manages leases encompassing office, warehouse, garage, storage, tower, classroom, mixed-use, and training spaces.
- 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.

Page	Program	Service	Fund	FY26 Amt	FY27 Amt
A-271	0165	MaineIT	GF	25,119	25,119
A-271	0165	SC	GF	3,350	6,128
A-273	0072	MaineIT	GF	2,871	2,871
A-273	0072	SC	GF	7,087	8,681